

IMT Institute for Advanced Studies, Lucca

Lucca, Italy

**Italo-Chinese economic cooperation in the XXI
century: different actors and
the search for a strategy**

PhD Program in Political Systems
and Institutional Change

XX Cycle

By

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2008

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Contents

Table of contents	v
Vita and publications	vii
Abstract	x
1. <i>First Chapter</i>	1
1. 1 The Dimensions of Economic Cooperation Between Italy and China	1
1. 2 Italian Foreign Economic Policy since the Second Post-war Period	7
1. 3 Historical coordinates of the Italo-Chinese cooperation	16
1. 4 Crisis of cooperation and premises to the present stage	27
1. 5 Trajectories of development cooperation	34
1. 6 From cooperative crisis to the relaunching of relations between Italy and China: theoretical prospects	51
1.7 The reform of the company internationalisation system	71
1.7.1 Discipline and organization	73
1.8 Features of cooperation at the ministerial level	81
1.9 Environmental cooperation	93
1.10 Inlog China	113

2. <i>Second Chapter</i>	128
2.1 Italian Regions and economic cooperation toward China	128
2.2 The Tuscany Region	140
2.2.1 Historical dynamics	141
2.2.2 Tuscan industry	145
2.2.3 Tuscan Region: policies for supporting of enterprises	160
2.2.4 From Wenzhou to Prato: the migratory factor in the prospect of economic cooperation	174
2.2.5 Peculiar aspects of the economic cooperative Tuscan system: informal on the front of decision and action, but but centred on the work of Toscana Promozione	187
2. 3 The Lombardy Region	204
2.3.1 A few historical directives	204
2.3.2 An introduction to the economic cooperation in the Lombardy region and its social and economic framework	209
2.3.3 Relations between China and the Lombardy Region regarding institutional, economic and cultural cooperation and development	215
2.3.4 The Lombardy Region missions to China	220
2.3.5 The Lombardy exception: the shared strategic vision and the supremacy of practice over theory	241
2.3.6 The Lombardy activity carried out on Chinese territory	251
2.4 The Veneto Region	266
2.4.1 A historical overview	266
2.4.2 Introduction to the current phase	270
2.4.3 The Sprint network	277
2.4.4 The Veneto Foreign Trade Center	277
2.4.5 Veneto Sviluppo S.p.A. and Veneto Innovazione	283
2.4.5 Relations between the Veneto Region and the	290

People's Republic of China	
2.5 The Region Emilia Romagna	299
2.5.1 Historical developments	299
2.5.2 Institutions and regional economy	305
2.5.3 Emilia Romagna Region and economic cooperation: premise to the Chinese case	311
2.5.4 The core of Emilia Romagna cooperation with China: Xintiandi service centre, university, productive chain	322
2.5.5 The contribution of the Emilian Chambers of commerce system to internationalization in China	338
 <i>3. Third Chapter</i>	 343
3. 1 Italian economic cooperation in China: the Guangdong case	343
3.2 An introduction	343
3.3 The China-Italy Chamber of Commerce	352
3.3.1 Origin and Development of the Chamber	356
3.4 The Institute for Foreign Trade or Italia Trade Commission	360
3.5 The Italian Economic Cooperation face to Chinese "Local Capitalism"	366
3.6 The Consulate General of Italy in Canton: "More Italy in China, more China in Italy"	385
3.7 Italian Companies and Prospects of Second Industrial Revolution in Guangdong	391
3.7.1 The Case of Zhuhai City	404
 <i>4. General Bibliography</i>	 409

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Abstract

My thesis deals with economic cooperation between Italy and China with particular reference to the last decade approximately, that is to say the period that followed the institutional crisis of early to mid-1990s and registered a renewal in Italo-Chinese relations. Cooperation has proven to be the most important instrument in the definition of Italo-Chinese relations and its focus has been so far the advancement of economic partnership between the two countries. In addition, since the nineties the field of State-industry relations has experienced an important evolution in Italy, and a greater need for institutional support favouring the economic expansion abroad has emerged.

Given all these concurrent factors that make the economic cooperation scenario very dynamic at this moment, I decided to investigate how China can represent a decisive element of 'opportunity and challenge' (Bradani, 2005) for the Sistema Italia, so as to see if economic cooperation in the case of China show original aspects, that contradicts the usual vision of a 'trading State' or a 'negotiating State', referred to Italian inability to act strategically in the sphere of globalization

and fulfil the expectations due to its international comparative advantages.

Therefore I first defined economic cooperation, and contextualized the notion by means of a critical historical reconstruction of Italo-Chinese relations, aimed at individuating the main feature of Italy's stance toward China, and then I examined the recent evolution in terms of actors and devices of economic cooperation, its criteria and goals. In order to do so, I structured my work in three sections: national level, sub national level, and the cooperation structures that operate in China, taking into consideration the case of Italian economic cooperation in the Chinese Province of Guangdong.

My findings do not confirm the hypothesis of a 'Chinese exception' in Italian economic cooperation field. Even though some important achievements have marked the initiatives taken during the last years, they do not challenge the status quo of cooperation. In particular, more advanced fronts of activity, namely the Italian Ministry of the Environment cooperation program and the Italian Regions multiple efforts to sustain the internationalization of Italian local economies in China, do not seem to move beyond conjuncturalism, or a reediting of some of the traditional flaws of central government intervention into the economy.

First Chapter

The Dimensions of Economic Cooperation between Italy and China

The concept of economic cooperation, with reference to the relations between Italy and China that have developed since the second half of the nineties, refers to a field of study rather uncertain, that the literature has just begun to take into account in recent years. This is partly due to the fact that the economic issues considered through the last fifty years or so belong to an "age of disintegration", as Alessandro Roncaglia names it in his analysis of the historical evolution of economic studies, where research would take several alternative directions thereby diversifying its foundations as well. Accordingly, Roncaglia writes that: "The opposition is [now] manifest between a narrow vision of economic theory on one side, that values the exactitude ensured by axioms, thus making use of *ad hoc*, simplified constructions in order to tackle the problems originated in the comparison of concrete economic systems, and a wider vision on the other hand, which renounces a monolithic, all including theoretical structure, and follows a set of different research strategies marked by an increased attention to the realism of the analysis"¹.

In the second direction, among the several issues to be faced with, the question concerning the 'definition of the concept' of reason, of welfare, of development, of equality and so on,

¹ Roncaglia, A., *La ricchezza delle idee, Storia del pensiero economico*, Rome, 2006, pp. 516-558

acquires major relevance, and often the search for an adequate meaning becomes interdisciplinary as a result of the importance that other social sciences like psychology, politics, ethics, ecology acquire in the survey. In addition, the separateness of different paths of research into the society or into the man does not prove to be an ever-consistent feature of work.²

Therefore, such 'total' aspiration for understanding the problem, even if related to a not so large field of analysis, motivates the choice to illustrate the actors, instruments, and some of the factors that contributed to the current definition of economic cooperation between Italy and China, while, on the other hand, cooperation must be intended first as the policy implemented by the government at various levels and with the contribution of different organizations, both public and private, in order to promote economic exchanges, trade, and the internationalization of the national industry abroad. Such formula is coined by looking at the vicissitudes of Italy's bilateral economic cooperation, as well as by resuming the institutional mission the Directorate General for Multilateral Economic and Financial Cooperation (DGCE) at the Ministry of Foreign Affairs has committed to. In fact, the process that led to the adoption of the range of measures today envisioned as means of economic cooperation is articulated and originated largely from three kinds of events: the institutional progress at the national level; the dynamics of international economic integration that have affected the Italian productive system; the competition with other actors at supranational level in the definition of new goals, planning and the provision of adequate areas of intervention. As for the final aspect referring primarily to the European integration process, it will be discussed by taking into consideration its repercussions on the national scale policies, that is to say through the lens of the bilateral cooperative effort based on the work carried out by the government. Conversely, the first and the second analytical fronts can be assessed by virtue of two

² Ibid., p. 554

major developments in the structure and extent of Italy's cooperation with China: the evolution in the policy of aid to Developing Countries (DC) that was determinant for Italo-Chinese relations during the eighties and early nineties, and the growing power exercised by the Italian regions abroad, in particular since the end of the last century.

Moreover, in a historical perspective, the course undertaken by the Italian economic cooperation policies turns out to be cyclical; a first phase is characterized by the taking up of development cooperation administrative structures and resources, and the enactment at the national level of a shared conduct in compliance with the assigned tasks; it begins in the immediate post-war period and it is broken off due to the severe Italian institutional crisis in the nineties. Then, after several years of government policy stalling, a revival takes place since 2000, so as to restore greater significance for economic cooperation and ensure it autonomy from development aid policies, in economic and political terms. Thus during a rather short period, a relatively new team of actors has started operating, while at the same time the foreign counterparts have changed too.

For this reason dealing with economic cooperation between Italy and China on a bilateral basis also means investigating the role of the contemporary nation-State, which many observers still consider unmatched in the global context, even though it is faced with different areas of intervention and alternative instruments of action. In particular, as confirmed by the Italy and China cooperation case, the use of central government power has gradually become participatory instead of being exclusive, eventually allowing for different dimensions of the cooperation initiative. Such phenomenon in Italy seems to be even more remarkable in light of the long-term features of national foreign economic policy, that is above all, its fragmentary nature.

Therefore Italian cooperation in China reflects similar development when complex phenomena, among others the greatest industrial migration ever occurred in the present age which has led to Chinese growth, threaten to overwhelm the

many "constellations of domestic policy"³ that still survive in Europe. The economic and political challenge implied by Chinese global emergence requires Italy to adopt guidelines and resources that do not belong to the tradition of Italian foreign policy and cooperation, so the government needs to expand its geographic area of reference and rectify the delay, the gap in relative economic and political weight, as well as the difficulty in interpreting the evolution of Chinese international position and its impact on Italy. Still, these dynamics are not entirely unknown and elements of path dependence are emerging with regard to both the control retained by central government institutions and the influence of supranational bonds, which in the past consisted primarily in the adhesion to one of the two ideological blocks that divided the world, and today are represented by the membership to the European regional organization.

Accordingly, the definition of economic cooperation between Italy and China, as it evolved in the nineties, refers to the legal context emerged during the Bilateral Trade and Economic Cooperation Agreement signed in 1985 between the People's Republic of China (PRC) and the then European Economic Community. The agreement is made up of two parts, respectively dealing with trade and economic cooperation: on the trade front it introduces, in addition to the mutual recognition of the most-favoured-nation treatment, the reciprocal commitment to promote a harmonious development of trade and economic exchanges, providing a greater access to respective markets and the consistent recourse to dialogue and mutual confrontation in order to reach, whenever matters arise, shared decisions that can benefit all parts, in particular via the activity of the Joint Cooperation Committee⁴; on the economic

³ Ferguson, N., *Colossus: The Price of America's Empire*, London, 2004, p. 166

⁴ As stated in Article 15 of the Trade and Economic Cooperation agreement, the Joint Committee (JC), which is set up by the two contracting parties, comprises representatives of the European Economic Community on the one hand and representatives of the People's Republic of China on the other. The JC is

cooperation front it supports, as a primary target pursued by the parties, the growth of EU-China ties in both industrial and agricultural sectors, where the EU and the PRC aim at promoting technological and scientific progress as well as the opening of new markets, so as to enhance the standard of living and the development rate of the European and Chinese economies. On the whole, the agreement concerns industry and the mining sector; agriculture including agro-industry; science and technology; energy; transports and communications; environmental protection; and cooperation in third countries. More specifically with regard to industry and agriculture cooperation, the main activities contemplated are eleven, that is: joint venture and joint production; technological transfer; cooperation among financial institutions; visits, contacts and cooperation measures involving entrepreneurs, private and public delegations and organization; preparation of seminars and symposia; consulting services; technical assistance, and specific training; exchange of relevant information for cooperation.

charged with the agreement supervision. Its tasks are: to monitor and examine the functioning of the agreement and to review the various cooperation schemes implemented; to examine any questions that may arise in the implementation of the agreement; to examine problems that could hinder the development of trade and economic cooperation between the two contracting parties; to examine means and new opportunities of developing trade and economic cooperation; to make recommendations that may help to attain the objectives of the agreement, in the areas of common interest. The JC shall meet once a year, in Brussels and Beijing alternatively and the office of chairman of the JC shall be held by each of the two contracting parties in turn. Among the other dispositions of the agreement there are also articles that provide for the adoption of marketing strategies like meetings involving people, groups and delegations from the industrial sector, trade and other economic fields, the signing of agreements for commerce and trade exhibitions, the offer of adequate spaces and structures to hold such events. That formula will be preserved in almost all economic cooperation agreements between China and Italy signed since 1985; see http://ec.europa.eu/external_relations/china/index_en.htm

The intent affirmed in the agreement, to carry out mutual and fair cooperation through the promotion and protection of the investments is also related to EU-China development cooperation practice, which on the other hand has to meet the needs arising from Chinese economic achievements in the aftermath of the EU-China economic accord⁵. Finally, art. 14 also points out that “this Agreement and any action taken hereunder shall in no way affect the powers of any of the Member States of the Communities to undertake bilateral activities with the People’s Republic of China in the field of economic cooperation and conclude, where appropriate, new economic cooperation agreements with the People’s Republic of China”.

Thereby the EU-China agreement signed in 1985 generated a first comprehensive reflection on the relationship between Europe and China, and it must be noticed how the growing importance given to Euro-Chinese ties trough the years has led to more and more frequent agreements between the partners⁶, while strategic and political reports and papers have started broadening and integrating sheer economic prescriptions.

Nevertheless, apart from the repercussions of the European policy toward China for Italian-Chinese cooperation, it is worth considering the historical background of foreign economic

⁵ Nonetheless the two spheres of economic and development cooperation are administratively separated

⁶ The “EC-China Trade and Co-operation Agreement” signed in 1985 replaced the version agreed by the parties in 1978. Since then, EU-China agreements have become more and more frequent. The text of the agreement was further extended in 1994 and 2002 so as to include the definition of a political framework for EU-China dialogue, whereas since 1998 more specific agreements have followed: regarding technology in 1998 and the energy sector in 2004; with reference to transport and communication in 2002 and 2003; concerning tourism and costumes regulation respectively in 2002 and 2004. Other agreements, that are mentioned in the reports published by the Commission between 1995 and 2006, deal with intellectual property rights, competition policy as well as industrial policy rules, textile industry, financial and macroeconomic issues, civil aviation, social and educational matters and other related themes; see www.ec.europa.eu/external_relations/china/intro/index.htm

policy, the second post-war period in Italy, and the establishment of structures and actors of bilateral development cooperation inspired, among other things, by the assumption made at the second National Conference on Development Cooperation in 1985: "The cooperation (as promoted by Law No. 38) aims to enhance the partnership and to establish mutual relations between states in a now post-colonial context. This is no time to help the Third World. Rather, there is the need to manage the link between the intertwining fates of the North and the South, so as to turn central attention to mutual benefit".

Italian Foreign Economic Policy since the Second Post-war Period

From the second post-war period to the seventies, Italy ripens some of the basic features of national foreign policy destined to last until now, together with the belief that its relative strength in the world order lies above all in the combination of domestic fragmentation and foreign partnership. "In terms of Italy's relation with the international political economy [...], one of its main bargaining devices has been that its creditors could not afford to see it go bankrupt. Nevertheless, it is apparent that the efforts of Italy's statesmen to find some way of balancing the domestic political and economic situation are hampered by the need to operate according to rules imposed by outsiders."⁷

The Italian political scene appears to be strongly influenced by the evolution of the international order during the Cold War. In fact, particularly in the fifties and sixties, a pro-American Christian Democrat government sustained abroad by allied powers dominates the national political debate. Foreign support is subordinated to the circumstance that the moderate parties, ideologically close to the West, hold the national leadership, yet the government in office is fiercely opposed by left-wing political

⁷ Posner, A., "Italy: dependence and political fragmentation", in *International Organization*, no. 31, Autumn, 1977, p. 814

forces that, although excluded from legitimate power, benefit from widespread popular backing and therefore damages the Christian Democrats (DC) rule.

Such discrepancy that reflects the global ideological contrast, gives rise to a blocked political scenario and causes multiple divisions within both the political and economic spheres that act as balancing forces all connected to each others. At a political level, this phenomenon takes the shape of factions in the DC as well as the Italian Communist Party (PCI) and the Catholic Church; within the economic framework it concerns specifically the role played by State-owned enterprises and large corporations, and their relation with the political elite.

An additional, important factor in the evolution of the Italian approach to international economic relations can be found in the unfavourable economic conjuncture that affected Italy, at intervals, since the end of the sixties and contributed to the centrality of domestic economic and social policy as well as economic foreign policy⁸.

In the aftermath of WWII Italy benefited from an export-driven and labour-intensive growth, but such comparative advantage was soon reduced and in some cases nullified by the adoption of policies exclusively aimed at broadening the popular consent

⁸ "I mutamenti intervenuti nella politica industriale praticata dal governo sono a loro volta degni d'interesse. Da forme di sostegno alle industrie private, nel corso della ricostruzione, prive di intenti dirigisti, con la rimozione di barriere al commercio e la decisione di fare parte della Comunità europea del carbone e dell'acciaio, si assiste al passaggio nel decennio cinquanta ad una diversa strategia, fondata nello specifico su di una politica industriale coordinata con la programmazione macroeconomica. Proprio la tensione legata ai numerosi interessi in contrasto fra loro che emerge appieno all'epoca del governo di centro-sinistra ovvero dall'avvio circa del decennio sessanta, condurrà tuttavia al fallimento di tale disegno. Il divario fra aziende di Stato che incidevano in misura significativa sulle scelte di governo, imprese private che dipendendo meno dal mercato domestico chiedevano ampia autonomia, e sindacati, lontani dalle posizioni dell'impresa sia pubblica sia privata, non poteva essere colmato."; see Giannetti, R., Vasta, M., *Storia dell'impresa industriale italiana*, Bologna, 2005, pp. 213-214

toward the government, thereby satisfying the masses at the expense of investments. When the economic miracle came to an end and the oil crisis erupted, delays and gaps in the social-economic system conflicted with the development pace reached in a number of economic sectors, adding to the consequences of a too rapid growth in some cases, or to the faults by an unprepared and wrongly oriented business elite in others. At the same time the alternative between public and private economy is rejected, "the enterprise" is said "has no adjectives" since the management of companies headed by public bodies and belonging to the State does not differ significantly from the administration of companies having hundreds of thousands of shareholders, that found associations and organizations of great interest to the masses of workers, savers, consumers and banks. For all citizens, within private and public sectors, there is the need to keep the production competitive and to act also at the international level in order to correct Italy's political inertia. Thus, it happens that "In Italy [...] acquiescence in the absence of strong political institutions fosters policy making by technocrats whose influence comes from personal ties to party factions and interest groups. Within the constraints set by the DC system and the Bank of Italy, Italy's industrial and commercial policy, both domestic and international, is largely the result of decisions made by two strong sets of institutions: state-controlled enterprises and large private corporations"⁹.

The first group can be further identified with the two models of IRI and ENI, as different tools for the governance over the process of capital formation with the purpose of organizing and overseeing the supply¹⁰. But, if IRI intrinsically supports state intervention, ENI intervenes as a result of trends affecting the

⁹ State enterprises are placed under the supervision of the Ministry of Public Participations and the Ministry of Foreign Affairs, but both ministries do not possess the necessary authority in order to control what is done by State enterprises, thus being in the end subjected to their decisions

¹⁰ Briatico, F., *Ascesa e declino del capitale pubblico in Italia, Vicende e protagonisti*, Bologna, 2004, p. 76

market for energy resources, that is to say the growth in the supply and the related transportation system.

IRI operates by virtue of its financial leverage within the context of a controlled economy that directs the demand, while ENI takes advantage of the pressure exercised by the widespread low price supply that favours the companies' dynamic role on a global scale.

IRI is entrusted with the thorny issue of development in the South of Italy, while ENI acquires relevance in the area of economic foreign policy so that the judgement on its activity abroad cannot leave the policies pursued by the Ministry of Foreign Affairs (MFA) out of consideration.

At this point it is worth recalling, in order to better illustrate the meaning of ENI experience as well as to compare the conduct of the national company with the performance of the great private companies, some of the considerations made during a conference entitled "Who makes foreign policy in Italy", held by the Istituto Affari Internazionali in 1967. Franco Briatico¹¹ affirms that, on that occasion, many experts and observers acknowledged the predominant role played by ENI, which "for some years actually made Italian foreign policy"¹², and ascribed it to the simultaneous lack of interest in concrete matters shown by Italian MFA. ENI was then tasked with renewing Italian foreign policy on a par with what happened in the XVI and XVII century, when the great colonial trade companies engaged in the service of the monarchy.

ENI's initiatives that broke with the tradition of national low-profile positions, have shaped Italy's presence in large areas of Africa, the Middle East as well as in Eastern Europe, according to the primacy of economic issues and recognizing that face to the centrality of the oil factor in contemporary world it was time to take up the objective of the pursue of a mutually benefiting common interest. Moreover, an extraordinary conjuncture

¹¹ Ibid., pp. 20-22

¹² Quotation from Pietro Quaroni in *ibid.*, p. 20

helped Enrico Mattei's activism, when he became ENI's general manager in March 1953. The better known model that has characterized Mattei's entry into the global energy market is given by the contractual conditions of the search and drilling for oil. Those contractual terms were important not just for the progresses made with reference to the practice of the agreements signed in the oil industry, but in the light of a particular historical passage, when the 40% of Muslim nations got over colonial submission era. That caused a deep awakening in the Muslim world, which started acting as a continent, placed between Asia and Europe.

The economic aspect, represented by oil and identified with the geologic and territorial element, was then destined to be a catalyst for change. But some cultural features as well proved decisive: the federative action by moderate monarchies created room for a laicization process with Marxist implications, while the Soviet attempts to control the region were overcome by religious powers. In this way clericalism and Muslim nationalism, as opposed to the Israeli State-religion paradigm, interlocked. Understanding, before others, that the logic of market could enjoy its own force and represent a crucial goal for Italian foreign policy and economic cooperation, ENI conceived a modern role for the national State, that can also be found in a document dating back to 1960: "The new oil contracts are of great importance, not only because of the increased share of profits conferred to the producing State, but also and above all owing to the choice to deprive the enterprise of its past task of political mediator among States and give it a more suitable role, of technical organization and entrepreneurial instrument that takes the risk of the research"¹³. Since then, the underdeveloped nations in possession of underground energy sources changed

¹³ *L'Italia e l'ENI. Situazione e problema dell'intervento pubblico nell'industria petrolifera*, private edition ENI, 1967, reported in *ibid.*, p. 24; see also, Briatico, F., "Appunti sulla storia della geopolitica dell'Eni", *Limes*, n. 6, 2007

their approach to foreign economic and political actors, and in Italy the model of a company as market leader for the development of relationships abroad provoked strong objections.

However, a series of errors made by the supporters of oil foreign policy as well as by the government, compromised the outcome of ENI's vision. On one hand the excessive determination and haste manifested by the company's head ultimately induced him to act alone, while on the other the choice to divert and take different directions in the national economic planning abroad gave priority, between 1969 and 1990, to the Montedison-ENI option where the core business was the petrochemical sector.

Still, the absence of an adequate support of internationalization and the lack of necessary economic and social measures turned the attempt by the petrochemical sector to actively participate to Italian foreign policy into a failure, and petrochemical industry remained local. This is partly due to the combination of some political forces from the left, supported by branches of the national enterprises heavily dependent on public financial incentives.

Furthermore during the seventies, Cold War constraints hampering the perspectives of open internationalization, the beginning of improper exchanges of favours among some economic and political actors, and the loss of a clear commitment abroad, that favoured instead the development of a more formal and articulated structure, led to the slowing down of ENI's action and to a more general retrenchment in its international strategy; meanwhile a number of companies composing ENI began to act on their own. In 1980 the capability of the company as a strategic actor of Italian foreign policy was seriously compromised.

A further category of economic actors engaged abroad, Italian private companies such as Fiat, Pirelli, Olivetti..., showed in the meantime the disposition to operate with no involvement on the part of the State. In other words, such corporations maintained a

channel of dialogue with the political sphere while directly dealing with the foreign bureaucracy and business partners, especially during the first stage. Then, once the negotiation process had progressed, State agencies were often contacted. Therefore, the action undertaken by FIAT in Soviet Union in 1966, that led to the construction of an automobile factory in Stavropol, can be opposed to the visionary plan pursued by ENI. In the case of FIAT, the Atlantic relationship had been in fact respected, benefiting, with the political and technological support negotiated in Washington, of a greater scope of autonomy thanks to the "armed truce". FIAT, before starting the negotiation with the Soviet counterparts, was granted Washington's consent for the setting up, also because funds and technologies were for the most part American, and the company needed the support of trade unions and political forces. In other words, FIAT was part of a political and economic network the "sovereign" economic power exercised by ENI had been detached from. And in addition, it is worth emphasizing how the time of politics did not coincide with the time of economy for the new measures conceived by ENI leadership were adopted long before the appeasement phase, that would encourage exchanges between the blocks. The innovative ground ENI explored as "great buyer" in favour of national energy budget was much different from the international agreement FIAT signed with other car makers, since ENI had been a forerunner and a decisive contributor to the operating structure and the market that only after some time other companies, like FIAT, would have conquered.

On the contrary, foreign aid policy validates the dispersion produced by the "broad DC coalition" with respect to the decision power and the implementation of foreign policy measures the government has to agree on. With reference to this field of intervention, the number of actors involved appears comparatively high, so as to present international cooperation as a contended and contested area, where different logics and interests may coexist or collide, according to the circumstances.

Thus significantly, the work carried out by the Catholic Church, in consideration of the relevant presence abroad of religious missions, was claimed by the State as part of Italy's foreign aid. In addition, a no less extensive portion of the cooperation activity consisted in investments made by Italian enterprises, and with reference to this, Massimo Bonanni¹⁴ points out that the Developing Countries Aid Commission (DCAC), established by the Ministry of Foreign Affairs, used to examine only the project proposals put forward by Italian private companies. In other words, the difficulty for the DCAC to devise governmental initiatives on this front resulted into a greater room for manoeuvre for the private sector with regard in particular to the Italian policy towards the newly-founded nations that emerged after the end of the colonial dominion. Even the Italian Communist Party (PCI), and the Socialist-Communist Confederations of Labour mediated in support of the development of business relations involving Italian companies in communist States, except for the national big industries, thereby obtaining, in exchange for their involvement, financial support and prestige both in Italy and abroad.

However, this last aspect, that is to say the circumstance political forces that rejected the government official line could nonetheless concur to the promotion of national economy as well as the establishment of contacts abroad by virtue of their ideological bonds, sends back to the multiple fractures caused in Italy by the attempt to achieve a balance of power within the national borders, despite the Cold War scenario. As it will be illustrated within the framework of the development cooperation structures-building process, the inclination towards alternative and more 'advanced' visions of the international role of Italy, was destined to recur in other occasions. Hence, in the decade between the eighties and nineties, as governments that followed one another from 1987 to 1989 contributed to the progressive international appeasement climate and largely

¹⁴ Bonanni, M., *La politica estera della Repubblica italiana*, Milano, 1967

benefited from it both politically and economically, the Ministry of Foreign Affairs also realized that the collapse of the communist rule would have deeply altered the stability mechanisms so far employed in Europe and Asia, offering Italy a quite new political and economic geography to engage in.

Regarding this, Antonio Varsori explains that Italy has never had leaders capable of spending a great deal of attention and energies, for a prolonged time, in the pursue of foreign policy goals so as to exercise a prominent role at the international level¹⁵; yet the shorter trajectories followed by Italy's leadership must be taken into account as well, for their interaction in the frame of few consistent international choices, allow to 'read' the progresses made in foreign policy instruments and actors. In addition, especially with regard to the Italian-Chinese economic cooperation, diversions from more traditional stances by the Italian State may contribute to the analysis of the current policy towards China, particularly if one considers how economic dynamism and a still evolving political order¹⁶ are likely to cause rapid but profound changes in the Asian context, that could grant Italy new opportunities for action.

¹⁵ Varsori, A., *L'Italia nelle relazioni internazionali dal 1943 al 1992*, Rome, 1998, p. 249

¹⁶ This is the way Henry Kissinger used to describe the Asian region in 1995, arguing that ancient rivalries combined with an increased economic power would probably lead to dangerous scenarios. In order to safeguard economic expansion in Asia a multilateral strategic system would have been a necessary achievement, aimed at replacing the Cold War constrained system. Other fundamental strategies would have been: an ordered development and a responsible leadership in China; the solving of some regional issues, like an industrial policy embedded in local communities, national essential infrastructures as well as regional, the reduction of income gap through a balancing mechanism and a trade negotiation forum; greater access to markets across the region; Kissinger, H., "Four Proposals to Get the United States and China Off Their Collision course", in *International Herald Tribune*, London, July 24th, 1995, p. 9

Historical Coordinates of the Italian-Chinese Cooperation

At the same time as Italian economic foreign policy experience meaningful variations as a consequence of the participation of different actors, a visit in Asia by the then Minister of Foreign Affairs aims to increase Italian attention to the Far East bringing about a "new moment" for the Italian policy in the region ¹⁷. In such occasion relationships with Asia appear in fact dominated by the ties with the People's Republic of China. The recognition of the Communist regime is still strongly debated in Italy, so the government opts for a separation between diplomatic relations on one side, and trading or cultural ones on the other. Despite the fact Beijing asks to start a comprehensive negotiation, diplomatic as well as economic, ideological motives prevail and Italy decides to develop mere trading contacts. "The Chinese issue was faced by Italian diplomacy according a gradualist approach that, at first, contemplated only a partial restoration of contacts. In contrast, on the Chinese part, the plan was to appeal to the Italian economic interests in order to obtain a diplomatic recognition, that [...] would have represented a major break in the Western axis" ¹⁸. In the event, trade relations launched the dialogue between Italy and China at the beginning of the sixties, and can be considered an important step promoting international collaboration, but they did not symbolize any effective political shift.

The formal recognition of the People's Republic of China was to be announced by the Italian government at the end of January 1969, and it followed the ground-breaking opening carried out by the American government in its relations with Beijing. Nonetheless it is interesting to recall the arrangement put forth by the Italian government in the face of the conditions posed by Beijing for the diplomatic negotiations, that is to say the

¹⁷It is Gaetano Martino's long journey in Asia between 1955 and 1956; Ferraris, L. V., edited by, *Manuale della politica estera italiana*, Rome, 1996, p. 185

¹⁸ Ibid., p. 187

exclusive right to represent China at the United Nations Assembly and the recognition of Taiwan as part of the Chinese territory.

Italy merely referred to the declaration of Beijing regarding the dispute over Taiwan, without giving its opinion on the matter, and in 1966 suggested the establishment of an *ad hoc* Commission at the United Nations charged of examining communist China's claims and envisioning a solution of the long-standing issue prior to the PRC accession to the UN. The proposal was rejected by both Beijing and the supporters of the "two China" option, while at the same time the General Assembly refused any exceptional admission procedure. Luigi Vittorio Ferraris deems that the Italian intervention mainly consisted into a search for autonomy within the framework of the division into blocks. "Generally speaking, [...] it is an attempt to conciliate actions and lines of conduct recommended by different political factions at the national level, while attenuating any potential controversy with the United States for, under the Socialist government, Italy's approaching to the People's Republic of China causes Washington's dissatisfaction"¹⁹.

Three years later the Italo-Chinese negotiations resumed in Paris, and after separating the bilateral relationship front on one hand and the debate at the UN on the other, the Italian government recognized the People's Republic of China, in the autumn of 1970²⁰. Rome made a simple "declaration", so as not to attach excessive importance to Beijing stance regarding Taiwan. Still, Italy continued to hesitate over whether to support the

¹⁹ Ibid., p. 190

²⁰ In November 1970, the communiqué by the Ministry of Foreign Affairs said: "Secondo i principi di: rispetto reciproco della sovranità e dell'integrità territoriale, non ingerenza reciproca negli affari interni, uguaglianza e reciprocità nei vantaggi, il governo della Repubblica Italiana ed il governo della RPC hanno deciso di riconoscersi reciprocamente, si stabilire relazioni diplomatiche a datare dal 6 novembre 1970 e di procedere al reciproco invio di Ambasciatori entro il termine di tre mesi. Il governo cinese riafferma che Taiwan è una parte inalienabile del territorio della Repubblica Popolare Cinese. Il governo italiano prende nota di questa dichiarazione."; *ibid.*, p. 305

Albanian or the American motion with reference to Chinese admission to the United Nations²¹. In general, similar irresolution attests to Italy's ideological perspective dictated by the Cold War, that influenced above all Rome's attitude whenever dealing with China. In other words, Italy had first and foremost to work an agreement case by case at the national level, between the government and the opposition parties, no matter how lengthy and uncertain it would be, and in this way, the matter of the restoration of diplomatic relations with Beijing suffered the more general stalemate in Italian foreign policy, and became an element particularly difficult to interpret.

Correspondingly, at the beginning of the seventies the change in Washington's attitude towards Beijing introduced momentous adjustments in the general strategic equilibrium, thereby influencing the considerations of some Italian politicians upholding 'multilateralism'²² as an imminent trend at that time. Still Italy, even though inclined to question alternative assumptions and courses of action, and to diverge from a clean war propaganda, found it hard to anticipate future scenarios.

Thus, in the effort to develop a common and plausible vision, "this [exceptional] attention for China became a kind of projection of Italian national policy, almost like a psychoanalytical relationship that a part of Italy established with

²¹ Albanian motion proposed to replace the PRC with Formosa, and was strongly opposed by Washington. Italy finally resolved to vote for the American procedural motion, thereby denying validity to China's arguments, which had been favoured shortly before, by voting for the Albanian resolution; *ibid.*, p. 189

²² "Nel maggio del 1970 l'allora Ministro degli Affari Esteri, Aldo Moro, confermando la volontà da parte del governo di agire secondo i presupposti che seguivano all'avvenuto riconoscimento della Repubblica Popolare Cinese, faceva riferimento all'ormai superato equilibrio bipolare che aveva retto il mondo dell'ultimo quarto di secolo, ed al diverso ordine multipolare che ad esso sarebbe subentrato. A sua volta il Presidente del Consiglio Giulio Andreotti, affermava nel 1972 di sperare, a seguito del ritorno di Pechino alla politica internazionale, in un contributo cinese a sostegno della pace fra i popoli dell'Asia."; *ibid.*, p. 306

China; various factors should account for such interest, totally disproportionate if compared to other foreign nations in the world"²³. With reference to this, Francesco Sisci cites the emblematic case of the presence of Italian media in the PRC, for at the end of the seventies a foreign journalist out of four working in China was Italian: "A senseless proportion in light of the importance given to the relationships between Italy and China at that time", and a temporally limited circumstance, if one considers that at the beginning of the nineties Italian reporters in the PRC were only 0.5% of the total, that is to say just two journalists out of four hundred.

The diplomatic contacts continued during the seventies, with the visits of the Italian Minister of Foreign Affairs in China at the beginning of 1973, the journey of the Chinese Minister of Foreign Affairs, Huang Hua, in Italy in October 1978, and the Prime Minister and President of the Communist Party Hua Guofeng trip to Italy at the end of 1979.

In October 1978, at the time of the launch of the reform policy, the Italo-Chinese Agreement on cultural cooperation and the Agreement on scientific cooperation were signed, inaugurating exchanges of lecturers and researchers, as well as scholarship programs. The number of Italian political delegations in China also grew, and economic contacts intensified and diversified.

Apart from regularly scheduled institutional meetings a more informal channel of dialogue between Chinese and Italian political leaders takes shape. The visit of the Italian President of the Republic and the Minister of Foreign Affairs in the autumn of 1980 demonstrates that "the Italian delegations have been received with great interest everywhere in China". Italian leaders emphasize the ongoing global cooperation process, and the international equilibrium it must rely on, while Beijing values the benefits connected to an unprecedented multilateral order where strategic barriers are weakening, and to the role that

²³ Sisci, F., "L'Italia in Cina", in Trentin, G, edited by, *La Cina che arriva, Il sistema del dragone*, Rome, 2005, p. 142

emerging economic poles can play. If the beginning of the eighties in China is characterized by the major change launched at the Twelfth Chinese Communist Party Congress, in September 1982, with which China draws away from the Reagan Administration and starts the dialogue with USSR, this does not fail to produce effects on the flow of contacts and the collaboration between the Italian Socialist and Communist parties on one side, and members of the Chinese Communist Party on the other.

More specifically, Chinese foreign policy is focused on the removal of all national and international constraints to the country's modernization, and in order to do so, it pays great attention to the changing fortunes of the political forces ideologically close to the CCP, which operate in different States. "That policy gives priority to the pursue of national interests, for the most part although not wholly assimilated to economic development"²⁴ observes Marie-Claire Bergère in its survey of the Chinese contemporary history on the eve of the Tiananmen crisis, and marks the new course undertaken by Beijing according to three main principles: the resumption of the tradition, that is to say the return to a 'secular' foreign policy, where diverse elite factions compete with each others, and regional, as a result of the autonomy granted to Provinces in the management of their economic relations abroad; the progresses made in the relationship with Moscow, that would lead to the summit of Beijing in 1989, and affect international policy throughout the decade, just like what happened after the Sino-American summit in 1972; a greater Chinese commitment to the definition of a regional system in Asia, that can lay the foundations of a durable and responsible international leadership. As the author adds: "China's foreign policy was accompanied by several theoretical attempts, often confused and contradictory, to define the position of PRC, as a sovereign nation, in the contemporary world. [...] Originally perceived as

²⁴ Bergère, M-C., *La Cina dal 1949 ai giorni nostri*, Bologna, 1994, p. 351

an hierarchically subordinate ally of the Soviet Union in the fifties and sixties, China was attempting to conceive a new role for itself, far from both the imperial, Sino-centric perspective and the revolutionary Marxist-Leninist paradigm. [...] Nevertheless, the intellectual boldness with which the Chinese tried to shape their image in the world, contrasted with the obligations still weighting on their foreign policy. Impressed by the ancient tradition, the resources of the territory and the immense population that make China a world power, observers tend to regard today China's diplomacy as the necessary expression of a culture and a political project. But as for now, it remains above all modest and opportunist, that is meeting the conditions imposed by other nations, trying to draw each time the maximum gain; while at the same time, the objective to organize the world according to Chinese aspirations, seems to be only a partial and inadequate pretension. Thus in the end, the distance between the practice and the discourse [in China's foreign policy] indicates the gap to be bridged that still separates what China is and what it wants to be on the one hand, and what it will undoubtedly become on the other.”²⁵

From this broad reflection on the future of the nation and the imperative need for all Chinese, conservative as well as reformer, to safeguard political strength and the union of people and territory, originates the search, in the seventies and eighties, for concrete means and plans, in order to integrate China with the world and to achieve a primacy in it. Among such instruments, fostering modern development and growth, foreign aid, both bilateral and multilateral, becomes important, and at the end of the seventies major aid flows already benefit China, coming from different sources : Japan, Western Europe, and the World Bank²⁶. Foreign direct investments are also welcomed, in the form of joint ventures (JV), more and more contractually

²⁵ Kurlantzick, J., *Charm Offensive*, New Haven, 2006, p. 21

²⁶ Samarani, G., *La Cina del Novecento, Dalla fine dell'impero ad oggi*, Turin, 2004, p. 406

complex, wholly foreign owned enterprises (WFOE), and joint programs for the exploitation of oil resources. The creation of “special economic zones” in southern and southeast China in 1979, setting up “one of the peculiarities of China's FDI landscape” greatly hastens the whole process. As asserted from Deng Xiaoping at the beginning of the decade “In economic policy, I think we should allow some regions and enterprises and some workers and peasants to earn more and enjoy more than others, in accordance with their work and contributions to society. [...] This will inevitably be an impressive example to others and people in different regions and units will want to learn from them. It will help the whole national economy to advance wave upon wave and help the people of all our nationalities to become prosperous in a comparatively short period.”²⁷ The evolution of the Open Policy, between 1978 and 1994, gives rise to several falls and renewals, but in any case SEZs prove to be central “In subsequent years China has marked every major wave of liberalization with the establishment of a new batch of zones, end even today , although special zones are less special than before, much foreign investment is still located in zones of various kinds, and the rules of business are still subtly different inside the zones”.²⁸

Therefore, at the time of Italy's successful cooperation policy with the People's Republic of China Beijing implements its gradualist and pragmatic program for economic progress, which acts as a powerful factor of transformation of the national geography by fixing the boundaries of areas where market institutions can be experimented. As a matter of fact, the initial SEZs were similar to the EPZs that had spread in Asia since the 1970s, for they were regions in which foreign investment was encouraged by lower tax rates, fewer and simplified

²⁷ Ibid., p. 129

²⁸ For a chronological evolution with reference to the special economic zone policy during the reform era, see Lai, H., *Reform and Non-State Economy in China, The Political Economy of Liberalization Strategies*, London, 2006

administrative and customs procedures, and duty-free import of components and supplies. Yet the SEZs also went beyond the other Asian EPZs because they had a broader role to play in China's economic evolution. Wholly owned foreign subsidiaries were permitted in the SEZs long before they were allowed elsewhere and since each of the four initial SEZs was intended to appeal to an economically significant group of overseas Chinese who were potential investors, they served as important channels to outside groups. Consequently, the first objective of SEZs was to ensure the coexistence within the same system²⁹ of two historically and ideologically opposite models, so as to keep control over both of them, and prevent any risk of general collapse, thanks to a dual-track, incremental reform process. Then, the second intent was related to the credibility and the image of China the government wanted to bolster: by demonstrating to foreign business that China would maintain an open environment in a specific, easily monitored location, the SEZs enhanced the credibility of the reform policies. Open areas anticipated the future of Chinese economy and offered a view of it that on the one hand reassured investors abroad and on the other caused a widespread and politically profitable 'demonstration effect' for the rest of the population³⁰. Therefore, "such zones played a symbolic role whenever the reform policies were contested: on two subsequent occasions, in 1984 and 1992, Deng Xiaoping chose to travel to a SEZ in Guangdong, Shenzhen Special Economic Zone, and endorsed its operation, as a prelude to a further wave of liberalization"³¹.

On the other hand, the 'waves' would exercise larger and larger influence for they affected increasing portions of Chinese territory during the eighties and nineties as a consequence of a dramatic proliferation of "zones". So after the constitution of the first SEZs, a second stage of liberalization was inaugurated in

²⁹ Naughton, B., *The Chinese Economy*, Cambridge, 2006, pp. 406-410

³⁰ On this point, see Guthrie, D., *Dragon in a Three-piece Suit*, New York, 1999

³¹ Naughton, op. cit., p. 406

1984 leading to the designation of fourteen Open Cities along the coast, all setting up Economic and Technological Development Zones (ETDZs) that offered many of the same provisions as the SEZs. Hainan island, in its entirety, was designated a SEZ, and the existing SEZs at Zhuhai, Shantou, and Xiamen were expanded enormously. Broad swaths of territory were declared open to foreign investment, including substantial rural areas. The Pearl River Delta in Guangdong, the Yangtze River Delta around Shanghai, and a swath of coastal Fujian near the Xiamen SEZ were open to investment so as to include a total population of 160 million among these newly open areas. Then, at the beginning of the 1990s a third wave of opening was announced by the creation of another SEZ, the Pudong special zone. Once more, the Pudong or East Shanghai special zone served as an advertisement, as well as a commitment device, by creating a SEZ in the heart of China's most developed region for the first time. The effect of such legal and economic 'grafts' into the agricultural, industrial and urban landscapes of former Communist China is well expressed by the Italian Minister of Foreign Affairs who witnessed, from the end of the eighties to the beginning of the nineties, China's advancement: "In my journey of 1991 I realized that the interruption due to the Tiananmen tragedy had not stopped the reforms. In fact, during my visit in Shanghai I was impressed noticing *de visu* how fast the Chinese authorities wanted to proceed with the project to double Shanghai and create the Pudong district, that is to say a brand new city of several million inhabitants, the largest concentration of skyscrapers in the world, and the most advanced case of urban planning, which at that time was even hard to imagine. The city needed to expand its territory by gradually moving towards the countryside in the following decade. I was so stupefied by the grandness of the enterprise and the resolve of the Chinese counterparts that we signed immediately three agreements to invest a large share of the international cooperation resources in the plan, with regard, in particular, to three key infrastructural sectors: electricity,

telecommunications and gas. We wanted to participate in the Pudong project first and actually we beat our European competitors to it, since only Canada had signed an agreement before us. More important than the Three Gorges dam, the creation of Pudong was an ambitious and unparalleled urban development plan. Therefore, looking at the future of Shanghai and China, we hastened to ratify our obligation."³²

Just the capability to collaborate with China and the forms to be given to such cooperation are now, after the second phase of reforms, between 1992-1994 and 2001, ended and the third has not yet finished³³, a central topic in the debate on Italy's economic foreign policy. In particular, a dilemma concerns the scale of the intervention as well as the distinctive features of industrial development in Italy, that are said to cause difficulties for small and medium size enterprises (SMEs) in China. The situation calls for the conception, at central and local level, of measures that can have a significant impact on Chinese territory and give the expected results, identifying the most favourable approaches for Italo-Chinese cooperation. According to such perspective, three main guidelines have been found so far, which can embody, at least in part, the so called 'spirit of Pudong', that is Italy's ambition and capability to act in a consistent and effective way towards China, taking advantage of national strengths with determination and a functional realpolitik attitude. It must also be said, however, that none of these cases has led until now to achievements comparable to those historically experienced by Italy during the eighties and at the beginning of the nineties. The first of them sees China as a State-continent, divided into administrative, cultural and economic areas, those boundaries may advantage the Italian enterprises, for the combination of expected growth, high incentives and still limited political and administrative constraints can greatly

³² Author's interview to Mr. Gianni De Michelis, former Italian Minister of Foreign Affairs, Mestre, June 9th, 2007

³³ Siddivò, M., *La transizione dal piano al mercato*, Milan, 2004

favour investments. This is the case of the mapping of the most important areas of potential investment in Dongbei, that is in North East China, realized by the Chambers of Foreign Commerce of Veneto Region (CFCV). Indeed, according to CFCV's perspective, resources, workforce, industrial plants and universities, and above all the strategy launched by the Chinese government that consists of infrastructural projects and fiscal enticements for foreign investments concerning the North East, represent substantial incentives in order to attract Italian resources, and more generally speaking, an adequate collection of information can effectively orientate Italian business in China, ensuring good returns.

The second approach gives importance, as in the case of Milan Chamber of Commerce or Emilia Romagna Region, to the necessity to protect the Chinese economic areas having priority for the Italian economic system as well as the most internationalized locations, with characteristics similar to European, American, and Japanese markets. This assumption implies the decision to proceed to set up service platforms like Palazzo Lombardia, that is Lombardy Building, or the Xiantiandi Service Centre in Shanghai, filtering and accurately directing a stream of information, people, financial resources, so as to benefit Italian business operating in China, or create new lucrative opportunities. Third and final course of action is given, at the national level, by the attempt to act in relation to the market dynamics through the arrangement and integration of multiple elaborate strategies. This is the case of the Inlog China project, a greenfield intervention for the creation of an Italian logistic and industrial district in Tianjin aimed at promoting at the same time national transportation, manufacturing, and distribution sectors on the Chinese market. Tianjin benefits from particular attention on the part of the Chinese Government, is close to Beijing, and has a great potential for economic development due to its unique geographical position, both nationally and internationally. As for the economic relevance of the logistic sector, it relies on two premises: the fact that is now

"easier to move the production instead of moving finished products" and the faculty for Italian enterprises to foster a parallel flow of contacts and investments in Italy that move from the Chinese logistic industry, since Italy represents a convenient gateway to the Mediterranean and European markets for Chinese goods and services.

Crisis of cooperation and premises to the present stage

In the reconstruction, published in 2006 and based on his personal direct experience, of some of the major passages in the history of the Chinese diplomacy in the second half of twentieth century, the former ambassador of the PRC Qian Qicheng express a positive opinion about the Italian conduct at the time of the political crisis of late spring 1989.

"During the UN General Assembly every September, the EC foreign ministers would meet with the Chinese foreign minister to exchange views on the international situation and bilateral relations. But after the Western countries imposed sanctions against China in 1989, they halted contacts with China. Later, Europe found that although the United States was most active in imposing sanctions against China, it had frequent contacts with China in private, and Japan was also improving its relations with China. [...] Fearing that they might lose their market share in China, the EC countries decided to catch up and resume contacts with China. On June 28, 1990, the Italian foreign ministry informed the Chinese embassy in Rome of a decision of the EC summit meeting at Dublin that the foreign ministers of the three EC chairperson states would like to meet with the Chinese foreign minister during the UN General Assembly that year. I considered this a positive gesture; and so on the morning of September 28 that year, I met in New York with the three foreign ministers: Gianni De Michelis of Italy, Gerard Collins of Ireland, and Jacques Poos of Luxembourg. Since De Michelis was the

current EC chairperson, the meeting was primarily between him and me. The atmosphere was cordial. De Michelis said that although past events have caused some problems for bilateral relations, the world had undergone great changes. Europe and China has similar views on many international issues. Without the participation of China, it would be difficult to establish a new international order following the cold war. He assured me that the EC hoped to normalize relations with China as soon as possible. De Michelis said the West once thought that it could influence China's system. But now it was realized that the system that suited Europe might not suit China as well and that countries with different systems could still cooperate. He also told me that, as chairman of the EC Council, he would officially propose, at the EC Council meeting to be held in October, the "complete normalization" of Sino-European relations. I briefed De Michelis and the others on China's position on international issues. I told them that China would not change its policies of reform and opening up. I said I appreciated De Michelis's view that the situation in one country could be different from that in another country, stressing that human rights should be embodied in the laws of each country and protected by its laws. This meeting marked the end of the ban on high-level contacts between Europe and China. [...] EC foreign ministers finally announced after the Luxembourg conference on October 23, 1990, that except for contacts at the level of head of government, military exchanges and cooperation, and the arms trade, the EC would lift all the restrictive measures against China that had been adopted since June 1989. Moreover, it would normalize relations with China immediately. [...] Italy played a positive role in prompting the EC to make the announcement. This was a step taken by the EC in its attempt to improve relations with China, and another major victory for China in its fight against the sanctions imposed by the West."³⁴

³⁴ Qichen, Q., *Ten Episodes in China's Diplomacy*, New York, 2005, p. 153-155

As he would have repeated in different occasions³⁵, the then Minister of Foreign Affairs considered completely erroneous the attempt to isolate China even though he recognized that the repression put into action by the Communist regime could not be ignored. Similar line of 'active compromise', as it may be defined, which would have returned like a leitmotiv in large part of the current American policy towards China, for example during the decade-long negotiations for China's entry into WTO or with reference to the contemporary doctrine of co-engagement followed by the Bush Administration³⁶, represented at that time the outcome of the "power policy through the instrument of cooperation", according to De Michelis' definition³⁷, that Italy had chosen to implement in its relations with Beijing.

Indeed this definition well depicts the constant attention and dedication that marked Italo-Chinese relations in the eighties, also testified by the cooperation agreements concluded in those years. Between 1983 and 1984 Italian and Chinese government inaugurated collaboration in the space, technical-scientific and agricultural fields and signed in April 1985 a framework agreement concerning military and security areas. In addition, Rome and Beijing drew up in the same year the first consular convention involving the PRC and a European State. In October 1986 the Italian President of the Council of Ministers went to Beijing in order to discuss about the new China's policy of dialogue towards Europe and the bilateral agreements to be negotiated in several fields, with the establishment also of the Cultural Office of the Italian Embassy in Beijing. Then the President of the Republic of China, Li Xinnian came to visit Italy in November 1987.

³⁵ De Michelis, G., "Capire la Cina", in *Aspenia*, No. 23, 2003, pp. 41-55,

³⁶ On this point compare Weber, M., *Il dragone e l'aquila, Cina e USA. La vera sfida*, Milan , 2005, pp. 59-79; Lampton, D. M., *Same Bed, Different Dreams, Managing US-China Relations, 1989-2000*, Los Angeles, 2002

³⁷ Author's interview to Mr. Gianni De Michelis, op. cit.

In general, as a consequence of the sustained progress in economic exchanges and diplomatic contacts, throughout this period Italy enjoys an increasingly high reputation among Chinese political elites. Significant industrial development plans are launched in China by Fiat, Italy's most important car maker, for the construction of a manufacturing plant in Nanjing, and if China has already been one of the first foreign nations where Fiat has chosen to export cars just a few years after the birth of the company in 1899, in 1986 the strategic move consists, for the first time, of a large-scale industrial undertaking. Indeed Iveco, Fiat subsidiary specialized in the fabrication of commercial and industrial vehicles, signs with the Yuejin Group a contract on technology supply and technical support for the production in China of Italian commercial vehicles. Then, another Italian high rank company, the Merloni Group, begins in the second half of the eighties to operate on the Chinese market, concluding with Chinese partner enterprises twenty manufacturing licence agreements for the production of white goods, while in the textile field, two medium-sized companies like Benetton and Stefanel give way to a series of trading agreements, deciding also, in the case of Benetton, to entrust to third parties in China part of the production process. As a result, at the beginning of the nineties Italy is the second European partner of the PRC for trade volume, after Germany³⁸. Nonetheless, according to the

³⁸ The four mentioned Italian companies actively operating in China in the eighties have been first indicated, during the interview to him, by former Minister De Michelis as successful cases of economic cooperation in those years. Moreover, with reference to the case of the evolution of FIAT presence in China during the nineties, De Michelis recalls: "Con riguardo alle condizioni nelle quali versava la grande industria italiana dopo l'avvio del decennio novanta, la FIAT ad esempio non era riuscita a cogliere il corso nuovo dell'economia cinese, con il passaggio dagli accordi di licenza alle joint ventures, cui avrebbero da ultimo fatto seguito le WFOE. Fino al 1989 la FIAT era prima fra le imprese automobilistiche del mondo in Cina, mentre oggi, trascorsi quindici anni, cerca di recuperare a fatica un proprio spazio nel mercato della RPC, ed il confronto con la Wolkswagen è quanto mai sfavorevole. In veste di *advisor* privato ho continuato a frequentare la Cina fra

economic opening logic that preside over the first period of the reforms under Deng Xiaoping, Italian business presence in the PRC is still limited to four special economic zones and sixteen harbour towns.

On this fast-changing background, the Tiananmen crisis of June 1989, and the sanctioning measures adopted which command, among other things, China's international political and diplomatic isolation, have a great impact on Italo-Chinese economic cooperation. De Michelis becomes Minister of Foreign Affairs in late July 1989, and recalls today that one of the priority issues during his mandate was Chinese situation. Thus, in light also of the relations developed with the Chinese counterparts as Minister of the State Participations and Minister of Work, he argues for the opportunity to further promote political and economic advancements in China through engagement, stating that any other solution would have ended up into CCP relapse into conservative positions. The debate among the twelve members of the European Community lasts one year and a half or so, and different positions emerge, often very firm and severe, on the case of China. Nevertheless, because of the dynamics recalled by Qicheng and due to the Italian stance as well, between the end of 1990 and the beginning of 1991, China and Europe overcome such critical period and focus instead on the many fresh opportunities for mutual exchanges and dialogue.

1993 e 1996, e nel 1994 giunto a Pechino chiesi di vedere un Ministro titolare di un dicastero che si chiamava Ministero per la Costruzione delle Macchine, dove nella logica cinese le macchine erano ogni tipo di macchina, compresa l'automobile. Alla fine delle domande che avevo rivolto al Ministro, questi mi chiese se fossi lì per la FIAT. Il ricordo della compagnia italiana era dunque ancora molto forte presso l'establishment cinese. Così, di ritorno in Italia, chiamai l'Ufficio Relazioni esterne della FIAT riferendo l'accaduto. Ma non sarebbe giunta alcuna risposta dall'azienda. I vertici FIAT scelsero infatti di prescindere dal mercato cinese puntando viceversa, in modo miope, ad accrescere gli utili in virtù delle campagne di rottamazione allora in corso in Italia, ma a scapito della facoltà di competere in futuro a livello internazionale", *ibid.*; on this point see also Cingolani, S., "Vivere senza FIAT", *Limes*, n. 5/2002, pp. 19-28

After the withdrawal of a number of sanctions, De Michelis, at the end of May 1991, is the first European Minister of Foreign Affairs to visit the PRC, and works at giving new impetus to the bilateral economic relations, albeit emphasizing the necessity of a minimum consensus on issues such as the respect of human rights. Subsequently, from September 15th to 21st of the same year, the then President of the Council of Ministers, Giulio Andreotti also travels to the PRC, calling on the premier Li Peng to reciprocate the visit. So, once arrived in Rome between December 26th and January 28th, 1992, the Chinese premier puts an end to the criticisms while outlining his vision of how China should take part in definition of the new international system³⁹; in the same occasion he also launches further economic and trade cooperation initiatives with Rome. Overall, 1992 marks a fortunate historical conjuncture, characterized by Italian diplomatic success in its relations with China as well as a renewed collaboration climate within Europe and between China and Europe. If indeed, thanks to a neutral standpoint on the American side, China succeeds in ending the international ‘quarantine’⁴⁰, Beijing willingly welcomes Rome as strategic

³⁹ In Li Peng’s words, the Beijing government strongly supports the principle of non-interference in national policy as a decisive criterion that should rule over the international community of States

⁴⁰ Not much has changed since then. Talking about contemporary relations between the EU and China, Roberto Menotti convincingly argues : “For all its stated ambitions and economic potential, the EU is a regional, and currently a rather inward-looking actor. Its natural political horizon includes the European continent, its southern and eastern vicinities (defined in somewhat imprecise terms), and the complex transatlantic relationship with the United States (and Canada). Given the global role of the US, that relationship has many dimensions that go well beyond the relative ‘comfort zone’ of Europe’s neighbourhood. Although most Europeans may not adopt an American framework to look at the wider world, they still have a habit of reaching for the transatlantic filter when global problems get intractable. [...] But this creates a dilemma for the EU because the more autonomous global role to which it aspires, also involves, by definition, more independence from the United States, and [so far] Asia and China policies of EU have been caught in this dilemma, suffering from serious inconsistencies.”; Menotti, R. “The European

partner in its global rise, thereby rewarding its contribution to a favourable ending of the crisis.

However, at the beginning of the 1992 all economic and political steps forward are nullified by the institutional upheaval hitting Italian government. Obligations underwritten cannot be maintained since the numerous proceedings against political heads, managers and entrepreneurs block the use of funds for development cooperation which are to support the Italian intervention in China. Along the eighties, particularly after the promulgation of the Law No. 49, development cooperation has represented an important tool of Italian foreign policy towards the PRC, being at the same time in line with the expectations of the Chinese partners, and a flexible resource to employ. Between 1985 and 1992, the funds for development cooperation have thus significantly increased, reaching a 0.34% of GDP, and a great part of them has been employed for China, through the use of soft loans and subsidized credits⁴¹ that have supported Italian enterprises in orders obtained abroad⁴².

Beijing has started cooperation with Italy in 1984, and following the political events of 1989 financial aid has been suspended whereas cooperation in health and education has continued. Other ongoing projects in 1989, such as the realization of some factories in Panjing, are delayed. According to the directives by CIPE, resources are concentrated on priority areas in order to ensure effective bilateral action, and Italy accords priority to all States that have progressed economically in the eighties. China is one of them, and also represents the major recipient of Italian

Union and China: a Rude Awakening", *Lowy Institute Analysis*, Sydney, April 2007, p. 3; www.lowyinstitute.org ; Rüland, J., "The European Union as an Inter- and Transregional Actor: Lessons for Global Governance from Europe's Relations with Asia", *National Europe Centre Paper No. 13*, Camberra, 2002; Foot, R., "Chinese strategies in a US-hegemonic global order: accommodating and hedging", *International Affairs* 82, I, 2006; p. 93

⁴¹ For a definition of development cooperation main instruments see www.cooperazioneallosviluppo.esteri.it

⁴² Just like what happened in the case of Ansaldo GIE, in 1988, for the establishment in Ligang of a thermoelectric plant

cooperation resources in 1990 and 1991 with 2.4% of total aid, and again in 1993 and 1994 with 3.4%, passing from the seventh to the third beneficiary. However, the hiatus produced by the serious blockade disposed by the judicial authority causes the loss of the favour and regard formerly enjoyed in the PRC. The mission of the Italian Minister of Foreign Trade, Paolo Baratta, right after the institutional crisis and the withdrawal of the contribution promised for Pudong, will patently mark a new trend in Italo-Chinese economic exchanges, where political credit is absent.

After 1993, a stalemate and the “sloppiness of Italian governments”⁴³ predominate, in the end leading to Italy’s absence from China, and a reorientation of strategic and economic targets that privileges mainly emerge the European and Mediterranean scenario to the prejudice of Rome’s global agenda; the contemporary crisis of the great national enterprise that in the past has taken part to the economic offensive, further aggravates Italian let-down.

Trajectory of development cooperation

The Italian economic cooperation in China is strongly linked to structures and historical legacies of the development cooperation (DC), which has concretely represented the first field of Italian policy towards the People’s Republic of China, and a major occasion for reciprocal dialogue between the two countries as regards a wide range of topics, from poverty reduction to new information technologies. Secondly, the development cooperation in Italy maintains specific features if compared to other donor nations, and critical aspects that goes back to its first comprehensive legal definition⁴⁴. Finally development

⁴³ Author’s interview to Mr. Gianni De Michelis, op. cit.

⁴⁴ “It was plain that aid management tools had been inadequate to ensure the integrity and effectiveness of a programme that had expanded too rapidly in

cooperation policies have been affected by the crisis in the party system and institutions that erupted in 1992 at the national level, following which, as reported in the DAC Peer Review of Italy "Since 1993 the level of state funding for non-governmental organisations has fallen drastically and there has been a crisis, resolved only by special legislation, in payments to NGOs. However, NGOs have been able to maintain and in some cases increase their activities by drawing on local and EU sources of funding. And Italian local and regional authorities are now more involved and co-ordinated in the assistance effort. But political circles, and the public generally, remain sceptical of aid activities. Continuing parliamentary investigations have kept the spotlight on the past errors in the official programme. Some see aid as just another part of a wider Italian public management problem, and DGCS officials have perceived themselves as working in a "climate of condemnation and ridicule". Fortunately there have been hopeful signs recently of a recognition of reform efforts already undertaken and of the importance of aid as a part of a modern foreign policy to the possibility of expanding resources, means and scope."⁴⁵

For the above mentioned three reasons and in view of the persisting difficulty to come to terms with present cultural disillusionment, that was so vigorous in the aftermath of the political and judicial crisis and seems to be not yet overcome, preventing long proposed reforms, that could improve the quality and transparency of the aid programme, from being taken up, the studies and accounts of the period that saw the affirmation of political cooperation in Italy⁴⁶, are still valid and worthy to be considered. Thus, it appears useful to start from Pierangelo Isernia's public policy analysis of cooperation in Italy that emphasizes the forces behind it and its trajectory between

the 1980s"; see the DAC Peer Review of Italy of 1996, www.oecd.org/infobycountry/0,3380,en_2649_34603_1_70522_1_1_1,00.html

⁴⁵ Ibid.

⁴⁶ Dassù, M., and Bertinelli, R., edited by, "La cooperazione allo sviluppo con la Cina", *CeSPI Note e Ricerche*, n. 41, 1993

the fifties and 1993⁴⁷ and then proceed to take into account later developments as well as the lines of progress in this area, that will be also refereed to the Italy-China relationship.

In its work Isernia indicates five stages of development cooperation in Italy in the Second Post-World War period: an initial period, nicknamed the "not- political ", from the debut of the fifties to 1971 in which interventions still appear fragmented and resources limited, the institutional structure is not organic, and political actors are not involved; a second phase of study and debate, from 1971 to 1979, culminated in the first legislative definition of the matter, the Law n. 38 of February 9th, 1979; a third phase, between 1979 and 1987, when the fight to hunger acquires relief in the national political and decision-making agenda and born, in an unknown climate of unprecedented confrontation, the Law No. 73 of 1985 on the extraordinary intervention, and the Law No. 49 of 1987 that provides for the first time an organic regulation of the matter; the fourth phase, between 1987 and the beginning of the nineties, when the policy of development cooperation is institutionally strengthened; the fifth and last stage of crisis, between 1993 and 1994.

The resumption of cooperation, in the second half of the nineties, would have involved, among 1993 and 1996, a reform of the method, intended to invest "The basics of aid management, such as country programming, project appraisal and evaluation, improving project cycle management (PCM), establishing competitive procurement, creating capacity to design and implement private sector development policies and providing necessary staff and training opportunities for effective aid administration" and then, since 1996, a new basic orientation, "A rebuilding and reform of the development co-operation system, [...] with progress in remedial actions [...] continued

⁴⁷ All the major studies on the topic adopt as historical threshold the political and institutional crisis in early 1990s, that deeply affected and hampered economic cooperation through the dramatic reduction of resources and legitimization

administrative reform, amendment of budget provisions to permit financing of aid programmes to extend over several years, more flexibility while emphasising accountability for financial integrity, reinforcement of interdepartmental coordination, enhancement of consultation arrangements with regions, municipalities, NGOs and civil society, more bilateral aid funding consistent with Italy's foreign policy aims and improved aid management capacity. Since 1997, progress has been made in most of these areas, and in policy orientations."⁴⁸; nevertheless, the attitude today suffers much of what has been done over the first four decades of cooperation, especially with regard to China, where over the past decade Italy has lost its former pre-eminence.

A long-term factor to consider is that, since the fifties, development cooperation (DC) in Italy had in the Ministry of Foreign Affairs (MFA) its central actor, even though its effective authority was on the whole too generalized and fragmented. MFA, divided into directorates and offices that dealt above all with cultural, economic, and migration affairs, was charged with the general organization and management of the cooperation work, thereby joining forces on a case by case basis with other administrations according to the plan covered. However the system suffered the consequences of the not well defined legal framework in force, and gave rise to a series of episodic interventions, those selection criteria were the past colonial bond with the region concerned, supranational campaigning, voluntary organizations' pressure, with special regard to the Catholic Church, and commercial interests expressed by industry groups, operating in developing countries. Meanwhile widespread inertia on the part of the political elite and the clear division between technical cooperation on the one hand and soft loans of the other, went on.

The inception of institutional and legislative progresses concerning DC coincides with the adoption of the Law No.

⁴⁸ See the DAC Peer Review of Italy of 2000, op. cit.

1.222⁴⁹ on technical cooperation, while a clash sets off between the many supporters of the model of the Agency for the DC, that is an independent self-administrating structure, and those who think on the contrary that the same MFA should keep managing development cooperation.

Similar contention leads to the decision to designate the Ministry of Foreign Affairs as the primary structure for cooperation policy definition and implementation so as to maintain a close connection between decision-making and executive tasks, and thus encourage also the coordination between public and private interventions⁵⁰. Still, within the MFA structure, as a compromise between the proposals of reform advanced by the Parliament and the support of the status quo manifested at the ministerial level, a newly established head office will be dedicated exclusively to the DC, in addition to a Joint Consultative Committee where various interest groups will be represented.

Similar result is the product of a more favourable atmosphere of shared engagement in foreign policy, which characterizes the second half of the sixties and concurs to the overcoming of the ideological opposition between Socialist and Christian Democrat forces. It favours also the adoption of the first outline law about DC⁵¹ enacted in 1971, which presents both elements of

⁴⁹ Through the years, international standards and directives, supporting the increase in the volume of aid given by the developed nations to the developing countries as well as volunteer catholic organizations will start pushing for a reform of the Law No. 1033 passed in 1966 so as to proceed to the renewal of expired dispositions in 1971 and finally promote a new, more comprehensive and precise juridical discipline for the sector

⁵⁰ The decision to reject the hypothesis of the creation of an autonomous Agency is also due to the aversion towards a model which is perceived alien to the tradition of operational tools of the Italian public administration

⁵¹ In the *Peer Review of Italy* by the DAC committee at OECD, published in 2000, it is said that: "In Italy, development co-operation and international public awareness on development issues are linked to the international volunteer movement of the 1960s and subsequent years. This does not make Italy different from other DAC Member countries. Other events did make Italy

connection and detachment in relation to the previous legal framework. A limited notion of cooperation characterized by insignificant financial commitments as well as a diversified practice of management with reference to the separation between technical and financial cooperation⁵², both with regard to multilateral and bilateral fields, is maintained. By contrast, the Interministerial Committee for Economic Planning (CIPE) emphasizes the need to join together the technical and economic cooperation on one side and the cooperation within international organizations on the other, while it further specifies the tasks of the MFA. The Ministry in fact must oversee the coordination in the public sector, between public and private sectors, and also with reference to the Joint Consultative Committee (JCC), giving direction and purpose, information, adjustment.

In the meantime, the multilateral sphere exceeds the weight of the bilateral channel, with a gap of about twenty percentage points, and technical support in turn amounts to 60% of the total compared with financial contributions amounting to only 5%. The debate on the future of cooperation policy remains limited to the administrative branches directly involved in it⁵³ and in 1979, the Law No. 38, even though it defines DC in a broad sense, referring to principles of solidarity expressed by the UN Charter and international economic relations promoted by Italy

somewhat unique, perhaps encouraging a greater interest in private voluntarism and solidarity: high rates of emigration, particularly in the 1950s and 1960s, and recent immigration from the Mediterranean area, as well as the Balkans; the social and cultural costs associated with accelerated development in parallel with the persisting gap between the northern and southern part of the country; and the fact that after World War II, Italy itself had been the recipient of development support.”; op. cit.

⁵² See Isernia, P., *La cooperazione allo sviluppo*, Roma, 1997

⁵³ “In particolare, trova eco il dibattito sulla scelta di procedere alla formazione di un’amministrazione autonoma dedita alla cooperazione oppure continuare ad operare dentro il Ministero. I due progetti di legge presentati riportano infatti l’uno, una formula concordata fra Governo e burocrazie ministeriali, l’altro, la previsione di un’Agenzia per lo sviluppo, sia pure sotto la direzione del Ministero degli Affari Esteri”; Isernia, P., op. cit., p. 184

as part of the support for development, continues purporting a minor view of cooperation in terms of both implementation of concrete projects and actions and financial resources allocated.

The last passage before arriving to the fundamental norm of 1987 today's system of cooperation still rests on, does not appear therefore embedded in the structures already in place neither stems from the dialogue between opposing factions. Rather, financial stagnation and bureaucratic delays and conflicts are now faced with a rapid growth of interest in the topic of the political as well as general public opinion.

Accordingly, the impulse that leads to the rapid adoption of three new programmatic lines for cooperation, such as the increase of the proportion between public aid to development (PAD) and gross national product (GNP); the increase of the ratio of official development aid (ODA) and gross national product (GNP); the increase in the share of bilateral aid, and in addition, some relevant provisions concerning the exercise of coordination and planning functions⁵⁴, must be ascribed for the most part to a defined historical conjuncture, marked by the campaigning of the Italian Radical Party that asks for the evolution of DC instruments in pursuit of greater objectives of equity and solidarity.⁵⁵ Therefore, the authentic 'ridge' in the legislative field dates back to 1987, with the Law No. 49 of

⁵⁴ These provisions were aimed at facilitating the analysis of the problem and the discussion on these issues within bodies like the Commission, in order to improve inter-relationships between administrations, and interdepartmental work

⁵⁵ "Ciò si traduce nelle previsioni circa la messa a punto degli aiuti là dove si verificano eventi calamitosi e nello scorporo fra aiuto straordinario e ordinario La legge 8 marzo n. 73 del 1985 sulla messa a punto di programmi integrati plurisettoriali su una o diverse aree sottosviluppate contraddistinte da fenomeni endemici urgenti e tassi di mortalità elevati, rappresenta in tale senso il primo traguardo raggiunto e ad essa si associa un aumento del volume di spesa, fissato a 1900 miliardi di lire da impiegare in 18 mesi dall'entrata in vigore della legge e l'impegno del Parlamento a risolvere il problema dell'aiuto straordinario al di fuori del disegno di legge adottato"; Isernia, P., op. cit., p. 200

February 26th that introduces a new discipline of the cooperation of Italy with developing countries, and in doing so, affects all the basic profiles of cooperation, in light also of the need to reconcile the expectations of many. It is in fact promoted an expanded notion of cooperation, that includes political, social and economic elements and principles that reflect the recipient's perspective, a long-term vision, the choice to concentrate geographically and by sectors the resources, giving priority to poverty reduction, and the will to link aid to certain policies or requirements, and to diversify it.

Further aspects, as for the administration and practice of cooperation, can be found in the division of competences, on the bilateral and multilateral fronts, between MFA and Ministry of Treasury (MT), while MFA is still invested with policy coordination, and in the establishment of an Interministerial Committee for Development Cooperation, attended by MT, Ministry of Budget (MB), Ministry of Foreign Trade (MFT) and chaired by the MFA, which is charged of drafting the guidelines, deliberating on the measures to be put into action, verifying the results and approving the annual report. Finally, the DGDC manages a special fund for development cooperation⁵⁶, while the Advisory Committee is confirmed and a Commission for NGOs begins operating.

Now, during the period of time considered, that coincides with the appearance and the rise of the development cooperation in Italy until the legal endorsement of 1987, two processes assume particular significance. The first one consists in the official recognition of development cooperation, at the national level, as a significant expression of Italian foreign policy, thereby ending the previous merely formal homage paid to the multilateral

⁵⁶ "Un secondo Fondo rotativo dei crediti di aiuto viene affidato al Ministero del Tesoro, mentre per quanto concerne i fondi multilaterali, se essi sono partecipati da banche vengono gestiti dal MT per la parte tecnica e negoziale e dal MAE sul fronte politico; se partecipati da fondi e contributi volontari vengono proposti dalla DGCS e approvati dal CICS"; Isernia, P., op. cit., p. 200

commitments contracted. The second one is the affirmation of a bureaucratic vision and practice of the cooperation policy that, at the beginning, coexisted and often overlapped with voluntary manifestations, often religiously connoted, as in the case of Catholic missionary interventions in developing countries. But, in the course time, cooperation has become more and more important, legitimizing political projection abroad as well as attracting and channelling new resources for it. Differently said, as experienced by other countries before Italy, cooperation starts involving the national community, providing models of interest and inspiring Italy's talents and civic traditions, while it also helps achieve foreign policy goals. "Foreign aid cannot be completely understood if it is separated from the more general foreign policy context and processes of the donor state. [...] Yet, the process of foreign policy is primarily focused on leaders, their motives and the context in which they make choices. In contrast, foreign aid allocations are a largely bureaucratic process."⁵⁷ But it is also true that, in Italy, institutional universe is 'rarefied', and the relative strength of the actors do not allow them to compete. Even the break with the tradition ultimately results into a compromise and a complaint about, alternatively, the objective of establishing new structures that will be subsequently politically 'garrisoned', or defending in an aprioristic way organizations that already operate. Depending on the case then, the need to reform the system or to avoid more expenses and uncertainties, prevails.

Remain, meanwhile, as a common background: a. the thorny question of the cooperation on the domestic scale, that is the supremacy of the policies assisting Southern Italy; b. the recourse to a triangular foreign policy, that is the difficulty to

⁵⁷ See on this point Van Belle, D. A., Rioux, J.-S., Potter, D. M. *Media, Bureaucracies and Aid, A Comparative Analysis of the United States, the United Kingdom, Canada, France and Japan*, New York, 2004, p. 3; also, for a general overview of the role of aid in national foreign policy, see Morgenthau, H., "A Political Theory of Foreign Aid", *The American Political Science Review*, Vol. 56, No. 2., June 1962, pp. 301-309

assess in a pragmatic way the national interest and leave aside logics that deviate from the government action even though Rome has always manifested a propensity to remit in part decisions and initiative concerning foreign countries to the European or international organizations. Both these elements first appeared in the fifties and sixties, when at the official level cooperation was still defined narrowly as aid and technical assistance, mainly in terms of cultural collaboration among experts, and the central administration opted for the separation of technical and financial cooperation. This is due to the will of then political forces to emphasize Italy's greater ability to provide Italian technical assistance, and also because North and South of Italy had a long tradition in the formation of cadres, whereas international financial cooperation, in the government's view, was to be implemented by Europe. Moreover, both factors tend to emerge in today's political debate. Protagonists of the Italo-Chinese cooperation in the eighties, like Gianni De Michelis are proposing in fact to repeal the national development cooperation and to assign this area of competence to the European Union, arguing that this decision would entail multiple benefits: it could be a first step towards a common foreign policy, favouring comprehensive and exclusive relations between European nations and China; it would also adequately respond to Chinese "geopolitical" vision of the West presenting Europe as a unique and reliable partner with whom to cooperate on global issues; and regarding Italy, by virtue of China's relations in Europe, Beijing could consider the peninsula as a privileged gateway to the continent⁵⁸. On the other hand in the debate among Italian Regions and the State for the promotion of economic activities in China, a major issue is represented by the opposition between those who want to engage the South in such programs, and those who are instead seeking for more autonomy to be given to portions of territory where internationalization is experiencing difficulties to take off.

⁵⁸ Author's interview to Mr. Gianni De Michelis, op. cit.

As regards the concurrence of the private sector to development cooperation, since the beginning it has always been very important even though the relative discipline has taken a long time to be approved, and American and other European markets still have the primacy in this field⁵⁹. Only in 1957, 1959 and 1967 public flows exceeded the volume of private resources gradually increasing, and in the seventies in particular multilateral cooperation grew, to the extent that Italy at the top among OECD donor nations while the private investment also kept augmenting. Similar trend however has endured a reversal in the 1980s and 1990s, when further, and accelerated, progress

⁵⁹ It started only in 1967. "Private sector development has traditionally been the privileged focus of Italy's development cooperation for three main reasons. First, Italy's extensive experience in small and medium-sized enterprises (SME) development and industrial districts gives it a comparative advantage in the support of the private sector of developing countries. Second, private sector growth is seen as an element of political stability important to Italy's security concerns, particularly in relation to the Middle East and North Africa (MENA) region and the Balkans. Third, the goals of private sector development in partner countries can also serve the internationalisation of Italy's domestic business. This special interest makes for substantial resources and a diversified portfolio of activities. In 2002 the Steering Committee approved 50 initiatives in support of the private sector: 44 grants totalling EUR 130 million, four soft loans (EUR 130 million) and two initiatives supporting Italian foreign direct investments (EUR 7 million). Italy's action in this field can be divided into financial and non financial support, and can be grouped in three areas: i) commodity aid and credit lines to SMEs; ii) support to Italian foreign direct investment (FDI) for the creation of joint ventures; and iii) capacity building mainly in the form of technical assistance, technology transfer and training. Thus the potential value of comprehensive Italian action in the field of private sector development is elevated, but there is the need for defining a private sector development strategy with specific objectives, and adequate implementation mechanisms. In fact, the adoption of the DAC Guidelines *Support of Private Sector Development* in 1995 by the CIPE was not followed by any document containing a statement of vision or by an operational framework aimed at translating the guidelines in practice. Today Italy's support to private sector development still lacks strategy and planning, which, together with an absence of clearly defined operational modalities, risks undermining the objectives pursued in this important area"; see the *Peer Review of Italy* by the DAC committee at OECD, published in 2002, op. cit.

in public resources devoted to cooperation has matched a declining contribution from the private sector giving way in concrete to the compensatory dynamic that had characterised the seventies as well. In addition, between the eighties and nineties much of the observed increase in the public engagement has affected the bilateral channel, to the prejudice of the greater multilateral participation registered during the seventies.

In its work on the Italian bilateral development cooperation until the second half of the nineties, Luigi Arcuri takes in consideration the question of the economic relationships between developed and developing nations through the analysis of Italian bilateral cooperation during the last two decades of the past century. More specifically, the author focuses on certain important dynamics, such as the 'informal' objectives of national trade expansion abroad, the connection between aid policies and foreign trade incentives, and with it the promotion of the role of the SMEs favouring programs for progress and economic growth in the Third world, and the links between private and public sectors. He defines cooperation, " [...] comme une forme de mobilisation des entrepreneurs des pays donateurs capable de stimuler le tissu entrepreneurial des pays récipiendaires, et le développement est vu comme le résultat d'investissements industriels et d'accord commerciaux"⁶⁰, and chooses to avoid a mere theoretical appreciation of it, examining instead the concrete obstacles arising from a system "ill-equipped", particularly in the area of human resources, where despite the perception and the guidelines expressed at different levels, chronic delays and deficiencies in the political, social and economic context as well as in the local structures abroad make every effort ultimately insubstantial.

From the seventies, as Arcuri highlights, in the absence of a politically sanctioned plan, because Law No. 1222 does not set fixed goals nor precise policies, cooperation is directed largely by

⁶⁰ Arcuri, L., op. cit., 1998, p. 15

private sector, that has the option of indicating states, Regions and sectors of intervention⁶¹.

Flaws can be found in cooperation management, in the uncoordinated competition among different interest groups, and in the long time required by interventions. On the other hand, major developments concern technical aspects, that do not affect the general political course, with regard to relations between North and South of the world, as well as relative to national and foreign economic policies.

The measures adopted during the eighties cover three main areas: manufacturing investments and infrastructures; promotion of the use of sophisticated technologies with the help of Italian experts and technicians; measures dictated by various alternative criteria, often put in place due to *lobbyism* and the accessibility of resources, but not necessarily corresponding to cooperation targets.

Meantime, new notions on the cooperative practice emerge in Italy, that argue for coordinating action and abandoning pure aid in favour of the search for mutual benefit; according priority to the technical sphere over the financial one; creating specific organs entrusted with discussing the proposals with the institutional counterparts in developing countries. In particular, the latter point refers to the need to give an organic denotation to the cooperation initiative, including on the one hand an adequate link between the measures provided for and the framework of political and economic ties already in place between the donor State, Italy, and the recipient, and on the other the complementarities and the potential for integration between the economies of both nations. Still, "il ressort de ces documents un écart entre les propositions du Parlement et les déclarations et pratiques de coopération développées au sein du Ministère des affaires étrangères. Ces dernières étant influencées

⁶¹ Calchi Novati, G., "La sfida della cooperazione per lo sviluppo", in *Politica Estera*, n. 2, 1982, p. 69

par des pôles d'intérêts multiples"⁶² so that, in the first half of the nineties, among the five reasons which are said, by Marta Dassù and Marco de Andreis, to found cooperative action in Italy, that is: the international prestige, promotion of economic interests, historical ties, humanitarian reasons, and commercial benefits, trade and economic gain surmount all the others⁶³.

In the case of China as well, support of Italian businesses is taking shape in light of a similar background, that is, rooted at the same time in practice and theory of Italian cooperation at the end of the century.

Between the seventies and the eighties, the contribution of SMEs to foreign trade amounted to 22% whilst in the case of large enterprises it was equal to 60%, albeit against a small number of economic actors. However, SMEs aimed at developing new strategies for expanding abroad, among other regions, in developing countries and the inception of a political will in their favour was perceived as necessary by national entrepreneurs. Thus, during meetings, debates and round tables on cooperation, parallel issues and interests emerged, which already seemed to tie aid to development and growth of SMEs in Italy. In 1994, Antonio Catalano, at that time head of DGDC, has asserted that the target of cooperation was precisely the internationalization of SMEs. This is confirmed in the document approved by CIPE in 1995 entitled "New Policies for cooperation and lines of action for the promotion of local enterprises in developing countries", and by the fact, emphasized by the CAD, that since 1990 the investment and trade prospects offered to OECD members by Developing Countries had grown of 50%. Then instruments of trade policy have been integrated to measures of cooperation, while the eventual dichotomy between cooperation and expansion of trade has been considered a minor issue, almost irrelevant. In any case, any conflict or possible inconvenience could be overcome by virtue of a shrewd foreign

⁶² Arcuri, L., op. cit. p. 34

⁶³ Ibid., p. 54

policy. Meanwhile, a large number of experts considered development cooperation an appropriate tool that gives companies the opportunity to have a first contact with foreign countries, as demonstrated by SMEs' great importance in the growth of the Italian economy and their discernible propensity towards export.

In other respects this vision set, at least in part, a legacy of the past and the result, at national level, of phenomena historically limited to the period under review. Nevertheless, it may provide two useful coordinates that help understand the general orientation of Italian economic cooperation in China. Those interpretative keys are the social role ascribed to the enterprise, with particular reference to SMEs, and the underlying relation between the State and the industry in Italy.

Regarding the first point, the enterprise is expected to act just as an educational system, with the ability to train people, promote welfare diffusion in different national contexts, and favour the know-how transfer, through the communication and sharing of the fundamental devices of economic and industrial progress. The *a priori* postulate behind such beliefs regards private capital and SMEs as a universal engine for development. Concerning the second point, it refers to the search by the State of alternative supportive actors, able to give way to the cooperation engagement.

Accordingly, a whole set of new devices for development aid practice emerge, among which soft loans and tied aid obtain a widespread success, concurring, as Arcuri argues, to confuse instead of harmonizing the two distinct levels of Italian development aid on one hand and industrial policy on the other, while ultimately privileging the second over the first. Similarly, it is not difficult to detect a basic inconsistency between short-term and long-term advantages, for technological transfer by the donor State often disregards the relative level of development achieved by the recipient nation, as a consequence of the greater, almost exclusive, attention paid to the search for viable markets for the national technologically advanced enterprises to

penetrate; particular interests also prevails over the common good whenever, just like what happened in Italy between 1987 and 1991, informal procedures for the assignment of development aid funds, that is to say private negotiations between the government and the economic actors take the place of public bids⁶⁴, with the consequence of ruling out any control or supervision over the projects implemented. In fact, cooperation experts have tried to identify a set of criteria ensuring that the productive investments in the developing world are made in the interest of both third world States and foreign investors, since in most cases the chronic lack of financial and political resources prevent developing nations from adopting even minor industrial, technological, research and education measures, and thus public aid may turns into a leverage for guiding and orienting the capital so as to transform it into a cooperation tool. In other words, public aid is aimed at stimulating private investment and consolidating the information flows that bolster dialogue between advanced and developing partners on one hand, thereby reducing the possible negative effects associated with wrongly conceived investments, for every shift in the destination of capital will for better or for worse involve certain costs, which in an uncertain economic framework with scarce informative exchanges, will augment the relevance of the total risk factor while reducing the value of the investment. To this purpose, public aid also backs the creation of association of enterprises, especially joint ventures, that will enables the partaking of major risks and the decrease of irreversible consequences. However, as a matter of fact it appears quite difficult to intervene and affect Italian enterprises' conduct, since the primacy of export and market oriented strategies over more structured supply oriented projection abroad have so far characterized the international economic presence of Italian enterprise. Moreover productive internationalization, in a cooperation framework, would require

⁶⁴ Ibid., p. 190

a comparatively high degree of integration and communication among partners, which is arguably quite complicated to achieve in a political and economic developing context. It is worth noticing in the end that the three elements illustrated, that influence the connection between State and enterprise within the development aid model practiced in Italy during the 1980s and 1990s, show a failed attempt to understand the remarkable economic and social challenges development aid implies. In addition, the usual deficiencies in the Italian government of the economy have further expanded the gap between enterprises' objectives and their less progressed counterparts' ambitions. In the report, published in 1993 by CENSIS, on the fundamental relation between enterprises and international cooperation, similar features of the problem are underlined and the quantitative analysis indicates, as the most important *trend* in the past decade: a more and more marked turnover for the enterprises involved in projects, which most of times do not possess any relevant experience in developing countries; the predominance of soft loans, that amounts to 55% of all measures taken between 1981 and 1990; the progressive disengagement of the big industry in Italy, that does not see adjunctive benefits in adhering to cooperation policies if compared to traditional channels of internationalization; the common disinterest manifested by local small-scale companies as central development factor in the developing context, also because of a considerable use of tied aid. It is thus a development aid incapable of bringing out long-term attainments. On the contrary, economic national space itself finds it hard to reproduce its essential paradigm abroad and so fulfill the alleged obligations that fall upon it. Beyond the mere political and economic exchange of favors, there is no real State commitment in order to direct national development paths, both pro-business or supportive of more composite goals: moral, political and economic ones. "Ce qui nous paraît important ici de souligner est le rôle de l'Etat en tant que potentiel régulateur et dispensateur de ressources financières. Les apports privés de

capitaux en limitent sûrement la marge d'action et le résultat global n'est sûrement pas positif pour un pays comme l'Italie où le secteur privé ne peut pas maîtriser toutes les implications politique et économiques, comme les relations économiques internationales, degré de dépendance..., d'une stratégie de coopération. A ce propos, même les partisans de l'action privée soutiennent que les pouvoirs publics doivent imposer des principes pour concilier le caractère marchand et le caractère humanitaires de la coopération, et que son efficacité est liée à un examen attentif de la demande de coopération existante dans les pays du Sud. Cela l'implique l'étude des politiques économiques et leur harmonisation."⁶⁵

Now, proceeding to the investigation of the second part of the quoted assumption, that is the role of the State in the economic foreign policy and cooperation options that concern Italo-Chinese case, a few conjectures and interpretative proposals will lead to more well-founded and current observations.

From cooperative crisis to the relaunching of relations between Italy and China: theoretical prospects

In view of the analysis of the relaunching of national policy commitment toward Beijing starting from around 2000 up to today, it is worth taking a closer look at a long-standing interpretation of Italian policy in China, which appears useful in order to better specify recurring themes in the examination of today's economic cooperation, first of which the characteristics of government conduct, in a perspective which partially draws on the observations set forth by Arcuri, with reference to the sphere of trade and investments.

In fact, Marta Dassù defines the whole of Italian-Chinese relations through the second half of the 20th century as inspired by a mutual "trading state approach", on the basis of which Italy

⁶⁵ Arcuri, op. cit., p. 88

ends up being a dynamic economic player yet without any political counterweight. In this thesis, the author highlights how on one hand there can be two spheres of action, one economic and the other political, the lack of balance between them being a lasting aspect in Rome's *policies* toward the PRC, and on the other hand she supports how the tie between them, bound to become more and more pronounced, should instead enable the delay in the development of one to not have a negative reflection on the pre-eminence hoped for the other. In other words, Italy ends up paying for its incorrect vision when dealing with promoting relations with Beijing, and thus it creates one of today's main knots in the progress of Italian-Chinese *partnership* and a general limit on Italian economic foreign policy, which deserves being illustrated.

The first aspect Dassù underlines is the stand Italy took in the past, in different historical periods and in the face of a different role played by the PRC from time to time, to favour the economy: commerce, investments, trade, has prevailed on every other subject of comparison with the communist regime, either in the specific case of the strategic and military size of Chinese expansion, or concerning human rights and democratic values. In the political realm Italy has delegated these *issues* to other players, called in to decide and intervene on a global or regional scale and these actors were first the United States in the Atlantic picture and the division between blocks and secondly the bodies at the top of the European Union after the end of the Cold War. Playing on this triangular dynamic was perceived as more secure by the Italian government, in order to pursue bilateral and economic advantages to be translated above all into new business margins for its own economy. On this subject, the events tied to the serious international political crisis of Tiananmen are emblematic, since at the EU parliament Italy chose to oppose the will of some EU members to isolate the PRC, proposing conversely to further involve the regime from a political and economic point of view and to promote, through the regular contact this could generate, a push toward the civil

progress of the nation; and equally important is the case represented by the request to set up a commission within the UN with the task of verifying the nature, suitable or not, of the Chinese candidature to a chair in the General Assembly, that was formulated in response to the strong domestic need at the time to show autonomy with regard to Washington's action in Asia, with particular regard to Vietnam and China. In both circumstances Dassù's claims are confirmed, for Italy preferred to leave apart a more comprehensive vision of its relationship with the PRC and its possible developments, giving rise instead to an intuitive and occasional line of conduct, with long intervals during which relations became rarefied. In this regard, the author speaks of a 'Marco Polo syndrome' that would have afflicted Italian foreign policy toward the PRC, in the form of "a somewhat fragile presumption of an elective affinity between the Italian and the Chinese peoples rooted in history, which would make a more consistent strategy even superfluous. An indirect result of this syndrome, or myth, has been in fact an [...] estrangement between Italy and China, even in the [...] field of cultural and societal exchanges"⁶⁶

This has led to the current state of Italian-Chinese relations, where the predominance of the economic sphere is associated with the fragile capability of institutions and businesses, asking the government to act in a strategic and articulate way with a long-term vision, while in its turn the status reached in the world by Chinese economic, technologic and strategic power requires to adapt national tools to the scale of similar success. In hindsight it seems so well-grounded to believe that the decision to adopt an 'economy-first approach' led to, or at least concurred to Italy's difficulty, already perceived in the past, to define and maintain an unambiguous course of action and a coherent interpretation of China, that is to say "an Asian or a Chinese

⁶⁶ Dassù, M., "Italian Policy towards China: the Trading State Approach" in Bridges, B., *Europe, China and the Two SARs*, London, 1997, p. 72

‘concept’”⁶⁷ which could only lead to a politically significant commitment, thereby giving the strength to pursue national interest. On the contrary, what had not been achieved then would now impede pushing Italian-Chinese economic cooperation beyond the present opportunistic framework.

In this sense, the fragmentary nature is a fundamental feature of Italy’s contemporary economic development and of its administrative structures that have tried, especially following the cooperation crisis at the beginning of the 1990s, to offer institutional support and promote the Italian economic community abroad. If in fact Italian policy toward Beijing does not consider *ad hoc* plans, resources and bodies, the demand for information and vision must be provided for by different, not coordinated organizations, from time to time invested with such task. Moreover, all efforts in this direction must face the dual structure of Italian economy as far as domestic and overseas growth *trends* are concerned: “There are two almost alternative models of Italian economic activities abroad: the traditional model, based on the activities of large firms, supported by official development aid and investment in infrastructure, a model that has historically prevailed in distant, high-risk markets, with the activities of few major groups [...]; and the relatively new ‘do-it-yourself’ model based on exports pulled by medium-sized firms, trade and joint ventures. [...] A few deep-seated holdings for the great projects in the Chinese infrastructural sector and a large number of medium-sized firms are eager to trade but not to establish industrial cooperation agreements.”⁶⁸ Similar reference models for policies of economic cooperation abroad continue to be valid in the case of China, even if they have progressed, in the last decade or so, producing noteworthy results with regard to the nature of the tools employed, the addressees, and as it will be illustrated, the institutional players involved.

⁶⁷ Ibid., p. 78

⁶⁸ Ibid., p. 85

ADDRESSEE	DEVICE
BIG COMPANY	DEVELOPMENT COOPERATION POLICY IN THE EIGHTIES UNTIL 1992
SMEs	INTERNATIONALIZATION POLICIES FROM THE BEGINNING OF THE NINETIES UNTIL NOW

On the subject Francesco Sisci underlines how Italy's choice to put an end to the policy of aid credit lines in 1993 was 'a strategic, historical error' toward China, which standardlessly cancelled cooperation projects planned in different parts of the world, Africa, like Latin America, and like Asia, disregarding economic weight, in some cases prominent and in others non-existent. As a result, Italy's dismissal of the commitment regarding Pudong project provoked a harsh reaction in the PRC and at the same time compromised "a factor that amounted to over fifty per cent of national policy: large Italian industries suffer from the political and judicial toil, to the extent that some of them close, some have losses [...] but perhaps this occurs above all as a consequence of the absence of a foreign policy"¹ as Italy, while it pursues the renewal of its national institutions and the moral revolution, neglects one of the most valuable lever for its future and a fundamental source of economic resources, that is to say the *export*. This leads, among other things, to converting the Italian export policy in China from a field of intervention for big businesses to an area of interest for small and medium-sized companies (SMEs). Once mostly limited to subcontracting due to

their relative size, SMEs can now act autonomously and take advantage of new opportunities in the foreign market, coming up against, moreover, considerable obstacles in the case of China⁶⁹.

Dassù observes in a different way, how Italian policy in China toward the mid 1990s already rested on three factors, two of which were short-lasting: development aid policy; the evolution of legal framework in Beijing, that progressively opened the Chinese market favouring import, and the successive devaluations of the Lira, also in 1992. The liberalization of Chinese imports, as the sole medium- to long-term element, could not have offered Italy a solid foundation for developing an economic partnership with the PRC, especially if one considers how, compared with the growth in trade with other countries, the trend in trade and Italian investments in China had started to slow down in 1993. Ten years later, between 2002 and 2005, a survey carried out by Osservatorio Asia revealed that growth in Italian exports to China was about 10% less than the worldwide average, while Italian imports from China were in line with the rest of the world. The trade deficit, still 'virtual' at the time of Dassù's analysis, whereas the volume and nature of trade with Hong Kong would have compensated the general terms of Italo-Chinese trade, has grown over the last ten years and in 2005 amounted to about 9.5 million Euros. Italy is ranked 20th among exporters to China and 11th among importers from China, and similar important loss of economic relevance, if one considers that in 1993 Rome was the second European trade partner of Beijing, is the result of two imbalances, one Italian and the other Chinese. As for Italy, it can be observed how "strength in trade internationalization and weakness in productive internationalization characterize Italy's foreign economic standing, and China's case confirm this imbalance, clearly

⁶⁹ See, on such topic, Nassimbeni, G., "Local manufacturing systems and global economy: are they compatible? The case of the Italian eyewear district", *Journal of Operations Management*, 21, 2003, 151-171; Nassimbeni, G., "International sourcing: Empirical evidence from a sample of Italian firms", *International Journal of Production Economics*, 103, 2006, 694-706

showing the lack of a virtuous circle of investment-trade expansion” while for China, as Orlandi and Prodi⁷⁰ pointed out, it has to do with a market that is still unbalanced and does not give Italian companies the profit margins they expect, because Chinese growth is above all due to investments and not consumption. This refers to a mix of deferred intervention by the regime and the normal development process itself; it is certainly necessary for Italy to keep in mind the need to produce on Chinese soil in order to serve the Chinese market, how lacking the distribution network is and how tied up promotion policies for investments in different parts of the territory are, and the need to oppose the overlapping in several industrial sectors between the Italian and Chinese production systems by adequately intervening in the PRC market.

Yet, the response to the difficulties emerging from China is late. “Italian companies that have faced China have used the same tools that proved valid in other contexts. They keep with the characteristics of the product and company composition of Italian entrepreneurs, but as a whole have damaged the Italian system in the PRC instead of favouring it”. In general, identifying and creating new lines of conduct, modelled on the peculiar Chinese situation, has taken the companies time, leading to a long phase and a series, perhaps excessive, of attempts, without considering how the obligatory practice of *trial and error* can neither compensate nor substitute an authentic understanding of a system.

Compared to 1993, the benevolent attitude and positive opinion about investments made in China, joined by in 2006 the conviction that this nation is going to be more aligned and integrated with other countries and less complex in the future, as the difference in human resources and the judiciary system is destined to decrease. Among the initial reasons for the choice to invest in China the first is therefore the hope of penetrating the

⁷⁰ Orlandi, R., and Prodi, G., *A volte producono, Le imprese italiane in Cina*, Bologna, 2006

Chinese domestic market and the bet on the growth in the level and nature of consumption in the PRC. Nevertheless, from the moment few Italian companies are engaged in China and up till now sell an important share of their production on the Chinese market, the investment remains a quite expected passage for many, whether companies in the mechanical sector, where growth has been greater since Italy can offer medium-high level technology at lower prices than Germany, or in the production of consumer goods so that the need to work in China is at the utmost; and as a second objective, the option also emerges of making China a market platform for the purpose of placing its own products in other countries, on a regional level or not, according to an internationalisation strategy from time to time compulsory or aggressive in order to not to lose positions.

The sectors most interested in Chinese growth remain almost the same, in regard to the beginning of the 1990s. They are above all the mechanical and electronics sectors and technically qualified supply in general, the equivalent of 34% of total manufacturing investments, about 53% of exports for China and 28% of imports from China, and the textile and clothing industries, apart from other traditional production, about 8% of exports to China, 23% of imports from China and 31% of manufacturing investments. It is equally important to remember that the automotive industry and economies of scale sectors correspond to 23% of investments and a little less than 3% of imports from China. In addition, mechanical and automotive industries rose particularly in the latest period, even though few large-scale companies operate in the latter sector, while in the other two cases, mechanical and textile industries deal with mainly small and medium-sized Italian companies.

The forms of investment in China also closely follow past observations, consisting in the majority of cases of setting representative offices, forty-seven times out of a hundred, and of concluding joint ventures in 23% of the cases, apart from forming companies with total foreign control, with reference to 15% of the total number of companies. As a whole, against a

recorded increase in each of these categories of investment, foreign-controlled companies grow more, while representative offices still have the advantage of being a flexible tool, able to serve different purposes⁷¹.

Moreover, during the entire initial phase of Chinese economic integration with the rest of the world, the majority of the IDE consisted of joint venture agreements. In the case of Italy this seems motivated in part by the medium size of companies, which favours the decision to invest with the aid of a local partner, whereas concerning the automotive sector, until 2000 a Chinese legal obligation ordered foreign enterprises to operate in joint ventures⁷². Added to this is the need, in less well-known areas of western China, to be assisted from the operational point of view, as well as institutionally and culturally, and still, if one looks at the Chinese market, the circumstance local Chinese partners in general help reduce times, and know better the mechanisms, formal or not, characterizing the national economy, especially if one considers that until 2005 the partner was mandatory on the trade front, in order to have access to domestic distribution channels.

It is therefore reasonable to read in the observations set forth by Francesco Sisci a further manifestation of the aforementioned gaps, if development cooperation policy is intended as an extraordinary measure that has concurred in a specific conjunction of circumstances to the promotion of the national economy abroad and has been able to reap important advantages in an historical “fluid” phase for the Beijing government, but which is unable to correct long-ranging dynamics. The first cause of fragmentation and with it of the poor effectiveness attributed to the national system, both public and private, would in this way be traced to the obstinate

⁷¹ Companies’ representative offices abroad can: coordinate sales and purchases in the Chinese market; observe and evaluate local market trends; anticipate and favour the passage to true productive investments; in case the will to proceed further is lacking, turn into a long-term formula; *ibid*, pp. 39-48

⁷² Such legal requirement is still in force for end producers; *ibid.*, pp. 62-67

recourse to not very innovative strategies, that is to say to the choice of leaving apart any authentic line of action, centred on Chinese economic development.

At the same time, detractors stress the passage to a new phase in Italian economic projection abroad, where the knots tied to size take on even greater importance, in that the first of the two models reported by Marta Dassù, that is the link between the State and big business, come to a stop. Dassù's observation that laments how the small and medium Italian company, contrary to large ones, adopts an almost autarchic conception of economic cooperation, which is settled by each player's autonomous and exclusive action, is thus strengthened by the argument set forth ten years later in Orlandi and Prodi's work on Italian economic presence in the PRC. Indeed, according to these authors, Italy's economic cooperation policy must in the end move beyond the mere 'support to export', and promote more advanced, strategies aimed at increasing the scale of the penetration of the Chinese market. Then, similar suggestion combine with the measures adopted after the institutional crisis of 1992 by the Ministry of Foreign Trade and the Ministry of Foreign Affairs in order to modify the very foundations of economic cooperation policy in China, towards a more integrated work on the part of the government and a joint commitment of companies through the creation of consortiums, innovation efforts, etc. In the new phase, due to the effects of the crisis as well as the already fragile policies conceived in the past, the second emerging model that has its addressees in the small and medium companies calls for alternative tools able to guide minor entrepreneurs abroad.

Generally speaking, the policies for internationalisation promotion and support, in the face of the obstacles that come, especially in China, from the size of the business, are ultimately mingled with the demand for *tout court* economic cooperation policies and thus create an important push for the renewal of strategies being carried out with particular attention to the case of China.

The primary tie, already recognized in the area of cooperation, between industry and government in Italy returns, and without examining in depth the controversial and still unresolved vast debate on large and small companies and the prospects for internationalisation that concern one business practice and the other, it seems nevertheless opportune to move from the opinion expressed by Vera Zamagni on Italian capitalism in order to introduce the search for competitiveness that marks Rome's foreign economic policy in China. In fact, Zamagni specifies, with reference to the Italian model, how "born in medieval Italy, [it] has shown over the centuries a great aptitude for change, both technological and institutional, and for its characteristics of *laissez-faire*, meant in the true sense of the term, that is to say of authority left to persons and groups to come up with new ideas, it has invented new solutions and has given life to new enterprises, so that at the end of the second millennium there is no indication that we have reached the end of the story, or even less, a "definitive" model of capitalism"⁷³. Similar words, differently modulated by numerous authors⁵, well express the arguments supporting the value of the Italian road to industrialization and represent the first proposition at the origin of today's internationalisation policies turned toward small and medium companies, while apart from this common recognition, concrete forms and channels of action still appear strongly debated, among other things with regard to the role played by local territory in feeding competitiveness.

Attempting to limit the analysis to the way in which Italian industrial structure is rooted in China, or to the terms of the problem of size abroad, it is sufficient to define the so-called 'question of size' considered in itself as well as regarding the other sector and technology issues tied to it, through three main assumptions: the smaller size of Italian companies limits the opportunities a greater scale brings about, with special reference

⁷³ Zamagni, V., "Prefazione all'edizione italiana" in Pollard, S., edited by, *Storia economica del Novecento*, Bologna, 2004, p. IX

to production with high added value and able to remunerate high costs of labour, concentrated in the high tech sector or resulting from the organization of large global production or information networks; the increasing gap between Italy and other European and non-European countries, even if compensated for in part by the creation of production districts, proves that in Italy cultural, institutional and economic factors still impede companies' growth; the consequences of a fragmented productive structure are to be found in the scarce tendency to innovation and internationalisation.

Now, in view of the work carried out on the field in China, these observations appear in fact feebler.

One third of the manufacturing companies that invest in the PRC are small and medium-sized, yet the inclination to intervene abroad seems reduced in China if compared to the number of small and medium-sized companies that make up Italian industry, about 97% of the total, and the number of small and medium-sized companies working in other countries, about 80%. On the other hand, the small and medium sized Italian companies operating in the PRC are almost twice as many compared to German ones, which also profit from the driving force of large national companies. Therefore, small and medium-sized Italian companies do not seem to avoid internationalisation processes; on the contrary, they can quickly respond to market developments, with an offensive approach and can face challenges, with particular reference in China to the overlapping of sectors, when having to protect their own market space. They have made 29% of Italian manufacturing investments in China, even if the medium-sized businesses prevail at 21% over the small companies at 8%, and 41% of the small and medium-sized companies favour minor investment like the establishment of representative offices. Nevertheless, "company size does not seem to have a particular weight on the choice of the type of

investment”⁷⁴. Further data to take into account are the fact that the distribution of small and medium-sized companies in the Chinese territory does not seem to differ from that of large companies, nor do the time of entering the Chinese market appear different, with the exception of a general delay compared to the large companies, that can be attributed to punctual historical factors; it can also be observed that many of the companies that invest in the PRC are guided by the necessity to respond to their ongoing loss of position, so that for them the approach to the Chinese economy is rapid and in delicate conditions. Therefore it seems that “often a similar development [the internationalisation of Chinese territory] does not present strategic relevance and the fact that on average small volumes of capital are invested can be explained, apart from referring to the well known structural limits of Italian companies, by their rejection of a long-term vision”. Finally, faced with the demand for institutional symmetry that should preside over the relation between Italian and Chinese political and economic counterparts and favour, following the understanding that the economy of the Chinese regime is strongly centralized, the recourse to similar strategies by the Italian public actors, it must be observed on the other hand how in the Chinese economy the weight of the private sector is growing, although its dimensions are often beyond Italian businesses’ range of action⁷⁵.

Put in comparison with the common marked features, yet continuously changing, of the Chinese economy, the majority of observers will see the role of the ‘Sistema Italia’ as a necessary tool, not only in practice but also looking at the theory itself of economic cooperation, since it is called upon to reconcile those who see in the internationalisation policies a precious lever of transformation of the national economic system, perceived at

⁷⁴ Orlandi, R., Prodi, G., op. cit., p. 121; see also Orlandi, R., “Italian enterprises in China: an analysis by Osservatorio Asia”, Quaderno, n. 1, Year 4, April 2006, www.cameraitacina.com

⁷⁵ Riedel, J., Jin, J., Gao, J., *How China Grows, Investment, Finance and Reform*, New York, 2007

fault in comparison with the rest of the world, and whose who in contrast believe that Italy's economic presence abroad is rather the last sanction and enhancement of its national industrial paradigm, as Italian enterprises are peculiar and able to affect current international dynamics, thereby increasing the economic space reserved for Italy.

On this subject, Dassù enumerated, in the second half of the 1990's and from an international relations perspective, five goals to be reached in which government commitment was considered inadequate, while Orlandi and Prodi hoped for the immediate launching of a structured and profitable 'Sistema Italia', also in light of the "continuous observations from economic players, academia, the press, public opinion, and paradoxically, from the same political class and institutions that would have defined the 'Sistema Italia'"⁷⁶. In particular the demand for a unitary direction in the structure and the intentions that can group together the multiple dimensions of economic cooperation in China is strongly felt by public offices, territorial administrative bodies, companies, industrial associations, the banking, insurance and financial systems.

A survey on the interventions made by five European countries: Germany, France, the United Kingdom, Holland and Spain, commissioned by the European Chamber of Commerce in China, shows how the Italian system in China has strengths and some significant limits at the same time. The central observation follows the whole of the results obtained with respect to the resources Italy has, both political and economic. From the political point of view it is specified how Italy does not suffer from any veto or legacy from China, rather on the contrary it is perceived as an heir, an equal of Beijing, of an antique empire, among the first economies in the world, and artifice of a highly regarded contemporary culture, the so-called Italian style of life, and the products leading back to it. Yet, in international meetings, when comparing economic themes tied to commerce,

⁷⁶ Orlandi, R., Prodi, G., op. cit., p. 125

Italian aptitude does not appear resolute in China's eyes. In the field of economy, apart from what has been reported, China remains the only economy in the world where *Made in Italy* is not Italian, and investment and export, training and tourism do not exceed the threshold of wishful thinking they have been credited with until today. The institutional front shows a less significant commitment compared to other European governments, even if the difference is not great as far as the number of offices and the personnel employed are concerned. The diplomatic and consular network, the Italian Trade Commission (ITC), and the Italian Chamber of Commerce in Italy preside over the economic areas of greater interest, even though a delay is noted compared to Germany, France and Holland as regards the flexibility of existing units on the field. In other words the central administration is slow to open new operative branch offices in the recently fastest growing Chinese areas. Promotion carried out by the ITC in China has obtained important financial resources for many years that put the PRC in first place among recipients of funds for economic cooperation abroad. Government visits and large events associated with them have experienced alternate phases, thus, even if they represent a channel of action much welcomed by Chinese authorities, there has been no continuity in State initiative on this front. As a consequence, the number of promotional activities appears high, but is divided among a myriad of organizations and as such destined to disorientate, instead of attracting and involving the local counterparts. "This increase [...] comes from a new federalist model that assigns local public bodies, in particular the regions, with foreign promotion of their territory. China is nevertheless a unitary country, where power originates from the centre even if tasks are divided among different levels of government. Therefore sure contacts and unambiguous voices are needed. And it appears more and more unlikely to have the heads of metropolis and Chinese ministers relate with local Italian administrations, in light of the significant imbalance existing now in the hierarchy of economic power between

them.”⁷⁷ Another observation is the lack of dedicated national and permanent structures that can effectively pursue mutual profit, such as industrial parks and fair pavilions, which require adequate government negotiations with the Chinese authorities in order to be implemented.

As a whole, a “specific style of international economic projection”⁷⁸ seems to be lacking since the post-war line of conduct finished, divided among global ideological choices and diffuse low profile, so that commitment, private and public, in China has represented for the past years a mere reflection of the structure already in force in Italy, where the entire economic sector hinges on several local level circuits and is strongly attached to the territory. This is confirmed by looking at the *gap* between Italy on one hand and the other five countries in question on the other, concerning air transport, banking, and media in the PRC, as well as a range of other primary services where Italy comes in last or next to last in Europe, to attest how, apart from the business, the competitiveness of the system is still difficult to attain. Yet “the success of each company is certainly due firstly to its choices and strategies, but economic, social and political dynamics produced by the country or region where it operates are no less important” and in this sense the new phase intervening in the world market is interpreted by many as an age of “continuous competition among territories”⁷⁹, at the origin, among other things, of the process of radical renewal in market spatial organization recorded in the last twenty years under the pressure of integration of real economies, and in Europe,

⁷⁷ Ibid., pp. 129-130

⁷⁸ Dassù, M., Menotti, R., “Made in Italy, Il sistema che non c’è”, *Limes*, N. 1, 1998

⁷⁹ ⁷⁹ “[In base ad esso] non solo le imprese competono fra loro, ma i territori, non solo gli Stati, ma le specifiche economie territoriali, siano esse, sotto il profilo istituzionale, centri urbani, Regioni, distretti industriali.”; Farella, R., “Dinamiche e prospettive della politica economica estera territoriale: alcune riflessioni sulla base di un’analisi della letteratura”, *Le Regioni*, n. 5, October 2001, p. 943

following an accelerated economic and currency unification. Then Dassù and Menotti observe how for Italy it is imperative, in order to support new global competition, to make three axes of foreign economic policy: the association with one strong regional pole, recourse to active bargaining within Europe and the adaptation of its system to international challenger, while the situation of borders between national and foreign policy recently becoming precarious takes on importance with regard to each front indicated, raising the level of reciprocal control in the traditional domestic spheres of government action and accentuating the uncertain amalgam of cooperation and competition. A country such as Italy is more prepared compared to other countries to adhere to similar binds, due to its weak national character, not last in the work of directing industrial policy, and yet, the same factor undermines its power to exercise efficiently its national policy abroad.

On this subject the model of "Negotiating State" described by Nicola Bellini⁸⁰ comes into mind, as the result of the loss of exclusive character in the state control over the economy, once understood as a "sovereign matter" where measure and pace of economic development decided the nature and capacity of state power, outside as well as inside national borders. The negotiating state is the opposite of the modest state, a term coined with regards to the instruments and legitimate ambitions of the contemporary state, once mercantilist and now industrialist, in the definition and supervision of "national economy", and it symbolizes, starting in the 1980s, the effect of the attack brought on by different players, such as transnational companies and supranational and subnational levels of government, to the theory and practice of economic nationalism⁸¹.

⁸⁰ Bellini, N., *Stato e industria nelle economie contemporanee*, Roma, 1998

⁸¹ Nationalism nevertheless survives according to revisited interpretative patterns, and takes on an economic capacity, from time to time in the form of "development nationalism" or "decline nationalism": "Il primo, contraddicendo le impostazioni classiche o neoclassiche, afferma una visione

However, considering the evolution in Italy of the relationship between State and industry, to which the Italian experience in china, starting from the post-war period, can also be traced, with the rejection on behalf of Rome's government of a complete policy plan, that is of a strategic vision of the economic and political relationship with the PRC and the peculiar fracture in the division of tasks and the disintegration of decision and policy making seats, it is opportune to stress the persisting aspects of such model that can influence the last dynamics observed, that is the passage from a foreign economic power to a territorial foreign economic policy with specific regard to China.

The central reason, at the origin of an unbalanced policy style that depends too much on consensus and find it hard to exercise real authority, is given by the universal recourse to exclusive and informal exchanges of favours, which leads to the support of the political class by specific lobbies in order to obtain resources and favours in exchange, leaving aside the search for common good through economic tools. Therefore first among the consequences of the negotiating nature taken on by Italian industrial policy is the allocation and transfer of funds and other advantages to companies as a privileged sphere of expression for the logic of economic direction. Allocation in favour of industry, which in Italy dates back to the origins of production development in the new unitary state, is important during the whole post-second world war period, especially when the demand for support and rescue interventions in crises grew in the 1970s, but it pays for a very fragile procedural and programmatic foundation, destined on one hand to feed a short-term vision, which reacts to problems instead of anticipating them, and on the other hand to motivate the fundamental weight acquired by the nature of

conflittuale del problema dello sviluppo economico e la necessità di una rottura delle regole liberistiche dell'economia internazionale, al fine di creare le condizioni strutturali del decollo. [Il secondo] può invece essere definito come l'ideologia della resistenza ad un declino economico ed industriale che è causa e rappresentazione del declino della potenza politica." Bellini, N., op. cit., pp. 6-

economic counterparts, that is the dimension of the companies that benefit from distributive measures, as an authentic criterion of expenditure: in this way there is “the occasional collaboration with big business, or a punctual intervention not to influence but to alleviate the financial and social costs of complex passages in the company life cycle, and the satisfaction of smaller companies’ requests for aid, for SMEs compensate on the monetary front and in a lasting way for the real or supposed disadvantages linked to their size”⁸². From this point of view particularly the nature of relations between the larger parties and small industry, for as varied as it is on a territorial basis, in any case leads to high levels of consensus, so that the standard on innovation in small-sized companies approved in 1991 with law nr. 317, matures during the 1980s as a response to the increasingly greater thirst for subsidy on behalf of small industry, even if the 1980s showed also a relaunching of allocations benefiting large companies. The success attributed to it is an expression of the logic of reciprocal exchange that leads organizations representing different interests, the media, political forces and bureaucratic machinery to judge the value of a provision not in light of the impact it produces but in its ability to satisfy requests, that is to rapidly and generously give way to transfers of resources.

The missing comparison remains between the entrepreneurial class and the political-bureaucratic elite on the matter of actions undertaken, and the cultural separateness it creates between the two spheres of power. The passive autonomy experimented with for a long time, at the price of the support given to the status quo, explains the “‘do-it-yourself’ model” of Italian companies in China, or the defect, found in entrepreneurial action, for which it tends to repeat itself without adopting any method of gradual work, likely to consider country-specific elements that can favour a strategic and informed conduct. The ‘cultural space’ and national social, political and economic structures make the

⁸² Ibid., p. 106

development of overseas companies not the product of abstract trajectories, but rather path-dependent results, referring to the historical situation of the country the company comes from.

It must still be understood how the state can evolve in the contemporary phase. Bellini sees two separate paths with regard to this question. In the first case the state organization leaves its place to policy communities where different players compete and cooperate in relation networks alternate to the vanished hierarchy; what leads to this seems to be the loss in credit of state action, which ends up depriving the management of such tools of political significance, favouring the *authorities*, neutral bodies placed outside the democratic constraint, or making incentives automatic. In this way, apart from the crisis of the State monopoly in economics, the same legitimate attitude on behalf of the government fails at interpreting general interest. However the author refutes, with his research on the polity of State-market relations, a similar possible end and proposes a second reference dynamic. Indeed, there are numerous “fragments of collective good” the state links its action to, drawing strength from its moral as well as material resources. Though considerably limited in its scope of action, the government continues, depending on the circumstances, to confirm and support, or slow down, the direction of structural change, dictating times and enabling to take advantage of opportunities offered to innovate and adapt the system to present change. That is, the modest state is like an apprentice and practices its presently reduced sovereignty, taking on multiple national configurations, among which the negotiating paradigm prevails in Italy. In any case, there is one trait each model has in common, and it concerns the obligatory passage to an informal and dynamic style of government, close to the market. Thus “the modest state, charged of industrial policy formulation and execution, must be ingenious [...]: willing to accept without pretence any conditions of risk, which are implied in highly dynamic contexts and in the pursue of real innovation; able to interpret events and processes in a sophisticated and constant way, to build relation networks with

acumen and caution, to always adapt its conduct to the changing situation, to accumulate and make use of information over time.”⁸³

For this purpose, the renewal of the machinery that presides over industrial policy and its conversion to expert structure, appointed to the dialogue with other market players, in order to provide ideas, projects, consensual bases and adequately put into practice what has been decided by government administration, is the pivot the observation of the current actors and strategies rotates on, where the tendencies so far detected in Italian-Chinese economic cooperation converges.

The reform of the company internationalisation system

An initial appraisal then concerns the change in objectives and spheres of competitiveness that can be ascribed to the juridical reform started in Italy at the beginning of the 1990s. In an international economic context, competition among national production systems depends to a great extent on the power to both attract foreign investment and to favour penetration of national companies overseas, that is on the reciprocal, and therefore dynamic, nature of competition, which involves various levels of intervention and complementary features of national and foreign economic policies.

For this purpose, the evolution of the competition among territories seems to follow, at least in part, the same course as the one observed in the case of the competition involving enterprises. For the latter, until a few years ago internationalisation was a major achievement, affirming the organizational, technological, cultural supremacy of economic actors capable of expanding their business beyond national borders. In the current phase of economic interdependence, internationalisation has become instead, especially in some

⁸³ Ibid., p. 31

sectors, a 'condition of growth' and a prerequisite of competition. Thus the dramatic increase in international flows of capital, services and information, forces companies to revise the very essence of their business. Leadership and organizational planning of the company now move in horizontal directions: productive unit networks are organized in order to foster relations and coalitions, which enable operating regardless of market geography and its hierarchical order, since ideas make up the main goods exchanged in the sphere of newly integrated economic spaces.

Then, a similar prospect leads to putting territorial competitiveness alongside internationalisation, as one complements the other. In fact, both draw on the importance of strategies and policies aimed at favouring the development of advantages that can be localized in specific territories, at the same time highlighting how such lines of action require an external dimension of reference. And in order to facilitate this process a series of legislative provisions have ordered the creation in Italy of bodies and tools that assist companies' internationalisation. Nevertheless legislative action did not developed in an organic way, so the system present some irregular profiles, which are mostly due to a lack of coordination among the players involved. The legislator attempted to better delineate this sphere of action in 1998, with specific reference to the foreign trade insurance services, but left in place a fragmented operational framework. As a result, in March 2005, also due to the need to adapt the system to principles introduced by the new Title V of the Constitution, Law No. 56 has been issued, concerning the "Measures for the internationalisation of companies, as well as delegating the reordering of bodies operating in the same sector to the government"; Law No. 56 illustrates two main points: setting up sole offices abroad and redefining the central organizational structure, while anticipating some forms of participation into the international economic cooperation policy also by Italy's local administrations.

Hence an analysis on the subject should consider four main aspects: the juridical framework, with special reference to the division of tasks between central and regional authorities; the recent elements introduced by the law in 2005; the developments that emerged regarding the reform of Title V; and the margins for future progress of the discipline.

A similar legal preamble seems especially useful with the purpose of understanding foreign economic policy measures implemented in the specific case of Italian-Chinese cooperation, where the present economic scenario constitutes a further lever of change and political reflection in the legislative work, so as to interpret and guide phenomena still in progress.

Discipline and organization

The discipline related to production activities in general, and to the internationalisation of companies in particular, has been invested since spring 1997 by a considerable review process, to some extent contradictory in its results, that has affected the areas of action assigned to State and Regions,.

Law No. 59 has in fact excluded on the one hand the power of the Regions to intervene in foreign affairs and trade, including international cooperation and nationally relevant promotion in the areas reserved for State intervention, but on the other the enhancement of production systems and the promotion of economic development have been designated as “primary public interests” of the State and other territorial bodies, in this way admitting some sort of participation concerning Regions and other local bodies.

The tension thereby expressed between the unitary vision and practice in reference to trade policy with foreign countries and the need to involve administrative branches close to the territory and its companies, has been confirmed in the Law Decree dated March 1998, No. 112, which on one hand has kept for the State important tasks such as insurance and financing of credit for export, participation in mixed companies that work abroad,

support for commercial penetration measures, international competition instruments and promotion at the national level, and on the other has not excluded the possible contribution and support on one or the other front of different territorial bodies. Finally, the same Decree counts, among the tasks delegated to the Regions, facilitations and incentives in favour of company's internationalisation, as well as in other broad and varied tasks, "which as a matter of fact seem to cover the range of public intervention in the sector in question".

And yet, based on what is stated in the annual report of the Minister of Production Activities concerning inducements for companies, apart from legal provisions, it emerges that the political definition and implementation of measures supporting internationalisation must rely almost exclusively on the central level authorities. In other words, the State retains the management of the majority of economic cooperation and internationalization policies tools, of which only about a fourth is given to the Regions, whereas with regard to the internationalisation area the percentage drops to just a fifth. Furthermore, the resources within the State are much greater, that is ten times the funds transferred to the Regions for the accomplishment of their tasks, even though the Regions too seem to prefer objectives other than internationalisation, concentrating the resources available on four public sector provisions, among which no one concerns commercial penetration of foreign markets.

The organizational machinery accentuates through its complex features, involving a great number of public and private players, the prerogatives of the government, and the Law Decree No. 143 of 1998, in an attempt to further specify the matter, has separated the so-called strategy definition plan from the adoption of concrete actions, providing some forms of coordination for this purpose.

Then according to this Law Decree, strategies are defined first on an interdepartmental level, where the general lines must be elaborated by the Interdepartmental Committee for Economic

Planning (ICEP). ICEP body, established and ruled by Article 24 of the Law Decree No. 143 of 1998, operates as the permanent commission for the strategic coordination and direction of foreign commercial policy. Headed by the President of the Board of Ministers or his delegate, and the Minister of Foreign Trade⁸⁴, and made up of the Ministers of the Treasury, Balance, Economy and Finance, Industry, Trade and Crafts, Agricultural Policies and Foreign Affairs, the commission main assignment is to define and coordinate policies that follow the sector of foreign trade²², that is to fix common operating parameters and criteria for administrations and organizations operating in the sector, promote the establishment and spread of sole offices for companies' internationalisation, and decide, through meetings with heads of Ministries and bodies involved in the sector, the activation of coordination channels as well as the tools for the work to be done. Then Ministers of Economy and Finance (MEF), Foreign Affairs (MFA) and Economic Development (MED), for they are called upon to supervise the work of the bodies in charge of implementing the interventions, have the task of further specifying the directions elaborated by the Committee⁸⁵; the MEF is responsible for planning, coordinating and checking interventions aimed at fostering economic development and cohesion policies; the MFA is in charge of economic relations abroad and development cooperation, the MED has the task of defining foreign commercial and promotional policy strategies and interventions, with the exception of the tasks assigned to the aforementioned ministers⁸⁶. In particular, with regard to the action of the MED, the decree identifies a specific intervention

⁸⁴ Since 2008 it has turned into the Ministry of Economic Development

⁸⁵ "Le delibere sono adottate su proposta del Ministro dello sviluppo economico ed assumono valore in concreto se il CIPE non le esamina prima del termine di trenta giorni dalla loro trasmissione"; Tonetti, A., "La riforma del sistema di internazionalizzazione delle imprese", *Le Regioni*, N. 2/2005, p. 355

⁸⁶ See decree n. 300 July 30th, 1999

area in production system internationalisation⁸⁷, providing for the involvement of two departments, one for internationalisation and the other, to a lesser degree, for enterprises.

Therefore, according to what is set out within the present legal framework, internationalisation programs are decided, on a general level by an interdepartmental body and on a specific level by three different Ministers, among which the MED takes on a central role. However, coordination difficulties remain if, on the one hand each Ministry keeps its institutional undertakings, while on the other the planning and arranging tools that should ensure concerted action appear to be limited to periodic meetings with the interested bodies. Reservations also arise from the choice to assign the carrying out of the internationalisation work to two different departments within the Ministry of Economic Development, instead of deciding in favour of a unique structure as requested by the departmental organizational model⁸⁸.

The implementation of interventions in favour of company internationalisation involves a multitude of players, both public and private. The first among them is the Italian Trade Commission (ITC), a non-economic public body, reformed in 1997⁸⁹, put under the supervision of the MED, with the task of promoting and developing national industry internationalisation processes and offering services to foreign companies that want to invest in Italy. The ITC has a widespread organization on the national territory as well as abroad, divided among central administration and head-office, regional peripheral offices in

⁸⁷ Decree by the President of the Republic n. 175, March 26th, 2001 modified by d.P.R. n. 176 del June 22nd, 2004

⁸⁸ "Il profilo funzionale del dipartimento è disegnato in modo da corrispondere non ad una gamma, precisa o meno, di compiti, ma ad una 'missione' o *policy*, contraddistinta da scopi generali in rapporto ad una materia alla quale potranno essere riferite serie molto ampie di mansioni, da esercitare in modo organico ed integrato", Torchia, L., "La riforma dei ministeri", in Pajno, A., Torchia, L., edited by, *La riforma del governo*, Bologna, 2000

⁸⁹ See on this point the law n. 68, March, 25th 1997, that illustrates the reform of national Institute of Commerce

Italy and operational branches abroad. Then, apart from the Commission there are three special agencies with the purpose of promoting and developing economic penetration strategies for companies in foreign markets: SACE Spa⁹⁰, SIMEST Spa⁹¹ and FINEST Spa⁹².

The first, SACE Spa, is charged of issuing guarantees and drawing up insurance policies in favour of Italian companies against risks that derive from business activities undertaken abroad. The companies respond to the MFA, but in one way defining risk operations and categories that can be insured falls under the competence of the ICEP, and in the other the social bodies are appointed in agreement with the Ministers of economic development, foreign affairs and agricultural and forestry policy. Regarding the organizational front, SACE has the power to draw up agreements with the players, both private and public, in order to facilitate relations with the recipients of the service offered. SIMEST Spa takes part in companies abroad, promoted or participated in by Italian companies, and offers promotion and financial, technical and organizational support in business interventions in other countries. SIMEST capital is controlled by the MED, while two members of the Board of Directors are designated by the MEF and MFA. Concerning the organization, the company uses, by means of an agreement, the services of Mediocredito centrale Spa. FINEST Spa, has similar tasks to SIMEST, with the exception of offering its own services, of exclusive support to internationalisation processes, to companies operating in the Veneto, Friuli Venezia Giulia and Trentino Alto Adige Regions with regard to central European countries and the Balkans, as well as the former Soviet Union. The company depends on the MSE and operates in line with

⁹⁰ SACE Spa is ruled by the legislative decree n. 143, 1998 and by art. 6 in the legislative decree of September 30th, 2003 n. 269 converted into the law n. 326, November 24th, 2003

⁹¹ SIMEST Spa is defined by law n. 100, April 24th, 1990

⁹² The rule to which functions and structure of FINEST Spa refer is the law n. 19, January 9th, 1991

criteria and plans set forth by the ICEP. Specifically, information services, training, consulting, and technical support are ensured by the Service and Documentation Centre for International Economic Cooperation, or Informest⁹³, established by the Friuli Venezia Giulia Region with the aid of the Veneto Region and the IPFT.

A further sphere of intervention is the tourist sector, assigned to an ad hoc structure, the ITB or Italian Tourist Board⁹⁴, a public and non-profit body, subject to control by the MED and dedicated to the sponsoring of Italy as a tourist destination through the supply of services also in favour of commercial penetration on behalf of national tourist businesses outside Italy. At the organizational level, ITB acts through its own offices abroad. On the other hand, the commitment of Sviluppo Italia⁹⁵, an agency engaged in attracting foreign investments in Italy while sustaining national economic growth and innovation, and assisting local territories advancement in terms of good administrative practice and efficient exploitation of resources, consists in a list of services and the acquisition of company shares. Sviluppo Italia differs from other economic cooperation actors in that it does not deal with company internationalisation abroad, but rather with domestic integration and investment processes affecting national and foreign capital. MEF has shares in Sviluppo Italia, while the MED and MPA, according to the rules agreed upon with the President of the Council of Ministers, control it. Sviluppo Italia operates on a central and regional level through its subsidiaries.

Alongside the IFT, SACE, SIMEST and FINEST, the ITB and Sviluppo Italia, policy management does not exclude the contribution of the same administrations that proceed to planning activities. In this way, two out of ten state

⁹³ For further information, see www.informest.it

⁹⁴ See www.enit.it

⁹⁵ See www.invitalia.it

internationalisation interventions are managed by the MED and MFA, respectively.

In general, it is worth pointing out that both public and private organizations manage the interventions, on the basis of each one's specific qualifications and with different departmental structures supervising them. However, this leads to the risk that impromptu acts and measures can compromise the unitary nature of the actions that support companies, reducing the value and impact of measures taken. Finally, it needs to be considered that a part of the interventions is assigned directly to the Ministries, so that the principle of separation between administrations that plan or vice-versa give course to what is arranged, is only a general rule.

On a local front, the establishment, at the beginning of 2001, of exclusive regional internationalisation offices, or SPRINT, was provided for with the purpose of facilitating economic players' access to promotion and export development services and participation of companies and foreign businesses at the same time. The idea of similar offices comes from an agreement between the MED and some interested Regions, though other offices can adhere to their establishment: from the aforementioned national companies, such as SACE, SIMEST..., to Unioncamere, from the system of Chambers of commerce to trade associations. The office assists, directs, informs and facilitates companies as far as bureaucratic procedures and finding funds are concerned. And yet, if there is an advantage for them to refer to a sole body to get information and services, it is also true that the procedure has not been made simple.

The reasons for the decision to give rise to SPRINT in Italy also recur in the case of the latest reform project launched in the sector of internationalisation support, that is Law No. 56 of 2005. In fact, this provision recognizes in SPRINT a reference model due to two elements in particular: the planning of sole offices abroad, with purposes similar to the regional ones already in force; the power given to the government in order to reorder the bodies working in the sector of company internationalisation,

thus referring to the principle that inspires the establishment of the same SPRINT offices, that is the search for a sole interlocutor for companies, with at the same time greater involvement of the regions. In other words, it has to do with the unification criterion of the administration based on which the sole offices abroad have a character similar to the regional SPRINT ones, which they are also connected to, either by means of resources destined to the latter to assure the “necessary tie” with foreign offices, or following investments that give place to training structures shared by them, based on program agreements between the Regions and the MED. The two categories of offices must work together, through personnel with the same training, and as such able to communicate and collaborate better. Apart from this important connection, the technique used to reach a synthesis of different tasks carried out by separate administrative branches does not consist in the training of an office that substitutes the different administrations of the sector and absorbs their tasks, rather in an office where different players take part, each of them conserving his or her own margin of action, even if in a shared institutional framework. For the definition of the organization criteria and the mission assigned to the office, the law refers to a regulation that specifies the fundamental traits of the structure and its obligations; in other words, it designates those that promote and take part in the action of the offices and the relationship between foreign offices and the diplomatic and consular network. Under the first profile, Article 1, Paragraph 1 identifies two categories of players: that give rise to the offices, or approves the setting up. The first category obviously has precedence over the second and within it there is the MED as administrator with specific task of internationalisation, and the MFA, whose primary importance is due to the fact it manages an extensive operational network abroad, and in consideration of the aim of starting a significant assimilation of political-diplomatic and economic-commercial fields with reference to international contacts and relations developed by the Italian government.

Then, among the bodies that participate in the office system there is a distinction between necessary and possible contributions. Offices of the ITC, ITB, Italy's Chambers of commerce abroad as well as Sviluppo Italia belong to the first category, whereas the norm delimits the participation by other players to those specifically engaged in internationalisation, or, in case of regional and national level bodies, working on the field. In other words the requisite can refer to a common sphere of action or a shared geographical area. Nonetheless the main assumption to be underlined is the power of the office to cooperate with other organizations and the inclination to get contributions that exceed the limits set by the original structure.

Thus, the diplomatic and consular network do not participate in the work carried out by the offices, rather it operates in connection with them, according to what is set forth by Article 1, Paragraph 1, even though the offices and the diplomatic and consular network are giving course to an integration "as innovative as difficult to decipher concretely" of structure and functions, which is still in progress; generally speaking, it assigns the management of each office to the MED, that will appoint a so called "expert", inserted in the diplomatic and consular organization structure but placed outside the ministerial hierarchy. Moreover, such specialized figure can come from other branches within the public administration or the private sector and will report to both the MED and the MFA, although the juridical status attributed to him has not been specified yet.

Features of cooperation at the ministerial level

According to the Law No. 143, 1998, the two main central level actors of Italian economic cooperation policy are the Ministry of Foreign Affairs and the Ministry of Economic Development, each of them charged with distinct and complementary competences, as indicated in the chart below:

MINISTRY OF FOREIGN AFFAIRS	TO LINK ECONOMIC FOREIGN POLICY AND COOPERATION WITH INTERNATIONALIZATION
MINISTRY OF ECONOMIC DEVELOPMENT	MORE SPECIFIC SUPERVISION WITH REFERENCE TO INTERNATIONAL TRADE AND INVESTMENTS

Now, regarding the Ministry of Economic Development, it must be noticed first that it has succeeded, since 2008, to the former Ministry of Productive Activities, established in 2001 as a result of the merger of the then Ministry of Foreign Trade, the Ministry of Industry and the Ministry of Trade and Crafts.

Thus in the current ministerial structure, the former Ministry of Foreign Trade (MFT) has given way to the Department for Foreign Trade, which is made up of three main administrative divisions, that is to say the head office for internationalization, for trade policies, and for the promotion of exchanges. Looking at the functional pattern, the competences once assigned to the MFT are mainly replaced by the head office for exchanges promotion and for internationalization. More specifically, the head office for exchanges promotion is charged with the coordination of different promotion activities, at the national level as well as abroad, and the supervision of the internationalization policies with reference to the national economic system; the managing of the incentives for internationalization and the relations with other public and private actors involved in the internationalization process, whereas the head office for internationalization is in charge of the ‘incentive strategies’, that consist of enterprise financing and

insurance services for internationalization, and statistical and economic documentation for the definition and planning of measures supporting internationalization.

Together, the two head offices have the function of supporting trade and investment and coordinating tasks with reference to the process of internationalization of 'Sistema Italia', both domestically and at the international level, and also complying with the exchanges regime and trade policy management through the bilateral and multilateral negotiations at EU, WTO and UNCTAD fora. In order to do so in specific foreign countries, the head office for exchanges promotion organizes bilateral missions made up of institutional and economic high-profile representatives aimed at consolidating economic relations with other countries and seizing business opportunities on developed as well as emerging markets, while orienting the activity of the Chambers of commerce, trade exhibition sectors, entrepreneurial associations and consortia.

The head offices for internationalization and exchanges promotion also supervise ICE, SIMEST, FINEST and SACE work abroad, since all special agencies are functionally dependent on ministerial directorates, and at the same time both administrative sections actively cooperate with the Ministry of Foreign Affairs offices, in the spheres of international cooperation and development aid actions.

A second operative front to be dealt with, regarding MED commitment to international economic cooperation, is represented, nationally, by the collaboration among different levels of government, namely the national and sub national institutional actors, and with regards to this second path of policy, in recent times the Ministry has started pursuing a strategy focused on three main courses of actions, all engaging diverse private and public partners. Indeed the head office for exchanges promotion has inaugurated partnerships with the Regions, through the so called program agreements, with trade associations, by means of sector agreements, and with a wide range of other organizations such as Unioncamere, by virtue of

the Unioncamere and Assocamere agreement, the Conference of the Italian Universities (CRUI), the Italian Trade Commission, Svilupp Italia and the Ministry of Foreign Affairs, through more definite and circumscribed stipulations. All these agreements make a selection of projects to be carried out and co-financed equally, thereby providing for all the interventions agreed.

Finally, the head office for exchanges promotion also signed some accords concerning five prominent national industrial sectors: furnishing, textile and clothing, agricultural and food, mechanics, combined use of different media, in order to start on “production sectors round-tables”⁹⁶ and activate a direct channel of communication, participation and discussion between economic actors, local authorities and political organs, so as to collect suggestions and instances and achieve a joint planning process, directed at maximizing the outcome.

Then, as a result of the ongoing territorial decentralization process, the Ministry, in agreement with the Regions, has upheld the connection of region-based SPRINT offices charged with the task of bringing internationalization services providers closer to enterprises, thereby acting as a permanent connection among national and sub national ranks.

In the end, the head office for exchanges promotion with the contribution of the head office for internationalization, ensures the connection between public sector policies, mainly designed for increasing national competitiveness, and measures sustaining internationalization objectives, that is to say the support coming from the central level to the integration of national economy into the global market. It does so in the operational sphere, as a natural consequence of its strong technical specialization, by means of a detailed definition of the content of measures, notably through national level partnership agreements; an important coordination activity, that concurs to the incentive

⁹⁶ See www.ice.gov.it

strategies other actors have put into effect; the direct managing of economic missions abroad.

The Ministry of Foreign Affairs' role, with reference to economic cooperation policies, is different, for the MFA has the competence of indicating the actions to be carried out and by doing so to give the whole policy space a coherent direction, a common intent. The MFA also refers to the fundamental axis with the MED, which is validated also in the case of the SPRINT network abroad. A first decisive element to be considered within such institutional model is the pursue of coordination as its main rationale, emphasized also by the legislator. Coordination may be correctly intended as the search for more effective vertical as well as horizontal forms of 'representation through participation', for on the one hand the renewed interest in the territorial dimension of economy and politics, also in view of cooperation outcomes, must lead toward a positive sum game, not a zero-sum one, and on the other the notion of governance combined with a long-established government vision will help find new partners and instruments, in a national and international perspective.

The MFA in its definition of a strategy for Italo-Chinese cooperation does take into account all these factors. It moves from the strengths of Italian stance toward China, that is to say: Italian trade deficit⁹⁷; the development aid and environmental cooperation; the Italy-China joint political declaration in 2004 that launched their strategic partnership; and then outlines the main directions of Italy's intervention, that can be identified with a shift in the approach and sectors of cooperation. More precisely, there is the need for a stronger coordination between actors, both private and public, abroad, and between central and

⁹⁷ Actually this element, as explained by the functionaries at the MFA, has also political relevance, for to reequilibrate trade flows between the two countries would help improve the general perception of China in Italy, with foreseeable consequences at the multilateral as well as bilateral level; www.esteri.it/coordinamentocina/

local levels domestically. In addition, an integrated and more sophisticated approach to Italian enterprises' internationalization in China is no doubt entailing a greater role for Regions, due to their capacity of mediation between the market and the political leadership. As regards privileged cooperation sector, logistics, tourism, technology and advanced education and research are the main fields for intervention. All of them, according to the directives provided, involve the central as well as the local authorities' initiative. Nonetheless, at the central level, the main advancements have been made with reference to environmental and energy technology as well as logistics sectors, while a more varied approach to Italian enterprises' internationalization has been a determinant factor in institutional reorganization at the regional level. Nationally, education and research, and tourism have led to minor achievements and can be dealt with before considering with greater accuracy cooperation projects that affect technology and logistics camps.

Hence it must be first observed that, after the signing of the Italo-Chinese partnership agreement in 2004, a Centro di Alti Studi sulla Cina Contemporanea (Center for the study of Contemporary China) opened in Turin in 2005, with the objective of meeting the needs of the Italian enterprises, thanks to the supply of specific, country-focused, knowledge and information on contemporary China, as well as the training of researchers in China-related fields. The institute which has just started its activity, appears to be embedded in the local service sector, and has strong relations with Piedmont academic, banking and industrial institutions; conversely, a limited supervision is exercised by the MFA, MET, and MED. Another progress made with reference to education and research, consisting in the establishment of *ad hoc* educational structures on the Italian and Chinese soil, is represented by the first Sino-Italian University founded in Shanghai in 2006 within the framework of the Italian and Chinese Ministries of Education agreement. The project first involved universities in Milan, as a

consequence of the Milan-Shanghai twinning agreement and their preferential relations channel, then it was extended to other universities and territories reaching almost all parts of the country. Courses are focused on engineering and economy and are sponsored by Italian companies, while on the institutional front the participants to the initiative are MOE, CRUI and Confindustria. The University will begin to operate in autumn 2008. On the other hand, tourist sector presents very few elements of novelty, that can be mostly identified with a new legal scenario. Still the debate over this topic is worth mentioning⁹⁸. The present situation is characterized by three

⁹⁸ As a consequence of the PRC-EU agreement on the release of ADS, Chinese *outgoing* has significantly changed. Since September 2004, package tours for Chinese tourists visiting the Schengen area have been facilitated thanks to an Authorized Destination Status certificate or ADS, released by the Consular offices of the country that represents the main travel destination. According to World Tourism Organization data, expected annual increase in Chinese outbound during the next fifteen years amounts to 12,5%, and about 100 million Chinese tourists will travel abroad before 2020. In Italy, where the Italian Exchange Office registered 96 thousand Chinese travellers in 2005, against 660 thousand in France in the same year, an *ad hoc* team of experts has been formed by the Centro di Alti Studi sulla Cina Contemporanea, Fondazione Italia-Cina, Osservatorio Asia and Italy's Chamber of Commerce in China, with the aim of collecting information and advancing proposals for an adaptation of the Italian tourist infrastructures, as well as the development of appropriate business strategies that can attract Chinese tourist flows. Other activities concern security policies aimed at contrasting illegal trafficking related to Chinese migrations, and the support of international partnership that may bolster Mediterranean and southern Europe region attractiveness. "Fra gli aspetti di maggiore rilievo per l'Italia ricorrono in primo luogo i legami auspicati fra settore turistico e Made in Italy, dove il turismo agisce quale cinghia di trasmissione verso i mercati di dimensione globale della moda e del design, cessando di costituire un processo spontaneo ed acquisendo forme evolute; l'agenzia e l'ufficio turistico si configurerebbero in questo modo quali imprenditori di scambi nell'ambito del prolifico fenomeno del *tourism trade*. Un secondo aspetto è costituito dalla ridefinizione in senso strategico delle politiche per il turismo, così da agire sul mercato cinese non subendo le formule e le mode che giungono dall'estero, ma definendo delle rotte, dei servizi, dei target variegati in relazione alle nicchie che si costituiranno a breve fra le masse di visitatori cinesi. Ciò comporta la necessità di procedere ad una

central factors: on the one hand Chinese tourists flows are still regional, that is to say limited in 90% of cases to Asian countries, and on the other Italy does not profit from its cultural heritage as it could, for even if in 2004 Chinese tourism growth in Italy was 53%, in almost half the cases it was due to business traveling, whereas the leisure traveling is seriously underdeveloped and moreover, in 2006 only 58.000 out of 1.800.000 Chinese tourists visiting Europe came to see Italy, that is to say about 3% of the total volume. A turning point has been so far the PRC-EU agreement on the release of ADS for Schengen countries to Chinese citizens in 2004, but a flaw still damages Italy, since the Italian Consulates in China keeps requiring the longest procedure, among EU member countries, in order to get the VISA⁹⁹. As a result the VISA issue is often blamed as the main,

mediazione culturale di grande impegno nel breve periodo, prefigurando di seguito lo sviluppo di un'autentica manifattura di prodotti culturali innovativi, tali da incidere e modificare il mercato del tempo libero e delle visite, sul modello francese. Infine, sebbene dicano che ci vorranno dieci anni perché il cinese diventi turista, smetta di viaggiare in *delegazione*, assuma i connotati di consumatore indipendente e maturo, dieci anni sono appena sufficienti per mettere in pratica una strategia di posizionamento, la scelta di segmenti all'origine e la promo-commercializzazione di prodotti congruenti. C'è infatti il rischio di una promozione istituzionale general-generica verso la Cina: senza scegliere a chi vogliamo vendere che cosa.”; see reports by Andrea Billi, University of Rome “La Sapienza”, Dionisia Cazzaniga Francesetti, University of Pisa, and Isabella Scaramuzzi, COSES, that have been published in the occasion of the round table “Turismo cinese in Italia: opportunità e criticità a confronto” held in Florence, March 17th, 2006, <http://old.firenzeturismo.it/cina/index.html>; see also Massimi, S., “La Cina e l'Europa verso un futuro di maggior cooperazione” *Mondo Cinese*, n. 117, May-August 2004, http://www.tuttocina.com/Mondo_cinese/117/117_mass.htm. As for the study on Chinese tourism market trends published by the World Tourism Organization in 2006 see http://pub.unwto.org:81/WebRoot/Store/Shops/Infoshop/4574/51A8/2AA1/F0F4/57D5/C0A8/0164/E1F0/061204_china_extract.pdf

⁹⁹ A partial remedy has been found in Guangdong where I spent part of my research period: there, the ICCC made a local agreement with the ITC and the Consulate in Guangzhou in order to speed up VISA procedure, although only under certain conditions

often the sole, reason for Italy to fail to attract Chinese tourists, but as a matter of fact the debate among experts has showed that the lack of competitiveness is many-sided. Chinese regulation, that requires CNTA authorization in order to work in the tourist marketing, promotion and other related services sector in China further complicate the situation¹⁰⁰. As for Italy, the transportation system; deficiencies in the services supply¹⁰¹, such as the lack of adequate structures, staff and services in terms of dimension, language, and customized treatment; the difficulty to agree on a promotional formula centered on Italy as a whole, without referring exclusively to its parts; the missed opportunity to link *Made in Italy* and tourism business by using the 'tourism trade' mechanisms, have all aggravated the delay with regard to the Chinese market.

At the international level, the solutions projected comprise *ad hoc* partnership to be promoted among Southern Europe or Mediterranean countries, so as to enlarge the offer, give rise to scale economies and eventually to an alternative potential pole of attraction in Europe, and bilateral agreements with the PRC so as to curb the illegal counter effects of an opening to Chinese people flows. More generally, according to Gambassi, the two spheres of adjustment are technical, thus involving transport, marketing strategies, cultural mediation, investments in infrastructures, and, as an essential premise, a more strategic analysis of Chinese tourist phenomenon on the whole, for it represents a distinct form of 'mass tourism', that values shopping over cultural attractions, comfortable and familiar destinations over elite and renowned locations. As for now, functionaries are still divided: some of them say that the average Chinese visitor will take almost a decade to turn into a

¹⁰⁰ The illegal immigration question is another element to be taken into account

¹⁰¹ As a consequence, the travel programs are most of times managed and controlled by French or German operators that tend to concentrate the business and the tourist flows within their national borders; Gambassi, G., "Il turismo cinese in Italia. Il nostro ritardo, le nostre chance", *GH Net Economie/Imprese e mercato*, September 11th, 2006, www.ghnet.it/Article167.html

‘consummate Western-like tourist’, and still, the time left is short in order to cope with the ongoing trend. Others simply consider Chinese tourism ‘unsustainable’ for Italy; discussion is underway and it seems that no major achievement will be reached soon.

The last element to be presented with, in relation to the current evolving cooperation context, is the creation of the Italy-China Intergovernmental Committee (ICIC), one of the accomplishments of the Joint Declaration signed in 2004, and a unique structure, country-specific and bilateral, that no other European State arranged so far to facilitate its relations with Beijing. It operates within the East Asia, Australia, and Pacific Department at the MFA and its aim is to coordinate all other national actors’ strategies in order to improve Italy-China partnership. ICIC meetings are the Committee’s main instrument: fostering discussion on the evolution of strategic guidelines, focusing on agreements implementation, and deciding on specific measures. Thus at the first Committee gathering, the reunion held in Rome in March 17th to 18th, 2005, the principles and criteria adopted have been the expansion of cooperation, a greater effort and involvement for both parties in the implementation of the mutual benefit principle, the recognition of the relevance of FDI and the central role of SMEs. On the other hand, the fields of cooperation suggested concern the implementation of intellectual property agreements, tourist sector, scientific and technological cooperation, Chinese medicine, sanitary certification, environment, educational and language cooperation, as well as, in the field of art and culture, TV and media, the organization of the Year of Italy in China and the definition of the Week of Tianjin in Italy. A second restricted reunion held in July 24th and 25th in Rome, has identified five principles for cooperation: an improved global strategic partnership, the SMEs’ participation to the Canton Fair, also because it coincided with Premier Prodi’s economic and institutional mission to China, the correction of trade deficit, FDI promotion in consideration of the agreement between

Investinitaly and MOFCOM at the end of 2005, the request for facilitating entry VISA procedure for Chinese, and a multi-sector cooperation scheme for urban services and infrastructures. Moreover, subsequent fields of cooperation are culture, science and technology in medical studies, agriculture, training, environment, the creation of a “Mandarin fund” for investment by an Italian bank, and the construction of an Italian industrial park in the PRC. The ICIC also manages a database on: all the Italo-Chinese official agreements signed and the Chinese Constitution; Italian economic activities in China; international and Chinese media; Italian universities; Institutions for the study of Chinese culture and language; information for Chinese tourists. The projects on which the ICIC has focused the most are Inlog China, the Center for the Study of Contemporary China, and the Year of Italy in China; still the ‘universal coordination’ as it is established by the ICIC Statute is a factual constraint on the quality of coordinating devices, and prevents the structure from getting more involved in *how* to coordinate. This is confirmed by the proposal for a more factual MED and MFA collaboration, to be reached within the framework of the SPRINTER network abroad, which is also to be defined, as made clear in the criticisms by the Regions that periodically meet within the ICIC. Regional functionaries claim that the ICIC is “not different from an Internet website”, for it just presses for more collaboration and highlights areas of interest but does not suggest any more specific instrument, actors among which collaboration could work, or topics related to instruments and actors where to promote synergies. Additionally, although the Committee activity did not stop after 2006, the ICCI is accused of having been instituted for short-term purposes, that is to say for the preparation and promotion of the Year of Italy in China, thereby finding it hard to implement a more structured and longer-term orientation. Regions’ remarks, however, present a flaw: Regions maintain that similar deficiencies in Committee’s profile are ultimately due to the lack of resources, for if the ICIC had funds to offer to the actors for the projects it supports, it would get

more authority and intervention capability. This assumption evidently refers to the old model of State-industry relations in Italy, the Negotiating State theorized by Bellini in 1997, but financial resources cannot be the main cause of difference between good and bad coordination; on the contrary, the fact that the information provided by the ICIC database are scarce, and incomplete, so as to indicate limited transparency and coordination on the part of the actors involved in the initiatives and, as already noticed, declining ability, on the part of the intergovernmental body, to interrelate news, contacts... and make the operators participate effectively, rather suggests other and more widespread reasons for inefficacy.

Environmental cooperation

Guido Nassimbeni, introducing his analysis of Italian companies in China, writes how “[In China] The main quandary is the sustainability of the economic transformation.”¹⁰²

Now a similar finding, which refers to the vast literature on the natural and social instability caused by the economic crisis in China and the need to reach a compromise between the plan objectives on one hand and their ecological impact on the other, depicts the immediate and necessary premise to the analysis of the cooperation started by the Italian Minister of the Environment in China and the record it reached on different fronts.

First of all, it is worth highlighting how this action draws on the significant theme, for Italy, of cooperation in China, playing upon an extremely interesting area today, both for the leaders of the PRC and the rest of the world. Precisely the call, on behalf of the program supporters¹⁰³, to the multilateral political arena and

¹⁰² Nassimbeni, G., Sartor, M., “Sourcing in China: a typology”, *International Journal of Production Economics*, London, 2006, p. 335

¹⁰³ Author’s interview to Andrea de Angelis, Beijing, November 11th, 2006

the value of the commitment made on the cooperative plan for universal purposes generally confirms, “a continuous shift from a national to an international context and vice versa, as China’s engagement with other countries parallels the economic, social and ecological stakes Beijing has in meeting the target of a steady growth [while] the area of interest for the policies considered, that is the environmental issue, entails long defined and unresolved global trade-offs [...] and concurrent fields of competence, thereby making ‘the integration of environmental concerns in economic decisions’ as well as ‘the integration of environmental and social decisions’ both necessary”¹⁰⁴. In other words, in this new manifestation of *conjuncturalism* with regard to Italian-Chinese relations, the Italian government by means of work carried out by the Ministry of the Environment, shows it has identified an opportune historical “window” and adequate material¹⁰⁵ for its cooperation intervention with the PRC, with regard to which, keeping attention on the bilateral dimension, the fundamental traits of the commitment made by the Ministry of the Environment and Protection and with them the importance of the program and its reflections on economic cooperation with Beijing.

For this purpose, an initial element to consider is the attitude of the Chinese regime toward the environmental problem. Nationally, the eleventh Five-Year Plan for National Economic and Social Development, to which the Italian Trade Commission’s short-term economic note¹⁰⁶ accurately relates, opens clarifying that: “The Eleventh Five-Year Plan period is the

¹⁰⁴ OECD Working Party on Environmental Performance, 2006; www.oecd.org

¹⁰⁵ Bellini, N., *Stato e industria nelle economie contemporanee*, Roma, 1998, p. 47

¹⁰⁶ “Nota economica e congiunturale. Il mercato cinese e le opportunità per il sistema Italia con particolare riferimento alle piccole e medie imprese” (“Short-term Economic Note. Chinese Market and the Opportunities for the ‘Sistema Italia’ with particular reference to Small and Medium Enterprises”), ICE Beijing, 2006, pp. 5-21; in order to better define Italian Trade Commission’s participation in the SICPEM, see also “The Sino Italian Cooperation Program for Environmental Protection”, information pack distributed by the SICPEM Program Management Office and consulted in November 22nd, 2006

critical period [...] and has the historical status of linking the preceding and the following”, thus establishing a temporal transition, a dual time for Chinese rise. Furthermore, the purposes of rapid economic development and harmonious social progress in the 11th FYP seem to take on a marked theoretical extent, as it is starkly affirmed that according to the guiding ideology and principle and aiming at the conspicuous contradictions and problems in development, a need to “further *adjust the concept of development propulsion, change the mode of development propulsion and define the policy orientation of development propulsion*” has become imperative¹⁰⁷. Thus Naughton’s admonition¹⁰⁸ on the increasing disruptive potential

¹⁰⁷ The distinctive expressions of such theoretical renewal are further specified: expansion of the domestic demand, optimization of the industrial structure, safeguard of the resources and protection of the environment, enhancement of an independent innovation ability, deepening of the reform process and opening to the outside world, and making human as fundamentality; see “Guidelines of the Eleventh Five-Year Plan for National Economic and Social Development” (Full Text Authorized to release)

¹⁰⁸ In the conclusions to his chapter, Barry Naughton first reminds that after 1978, domestic economic considerations began to play a greater role in China’s foreign policy, for in pursuit of economic goals China moved to improve relations with the broadest possible range of countries thereby adopting a pragmatic, problem-solving approach as well as increasing the degree of openness and access to economic information in their own society. He then underlines how unrealistic expectations outside and within China have at times threatened to derail the whole reform process, and how still unresolved questions of economic development strategy are likely to result in instability in China’s overall policy (including international relations). “This instability is, however, not mere generalised uncertainty, but rather imprecise foreknowledge of an unavoidable day of reckoning. [...] As long as the overall contours of current policy are maintained, China will probably continue to try to play the role of a second-tier power [...] in order to maximize the substantial economic benefits it receives from current levels of involvement in the world economy. Political considerations support this as well. At the top of the political spectrum there is concern about foreign influences leading to ‘liberalization’. Among the urban population, there is suspicion of foreign economic influence over government elites [particularly if that influence comes from Japan]. In other words as long as China is attempting to preserve the basically fragile structures of the state-run economy and the Communist Party-

the reform process bears as it moves forward, and deeper into the social body of the People's Republic of China (PRC), appears to be reflected in the reformulation of the 'development discourse', and its adaptation to the Chinese compromised economic and political mainstays.

In its turn, the white book on the state of the environment in China published in 2007¹⁰⁹ is the first document issued with regard to the Beijing government and highlights a high number of problems that have afflicted the PRC till now. In fact, 60% of Chinese territory shows a fragile environmental balance, over 2.5 million square meters, in particular in northern China, are desertified and 90% of grasslands is at risk, while 44% of wild fauna and 29% of native vegetable species now appear to be close to extinction. Other data recently made known by the Chinese authorities for environmental protection concern urban areas, where polluting clouds obscure the sky in numerous industrial areas in southern China throughout the entire year and 300,000 deaths are caused by pollution a year. The vice-Minister of the Environment, Zhu Guangyao, has affirmed how the damage caused to the environment amount to about 10% of the gross national product, which is 200 million Dollars, while the World Bank estimates an economic loss of 15%.

The document written by the regime also reports a list of measures taken and the results obtained in virtue of

dominated political system, it will have a persistent interest in maintaining foreign powers at arm's length. Yet such a posture also limits potential gains by circumscribing the economic reform process. As a result, after a period of hesitation, China is likely to move ahead with reforms. When this occurs, it is likely to be an extremely broad-ranging and unsettling process. There is simply not that much room left for an economic reform process that introduces market forces and international exchanges, while protecting all the remaining elements of the state-run economy and bureaucracy." Naughton, B., "The Foreign Policy Implications of China's Economic Development Strategy" in Robinson, T. W., and Shambaugh, D., edited by, *Chinese Foreign Policy, Theory and Practice*, New York, 1994, pp. 47-69

¹⁰⁹ Sisci, F., "Aiutare la Cina per aiutare noi stessi?", in *Limes*, n. 6/2007, pp. 227-231

environmental protection policies promoted by the start up at the beginning of the century until now. It is highlighted how, between 2001 and 2004, the extension of forests in China started has started to grow back by two percentage points, from 18 to 20% of the total, though this occurred in part a to the detriment of forest resources of other Asian countries. Nevertheless, such appeal of nature, at the same time political and technical, has difficulty producing concrete measures in China, and the rhythm of different solutions now being adopted does not compensate for the rush and ambition to continue growing in a unscrupulous way, without any limits, postponing every measure to restore the compromised environmental balance to the future¹¹⁰.

¹¹⁰ The definition of “troubled modernizer” which accounts for all the main impediments that prevent China from being as proactive as it needs to be in environmental protection, refers to the fact that many of Chinese problems are embedded in historical precedents that have shaped Chinese attitudes and activities. So, although environmental problems existed even before the founding of the PRC in 1949, they intensified with Mao and the environmental protection as it was envisaged and provided in the context of the centrally planned economy. In particular, environmental degradation became just another evil to be attributed to the capitalist front, whereas nature, within the Chinese borders, represented a common good, alternatively claimed by the state or collectivized. Such materialist attitude toward the environment, a good which was to be amassed by the central authority, still prevails among government officials. Even the “Four Modernizations”, one of the pillars of development policy in China, reserve no specific consideration for the environment, and *de facto* pushes it on the background. Besides, apart from rapid growth programs that worsened environmental degradation, additional factors against environment still are: lax safety regulations, inefficient production technologies, pricing policies that encouraged waste of resources. The Dengist reforms further accelerated the development rate, exacerbating environmental degradation even more, and renewed the pursuit of an environmental protection with Chinese characteristics, thereby sustaining the environment for development; Kobayashi, Y., “The ‘Troubled Modernizer’: Three Decades of Chinese Environmental Policy and Diplomacy”, in Harris, P. H., *Confronting Environmental Change in East Asia & Southeast Asia* Tokyo, 2005, pp. 87-101; Edmonds, *Managing the Chinese Environment*, Oxford, 1998; Shirk, S., *The Political Logic of Economic Reform in China*, Los Angeles, 1993

Among the obstacles indicated is the control exercised by the central government on the work carried out in the provinces on the matter, but the attempt to insert among the criteria to judge the work done by governors and mayors, apart from economic development, social order and the state of the environment failed due to the support in the meantime agreed upon by provincial and municipal administrations for local factories, which although they have structures such as purification plants, they refuse to use them, the reason being the losses that would cause the company and as a consequence the *budget* of the local administration. A second obstacle is created by the fact that the local environmental departments depend on the provincial or municipal authority, and this contributes to reducing the impact of their protective action. As a whole centralization gave officials at the provincial level the means and incentives to develop their local economies often increasing environmental problems, and, parallel to it, the move away from the centralized economy made the industrial ministries and the State Planning Commission far less powerful.¹¹¹

The Chinese Minister of the Environment therefore aims at exercising greater power on a local level, but this could only occur as a consequence of the peripheral government branches losing weight. And yet, the same minister has committed numerous and serious errors¹¹², and a large part of the gaps observed until now persist due to the fragmentary nature and relative scattering of tasks that mark the departmental structures¹¹³.

¹¹¹ See Burns, J. P., "Downsizing the Chinese State: Government Retrenchment in the 1990s", *The China Quarterly*, 2000, pp. 775- 802

¹¹² Sisci, F., op. cit., p. 228

¹¹³ "Per tale ragione, lo stesso Ministero dell'Ambiente italiano, fautore del maggiore progetto di cooperazione con la Cina in campo ambientale, deve mantenere i rapporti con una moltitudine di enti locali cinesi, i quali sovente rifiutano di rispondere del danno ambientale prodotto, o fanno ricorso a palliativi di mero valore simbolico. Un altro contributo italiano alla messa in atto delle misure di tutela ambientale varate nella RPC si registra nel Guangdong. Nove province in tutta la Cina hanno infatti avviato un

This is confirmed in the difference between the perception of the problem on a national scale or overseas “To talk about environment in isolation from ecological development and technological progress means an environmental protection devoid of environmental policies” whereas, at the same time, the definition of ‘sustainable development’ became an impediment in the negotiations for environmental cooperation. “Environmental values and economic growth are related and, in the case of China, the traditional and cultural importance of agriculture emphasizes the correlation. Thus, locally observable impacts of water supply, sewage and local pollution such as air pollution have become major concerns for China, while global environmental problems such as climate change are still deemed relatively unimportant”¹¹⁴.

As a consequence, now Beijing relies on eighty per cent of its environmental protection budget from abroad and given the increase in the implementation of the national macroscopic readjustment and control system wielded by the government as well as the Chinese call for international cooperation and exchanges in scientific and technological knowledge or environment, to be subordinated to the criterion of non-interference with another country’s internal affairs, the recur to foreign aid does not seem to be declining. At the same time, some scholars have pointed out that Chinese environmental diplomacy has bifurcated. At one level, formal political negotiations, China has remained consistent, maintaining the values of sovereignty, self pride, Third World and First World

esperimento sul fronte energetico, che consiste nell’uso dell’etanolo miscelato con la benzina, allo scopo di ridurre da un lato l’inquinamento e dall’altro il consumo di petrolio. La Provincia meridionale del Guandong ha dato grande risalto, a questo proposito, all’inaugurazione della fabbrica di Magneti Marelli, azienda del gruppo italiano Fiat, a Dongguan, in quanto essa ha brevettato una tecnologia in grado di agevolare l’uso dell’etanolo”; Sisci, F., op. cit., pp. 229

¹¹⁴ Jahiel, A., “Organization of Environmental Protection in China”, *The China Quarterly*, No. 156, Special Issue: China’s Environment, December 1998, p. 759; see also on this point Chan, G., “China’s compliance in global environmental affairs”, *Asia Pacific Viewpoint*, No. 45, 2004 pp. 69-85; <http://dro.dur.ac.uk/800>

different responsibilities face to environmental emergency most of times through tough bargaining and recalcitrance. By this way, it has benefited from a dual status: as a key contributor to environmental problems, present and future, and as a developing country, gaining substantial leverage in international environmental negotiations. At another level, Chinese domestic politics has been influenced by the participation to global environmental regimes, and the establishment of extensive relations with other countries. The infrastructure, from laws to nongovernmental organizations, to enable the link between international and domestic policy has been put in place. As a result, beside the actors, institutions, and belief promulgated at international negotiations, a second set of actors and institutions have come to advance a different set of interests. Thus China has defied conventional policy linkage by maintaining two distinct evolutionary paths with respect to environmental foreign relations. Both levels of diplomacy overlap in some ways, for example in gaining access to technology transfer, yet they differ in the ultimate visions for both China's domestic environmental future and its response to global environmental problems. In particular, the second diplomatic approach, or techno-diplomacy, is more cooperative, it advocates China's working together with the international community and committing real domestic resources to resolve global environmental problems. This kind of agenda is pursued primarily by scientific and environmental elites and it points to the need to elevate the status of environmental protection relative to economic development and to strengthen China's capacity to respond to domestic and international environmental challenges.

Confronting on these themes with the Program Management Office of the SICPPE, a somewhat different vision has emerged though. According to the members of the PMO the environmental attitude adopted by representatives of the Chinese Administration, as was the case recalled by Gerard

Chang of the vice-director of SEPA¹¹⁵, must be situated in a broader perspective allowing for the greater degree of flexibility which characterizes Chinese two-levels environmental diplomacy. Thus, arguably Pan Yue can be indicated as the man who opened to the OECD requests for the adoption of a green GDP, although, once reached an agreement, the negotiations were left to officials of the old school, thereby reproducing a first level dynamic of conditioned recalcitrance.

Besides, with reference to the possible ways of harmonization between political and technical instances in Chinese environmental foreign policy and related domestic politics scenarios, the PMO outlined how the expected confluence of ideas and actors is in fact operating right now. In other words, the environmental message delivered to the public opinion by some sectors of the government in office has to be interpreted as part of an internal contest of competing interests, all involved in the reform process, those variable balancing itself does not foreshadow any remarkable shift of policy¹¹⁶.

¹¹⁵ As Gerald Chan writes: "He [Pan Yue] is reported to have cast his eye on a place among the fifth generation of leaders to take the helm at the 18th National People's Congress in 2012, when the president leadership retires." He is the son-in-law of the former vice-chairman of the Central Military Commission; Chan, G., *China's Compliance in Global Affairs: Trade, Arms Control, Environment Protection, Human Rights*, Singapore, 2006, pp. 148-152

¹¹⁶ "Unexpected events can throw any country off whatever track it is on. This has often happened in China, and it probably will again. However, the debate in the "whither China?" literature is about what is likely to happen based on the facts that are already visible, for the only way to say anything specific about the probable nature of that change is to look at the forces that are now in existence". According to this assumption, three main options arise: a) the collapse of the political system; b) democratizing dynamics; c) continuation in power of the forces currently at work in the system. Andrew Nathan adopts the third option, and at the same time he points out that the authoritarian system is not static. On the contrary, it makes numerous policy changes and fewer, but some, structural changes. In fact the ability to adapt is part of its resilience. But pending the impact of some force that is not visible today, say some exogenous change or contingent event, the trajectory at present is for continued authoritarian rule. In Nathan's view, one of the evidences of such authoritarian persistence is to be found in the regime's ability to discern problems in

economy and society and to make policy changes or respond to these problems. Recent examples are reforms in the banking system and the abolition of the rural grain tax. Such reforms are seldom implemented smoothly, but over the long run they nonetheless have significant effects, as it is shown by the entire history of the reform program since 1978. Among these reforms, progresses made in the environmental protection regime and the observance of international standards and practices can play an important role. When it comes to the roots of resilience, the welfare improved by virtue of economic growth, the real as well as perceived achievements in foreign policy and the variety of safety-valve institutions to which dissatisfied citizens may appeal as an alternative to opposing the ruling party, are all fundamental factors. The rather effective balance between surveillance, repression and concessions, as well as the pervasive and clever propaganda system, the economic cooptation of social elites, and the high quality of policy -making systems charged of responding to economic and social change, also concur decisively to the present good health of the regime. Crucial then is the resilience of the elite's will to power. So, under Jiang Zemin and Hu Jintao, the leaders have managed their relations in such a way that no destructive splits have emerged over either power or policy. Notwithstanding that, challenges faced by the regime are: the vulnerable economic structure, the vast class of migrant workers who are dissatisfied with their status, and the class of laid-off and furloughed state enterprise employees, the numerous religious organizations which escape the control of the government and the particular nature of mass public support, always fragile. In any case, the regime's power will deflate if it is perceived as underperforming, weak or divided, or if it loses its control of the information available to the public, or appears ineffective at repression. In other words, there is more to be learned about the sustainability of an authoritarian system from the top-down perspective than from the bottom-up perspective, for insofar it is as a result of its own actions and not because of a lack of problems, that the regime faces no organized opposition capable of challenging its hold on power. "If the CCP regime is to continue to succeed it will, to be sure, have to recruit more technocrats, pursue higher educational standards, refine its legal system, upgrade its social welfare system, and do better in public health and the environment. It will have to modernize its rule in certain senses. But this will not amount to a transformation in the type of regime"; Nathan, A. J., "Is Communist Party Rule Sustainable in China?", Remarks at the 1st debate of the series *Reframing China Policy: the Carnegie Debates*, Washington, 2006; see http://www.carnegieendowment.org/files/cds_nathan.pdf

¹¹⁶ Interest groups in China must be defined merely as groups of the political elite in, or close to, the power centre, which have a comparatively strong influence over the party and government policy-making or administrative reforms. The major interests groups since reformist period have been the pragmatist reformers, the orthodox Communists, the Maoist Communists, the

Technocrats, as experienced by IMET officials, come to resemble those other dynamic political groups and ideas neglected by most of the studies outside China on Chinese reforms which in turn have based their analysis on the polarized political power struggles between the reformers and the conservatives or anti-reformers, and what is more, as pointed out by Geng Yang's explanation of the Chinese politics by way of interest groups and cultural values, the political process pursued through China civil service reform, which consisted of the promotion of technocrats into leadership positions in the government and the institutionalization of a scheme of selection of technocrats through a new civil service system, seems to endure¹¹⁷ without variations. These elites are neither resentful of

technocrats, the liberals, the elite liberals and the Country-Boy liberals. Among them, the technocrats have formed a rather recent assembly of people, alternatively of first revolutionary generation or second technical generation, and because of their age and relations established over time, they have depended politically on the older reformers, orthodox and Maoists. Their power lies in their knowledge of and skill in management, their ability to coordinate all competing groups and their deftness to keep in contact with the masses; Hua, S., Guo, S., *China in the Twenty-First Century: Challenges and Opportunities*, London, 2007, pp. 1-12

¹¹⁷ As Geng Yang recounts, to mobilize and organize reform forces, Deng adopted four programs of actions. He first pursued the consolidation of the political leadership through the rehabilitation of all the cadres and intellectuals persecuted by the Maoist regime: it was these rehabilitated cadres, of whom most came from intellectual backgrounds, who had consolidated the position of reformers. Then, he imposed order in factories, entrusting to directors, managers and trade unions the authority to enforce discipline among workers in order to guarantee production. Similarly, he restored the responsibility of directors in educational institutions as well as the professional titles of scientific research personnel, and resumed the "key" system in education; this system is an education program endorsed in China in the 1960s, under which selected institutions were granted privileged funding and facilities from the state to enroll the most intellectual students screened out by means of a series of rigorous examination processes. At the time of Dengist reforms instead, intellectuals were at the bottom of the social strata, since, for thirty years, they were classified as part of the bourgeois class and had been criticized and attacked by political movements. The last maneuver by the reformers was to challenge the radical theories about intellectuals, announcing in 1977 that

authority nor insulated, and do not nourish any longing for individualistic or else egalitarian society. In fact, from the administrative reform on, no one of the three groups of reformists, orthodox and technocrats can be argued to have overpowered the other two, and conception concerning the cultural values further reinforce such observations inasmuch as Yang's combinations of values and preferred criteria of social organization leads to a common identity between pragmatist reformers, technocrats and orthodox revolutionaries.

Rather, the Sino-Italian Environmental Programme's analysis points to the need for the present system to face another dichotomy, those related to the weaknesses in the implementation of some of the key objectives indicated by the advanced Chinese legal infrastructure and planning system. Consequently, in the end the Italian counterpart argues for a still prevalent domestic task for the Chinese government, those fulfilment does not leave enough or permanent room for manoeuvre at the central level. The international involvement cannot overcome the planning agenda for which cohesiveness is still the unique response or lever. In other words, any choice between national and international system is overcome by the central and local dynamics as long as the sustainability criterion has taken on its official dimension and significance with reference to the present territorial incongruence¹¹⁸ which also

intellectuals were part of the working class and that "science and technology are of tremendous significance as productive forces". These campaigns paved the way in the ideological domain for the promotion of intellectuals' position in society, and, as a consequence, for their promotion to relevant positions in the government. See Yang, G., "Administrative Reform in China", *Administrative Reform in the People's Republic of China since 1978*, IIAS Working Papers Series I, Leiden, 1994

¹¹⁸ An Italian Trade Commission official confirmed the pre-eminence of this spatial notion of sustainability, for when he was asked his opinion about the uncertain definition of China in the light of its notable contradictory achievements, as either a developed or a developing country, he accounted for his affirmative answer by pointing he himself to the Chinese commitment to

undermines the economic motor, the vigorous growth rate of the last thirty years¹¹⁹. In addition, with regards to a possible remedy to the difficult cooperation and enforcement capabilities between the centre and the periphery, the SICPEM, in line with the OECD report suggestions, envisages the elevation of SEPA at Ministerial status as the main step to be taken¹²⁰. In this way EPBs bureaus would have an important partner at the central government level so as to contrast the business interests that often predominate at the local dimension and automatically integrate sustainable development goals within the main four areas of industrial, transport, agricultural and energy policy.

Apart from every consideration on Italy's support of the proposal to set up a Ministry of the Environment in the PRC, as noted until now the importance of the Chinese situation in itself emerges above all China, as it was said to me in Beijing by the

social harmonization; author's interview to Mr. Puca at the Italian Trade Commission office in Beijing, November 12th, 2006

¹¹⁹ "If economic success of the reforms is not to become merely another development illusion, like so many of those experiences in so many other developing countries, China must maintain economic expansion and assure that it is not only rapid but democratic and equitable, therefore sustainable."; Lu, A., *China and the Global Economy since 1840*, London, 2000, p. 167.

¹²⁰ There is however, an opposition between those, like Andrea de Angelis, Italo-Chinese Environmental Cooperation Agreement Project Office Manager, who believe that the Chinese model of strong, effective centralism could even increase the effects of the promotion of SEPA from agency to ministry, for in China environmental policy implementation does not face the obstacles represented by adverse social forces and the lack of "infrastructural solidarity" several democracies experience, and other observers, like Paul Harris, who believe the Chinese government would favour another response, that is implicating the NGOs so as to deploy such external forces and gain ground in the contest over contrasting environmental and economic interests at the local level. Thus the objective of bettering the implementation capacity of the government could be pursued by moving into two different directions, as well as, according to a third one, by pursuing democratization as a necessary element of effective environmental policy; author's interview to Mr. De Angelis, Beijing, November 11th, 2006; interview to Prof. Paul Harris, Hong Kong, October the 29th, 2006; Ta, Z., "Our land is under siege", China Rights Forum, No. 1, 2006

Chief Manager of the Sino-Italian Cooperation Program for Environmental Protection, is a laboratory. It represents one of the 'environmental heavy weights' on which any effective global environmental policy depends, and more importantly, China is a political *unicum*, those anachronism and firmness every policy analysis cannot escape. Environment in China is not just about correct patterns of intervention and cooperation at different levels, it implies a comparison between different value systems and national organizations. It is both a cultural and political case in point, and its evolution can be put into relation with the general development stakes of Chinese rise.

For that reason, the Italo-Chinese cooperation is understood as a privileged occasion for Italy¹²¹ to be part of establishing the "greatest global *hub* for development of new energy sources. Technological innovation and *best practices* in the economy," directed at disengaging the danger, which in Malthusian terms the growth of the Chinese economy has always involved, in the eyes of the world.

The technological cooperation among Chinese companies and the most important developed nations is in this sense the pivot of the strategy chosen by the Beijing government, also thanks to the offer of international funds to deal with the increase of the GNP from energy consumption. According to estimates by the international energy agency and Chinese agencies, over the next two decades the adoption of the Chinese economic progress model of policies and measures to increase efficiency of the entire energy cycle, from production to end use could reduce carbon dioxide emissions by over 50% compared to today's *reference scenario*¹²². It will be sufficient to align the production of

¹²¹ Clini, C., "La sfida ambientale, Un'occasione anche per l'Italia", *Limes*, n. 3/2008, pp. 153-159; Kobayashi, T., "China's Emergence as a Science and Technology Power and the Politics of Chinese-Japanese Cooperation", *International Herald Tribune/Asahi Shinbun*, July 19th, 2007; www.japanfocus.org

¹²² "Instead of blaming China for its energy demands or containing China as an energy threat, the industrialized countries may be wise to seize China's vast energy market potential in technologies of energy conservation and efficiency,

air conditioners in china with the maximum efficiency standards in force today in order to reduce energy consumption by a volume of the energy produced by the Three Gorges dam, without evaluating the virtuous results on the climate, both local and regional. Equally central is the renewal of supply, distribution and water use systems, where the Chinese *premier* Wen Jiabao acknowledged how the shortage of clean water already represents the greatest risk for the future of China. The government has therefore created a series of actions destined to assure water purification, a careful use of water resources for civil and agricultural purposes, the recycling of industrial water, up to a different management of artificial basins for the production of electrical energy. Investments in this area amount to 11 billion dollars between 2006 and 2010 and are funded by numerous private investors, both Chinese and other. Generally, the government seems to have understood that it cannot sustain the current rate of growth in the long run and entrance to the World Trade Organization, the organization of events such as the Olympics or Expo 2010 in Shanghai, have further favoured resorting to OECD standards.

Finally, it is worth considering how China can give course to a driving force effect never before seen. If the PRC is in fact the leading world producer of electrical equipment, devices and systems, apart from household appliances, any measure taken in the Chinese domestic market will end up having an impact on supply and demand of such goods abroad, in a great number of countries, and this mechanism could concern many other sectors,

environmental protection techniques and *know-how*, renewable and alternative energy production, and joint-efforts in managing global warming.” in “The Dragon Tucks in” , *The Economist*, July 2, 2005, p. 61; Zhao, H., *China's Energy Security Policy and its International Implications*, Energy Security and Climate Change Workshop, Beijing, 20-21 October 2007; Chandler, W., and Gwin, H., *Financing Energy Efficiency in China*, Carnegie Endowment for International Peace, Energy and Climate Program Report, Washington, 2007

not least the manufacturing of photovoltaic modules and wind turbine vanes.

Francesco Sisci partially opposes this vision when he refers to the problems tied to the reduced supervision each state has of the private technological wealth that is found in its territory and the obvious political results it takes on once transferred, which cannot be left aside, also in the view of common good. He therefore supports the need for a multilateral agreement that promotes the spreading of scientific and technical tools to less developed governments, in order to oppose pollution. "If the response to this dilemma could be simple, for China and for us, [...] these technologies have, in the governments that hold them, a high strategic value, even higher than crude oil. So many nations that use petrol will be willing to pay high prices for energy, but not to 'give' technology to third nations".

In fact, the Italian Minister of the Environment leaves a similar perception of the problem aside, inspired by a notion of progress and associated economic development, as an area to exercise sovereign power, as that exposed to industrialist's opposing nationalism, or development, as occurs in the case of China, or decline. On the contrary, Corrado Clini interprets the phenomenon of the change in progress in Chinese growth as a series of *path-dependent* events "fruit not of abstract choices [...] but of power relations, unsettled conflicts between new and consolidated technology [...], of the will to make networks of relations grow in a given cultural, geographical and economic space, by means of adequate policies, [...] at the same time these networks assure and direct the dynamics of progress and guarantee the related competitive advantages"¹²³; in other words he aims at persuading and motivating, according to a classic scheme, political intervention through market forces.

The year 2000 marks the start of the environmental cooperation program with Chinese government and authorities. It has been launched by the Italian Ministry for the Environment, Land and

¹²³ Bellini, N., op. cit., p. 40

Sea (IMELS) together with the State Environmental Protection Administration of China (SEPA). The cooperation effort has been extended through the years to other Chinese government bodies such as the Chinese Academy of Social Sciences (CASS), the Ministry of Science and Technology (MOST), the People's Government of Beijing Municipality, the Shanghai and Tianjin Municipality, the National Development and Reform Commission (NDRC) of China, the Ministry of Water Resources (MWR) and the State Forestry Administration (SFA) as well as to Chinese universities and enterprises. Apart from the Minister, the National Research Council, Enea, Ingv and about ten university organizations from Italy joined, while in order to involve Italian companies in the program, the Minister of the environment assigned the IPF office in Beijing with the role of project manager of the task force.

The program is placed within the international conventions and protocols of the United Nations on climatic change, protection of the ozone, defence of biodiversity, elimination of organic chemical elements that remain in the environment, the fight against desertification, and aims in general at implementing pilot projects and feasibility studies to conserve natural resources, the integrated management of water resources, the promotion of energy efficiency and renewable energy sources, the use of low-emission technologies and transport, the adoption of sustainable agriculture tools and good practices, training the Chinese ruling classes on the environment and energy. The definition of the projects is assigned to a mixed Italian-Chinese task-force, made up by about sixty experts coming from the Ministry for the Environment in Italy as well as agencies, departmental structures, scientific institutes, Italian and Chinese universities, located in Beijing or Shanghai. Initiatives in all the fields concerned fall into three main categories of intervention or operational modes, namely pilot projects, cooperative research and environmental protection capacity building. According to the information provided by the official website of the Sino-Italian Cooperation Program for Environmental Protection

(SICPEM), each of the three interventions envisaged by the Program has quite distinctive characteristics. Thus, pilot projects refer to technology transfer process, for their aim is to present advanced technologies, equipments and methodologies from Italy and the world to different regions and sectors, adapting them to the different local circumstances. Technology application takes place on an experimental basis, as a means for both China and Italy to develop and upgrade new environmental protocols, and its relevance to the governments of Beijing and Rome is attested by the volume of investment channelled, which accounts for seventy five percent of the SICPEM. Second, cooperative research includes technical and feasibility studies concerning on the one hand Chinese environmental situations and their impact on the various aspects of the social and economic development, and on the other hand the feasibility of introducing to China advanced environmental technologies, approaches and equipments. Finally, last in chronological order, the environmental protection capacity building consists of international experiences, ideas and management approaches promoted by IMELS through co-sponsored international conferences and large-scale training programs, to strengthen the comprehensive capability of the related staff; they serve in the Chinese government, institutions, media and NGOs, and an important contribution to them is made by the environmental administration.

In order to carry out its goal, "to help China to improve her environment, support her sustainable development and promote the cooperation between enterprises of the two countries"¹²⁴, between 2001 and 2008 80 projects were started and some concluded, which were all contributed to by Italian and Chinese scientific institutions and Italian industry took part on the front of technologies used. Among them all, the project symbolizing environmental cooperation between Italy and China is the pavilion mounted at the top Chinese university in science and

¹²⁴ Clini, C., *op. cit.*

technology, the Tsinghua University of Beijing. The *Sino-Italian Energy Efficient Building*, or SIEEB, represents a prototype of an ecologically intelligent building to refer to for the development of a Chinese building sector marked by the use of environmentally and energetically efficient materials and technologies. The SIEEB was designed by Italian architects under the supervision of the Polytechnic University of Milan, while construction was carried out by Italian engineering firms. From the technological point of view, SIEEB was conceived as a showcase for innovation implemented in Italy: constitutive materials, energy efficient surfaces, decentralized production and energy savings, conservation and water recycling etc., are some of the results of Italian scientific commitment, in the area of research and production. The project therefore has the purpose setting up, within the framework of the Chinese construction industry, standards and rules that can promote reduced energy consumption and greater efficiency in the use of such resources.

The projects considered by the program are financed through a mechanism established by the Ministry of the Environment, which has found and allocated resources on the basis of agreements made with international finance institutions, Chinese counterparts, universities and scientific institutes, and Italian companies. The Ministry co-financed the project with 115 million Euros, through direct contributions or turning to *trust funds* established at the World Bank and multilateral funds. Resources were also allocated by Chinese institutions, which designated 34 million Euros to the program, and from Italian companies involved, for a total of 42 million Euros, apart from agencies of the UN, UNEP, UNDP, UNIDO, the Global Environment Facility, the World Bank and the multilateral fund of the Montreal protocol to protect the ozone, for a contribution of a 35 million Euros. In this way the program has included up to now direct projects for 226 million euros. In addition, there are many projects still in course or concluded, participated in by Italian companies that knew how to take advantage of the economic and political flywheel that economic cooperation gave way to. In

fact, Italian industry had the occasion to make its own entrance or consolidate its action in key sectors of Chinese economic growth, from renewable energy sources to tools for pursuing greater efficiency in industrial processes, from the diffusion of low-emission engines in urban public transport to traffic management, from the redevelopment of the water use and control system to purification of contaminated water, from the technological development for building to the reclamation of architectural and historical heritage, from the enhancement of waste for energetic purposes to energy production in the fields of agriculture and zootechnics. These projects in all amount to over 800 million euros. Therefore, it is worth observing how the Italian Ministry of the Environment making 115 million euros of funds available gave way to China investing over one billion euros, the virtuous effects of which do not appear limited to only the economy, if this cooperation model offers Italian companies an important competitive advantage in the international race to the technological and scientific, social, and political renewal of China.

The Sino-Italian Program is the broadest in scope of cooperation, in participating institutions and the longest lasting among other international environmental protection projects in China. In addition, so far the amount of environmental protection grants provided to China by Italy has been the second largest among the G7 countries, after Japan.

The Program has benefited from a joint vision of environmental policy issues and instruments in China, developed in accordance with the standard of the equal relationship. That assumption, introduced first within the framework of the Europe-Asia dialogue has since been accepted by all European countries in the act of the establishment of cooperative links with the Chinese government. In the case of SICPEM, as a result of common work and shared priorities, not only has the Program accorded with China's demand in building a resource-efficient and environment-friendly society, with cooperation coverage and projects being selected by Italy and China together, all the funds

and projects being focused on the priority areas of China's sustainable development, but it has also attached significant importance to the institutional advancement and capacity building in environmental protection and the spread of the concepts, approaches and experiences of sustainable development in China.

Awareness, resolution and institutional cooperation prove to be more important than funds and techniques in environmental protection. Therefore, a number of important *think tanks* of China's Central Government and other ministries have been engaged in the Program from the outset. This is aimed at stepping up the conversion of Italian and Chinese environmental experts' suggestions into the policies and actions of the Central Government. In this way, the international experiences should be conveniently integrated with the practices in China. Compared with other international environmental projects, focusing on techniques and equipments only, this is both an important feature of the Sino-Italian Program and an evidence of the view of the initiators of the Program. Likewise, it is worth appreciating that, since 2003, the two sides have jointly implemented large-scale training plans. In three years, over one thousand one hundred Chinese government officials, scholars, enterprise management personnel have participated in training classes concerning sustainable development on various topics, held in Italy. It is by far the largest Sino-foreign joint training program for environmental management. For that reason, SICPEM has gained international recognition, from both the United Nations system and the Chinese government¹²⁵, and it

¹²⁵ Listed in the UN partnership initiative for sustainable development on the World Summit on Sustainable Development (WSSD) held in Johannesburg in September 2002, the Sino-Italian Cooperation Program for Environmental Protection has become a part of the UN's global operation on climate changes, ozone layer protection, biodiversity protection, POPs reduction and phase-out and the prevention and control of desertification; moreover, On January 21 2003, Dr. Corrado Clini, Director General of the Department for Environmental Research and Development, IMET, won the Award for International

indicated in numerous occasions as an international cooperation model, it was last presented at the G8+5 summit of Ministers of the Environment in Kōbe, Japan.

Inlog China

“The approach to the Chinese market presents numerous difficulties for our companies: distance, regulations, safety, and language are only a few of the elements that at times make investing in China problematic. Building an Italian logistics industrial park in a particularly promising area such as Tianjin is an opportunity to increase the presence of Italian industry in the Far East and relaunch the Italian system in the world. Inlog China proposes to create synergies between the production and distribution of the excellent Made in Italy products in a territory with great economic expansion. The small and medium-sized Italian companies that follow the initiative will in this way be able to take advantage of a ‘user-friendly’ environment established by Inlog China, able to solve all the problems that positioning in china brings about”¹²⁶.

The aforementioned is a brief note about the network that illustrates the nature and objectives of Inlog China, or Industrial Logistic China, an economic cooperation project started in 2006 and developed along two different intervention plans, one turned to Italy and the other to the PRC. Inlog China aims on one hand to create a logistics and industrial platform to serve small and medium-sized companies in China, as provided in the Italy-China Intergovernmental Protocol, with the *partnership* of the

Cooperation on Environmental Protection. He was cited for initiating and leading a successful program of cooperation between Italy and China in the field of environmental protection; on March 28 2005, Dr. Clini obtained the International Scientific and Technological Co-operation Award, prize granted to foreigners who made a great contribution to China's sciences and technology development; Clini, C., op. cit., p. 157

¹²⁶ See www.inlogspa.com

Ministry of International Trade, the Institute for Foreign Trade, SIMEST SpA and the bank Intesa Sanpaolo, while on the other it has the objective of favouring the development of economic-institutional relations between Italian and Chinese ports and interports, in order to attract capital and investments from china to the sector in Italy.

As far as Chinese territory is concerned, the project will lead to the construction of an Italian logistics and industrial district in China, in the urban area of Tianjin, provided with industrial sites and logistics warehouses, in order to offer Italian companies, with particular consideration for small and medium-sized companies, *in loco* assistance, facilitating their approach to the Chinese market, directing investments to the area from interested Italian economic players and at the same time starting collaboration between Italian and Chinese authorities, apart from the “contribution of Italian industry and international companies to the development of better logistics formulas in China and the Far East”¹²⁷. In fact, the involvement of both

¹²⁷ Inlog China services can be divided into four main categories: “I servizi di base sono servizi offerti tradizionalmente da tutti i parchi industriali, che consistono nel supporto nella formulazione del Business Plan e del set up societario, progettazione e realizzazione chiavi in mano dello stabilimento produttivo su specifica del cliente, forniture infrastrutturali, con riguardo ad energia elettrica, acqua, gas, acqua, servizi operativi di supporto, recruiting, formazione del personale, assistenza linguistica, servizi telematici ed informatici. Di seguito, i servizi industriali avanzati comprendono i servizi orizzontali volti ad ottimizzare l’operatività delle aziende, assistenza per la logistica integrata con assistenza al *landing* delle spedizioni sia in Cina che nel resto del mondo, un centro di tutela legale e della proprietà intellettuale, ufficio in loco per indirizzare le aziende che si trovino ad affrontare problemi di copia o di infrazione della proprietà intellettuale, un centro per il supporto amministrativo e finanziario con la partecipazione di alcuni dei maggiori istituti di credito nazionali, per il processo di internazionalizzazione delle aziende italiane in Cina. Ancora, vi sono i servizi industriali a valore aggiunto, per supportare un processo di internazionalizzazione con un rapido ritorno sull’investimento, volti a minimizzare i rischi per gli investitori. Con riferimento a questi ultimi Inlog China mette a disposizione delle strutture altamente qualificate che, in via fiduciaria e con le competenze necessarie possano sviluppare in *outsourcing* le seguenti funzioni: *purchasing team* con

governments is foreseen in the recruitment, selection and training of legal, tax and contractual personnel and for the planning and setting up of the structures themselves.

On a domestic scale the project was promoted by a system of Italian interports: apart from the Bolognese logistics infrastructure, there are also the interports of Padua, Jesi, Parma, Rivalta Scrivia and Verona Quadrante Europa, which on June 30, 2006 conceived a joint-stock company, Inlog-China, with the aim of “giving life to a model of collaboration between the logistics system and the industrial one through the planning and creation of organic groups of structures and services aimed at industrial production and the exchange of goods” and to involve more and more other Italian logistics companies and operators. In the background, the current international economic situation and the dynamic future of the logistics sector alongside it, on the wave of Asian growth and the increase in flow on all the main routes to and from Europe, represented an important lever in support of adopting concrete measures. In particular, in the feasibility study the Bologna interport assigned to Asia Observatory and edited by Marco Spinedi, two particular traits of Chinese economy are referred to: the growth that has lasted for over two decades, able to offer foreign businesses a large domestic market made up of a middle class of a few hundred million people; the fact in only a few years the PRC has become one of the biggest exporters in the world of industrial goods with reference to a wide range of products, from textile-clothing to electronics, showing its ability to operate in an international market, not only Asia but in Europe, America, and recently in Africa, so much so that in only 2006 Chinese exports increased

competenze tecniche, negoziali e di controllo per lo sviluppo della filiera di fornitura locale; *team* dotati di competenze commerciali di settore per la definizione e lo sviluppo della rete commerciale e distributiva; *team* di *engineering* con competenze tecniche di alto livello volti a ripensare prodotti e processi in funzione della realtà locale. Da ultimo vi é lo sviluppo di relazioni commerciali”; si veda www.inlogspa.com ed Interporto Bologna SpA, *La logistica abita qui*, Bologna, 2007, p. 2

by about 27%, with a positive trade balance of almost 74 billion USD. Other important elements in today's economic dynamic concerning China are the increase in Chinese imports from Italy, at 24% or four percentage points more than the world average; the product composition of Italian exports, where instrumental goods clearly prevail; the growth in Chinese exports to Italy, at about 37 percentage points, or ten points higher than the increase recorded in the rest of the world, which also invests different production sectors; the fact that Italy has become the tenth market to be approached in the Chinese exchange abroad¹²⁸.

Nevertheless, Italian production investments are only 37% of the total and equally low is the number of Italian regions engaged in China, that is Lombardy, the Veneto, Emilia-Romagna, Piedmont and Tuscany, as well as the intervention areas of national companies in China, which correspond to the Municipalities of Shanghai and Beijing and to the provinces of Jiangsu and Guangdong. In this way, from the moment the Chinese economy offers investment opportunities that at the same time follow the *export* of goods produced *in loco* and their sale on the Chinese market and by now is in third place for *import-export* in the world, the logistics and transport of goods take on a central role in bridging the gap that remains between Italy and other nations, European or otherwise, active in the PRC. Italy has in this respect *know how* in the field of logistics, acquired in over thirty years of growth in the national interport network. This system is in fact reformed with the aim of improving the management of the flow of goods to and from production and consumption areas, ports and airports, referring to rational criteria for truck loading, the development of road-

¹²⁸ Cazzaniga Francesetti, D., "I porti del Guangdong e gli scambi via mare con l'Italia", in Di Tommaso, M., and Bellandi, M., *Il fiume delle perle, La dimensione locale dello sviluppo industriale cinese e il confronto con l'Italia*, Torino, 2006, pp. 129-162

rail intermodal connections and the reduction of goods storage time.

The model underlying the project for the Italian district in Tianjin is therefore significant not only for Italian companies in the sector, but also for national entrepreneurs as a whole, supporting the choice to place production plants abroad. And Tianjin is a strategic destination in this respect. Near Beijing and placed under the jurisdiction of the central government, it is the main coastal centre in northern China and the economic hinge of the Bohai region. It has a state of the art communications and transport *network*, reached by the highway and railway network that moves from the capitol and permits fast connections to the production poles of Shanghai and Guangdong, the western provinces, the land routes to Mongolia, Russia and Eastern Europe; it is also a privileged point of access to the Chinese market and others, where South Korea and Japan are only a few days of navigation from the port and Europe and America are also connected by sea and air. Finally, Tianjin offers important growth prospects, from the economic and political point of view, if one considers how the Chinese government has invested in order to favour the contribution of this area to the social rebalancing program of China, in favour of the provinces, in the northeast and western centre of the country, until now remaining in the margins of market development. For this reason sixteen areas equipped with systems to enable foreign companies to start industrial and logistics production rose in the area of Tianjin, in particular along the highway that from the centre leads to the port of Tangu and the international airport. Settling procedures are highly facilitated and costs, although increasing, are low compared to other industrial parks in the developed coastal regions of China.

This course of action has unquestionable advantages. In the logic of integration between markets and the internationalization of the Italian economic fabric, the decision by Italian companies to locate their production in China or export their goods and services to China and the rest of Asia is motivated through the

institutional channel. In this sense infrastructure and human resources, factors that support the project, are a concrete lever of intervention on the Chinese front as on the Italian one, where normally similar plans of development start in the company from the assessment of such elements. Projects such as Inlog China, turned to promoting forms of competitive capital organization, as it occurs for the aggregation economies planned in the establishment of the Italian district in Tianjin, can concern a range of measures, combined or not¹²⁹, which in the case in point consist of the creation of human capital on the hand and starting broad networks of cooperation on the other. Turning to territorial *marketing* tools is identified in the work carried out by Italian interport companies, which are assigned the task of illustrating the Inlog proposal and attracting new adhesions in Italy as well as abroad, while the choice of the development model in order to gain *competitiveness* in markets, appears rooted in the so-called *first nature* advantages, or dictated *in primis* by economic geography. Italy is a natural access route for China to European markets and this defers the expectations of sea traffic development from the PRC to the peninsula. Therefore it is not about a joint economic intervention, rather long-term prospects with regard to which Italy is paying for being several years late, the time needed to obtain participation in the project by various players favouring on one hand the contribution of the private sector, with specific reference to logistics, and on the other the confrontation with levels of central government, above all the Ministry of Foreign Affairs and International Trade.

Until today the time factor has continued to fuel reservations about the results of the project, which has just passed the start up phase. New fronts only considered in part in the program have emerged, which can cancel the advantages brought about by the union of industry and logistics in order to attract more flow of goods and services from China to Italy, Specifically it deals with the competition in progress between northern and southern

¹²⁹ Farella, R., op. cit, pp. 970-972

Europe, and with regard to the latter, between Italian and Spanish ports and the related market strategies. For this purpose a study commissioned by the Ministry of Foreign Affairs within the Italy-China Governmental Committee and assigned to Prof. Cazzaniga Francesetti and Prof. Rosa-Clot¹³⁰, provides important data on the evolution in progress of sea and intermodal transport and is valid support to any further observation on the subject. It shows that the Italian port system serves three geographical areas, which can be divided among North Africa, Western Europe and Eastern Europe and the Balkans. The volume of *shipments* and *transhipments*¹³¹ for northern European ports and for southern European ports has recorded a fast and constant increase over the last decade¹³², with a difference in absolute values to the benefit of Northern Europe during all the

¹³⁰ See the website of the Intergovernmental Committee at the MFA; <http://www.esteri.it/coordinamentocina/flusso.asp>

¹³¹ “Per *transhipment*, o trasbordo, si deve intendere un modello di trasporto il quale consiste in un complesso di procedure relative al trasferimento (sbarco e reimbarco) di contenitori dalle grandi navi portacontainers, o navi madri, su battelli di dimensioni minori definiti navi *feeder*. In tale modo, dai grandi porti internazionali con retroterra continentale detti *hub transhipment*, è possibile trasferire le merci su treni, mediante i cosiddetti *landbridges*, o a mezzo di servizi di collegamento prestati da navi *feeder* destinarle ad altri porti, i quali servono retroterra od hinterland regionali”; this definition is due to Prof. Cazzaniga Francesetti; author’s interview to Prof. Cazzaniga Francesetti, June 25th, 2007. A second definition is provided by ANIA glossary, according to which *transhipment* is “L’operazione con cui si procede al trasferimento della merce dalla nave o da altro mezzo adibito al trasporto, a terra oppure su altra nave o altro mezzo di trasporto onde consentire alla medesima di raggiungere la località di finale destinazione. Il trasbordo può verificarsi in quanto sia stato previsto nel contratto di trasporto come anche in seguito ad avvenimento che non consenta la prosecuzione del viaggio o per decisione insindacabile dell’armatore”; see www.ania.it

¹³² “Fra 1996 e 2006 il volume di TEU transitati per il Nord Europa è cresciuto da 22 milioni circa all’anno a 38 milioni, poco meno del doppio, mentre il traffico nel Sud Europa nel medesimo arco di tempo è più che raddoppiato, passando da 14 a 33 milioni di TEU circa su base annua”; Cazzaniga Francesetti, D., Rosa-Clot, M., *Italian ports offer in Italian Chinese trade*, <http://www.esteri.it/coordinamentocina/flusso.asp>

period, though on the transshipment front the year 2001 marked Southern Europe overtaking Northern Europe. The volumes in the millions of TEU foreseen for 2010 respectively attest for fifty and about twelve million for *transshipment* in Northern Europe, while with regard to Southern Europe they are a little over forty million and about fourteen million for *transshipment*¹³³. The average growth rate expected in the short term is 4%. If considered in greater detail the Mediterranean area has, as far as *container* volume predicted between 2005 and 2010, expressed in millions of TEU, a growth rate of 8 points, with a 27.8% increase in port offer for 2010 and in parallel an even greater increase in traffic, at 38.9%. However, it must be highlighted how the degree of saturation of the regional logistics network will exceed the critical threshold of 80% in 2010, introducing a political and economic knot formed by the preservation of the system and therefore the need to adopt monitoring and protection practices for the physical or other structures and to restore them when necessary; measures have not yet been planned for the latter.

In its way China plays a key role among the factors that are economic and structural at the same time, due to the dynamic of growth within growth that involves Chinese economy¹³⁴, at the

¹³³ “I volumi al principio del decennio in esame, ovvero nel 1996 corrispondevano a venti milioni di TEU e quattro circa per il *transshipment* nel caso del Nord Europa e quattordici milioni di TEU e tre circa di *transshipment* per il Sud Europa. Vale osservare come il vantaggio relativo del Nord sul Sud Europa sia oscillato di volta in volta dal 1996 ad oggi fra cinque ed otto milioni circa di TEU. Al momento nel Nord Europa si registra un traffico pari a poco meno di quaranta milioni di TEU, e nove per il *transshipment*, mentre nel Sud Europa i valori riscontrati sono di trentadue milioni e dieci di *transshipment*”; see the report presented in 2005 by Cazzaniga Francesetti e Rosa-Clot, <http://www.esteri.it/coordinamentocina/flusso.asp>

¹³⁴ “As a consequence of history “Great Power China” had become what cognitive theorists refer to as an “unfilled concept” and one with deep roots” scrive Avery Goldstein in tema di *perceived power* con riguardo al caso cinese; Goldstein, A., *Rising to the Challenge: China's Grand Strategy and International Security*, Stanford, 2005, p.70 ; Gilboy, G. J., “The Myth Behind China's Miracle”, *Foreign Affairs*, July/August 2004, <http://www.foreignaffairs.org>;

origin of the rise in exchange and transport in the Mediterranean Sea. Trade between Europe and China starting from 2003 has in fact grown on average by one percentage point a year for exported goods and by five points for imported goods, and a rebalancing is foreseen during the next two years between growth rates of *Eastbound* exchange, that is from Europe to China, and *Westbound*, from China to Europe. This structure of today's sector has caused more and more marked interest on behalf of shipping companies, as well as both public and private companies and operators at port *terminals*, in view of gaining control of *hubs* and *feeders*. Competition has already led to some results at the moment, but what stands out from the pursuit of the objectives in the Inlog-China project is above all the capacity of today's *trend*, before which the Mediterranean stands out for development margins and occasions offered⁴. Returning to the division among the markets of the European Union, the Balkans and Russian region and the southern Mediterranean, the Mediterranean holds the record for demographics and GNP growth, while the whole of exports and imports in dollars comes closer than the European Union. The composition of flow of goods arriving from Asia shows how they are largely made up of consumer goods and cars, On the other hand, from the areas considered - Africa, Europe and Russia-Balkans - chemical products and raw materials, apart from consumer goods and cars, are shipped to Asia. In European Union export to China, the reference sectors by percentage of increase remain mechanics and textile, for imports, where the increase in absolute values is higher and is elevated in the whole for a greater number of goods categories, iron, steel and chemical products, and plastic products, prevail, apart from mechanical parts for cars and airplanes. The *container* sizes, on the provision of sector

Ash, R., Shambaugh, D., Takagi, S., *China Watching: Perspectives From Europe, Japan, and the United States*, London, 2006

dynamics¹³⁵, have increased contributing to determine the requisites that each *hub* port must have. In fact, the growth in ship capacity is corresponded by the expansion of ports, on the wave of the same need to lower unitary costs per *container*, according to the equation that the larger the port, the better it can manage large ships in order to unload them, reload them and make them leave. The best ports have deeper floors and take the lead for number and speed of cranes, *container* monitoring technologies and road and rail connections. The more *containers* a port is able to move, the lower the cost per individual *container*. Therefore, in order to compete on an international level as a loading centre, or a place where volumes of very large goods flow without interruptions, it be able to accommodate ships with a capacity of 4000/6500 TEU and more, with a hold that is 14 – 16 metres deep and have a *terminal* for the unloading and loading of *containers* over 300 metres in length, in addition to a storage and deposit area. There are different potential *hubs* apart from the current ones¹³⁶ among the Mediterranean ports, Cazzaniga Francesetti and Rosa-Clot stress, and although draught in the case of Italian ports is less than in Northern Europe and the rest of the Mediterranean, with the exception of Trieste, the central geographic location remains an exclusive advantage.

¹³⁵ “Le economie di scala rappresentano il sacro Graal dell’industria marittima”, poiché più grandi sono le navi, minore è il costo di trasporto di ciascun container; più vasti sono i porti e più potenti le gru, minore è il costo di gestione di ogni nave. L’utilizzo di container più grandi facilita i movimenti delle gru e riduce il tempo necessario alle navi per fare manovra nel porto, ottimizzando di conseguenza l’utilizzo del capitale, e ciò genera un circolo vizioso: i costi più bassi permettono infatti di applicare tariffe più basse, che attirano più merce e di conseguenza, consentono nuovi investimenti mirati ad abbassare ulteriormente i costi. Se esiste un mercato nel quale le economie di scala sono importanti, è quello delle spedizioni dei container; Levinson, M., *The Box, La scatola che ha cambiato il mondo*, Milano, 2006, pp. 230-231

¹³⁶ These are Port Said, Tobruk, the Pireo, Malta and Gioia Tauro; Cazzaniga Francesetti, D., Rosa-Clot, M., op. cit.

With regard to this last aspect, it must be specified how the shipping industry consists finally in moving loads, not ships, and therefore how consequently containerising cannot be considered in the same way as any other means of transport since its advantages can only be fully exploited by using logistics systems designed for that purpose¹³⁷. This is an important element, which must not be neglected, if one considers the revolutionary capacity of trade models that containerising has contributed to create. The transport industry has promoted more and more managerial and financial capabilities that were unknown previously, while the increase in capital and the management of information systems have taken on greater importance compared to the same sea practice. In this way shipping companies that, at the beginning of the 21st century were among the main ones in the sector, entered the *business* relatively late. They had worked without government contributions and the state directives that had damaged many predecessors, forced to buy ships produced in their country or to navigate routes decided by sector regulations. In an area historically marked by strong national pride, each industrial job was put before the alternative of becoming international, cultivating the calling to produce, export, distribute, sell abroad, or disappear. At the same time, the same opposing dynamic, of a fall in costs and increase in investments, involved the land and

¹³⁷ “È quanto dichiarato dal Generale Frank Besson dinanzi al Congresso americano nel corso della guerra del Vietnam, nel 1970. Dopo avere ricoperto gli incarichi di Direttore del Terzo Servizio Militare Ferroviario in Iran nella fase conclusiva della Seconda Guerra Mondiale, e di Vice Comandante in capo per i servizi di trasporto delle forze armate alleate nel Pacifico orientale, ed avere diretto la ricostruzione del sistema di trasporto ferroviario in Giappone ed i piani logistici militari dell’Alleanza Atlantica, Besson fu tra i maggiori sostenitori dell’adozione, in campo sia commerciale sia militare, della containerizzazione e relative pratiche di trasporto marittimo, alle quali del resto contribuì in prima persona, introducendo il sistema di navi roll on/roll off (o RORO) dedite al trasporto di carichi su ruote, a distinte dalle navi lift on/lift off (o LOLO) che fanno ricorso a gru per l’effettuazione delle operazioni di carico e scarico”; Levinson, M., op. cit. , p. 179

port system. Therefore, faced with fierce competition¹³⁸, the Italian commitment on the subject appears late compared to other European nations¹³⁹. Cazzaniga Francesetti highlights how the TEU of the main Italian ports have remained more or less the same since 2004, while starting in the same year, in the case of Hamburg since 2005, the sole port of Rotterdam moves a higher number of TEU than the sum of the main Italian ports and the two Spanish ports of Barcelona and Valencia reach an amount close to the total of Italian ports. Spanish port centres in particular, as *competitors* engaged in the Mediterranean, have seen an extraordinary increase between 2005 and 2006 of about 11%, consolidated in 2007. These two ports increase their TEU both in virtue of the attraction exercised on goods in the African Mediterranean and due to the arrival of Oriental and Chinese goods since they chose to give some of their important *terminals*

¹³⁸ Read, on this point: ““In una fase storica nella quale ogni lembo di terra viene rivendicato da questo od altro governo e la cittadinanza è considerata quasi una precondizione dell’esistenza umana, il mare rimane del tutto libero. Il segno più tangibile di questa libertà sono gli oltre quarantamila mercantili che solcano, senza regole o quasi, gli oceani, cui va aggiunto il numero indefinito di imbarcazioni di stazza inferiore che incrociano nei mari interni. Nel suo insieme questa flotta sterminata assicura la gran parte del commercio internazionale [...]. Le navi sono giganti d’acciaio, lenti e maestosamente funzionali, terrificanti per massa, impressionanti per efficienza. A bordo, direttamente dalle sacche di miseria del mercato globale, i marinai. Professionisti od occasionali che siano vengono quasi tutti reclutati in Asia meridionale [...]. Del loro ingaggio si occupano caporali del Terzo Mondo pagati a provvigione da oscure compagnie *offshore*, in molti casi controllate da proprietari misteriosi le cui reali identità si nascondono negli organigrammi di società che a volte esistono solo sulla carta. [...]. Scopo di queste intricate architetture non è estendere a titolo sperimentale gli attuali limiti della giurisprudenza, ma ridurre le responsabilità, ottimizzare i profitti, e garantire piena libertà d’azione in un mondo altamente competitivo. E di questo mondo, e del suo presente stadio evolutivo, le navi sono un’immagine assai fedele. Non c’è nulla, sulla terra, di meno controllabile. Le navi sono sciolte da qualsiasi vincolo, possono cambiare spesso identità ed assumere qualsiasi cittadinanza o ‘bandiera’ si dimostri, in quel momento, convenire loro.” ; Langewiesche, W., *Terrore dal mare*, Milan, 2005, p. 7

¹³⁹ Cazzaniga Francesetti, D., *Una scommessa difficile*, Pisa, 2007

to Chinese companies. It is well known that the Chinese prefer to directly manage the *terminals*, and this has led them to Spanish ports even though they are much further from the optimal Suez-Gibraltar trajectory as *hub* ports. In the meantime, Gioia Tauro in 2006 lost its leading position in the Mediterranean for *transshipment* recording 7% drop in favour of the Spanish port Algeciras, and this is not lastly due to the difficulties found at Gioia Tauro by the company Maersk, who preferred to work in port Said. In any case, in 2007 Italian ports started to grow again. A further important element is a fact, although in 2001 it was assumed that 400,000 TEU in northern Italy would have turned to ports in northern Europe for their *import-export*, abandoning the Italian ones, the Chinese *boom* since the end of 2002 has seen this swerve 'in deficit' increase up to about 700,000 TEU, above all in imports of TEU in northern Italy from northern China.

The weight of China in the difference between northern and southern Europe shipping sector is very marked. Therefore, if northern Europe profits from an *import-export* market in its hinterland with much greater dimensions than southern Europe, this increased *export* power of northern European countries is reflected in the *imbalance* between imports from China in Europe and European exports to China, where the *containers* that remain empty, which is a cost for companies, are concentrated in the south. A second element to consider are relations with the 'world factory' China¹⁴⁰. The delocalisation in China in some production phases by different large companies favours the development of a direct industrial relationship between northern Europe and the PRC, and the Chinese lines and concession to Chinese companies in northern European ports are equally numerous. Hamburg, a traditional port in Chinese-European exchange, offers the greatest number of calls among ports in the north to the Cosco, China Shipping Container and Sinotrans

¹⁴⁰ See on this point Dekker, N., "Big in China", *Containerisation International*, Vol. 34, No. 3, 2001, pp. 50-53; Boyes, J. R. C., "Winners and Losers", *Containerisation International*, Vol. 35, No. 3, p. 85

lines. Since 2005 Cosco and Hanjin have called *loops* at all the ports in the north, from England to Germany, with 31 ships with 5500 TEU. For Antwerp, in the context of a further concession to ships, the PSA in Singapore made an agreement that assures the Korean Yang Ming, the Chinese Hanjin and the K Line specific moorings at their *terminal* PSA HNN Deurganck, while Cosco will call at the *terminal* of the competitor Antwerp Gateway on the other side of Deurganckdok, where it already has a 20% share.

Now, the lines of action to pursue in order to at least correct in part the current *trend* do not change in the case of Italy, on one hand consisting of concessions in ports to both Chinese *terminal operators* and companies, in order to favour Chinese investments in the entire *inland* logistics chain, apart from forms of cooperation with china, and on the other in the joining of port and industrial interests in Italy.

Unfortunately, until now Chinese companies, like any other foreign company, have generally been unpopular in Italy as port managers¹⁴¹. Only Cosco has a *terminal* in concession with MSC in Naples, and generally, the Italian Port Association, or Assoporti Italia, has just started to have contact with China, giving course to economic missions and a first stage of dialogue. In addition, it is necessary to underline how the companies and *terminal operators* in Europe, like what occurs elsewhere in the world, practice a policy of considerable infrastructure investments in Chinese *terminals* in agreement with the local public authorities. Western companies and terminal operators also offer their management *expertise* to Chinese ports, promoting relations that can in the future be worth a share in the exchange that is increasing between China and Europe. In Italy there have not been large *terminal operators* or companies that offered *know-how* and capital to attract the TEU from China to our ports, and though these important foreign companies have concessions on the national territory, their presence is not

¹⁴¹ Author's interview to Prof. Cazzaniga Francesetti, Pisa, June 25th, 2007

concretely facilitated. Not even the second element indicated, or the meeting of port interests with industrial one, seems to be taking shape. In fact, in Italy each business has its own forwarding agent, so that companies like Fiat or Finmeccanica have never acted as logistics vanguards for smaller economic players. On the contrary, in countries such as Denmark and Germany prominent companies, such as Moeller, choose to give life to 'complex joints of production and logistics, port and land interests' by involving numerous small businesses, related or not to its own *business*.

The choice of intervening in Tianjin aims at opposing similar lacks that have intervened in Italian industrial policy and in the same paths of development of the national private sector during the last decade, but the pace with which Italy lost importance on the shipping front to and from China imposes an immediate and vast relaunching that the Inlog China project only assures in part. Establishing a logistics district along the Chinese coast and the combined commitment in the offer of services, with an institutional matrix or not, in order to favour through specific *policies* the start of a vicious international growth cycle has a great value, but the tie between this branch of the project and a parallel renewal process in Italy still appears fragile, which must have as a result the desired entry of Chinese capital into the Italian logistics system, priority investments in a meagre number of ports that assure development margins in the phase in course, Gioia Tauro and Genoa among the others, which even have not adhered to Inlog China, and in general an *upgrading* of infrastructure, costs and definite times, and territorial promotion and *marketing* actions similar to those in other countries, drawing an advantage at the same time from the measures launched on the same front in Europe.

Second Chapter

Italian Regions and economic cooperation toward China

According to Nicola Bellini's analysis, a State with limited sovereignty must adapt to new criteria of action, while different goals and perspectives influence the orientation of economic cooperation practice, and competitiveness becomes the primary aim¹⁴².

Differently said, the contemporary State has to face a period of 'apprenticeship' in order to learn how to comply with the loss of the government monopoly over the economy¹⁴³, and one of the

¹⁴² The three main fronts of change in the contemporary State relations with the market can be presented in a schematic way, as follows:

NEW ACTORS Regions	NEW CRITERIA OF ACTION	NEW OBJECTIVES competitiveness
	<ul style="list-style-type: none">- closeness to enterprise- market-consistent policy practices: informal, not hierarchical and cost-efficient	

¹⁴³ See also, on this topic, a set of case studies considered in a global perspective, and a reflection, focusing in particular on the experience of east Asian developmental State, about the new role of the government as a catalyst in the formation of ideas, choice sets and motives concerning economic performance: Schneider, B. R., and Heredia, B., edited by, *Reinventing Leviathan, The Politics of Administrative Reform in Developing Countries*, Miami, 2003; Marsh, I., "The State and the Economy: Opinion Formation and Collaboration as Facets of Economic Management", *Political Studies*, Vol. XLVII, 1999, pp. 837- 856

elements that are mostly affecting such transition in State-market relations is the increasing role played by sub national levels of authority, which results from a greater importance given to the proximity, both physical and political, to the enterprise, and leads to a more equal, informal and ingenuous governing practice while, on the other hand, competitiveness assumes 'a spatial dimension' that goes beyond a universal and anonymous idea of the market¹⁴⁴. Competitiveness in fact represents the set of factors that make the free economic initiative 'effective', that is to say, competitive policies "create the environment or the context in terms of public services, use of fixed, natural and cultural, resources and system of private-public relations so as to amplify

¹⁴⁴ Regarding the long debated discourses on the spatial aspects of globalization, two critical standpoints can be briefly cited as interesting preliminary notes in the investigation of Italian Regions' role in bilateral economic cooperation. The first one theorizes the opposition between 'homogenizing' approaches and 'particularizing' approaches, allowing for the assumption that globalization may be viewed, alternatively, within a universal scheme, that is an 'a priori' deemed sufficient to explain reality, or moving from the irreducible singularity of each case that calls for constantly evolving explanatory schemas. It is arguable that, according to such analysis, neither homogenizing nor particularizing approaches can properly understand economic phenomena within the contemporary context, in a given time and place. Then, a second critical position is expressed, taking into consideration concrete issues and experiences, with regard to the emerging connection between progressive territorial polarization of the economy and the decline in social and ideological solidarity. The combination of these two dynamics would produce an 'implosion' of national State, and of all supranational organizations that rely on it; Crevoisier, O., "Two ways to look at learning regions in the context of globalization: The homogenizing and particularizing approaches", *GeoJournal*, Vol. 49, 1999, pp. 353-361; "Jean-Louis Bourlanges: "L'Europe fait semblant..."", *Le Monde*, December 1st, 2007, www.lemonde.fr; a further subtle remark on the political relevance of the term, and the effects of the improper use of the 'doctrine of competitiveness', even if referred to another period, the first half of the nineties, can be found in Krugman, P., "Competitiveness: A Dangerous Obsession", *Foreign Affairs*, Volume 73 No. 2, March/April 1994, pp. 28-44

the positive externalities of every investment made or to be made”¹⁴⁵.

In the new bloc emerged, the competitive core is thus made up of a territory¹⁴⁶, that calls to mind a political dimension of cooperation, and an enterprise, that evokes the economic notion connected to it. The combination of the two can be achieved through the promotion and channeling of economic participation and political representation so as to ensure at the same time transmission of knowledge, that is the very basis of competitive advantage, and a legitimate and effective action, which accounts for strategic and operative capacity.

As corollaries of this first assumption, industrial policies can be seen as one manifestation of competitive policy, while enterprise is perceived as ‘embedded’ because the focus now is on the link between the territory and the enterprise operating on it as well as on the role played by social cohesion as an indispensable premise to competitive achievements. Even the more general opposition between *laissez faire* policies on the one hand, and measures that compensate for economic unbalances, delayed development etc. by distributing and transferring resources on the other, fails and risks being overcome because of the renewed role the State can play in the promotion of welfare.

However, it must be underlined that competitive policies are made up of many segments strategically connected, as the two

¹⁴⁵ “Il rilievo della dimensione “spazio”, che riassume in sé, evidentemente, il complesso di fattori che determinano l’*an* ed il *quomodo* di ogni stabile organizzazione politica, emerge con forza ad una mera presa d’atto del processo contestuale di integrazione europea e di regionalizzazione degli Stati membri [...] si da indurre ormai ad adottare nella ricostruzione degli apparati istituzionali di governo, una prospettiva *multilevel* tripolare, ossia circoscritta ai livelli comunitario, statale e regionale in ragione dell’esercizio del potere legislativo rivelatore di una parallela autonomia di indirizzo politico, attenta in particolare alla dinamica delle relazioni che ogni livello o polo di governo pone in essere con gli altri due”; Toniatti, op. cit., p. 918-919

¹⁴⁶ Territory is a “ localized system of knowledge, tradition, culture, provided with regulative structures and relational that can interact with economic growth dynamics operating at a superior level, a larger scale” Farella, 2001)

main intermediate objectives to be pursued with reference to them concern the domestic and the international dimensions of competitiveness that each territory has to experience¹⁴⁷ and moreover, in both cases, a relation-based institutional framework tends to prevail, according to which in view of the varied nature of each national economic context, like the Italian one, political and juridical responsibility must be shared with those public administration structures that are closer to the social and economic environment, whilst traditional authoritative State interventions risk being unable to ensure an adequate involvement of the public authority in the territory, that is in the social and economic networks the territory is made up of¹⁴⁸.

Just these peculiar aspects of the evolution of State and market relation will be pointed out in relation to the analysis of Italy's economic cooperation with China and the role Italian Regions play into it. In fact, as observed in the previous chapter with reference to development cooperation policies toward the PRC, multiple issues are being associated with more and more

¹⁴⁷ With reference to the first one, that is the opening of the economic system to the outside world, territorial specialties plays a decisive complementary role, for economic competition is strictly associated with both the mobility of production factors, representing a major condition for competing, and the parallel exploitation of territorial specificities. In this way, the comparisons, that may turn into confrontation or cooperation depending on the circumstances, with different social and economic realities promote competitiveness. In addition, a second front of action consists of the economic integration policies leading to a set of measures that intervene on the local economy so as to attract resources, human as well as financial, services and goods, and to sustain endogenous growth

¹⁴⁸ "Più efficaci appaiono quelle azioni che mirano ad inserire il soggetto pubblico nella rete di relazioni economiche e sociali del sistema territoriale in modo da gestire in modo condiviso, grazie ad una più ampia base conoscitiva, un *patto sociale* che deve riproporsi secondo forme mutevoli in ragione delle dinamiche economiche generali"; Dani, M. "Politiche per la competitività e proiezione comunitaria dei sistemi economici territoriali", *Le Regioni*, a. XXIX, n. 5, ottobre 2001, p. 979

intertwined 'policy spaces'¹⁴⁹ where different players participate in the achievement of the same goal, and competitiveness itself can be seen as a further policy space where different approaches coexist in order to support national economic environment that need to 'pass the international competition test'¹⁵⁰. Moreover, Italy's administrative federal reform, that was passed in 1997/1998 constituting the first stage in the on-going decentralizing dynamic, has argued for the notion that polity need not be either 'big' or 'small' but, according to the circumstances, may be both simultaneously. Subsequently, juridical provisions have not given way to an inclusive and consistent framework with reference to sub-national actors' authority in the internationalization and economic cooperation measures, nonetheless, a 'reorganization, redefinition, rationalization' process of competences recognized to different actors and affecting the safeguard of communities' interests and the promotion of economic development has been launched.

A propos of this, Farella has well analyzed such matter and his survey points out that, from an economic perspective, the evolution in the notion of competitiveness has turned external foreign policy (EFP) into an integral part of domestic market policies (DMP), since EFP has assumed some of the characters of DMP, notably, the integration of different policies, in particular trade and industrial policies, in order to be competitive, and the interaction among different levels of government, that is central and local administrations.

In addition, he considers that the competitive challenge has to move from the choice of a development model, which is based

¹⁴⁹ "Per 'spazio di policy' si deve intendere un insieme di politiche talmente interconnesse tra di loro che è impossibile formulare affermazioni descrittive o analitiche di una qualche utilità su una di esse senza tenere in considerazione gli altri elementi di questo insieme"; La Spina, A., Magone, G., *Lo Stato Regolatore*, Bologna, 2000, p. 45

¹⁵⁰ Avolio, G. and Huber, A., "Fiere, esposizioni e l'internazionalizzazione regionale. Strumenti di politica economica", *Le Regioni*, a. XXIX, n. 5, ottobre 2001, p. 1024

on a large number of competitive advantages, and as a rule, competitive advantages can be first or second nature advantages, that is preexistent or created, even though most of times first and second nature ones go together. So, as a whole the main conditions in order to succeed must be: a. territorial economic system solidity; b. sense of identity; c. local actors' projecting capacity, d. vertical cooperation among different government levels. According to similar 'positive-sum game' explanation, competition among territories ultimately resembles enterprises' competition for internationalization requires more than a vague support of already existing assets in terms of economic, social, cultural resources supply, and new approaches necessarily pass through a transformation of government, to be intended as institutions separated from civil society, into governance, where more and more different subjects exercise functions in the elaboration and implementation of plans and rules, thereby concretely promoting "a socio-cultural regulation".

The main directions of such mobilization of the Regions, have been so far technological transfer, human capital formation, horizontal and vertical cooperative networks, territorial marketing and the provision of real services for internationalization, but what is more important is the external representation capacity that can make the internationalization policy an effective complement of industrial policies for the territory. Such task thus interlinks traditional forms of international relations and the external political economy sphere, giving external relations a strategic value for the regional political economy and vice versa.

However, in order to do so, local institutions' must possess political self-awareness, that is active participation and a clear perception of responsibility concerning the role played in the creation of structures and policy lines that will offer a strategic guide for the entire regional economy. From political awareness also derives cooperation, both bilateral and multilateral, and territorial negotiation, in order to better interpret economic development.

Another investigation, mainly focused on the political aspects of the subject, has been developed by Diodato and Lippi¹⁵¹, and it draws similar conclusions. In fact, the authors state that regarding the external power that the Regions can now exercise, the added value of internationalization policies is to be found in the capacity to generate processes of representation and decision through the construction of political arenas that are transversal, as they do not respect traditional institutional boundaries and territorial sovereignty.

Furthermore, from a political point of view internationalization policies cannot be seen as powers that rival traditional economic foreign policy channels. Rather, internationalization policies are a framework where policies are reorganized and some actors, in the case considered local SMEs, can be effectively represented by Regional administrations. However, with regard to this unprecedented space of action, the fresh character of such device and of some of the actors that make use of it may well fail to produce any relevant change in the way it is used. The conduct of the Italian Regions in the economic cooperation field is a case in point, since, as it will be illustrated, they reproduce much of the Italian central State-industry relation paradigm. This is just another way to introduce the imperative of local institutions' self-awareness, which only can turn the political, economic and cultural local actors into stakeholders of the new policy.

As a matter of fact, a recent event has marked an interesting passage toward similar achievement on the part of Regional players in Italy.

During the Italian Government institutional visit to the recognized Guangzhou SMEs Fair in autumn 2006¹⁵² an incident took place, for a large group of Italy's regional representatives that participated to the economic mission and attended the trade

¹⁵¹ Diodato, E., Lippi, A., "Politiche di internazionalizzazione e arena della rappresentanza. Una comparazione tra Lombardia e Toscana", *Rivista italiana di scienza politica*, vol. XXXVII, n. 2, 2007, pp. 207-232

¹⁵² See www.cismef.com

exhibition, protested officially claiming grave flaws in the organization of the entire Italian delegation on the part of the central institutions, for the 'Regions did not received an adequate representation within the context of the institutional meetings held during the fair'¹⁵³. The Consulate in Guangzhou¹⁵⁴ recognized some deficiencies in the management of Italian mission by both Italian MFA and MED, since there were too many participants and no clear program for the meetings, round-tables and other arranged activities, while the MED functionaries denied any technical error. Ministerial cadres¹⁵⁵ denounced instead an increasing and inappropriate political ambition manifested by the Regions' heads on similar occasions, and the incapacity to act as a system thereby limiting their official roles and visibility in favor of the promotion of the national economy. In other words, MED functionaries criticized the Regions' reluctance to privilege a common effort, with the institutional backing of the central State, and avoid any individualistic behavior even though, in view of Italy reduced economic weigh, stronger coordination is imperative in order to act effectively in China.

As a matter of fact, the 'Guangzhou incident' has lead to a debate which is likely to promote a deeper reflection on the themes that have been so far presented. It has been decided that the next economic mission of the Sistema Italia, to be organized during the first half of 2008 in India, will be planned according to different rules, to be settled through an agreement between the Regions and the central State. In addition, a request for an expansion of the 'institutional contact surface' has emerged as a new State-Regions understanding has been reached at the end of 2007 and subsequently transformed in the "Multiregional Program for supporting territorial regional relations with

¹⁵³ Author's interview to Mr. Brenna, head of Tuscany Region industry department, Florence, October 30th, 2007

¹⁵⁴ Author's interview to Mr. Scioscioli Vice Consul at the Consulate of Italy in Guangzhou, Guangzhou, June 10th, 2008

¹⁵⁵ Authour's interview to Mrs. Giarratana, head at the January 6th, 2008

China". Not surprisingly, its aim is to inaugurate a partnership among different government levels, while fostering Region-Region collaboration abroad and assisting the definition and implementation of several common initiatives, both financially and politically.

Now, taking into consideration the evolution in the structures and practices of economic cooperation between four Italian Regions¹⁵⁶ and the PRC, few central aspects will be investigated so as to interpret current regional economic development, that is how Italian Regions exercise their external economic power. The structure of each regional case presentation comprises an introduction on the social and economic regional system characteristics. Then the evolution of diplomatic, development aid-related, cultural and economic contacts involving the Region and the PRC is examined and particular attention is paid to the institutional background for the internationalization policies and to the economic cooperation actors and instruments in the last decade. Similarities and differences between regional models will be also considered. Partly referring to Diodato and Lippi's work, the observations resulting from the analysis have been charted, thereby comparing and resuming the principal features of each case.

¹⁵⁶ The Regions are Tuscany, Lombardy, Veneto and Emilia Romagna. Lombardy, Veneto and Emilia Romagna respectively, are the three Italian Regions with the highest volume of import-export trade with the PRC. Tuscany is fourth, nonetheless it has been chosen for its regional internationalization and economic cooperation structures are quite advanced and unique in Italy; see the data on foreign trade and investment flows per Region available on www.istat.it as well as Mariotti, S., and Mutinelli, M., *Italia Multinazionale 2004, Le partecipazioni italiane all'estero ed estere in Italia*, Catanzaro, 2005

LOMBARDY (1)	TUSCANY	EMILIA ROMAGNA	VENETO
CHAMBER OF COMMERCE (2)	REGION	REGION	CHAMBER OF COMMERCE
PERMANENT AD HOC PRIVATE AND PERMANENT PUBLIC STRUCTURE (3)	PERMANENT PUBLIC STRUCTURE	PERMANENT AD HOC PUBLIC STRUCTURE	NO PERMANENT STRUCTURE
COORDINAT. (4)	COORDINAT.	COORDINAT.	COORDINAT.
YES (5)	NO	YES	NO
YES (6)	NOT IN THE INTERNATIONAL. FIELD	YES	YES

1. Name of the Region

2. Region's role: Since it is evident from the empirical analysis that the two main actors of internationalization policies and economic cooperation are the Region, that is the political organization, and the Chamber of commerce, technical and operative body, it is significant to see which one prevails over the other locally, thereby reproducing the central level dualism between the Ministry of Foreign Affairs and the Ministry of

Economic Development. Where the Region is still predominant there is a more authoritative, top-down perception of the issues. Instead, where the Chamber of commerce has the primacy, a more technical attitude toward the topic can be observed;

3. Projection abroad: this aspect relates to whether the Region considered has realized a. permanent; b. ad hoc; c. private or public economic cooperation (EC) structure in Italy or in the PRC, which specifically deals with internationalization in China. The creation of permanent EC bodies is almost unanimously considered as an important passage in order to step up economic relations with China, and it is also a factual indicator of the attention paid to the China phenomenon as well as of the short and medium, or long term duration of the commitment to the promotion of regional exchanges with the PRC;

4. Fragmentation and integration, or coordination: this element refers to what has been observed at the national level, that is to say the attempt to overcome the division between political and economic sphere in order to put an end to the incapacity to delineate a strategy, and to the chronic dispersion of initiatives. It permits to see if at the regional level any alternative development has taken place. Thus, more specifically, integration consists in the sharing of resources and structure, and the union of competences among the actors in order to pursue different goals, while coordination indicates communication and an exchange of information, experiences. There can also be cooperation in order to achieve a result, a common goal, even though each other's competences and fields of intervention are kept distinct. Finally fragmentation refers to uncoordinated responses, that come from different subjects who neither communicate nor share anything;

5. Trend: recalls Bellini's initial definition of State apprenticeship as a consequence of its exercise of a limited sovereignty in the present world, and it is useful to check if the

main features of such apprenticeship, that is the search for proximity to the economic actors and the territory, to the society, and a larger influence of the market on the State behavior, bringing about a more horizontal, informal, cost-effective conduct, can also be found at the regional level. It has been divided into a. market consistency practices and closeness to the market.

The Tuscany Region

Introduction

The analysis of the economic cooperation between the region of Tuscany and the RPC presents some original marks as far as raising some important topics regarding the development of Italy itself and the actors of the economic system operating in the international markets. Such specific actors have changed during the last decades, feeding the debate on the morphology of the national productive structure and of its concentration.

The very same politics taken from the government and the tools used by the economy in order to improve integration with the rest of the world depend on the conclusions on these subjects achieved each time. On top of all that Tuscany keeps having a high importance under the historic profile, as well as regarding the studies of the on-going processes; in fact in Tuscany the local industrial districts and a new series of economic studies are improving at the same time, both conditions being equally necessary to couch and subsequently judge strategies and measures that take into account the "true" economy, when the aim is to promote the exchanges and the economic penetration in the Chinese ground.

Having taken such factors into consideration, we will briefly analyse what has happened in the region since the time after the Second World War, discussing facts and reflections on behalf of the relationship between social and economic phenomena, both local and national, and subsequently dealing with the developments emerged from such phenomena and requirements for the on-going cooperation.

The work supervised by Giacomo Beccattini on behalf of the Regional Institute of economic programming of Tuscany in 1975¹⁵⁷ stands out as an important pathway in the evolution of studies of the Italian industrial development. In this work the economic model that saw Italy divided into a north-south dialectic was abandoned for the first time, and the conception stating that the massive industrialization of the second post-war period had to be associated with a typical process of expansion, starting in the north-west and continuing east and south, was overcome.

On the contrary, aiming at developing a more complex dynamic, the interpretation suggested by Beccattini is based on the fact that the expansion of the market is pushing local systems to overcome the barrier of work segmentation after which the referred community provides to the firms' needs in an enclosed geographic milieu. Beyond that limit, it will be the responsibility of the "productive places"¹⁵⁸ with their distinctive traits, which are relying on their social and cultural background, to lead local economy to success or failure. On a rough approximation, the best results will be achieved where the social background outside the factory stimulates and appreciates industrial work and organization, the productive use of time, technique, risk, all elements representing competitive factors. Elsewhere such richness will be lost due to emigration of the best forces, or it will head towards other directions.

¹⁵⁷ IRPET, *Lo sviluppo economico della Toscana, con particolare riguardo per l'industrializzazione leggera*, edited by Beccattini, G., Florence, 1975

¹⁵⁸ Whenever using the expression "productive places", Beccattini intends that all phenomena affecting industrial sectors first and foremost concern the corresponding industrial and productive places. Therefore, beyond the usual analysis centered on the evolution of specific industrial sectors, diffuse and bottom-up industrialization calls for a more composite, multifaceted survey of territorial communities and their historical progress

According to Becattini, the historical research, the studies of the space and the work of interpretation of the present economic geography, in which structures and movements are not to be separated, takes place first in Tuscany, and the theory of the “Regionalization of the Italian development” that holds its basis on a peculiar form of organization, for example in an industrial district, has its biggest expression in Tuscany, as well as in the other regions, the so-called North East Centre (NEC)¹⁵⁹ of Italy. Therefore it seems appropriate to start from that theoretical path, when considering the regional economy, even though in relation to a perspective which is different from the one used during the 1970s, because in the meanwhile the economic scenario has become global. Thus, amidst the causes of the development and growth in Tuscany after the second post-war time, analysed by Giacomo Becattini, the long term traditions of cultural and tourist, non-commercial relations with the foreign countries¹⁶⁰

¹⁵⁹ Tuscany is one of the principal Italy's district regions, together with Lombardy, Veneto, Emilia Romagna, and Marche. The economic relevance of Tuscan productive districts in 2000 amounted to 40% of total workforce and regional economic activities, whereas geographical extension is about 31% of regional territory. As for the main characteristics of district enterprises: “Nell’ambito dell’economia distrettuale toscana organizzazioni imprenditoriali quali le piccole imprese manifatturiere e l’artigianato manifatturiero rivestono importanza sia presso i distretti sia al di fuori di essi. Le imprese di dimensione media comunque presentano una scala superiore allo standard nazionale, per effetto di pratiche di divisione del lavoro e cooperazione reciproca che danno vita, fra gli altri, ai gruppi di imprese, da intendersi in senso economico e non giuridico, o nell’ambito del distretto, alle squadre di imprese, vale a dire gruppi formali ed informali di aziende. Secondo i dati regionali aggregati, quasi tutti i distretti toscani privilegiano la produzioni di beni per la persona e la casa, a scapito della meccanica, che costituisce un settore di riferimento comune alle aree distrettuali in altre regioni.”; Bellandi, M., Caloffi, A., Echtner, A., “Sistemi Produttivi Locali e Distretti in Toscana”, in L’Institute, *La sfida industriale cinese vista dalla Toscana distrettuale*, edited by Bellandi, M., and Buggeri, M., Florence, 2005, p. 95-99

¹⁶⁰ With regard to this, there are three premises to be considered: the local tradition of international economic relations, the complex and partly contradictory nature of share-cropping system, and the multiple centers that characterised from the very beginning industrial development at the regional

stand out, while the way the social construction of market has emerged coincides with the way long-established agricultural system has been replaced by industrial networks.

The first point taken into consideration is the nineteenth and twentieth centuries tradition, according to which visiting the region was for many a Grand Tour habit, meaning an artistic and intellectual pilgrimage, of shorter or longer stay. The massive groups of foreigners took a great influence in Florence as well as in the rest of the region, and kept that influence during the fascist dictatorship and after the Second World War. It is important to underline, how in the light of the industrial and commercial model offered by this region on such a network of connections "had been implanted (starting from the early twentieth century) a community of merchant intermediates, so-called buying offices or buyers" committed to improve the development, often with the intervention and participation of aristocracy and bourgeois of Florence, and of a network of relations between the Tuscan handicraft structure and the sector of home workers on one side, and the big overseas markets on the other side. From the point of view of Irpet research it is clear how the phenomenon started in 1923 and subsequently grew at a high rate during the following years and even more in the 1980s, when the buying offices registered at the Chamber of Commerce of Florence reached the amount of 180. On the other hand the infiltration between the characteristics of cultural, artistic and commercial relations shouldn't have been limited to one sphere. The demand for Florentine and Tuscan products, according to tradition, is generated by widely extended channels yet generic and of lower impact. Therefore Florence, Tuscany and the historical and cultural manifestations they dispose can be considered equally with other commercial brands. Nevertheless

level; Becattini, G., "Riflessioni sullo sviluppo socio-economico della Toscana in questo secondo dopoguerra" in Mori, G., edited by, *La Toscana. Storia d'Italia, Le regioni dall'Unità ad oggi*, Turin, 2001, pp. 901-922. Lando Bortolotti also examines the effects of modernization on territorial resources; Bortolotti, L., "L'evoluzione del territorio" in ibidem, pp. 775-820

the channel for sales of Tuscan products represented by buyers remains peculiar, due to the interweaving of business tourism, pure mercantile intermediation, financial intervention and adaptation to the local offer to unknown demand, from which under other circumstances a relation would have been excluded. On the same level as the "impannatori" of Prato, the Florentine buyers stand out as the main protagonists of the Tuscan development in the second post-war time and contribute on an equal basis to the social and productive dynamic of the time, generating change by the contact with the international market in expansion and the benefit of various cultures and business techniques inside the regional productive system.

In the meanwhile in the countrysides, in the abandoned and compromised soil due to mass exodus towards cities, coasts and plains; the share cropping tradition would create at times distinctive traits and originate new dynamics both economic and social, that would shortly after give birth to many local productive systems.

In the Centre and North-East Italian regions, where agriculture was maintained until the 1950s by the share cropping system, or by the work done by small producers, the colonic family of the time, kept together and united the farm, constituting an organization similar to a firm. It shared the same entrepreneurial vocation of a firm, as well as the capacity to promote a small and "diffused industrialization" in the second post-war period, to be achieved by the means of the accumulation of small capital and the re-investment in the industry; of a culture willing to take business risks; of a social structure involved in production and distinguished in the segmentation of tasks and of self-controlling mechanisms between the members¹⁶¹. The Tuscan share-

¹⁶¹ "Meno noto ma non meno significativo, fu l' addestramento secolare all'astuta distrazione di parti del prodotto a danno del proprietario del riparto, accentuatosi in tempo di guerra, rappresenta a sua volta una scuola di prim'ordine in vista dell'ingresso nell'area mercantile. Tale complesso di usi ed attitudini, maturato nel corso di secoli, sarebbe stato infatti incorporato nella

cropping in a specific way, under the model of a family-run farm committed to produce and put into commerce its own goods, would associate the rational use of resources and time, and a smart management of man power to the role of an institution aiming to promote a common identity perception for local parties and markets, "hence the industrialization process 'without fractures' compared to the past rural world", highlighted by Arnaldo Bagnasco¹⁶², who marked the second half of the last century.

Tuscan industry

The exodus from the Tuscan countryside registered in the fifties and sixties had two major causes: the difficulties for the share croppers to keep up to the growing demand on productive levels, and the embodied anachronism of social and cultural schemes, reluctant to all innovations. In the great historical crisis¹⁶³ the manpower was ready to welcome the occasion to overcome rural productive dimension and affirm itself in a more extended way, both industrial and urban.

On the other hand, the very same upheaval caused by war disaster and the extraordinary cultural turmoil, that was associated with the guerilla, and the long-termed permanence of

cultura sociale popolare ed avrebbe contrassegnato per lungo tempo la condotta di molti"; Becattini, G., *ibidem*, p. 907

¹⁶² See on this point Bagnasco, A., *Tre Italie, La problematica territoriale dello sviluppo italiano*, Bologna, 1977

¹⁶³ It can be identified with a series of dramatic events, that is the World War, foreign military invasion, the partisans' movement, the end of the conflict and the reconstruction, political change and economic integration with the rest of the world. All these upsettings would have deeply affected regional culture and society. "A seguito [di ciò] le istituzioni ed i valori che fino ad allora avevano impedito l'evoluzione sociale sarebbero stati accantonati e tenuti in sospenso per un periodo adeguatamente lungo, così da consentire l'espansione simultanea, e significativa per l'epoca, del margine di azione e di rinnovamento consentito"; Becattini, G., *op. cit.*, p. 909-912

foreign troops in Tuscan soil brought strong impulses to modernization that would "now reach the farmers courtyards"¹⁶⁴.

The re-establishment of a civil and economic life, a goal which at first seemed to need a long time to be accomplished, took place very rapidly and in some cities, for example in Prato, the recovery started even before the liberation of the northern Italy. In Prato many of the elements destined to characterize the rebuilt, growth-cycle and metamorphoses of regional economy can be seen. At the end of the decade Prato obtained the distinctive traits of a city that would be embodied in its industry. Having grown in a tumultuous way, it looked contaminated in each part by the textile industries¹⁶⁵, and distinguished by a quiet "essential" architecture, as well as by a provincial conception almost autarchic in its own development, contrary to any plan or program that would favour theoretic reflection more than practical action and free growth. Trusting on the system's resources being used so far, the Prato people rejected both

¹⁶⁴ Ibidem

¹⁶⁵ Giampiero Nigro well describes post-war Prato: "C'era il colore delle molte gore, in buona misura ancora scoperte, [dai] toni blu o rossastri che denunciavano il tipo di lavoro delle tintorie. L'antico sistema dei fossi, che attraversava la città, si era definitivamente piegato alle necessità industriali: lungo gli argini, che oramai rasentavano [in egual modo] conventi o edifici industriali, si incontravano silenziosi lavatoi da tempo in disuso, antichi mulini tardomedievali, alcuni nell'immediato ridosso delle mura magistrali, che riecheggiavano del cadenzato battere di spole. Per le vie c'era un traffico tutto particolare, legato all'organizzazione disseminata delle produzioni tessili di fase e al movimento degli operai che si recavano al lavoro. Ad ogni turno le strade si riempivano di motocicli e biciclette [...], e si sarebbero potute vedere Vespe e Lambrette, i due motori Piaggio ed Innocenti, che costituivano i simboli, [...] cari ai pratesi, dello sviluppo economico e della ricostruzione. Poi, durante l'intera giornata, il continuo andirivieni di disparati mezzi di trasporto, che recavano da un'azienda all'altra i semilavorati, dai moderni camioncini e furgoni della OM o della Fiat agli strani residuati bellici lasciati dalle truppe americane. A volte, si potevano persino incontrare gli ultimi 'fiaccherai' che in cassetta ad un 'barroccio' carico di pezze, subbi o cannelli, arrancavano stranamente silenziosi per le ruote gommate, rimediate nel cortile di qualche sfasciamacchine."; Nigro, G., "Il 'caso' Prato", in Mori, op. cit., p. 823-824

technological innovation theories by the means of urban planning and therefore also a rational division of the territory, and at the same time scale dimensions, especially when concerning energy and transportations¹⁶⁶. Nevertheless, even though every attempt up to the present day to move technical and industrial structures towards non-textile district has revealed to be a failure every time, an over-production crisis rising costs and financial and organization problems which occurred during the fifties and sixties, Prato had to call upon the community in a Marshall¹⁶⁷ conception. For small firms or family-run firms this meant spinning and weaving at a low cost. On such a scheme the industrialization process of the nineteenth century relied and the medium-sized firms were never able to substitute this solid and strongly competitive system. Starting from the period taken in consideration, however, they acquired a new dimension as all the resources, machines and workers, expelled from the full-cycle factories could manage to remain in the productive system only thanks to the passage to such forms of economic organization. The result was a labour division practised on the territory and between the firms, and with it the extreme fragmentation of the production cycle, that was at first inducted by material reasons such as the fluctuations in demand or the press ions of mutual aid organizations. These would eventually lead to a new development phase. In the meanwhile almost all of the firms became wool-factories on a dispersed structure, and maintained only a few productive passages inside the firm. The role taken became a link between the trading sphere. A new generation of entrepreneurs heirs of the “impannatori”, favoured by the Prato attitude towards the

¹⁶⁶ See, with regard to this, the case of “Piano Marconi” in ibidem, p. 828

¹⁶⁷ “Si tratta della “campagna urbanizzata”, che corrisponde in molta parte alla regione industriale descritta da Alfred Marshall, ovvero un’atmosfera ed un *milieu* fisico che promuove ed organizza lo slancio imprenditoriale di quanti vi risiedono ed il decollo dell’economia, fondandosi su una morale e su usi e costumi condivisi”; Becattini, G., *L’industrializzazione leggera della Toscana*, Milan, 1999

markets' projections through a system of mutual informations, search for international contacts took the lead of a scattered multitude of third-part firms both industrial and hand-crafting. But at this this time and in a very rapid way, new profiles and advantages referring to the on-going phenomenon came to the surface. The labour division achieved to stimulate the mutual interest and a healthy competition, revealing itself in the curious and imitating attitudes, so to ensure the fast spreading of every product, innovation or process.

At the same time the high number of newly assembled firms, marginal and strongly omitted to remain on the market guaranteed by the system, even though at a high social cost, a dynamic profile apt to support the market cycle in every positive or negative phase. Such tools went on getting newer meanings above all in terms of adequateness to the demand for textile products becoming less and less homogeneous and standardized, but qualitatively better, while the culture could not cease to uphold the transformation: "If the heavy productive subdivision made it possible for small firms to convert their production according to instructions and conditions received from the 'impannatore', this happened for the most part thanks to a revolutionary and reforming vision and a corporative culture, stimulating each actor towards new profit opportunities, although chained down to strong risk elements. The importance given to the constant experimentation and acquisition of technical knowledge proved then to be critical at different technical level inside the firm¹²". The formation took place inside the firms and was critical towards productive choices, small inventions and catalogue innovations, and on alternative use of raw materials. The "very typical model" thus conceived had its main points in the equilibrium between cities and countryside, in the ethical conception of work and decision autonomy, both on a group and individual level.

As for the role taken by politics in the following process, it does not appear to be unambiguous. Although the expression by Suzanne Berger: "From the perspective of the mid seventies, the

economic success of Italy could be understood as a kind of proof of the irrelevance of politics. Changes were occurring not at the national level, where partisan exploitation of the public sector, rising social conflict, and right and left wing terrorism combined to produce political immobility, but in local and regional politics"¹⁶⁸ seems to be provocative, it seizes nevertheless some of the true aspects in the national and regional industry, on consideration of which we can state that the lesser power wielded by institution and the public authority allowed or contributed in the long run to the peculiar course taken on the social and economic level.

That refers once again to the dialectic, as seen before when quoting Becattini, between scientific organization of labour on one side, as it was shaped first in the United States and consequently in Europe during the sixties of the nineteenth century¹⁶⁹, and the referring social order on the other side.

The Italian economy during the historical course represented by the "boom"¹⁷⁰, which happened during the thirty years after the war, had a choice between two industrialization ways: the first, classic, fordist and chandlerian, based on the pursuing of the economies of scale, time, diversification, which had already been in practise in the industrial triangle, and a second one less common in the international scenario, but largely adopted in the national soil, that was considered unworthy by the economic literature; it was in fact seen as a heritage of the tradition and a social manifestation geographically restricted and connected to precise conditions, in the same way as migrations or tourism, both marginal reserves for the economy when compared to

¹⁶⁸ Berger, S., Locke, R. M., *Il Caso Italiano and Globalization*, MIT Industrial Performance Center Working Paper; <http://web.mit.edu/polisci/faculty/S.Berger.html>

¹⁶⁹ Zamagni, V., *Dalla rivoluzione industriale all'integrazione europea*, Bologna, 1999, p. 103-110

¹⁷⁰ For a definition of Italy's economic boom in the second post-war period, see Zamagni, V., *Dalla periferia al centro, La seconda rinascita economica dell'Italia, 1961-1990*, Bologna, 1990

progress as seen in its most common meaning, and thus doomed to finish.

Although Italy during the “economic miracle” was at its best conditions to start the Fordist industrialization, since the big private and public industries were at their best, the bureaucracy and the elites appeared to be smart and committed, the political opposition, in search of legitimation had privileged dialogue, and a group of intellectuals and high-profile politicians coming from different backgrounds, republican, catholic and socialist, figured themselves as defenders of the usage of resources according to a unique program, the possibility to face in a rational way and thus solve some of the strategic knots of the Italian development failed, and the ambitious project of industrial policy was put aside because of the decline of industrialism¹⁷¹, that is the spur to make the industry the key to development and to channel all resources in its direction, and as a consequence of not having reached an adequate compromise between the political parties.

Two more elements that have been overlooked by many at first, but are worth of reflection in the light of today's understanding of the choices taken, should be highlighted. The first one reside in the legitimate doubt¹⁷² that the majority of Italians during the sixties and seventies was not actually willing to pay a high social price for the realization of industrialization in a classic way. It seemed on the contrary to witness in the urban and agricultural communities to an interweaving of interests, prejudices and fears already established where the industrialization had been stimulated, and aiming to obstruct the movement supported by the crowds of politicians and enlightened entrepreneurs in a rather non-political way.

¹⁷¹ For a definition of industrialism, see Giuseppe Berta, *L'Italia delle fabbriche, Genealogie ed esperienze dell'industrialismo nel Novecento*, Bologna, 2001, p. 200

¹⁷² On this point see Becattini, G., *Il ruolo dei sistemi locali nell'interpretazione dello sviluppo socio-economico italiano*, lecture entitled “Il cambiamento socio-economico. Prato e lo studio comparato”, given during the “Incontri pratesi sullo sviluppo locale”, organized by IRIS, Artimino, September 11th, 1995

At the base of that was certainly the fear, shared by many, to go back to the first big depression, to the state of marginalisation already experienced several times during the course of the last century, and yet we should also point out how no political answer was given to this riotous apathy and to the veto of city administrations.

In other words what was asked for to the government's authorities, alongside with the rise of the salaries, was the adoption of new protection networks against the high fluctuations of the economic junction and the extraordinary events in the lives of the states, so to reform the mutual aid system and the strong connections that had so far stimulated the creation of organizations loved by the masses such as parishes, workers unions, cooperation. Otherwise the workers deprived of whatsoever safeguard or insurance would not be willing to work and thus would have put to risk any prospective of a free firm establishment.

The very same Anglo-Saxon model of industrialization planned to replace the out-of-date work support procedures with hierarchical welfare systems, so as to copy the firm structure on a national level, or alternatively to divide it into productive sector¹⁷³.

No measure aiming to correct some of the lacks in the programming, however, was flanked to the orthodox industrial policy originated from the centre.

This was to be added later to the sudden rise of the district system, already experienced in the international front-line, that

¹⁷³ "Quanto riportato trova conferma, fra l'altro, nell'evoluzione del sistema scolastico locale. L'adeguamento del livello culturale si deve infatti alla necessità riscontrata nella pratica, di continui processi innovativi di tipo tecnologico così come sul piano generale della strategia d'impresa, e non deriva dalla definizione di condotte codificate in seno alla struttura aziendale, che diano vita ad un corpo di nozioni da trasmettere in aula, né dalla selezione rigorosa di una élite di fabbrica a servizio degli imperativi della produzione di grande serie", Zamagni, V., op. cit., p. 104, Becattini, G., op. cit, p. 33 e Berta, G., op. cit., p. 127-139

using its industrial and hand-craft know-how, cooperation between the actors, and organization forms would be able to experience true benefits from its own competitive advantage.

From the second half of the decade of the fifties to the sixties the national importance of Tuscany in characteristic sectors rose from 7 to 11 per cent¹⁷⁴ on the whole national product, whereas the agriculture collapsed, as well as basic industry, like steel, mechanical and chemical sectors, and in general regional production traits changed and its barycentre moved from the North-West to the North-East. Until the beginning of the seventies the evolutionary line of the biggest urban centres of the region appeared quite uncertain.

The districts represent the key factor of such “unitary system made up of many productive systems” in which infrastructures and investment areas inspired to an economic logic that was

¹⁷⁴ “All’articolazione dell’economia in distretti corrisponde in Toscana il predominio di talune produzioni su altre. Prendendo in considerazione i risultati emersi dal censimento del 1981 e da alcuni studi a carattere nazionale e regionale condotti fra fine anni ottanta e 2000 circa, emerge come i settori tipici in Toscana corrispondessero, nel 1981, al tessile ed abbigliamento, conterie, calzature e mobili, ovvero a settori tutti d’industria leggera. Nel 1988, i maggiori distretti toscani per settore produttivo rimanevano di fatto tali: Arezzo nell’abbigliamento ed oreficeria, Prato nel tessile, Lamporecchio per le calzature, S. Croce sull’Arno nella concia delle pelli, Poggibonsi con riguardo al mobile, e Carrara per il marmo. Quanto al rilievo assunto da distretti industriali e sistemi produttivi locali di media impresa in Toscana rispetto al resto dell’Italia, il rapporto di Mediobanca ed Unioncamere pubblicato nel 2003, e riferito a dati raccolti nel 2000, metteva in luce come il primo distretto in Italia fosse Prato, nella produzione tessile, con 4.200 milioni di Euro di fatturato, 8.500 imprese, e 43.000 addetti, seguito al dodicesimo posto dal distretto del cuoio e calzature di Santa Croce a Pisa, 3000 milioni di Euro di fatturato, 1.749 aziende e 15.700 addetti. Vi era infine, al diciassettesimo posto, il distretto della carta a Capannori, Lucca, con 2.300 milioni di Euro di fatturato, 140 imprese ed 11.300 addetti. Degna di interesse appare altresì la circostanza il 63 % della produzione di Prato ed il 52 % della produzione di Santa Croce fossero destinati all’export”; Brutti, P., Ricoveri, G., *La quarta Italia, Il lavoro e la politica industriale nei distretti e nelle aree integrate in Italia*, Rome, 1988, p. 42-43; see also on the same issue Becattini, G., *Il calabrone Italia, Ricerche e ragionamenti sulla peculiarità economica italiana*, Bologna, 2007, p. 51 e p. 197

shared by other Italian regions affirmed themselves, although not all of the Tuscan economy is common to the Centre and North-East of Italy. Beyond the dynamics taken in consideration with reference to the mediation practice in Florence and the textile sector in Prato, to be extended to other areas in Tuscany as well as outside the region, it should be pointed out how the Tuscan development was affected by the circulation of labour force almost totally restricted to the regional soil, which did not give rise to any significant emigration process towards the North of Italy or abroad.

In the meantime the regional debate lingered on topics related to the State industry, territorial balance on a national scale and moonlighting, whereas the logic underneath the growth of small and medium industry remained ignored by many, not consenting to define in a rapid way the services it needed.

The political and social forces complained instead about the scarce availability of capital and the reduced autonomy in the financial market, the limited faculty to start extending processes between smaller firms, as well as the dangerous exposition for those who would have relied on the export for their production, to the fluctuations of economic cycles in the importing countries.

This delay lasted until the first half of the seventies when a reflection on the systemic characters of the Tuscan industrial systems took shape, which could not be left aside by any political or economic intervention at the local level. The district economy had distributed in a rather equal way along the whole Italian peninsula, and since the beginning of the fifties it went on concentrating itself in today's district regions due to the so-called effect of "territorial contamination". As a result, the districts created between 1971 and 1991 adjoined to the districts already active. The productive vocation changed for some, but in general the three most important profiles that distinguished such "local labour markets"¹⁷⁵ were consolidated, that is: the labour division

¹⁷⁵ According to the definition proposed by Suzanne Berger, districts consists in "Local economies in which people live within commuting distance of their

between firms, aiming to promote a more flexible and efficient organization; a favourable milieu composed of institutional infrastructures, traditions and social practices; and an articulated network made up of the districts' connections on the one hand, aiming at collecting informations and promote technological innovation as well as market strategies, and the districts' connections with the outside world on the other, where it made use of its economic power to acquire, among other things, raw materials and buyers.

In Tuscany, according to what was reported by the general ISTAT census of the 26th October 2001, there was a record number of firms and employees in the manufacturing sector, exceeding any other voice in the economy. The size of the firms however appears to have shrunk, if in 1981¹⁷⁶ about the 44,4 %

workplaces, which meet four criteria: manufacturing employment is higher than the national average, the share of industrial workers in firms under 250 employees is higher than average, the share of the workforce in at least one sector is higher than the national average, and in that sector, or sectors, of industrial specialization, the number of workers employed in firms with fewer than 250 employees is higher than average." Berger S., Locke, R. M., op. cit., p 15

¹⁷⁶ With reference to the historical evolution of the economic census instrument in Tuscany: "Nato negli anni dell'industrializzazione, il censimento economico era stato concepito per la rilevazione dell'industria manifatturiera, caratterizzata da produzioni di beni materiali, da un concreto insediamento sul territorio e da forme di organizzazione del lavoro relativamente semplici e durature. L'estensione della rilevazione al settore del commercio non comportò la necessità di un cambio di prospettiva, in quanto anche le strutture della distribuzione commerciale rispondevano ai medesimi requisiti. Fino a quando il campo di osservazione del censimento ha potuto essere identificato con questo tipo di industria, la tradizionale tecnica di rilevazione [...] ha dato risultati soddisfacenti. [Viceversa] i limiti di questa tecnica si sono manifestati con l'espansione e diversificazione del settore terziario e la sua crescita d'importanza nel panorama economico nazionale. La tipologia della produzione di servizi, infatti, è assai varia e complessa rispetto alla produzione di beni, sia sotto il profilo dell'insediamento territoriale, sia sotto il profilo organizzativo [...]. Oltre a ciò il predominio numerico delle imprese individuali o con pochi addetti, da sempre un tratto caratteristico della struttura produttiva italiana, si è andato ulteriormente accentuando negli ultimi anni, in parallelo al

was employing a number of people equal to the 10,6 % of the labour force, and in 2001 such phenomenon was even more accentuated as the 54,3 % of the firms was using only the 15,8 % of the labour force¹⁷⁷. It is a region of small manufacturing firms and in particular of diffused hand-craft manufactures, both inside and outside of the district, as confirmed by looking at the evolution in the number of firms. Indeed the latter shows in 1981 a number of workers between zero and ten in the 84,9 % of the cases, and such figure increased until 2001 to reach the 89,2 % of the total. The industrialization, although so small in scale, seems quite relevant in the provinces of Prato and Florence, where out of thousand people about half of them found employment in the second sector. In Arezzo the percentage is about four-hundred out of thousand, whereas in Lucca, Pistoia and Pisa it is almost 350, and in Siena, Livorno and Massa Carrara, the figure is about 300. Grosseto is the last between the Tuscan provinces for ratio of industrial development, with an average of 250 out of every thousand people.

When considering Tuscan districts in a more accurate way we should point out how, according to the figures obtained in 1991 and confirmed by the intermediate census of 1996, they reach the number of nineteen in total. Amidst these, the Prato area dedicated to the textile and clothing production, the system of leather tanning and shoe-making in Santa Croce sull' Arno, the shoe-making companies of the Lucca area, the furniture industry in Poggibonsi, near Siena, and Quarrata in the province of Pistoia and lastly the jewellery making in Arezzo and the mechanics applied to motorcycles close to Pontedera, Pisa, stand

processo di terziarizzazione: si tratta sovente di unità difficili da rilevare, debolmente legate al territorio, che possono dunque essere censite per via amministrativa e non a mezzo della tradizionale rilevazione sul campo"; <http://dwcis.istat.it/cis/index.htm>

¹⁷⁷ The growth in the number of enterprises, of ten percentage points, has corresponded to a rise in the workforce employed of five percentage points. In other words newly established companies tend to engage a lower number of people, thus giving way to further production segmentation

out. In opposition to a national credit balance, regarding the exchanges with foreign countries, registered by the Trade Commission and ISTAT between 1998 and 2007, not all the Tuscan provinces have credit accounts. Nevertheless we can observe how import and export between the analysed areas and the PRC tend to coincide with the productions where the districts matured their industrial vocation. Thus, the 67% of import flows from China and the 71,5% of export towards China involves in Prato the textile and clothing sector, and in the province of Pisa the 53% of exportations to china is made of leather-related productions, while in Arezzo a volume equal to the 57% of the exportations is made of jewellery products¹⁷⁸. Other than that such fields are part of a group of sectors that in the collective imaginary of foreign countries are usually associated with the very same image of Italy, and benefit from a constant demand over the course of time: the so-called “Made in Italy”. It is then confirmed in the case of Tuscany the assumption that “the biggest part of the qualified Made in Italy comes from the industrial districts, and vice versa the biggest part of the districts’ productions refers to the Made in Italy”¹⁷⁹.

In a research made in 2005 on behalf of the public agency for the promotion of regional economy and territory abroad, Toscana Promozione, Marco Bellandi suggested an original approach to the problem of competition and potential collaboration with the international market¹⁸⁰. Dealing with

¹⁷⁸ Tali dati si devono a Bellandi, M., Caloffi, A., Echtner, A., op. cit., p. 151

¹⁷⁹ Quadro Curzio, A., and Fortis, M., *Il made in Italy oltre il 2000*, Bologna, 2000; p. 236

¹⁸⁰ Collaboration, in Bellandi’s perspective, must be intended as exclusively economic, and in this sense etymology can help illustrate the difference between the terms ‘collaboration’ and ‘cooperation’. Indeed collaboration is derived from the Latin words *cum laborare*, that means literally to work together, whereas cooperation comes from *co opera*, that is, shared work, contribution, help in pursuit of a goal. Thus, in addition to such original divergence, concrete collaboration between Chinese and Tuscan districts, and among the companies operating within these districts, is defined as the capability to take advantaged of the opportunities Chinese companies’ progress presents. Similar notion of

exchanges and investments between Tuscany and People's Republic of China, he points out the comparison between Tuscan districts on the one hand, and parallel forms of district economy on the Chinese territory on the other, underlying how in both cases the district is formed not only by small or medium-sized local forces, but also by more important economic actors, both nationals and non-nationals.

Thus three fields of comparison and opposition between Chinese economy and Tuscan productive systems are proposed: low value productions, medium value productions, and three other general factors, that are common to different market sectors.

The first element, referred to low value production categories, where competition does not specifically invest Italy because of the relatively high qualitative standards reached, on average, by Italian companies, is the "natural scale" China benefits from. An authoritarian regime, where low protection threshold for workers, a mixture of public and private capital and a potentially vast domestic market coexist, exports abroad a significant part of what it produces, taking advantage of strong distribution channels at very low prices, due to the persistence of a "vicious circle", dangerous for Chinese people as well as for their foreign

collaboration constitutes the basis of Bellandi's proposals regarding the strategy to be adopted when dealing with the PRC. "Adottando allora una logica distrettuale, simile invito si traduce nel collegamento dei distretti del Made in Tuscany con i cluster e le specialized town cinesi così da combinare i vantaggi dell'uno e dell'altro modello. Ciò potrà avvenire attraverso una strategia sistemica centrata su investimenti commerciali, volti a vendere i prodotti Made in Tuscany in Cina, od investimenti industriali, allo scopo di produrre in Cina. [...] Del resto, degno d'interesse appare anche un ultimo passaggio, circa la facoltà per le imprese toscane di mantenere un tratto peculiare, che le contraddistingue dalle controparti cinesi, ed i vantaggi di lungo periodo delle misure proposte. La risposta risiede nei "caratteri culturali" che potranno da ultimo valere all'industria italiana un ruolo esclusivo, foss'anche nella produzione del futuro Made in China..."; Bellandi, M., Caloffi, A., Echtner, A., "Sistemi produttivi locali e distretti in Toscana", in Bellandi, M., e Buggeri, M., *La sfida cinese*, Florence, 2005, p. 173- 178

competitors. More specifically, similar dynamic results from the recourse to a 'socialist' productive conception that still heavily influences some important decisional levels within the Chinese economic and political system. Moreover, dumping and forgery practices continue, so as to prove that Chinese companies are able to penetrate Italian market thanks to more and more competitive goods. The medium value range of products made in Italy and Tuscany also faces the rapid development of Chinese clusters, in Dongguan and in Shanghai: there, the integration between organization circuit and multinational know-how on one side and good standard of manufacturing on the other, creates productions which 'attempt' the national and regional markets.

Now, in light of the Italian strategies in progress, and of the choices that Chinese clusters will have to make for their development in the future, the solution envisioned is just one. On the Italian front, it is related to the existent advantage: product and project chains that might be able to contrast more homogeneous and standardized categories of goods; in other words, the point is to proceed with investments affecting mainly distribution and marketing, so as to preserve, as much as possible, competitiveness.

On the Chinese front, development paths bifurcates: low value productions, which cannot or do not want to move toward higher ranges of goods, will look for new spaces, geographically and socially more favourable, where to find proper conditions for what it concerns production costs and low legal obligations. Otherwise, productions destined to grow in volume, organization and the quality of products manufactured, will have probably repeat the development dynamics already experimented in Italy during the sixties and seventies as a result of widespread industrialisation¹⁸¹.

¹⁸¹ This already happens in some parts of the Chinese territory. Among the most notable cases there is the "Wenzhou model" referring to the city of Wenzhou in Zhejiang Province. There, widespread and economically active

In addition one has to consider three more elements: transportation networks, district innovation capability with regard to instrumental goods, and prospects of foreign investments, which may lead to three scenarios for Italian industries those outcome is still uncertain. Then, a final argument in Bellandi's study refers to the instruments successfully employed by some companies operating in a mechanic district in Tuscany, Val d'Era district. What Bellandi describes as the "Val d'Era paradigm" is the link between two main competitive strategies. Indeed it corresponds on one side to a greater investment in the immaterial aspects of high and medium value product manufacturing, in order to increase the production volume pre- and post-sale assistance, quality of product certification... as well as other tailor-made services are associated to; on the other side, more traditional advantages over business competitors are also maintained, by means of a good and constant control on the manufacturing process and the definition of technical requirements: craftsmanship, investments in research and development, excellent material. So that "the link has double relevance : the recourse to skilled industrial and craftsmanship work for more sophisticated parts of the production turns out to be at the same time a useful 'proving ground' for the new definition and the constant advancements in immaterial aspects relating to the products offered, and vice versa."¹⁸²

family network, entrepreneurialism and high productivity, together with low technological level, are the main features of local economy; Tassinari, A., Tomba, I., "Zhejiang-Pechino, Zhejiang-Firenze. Due esperienze migratorie a confronto", *La critica sociologica*, n. 117-118, 1996, p. 28; Pieke, F. N., *Recent Trends in Chinese Migration to Europe: Fujianese Migration in Perspective*, IOM Migration Research Series, No. 6, 2002 www.iom.int

¹⁸² Bellandi, M., e Buggeri, M., op. cit., p. 180

Tuscan Region: policies for supporting of enterprises

On the base of what has been shown until now, it can be claimed that the today the success on international competition is linked also to material and to non material factors but it is defined by the territory, meaning traditional aspects that concur the productive process on one side and list or consider difficult elements on the other, such as people and places, that anyway animate the social continuum in which the above mentioned industry deepens its roots.

The local productive systems, manufactures, rural-food, tourist and artistic craftsmanship in Tuscany, need therefore fully developed and 'wide' forms of integration with the international market. These forms of integration have to overcome obstacles of dimension included in the single company, creating on one side new actors and instruments and recurring on the other side to "systemic elements and institutional figures already formed", with the aim of governing processes of complex but still valuable institutional adjustments, that may transform a traditional development axis like the district, in a source of profitable relations network on trust basis, consolidated by common interests towards a long term growth.

About this topic, some scholars object to the above mentioned hypothesis of shared work, the same history of the Italian productive district; this industrial and social 'architecture' would not have given any proves of identity aggregation, social participation, impulse to innovate the interests and their management organization, in the same way as what happened in the past in the case of some big national industries. At this point others reaffirmed how such a circumstance did not anticipate, rather followed, the birth and the success of the district economy. However, looking at the last period during which the evolution of the international economy accelerated, further fronts of debate emerge.

Two issues in particular are discussed here: the attitude of different capitalist models¹⁸³ to work properly in the current circumstances which means searching strategies and behaviours to adopt to the market in order to overcome weaknesses and increase strengths of each model; the result of the ongoing phase, for example the importance acquired by the district considered as a critical case, which might lead to a modification of the company organization that was dominant in the last century. For sure, both of the indicated subjects imply an analysis of the institution which leads the market¹⁸⁴ and of their probable contribution to the reform of the current asset, and for this reason it is useful to rethink the assumption of the Italian political authority, mostly the regional one, of the district considered to be new dimensions of the economy, besides other forms of support suggested for it, getting concretely, with accounts and impressions gathered, to a general view of the work done within the Region economic cooperation, according to the proposed meaning, of promotion of foreign exchanges and internationalization of local economy.

The first historical phase to take into account coincides with the official definition of “district” and it goes back to 1991, after the adoption of the Law No. 317 named “Interventions for the innovation and the development of small enterprises”. In this law, the promotion of development, innovation and a competitive profile for small enterprises contemplates first the definition of “small industrial enterprises”, and secondly, under

¹⁸³ See, for a comprehensive view of the problem based on comparison among different national cases, works on this issue by Michel Albert and Wolfgang Streeck

¹⁸⁴ For a survey of the existing literature on the topic see, Streeck, W., “Industrial Relations Today: Reining in Flexibility”, MPIfG Working Paper 08/3, 2008, www.mpifg.de; whereas, for a reflection on different, ‘embedded’ organizational frameworks faced with globalization imperatives, see Streeck, W., and Visser, J., “Conclusions: organized business facing internationalization”, in Streeck, W., Grote, J., Schneider, V., Visser, J., edited by, *Governing Interests. Business associations facing internationalization*, London and New York, 2006, pp. 242-272

Norm VII entitled “Various dispositions”, a description of the local territories characterized by a high concentration of such enterprises, based on the relation between the number of active enterprises and the population residing in the territory, and also in consideration of the productive specializations of the local companies.

The industry districts are thus associated to the groups of territories and sector to be addressed through industrial policy measures, and for this reason it is up to the Regions, “in collaboration with the regional unions of the Chamber of Commerce, Industry, Craftsmanship and Agriculture” and respecting the agreements stipulated with the consortia, to identify these areas and proceed to finance innovative plans that may include different enterprises.

The status given to the Region and the systematic form of the intervention, as provided for at the national level, is clearly delineated considering the work done locally, where a range of actors, listed in the provision, have contributed to the reform and consolidation of the district economy¹⁸⁵. During the eighties interventions made by Regions, Provinces, Communes, Chambers of Commerce, research and educational institutes, entrepreneurial organizations and the banking sector have all offered different kinds of support to the local development process, thereby overcoming, especially by means of the establishment of Service Centres, the top-down “distributing model” first borrowed from the national industrial policy practices. Contrary to that model, districts now dictate the conditions regarding the measures to be taken for their promotion, thus actively participating into the definition of such policies, while Service Centres adopt a more flexible and specific logic in offering public services to enterprises and inaugurating mechanisms of local governance. Because of the changing

¹⁸⁵ See the Ministry of Industry Law Decree, April 21st, 1993, entitled “Determinazione degli indirizzi e dei parametri di riferimento per l’individuazione, da parte delle Regioni, dei Distretti Industriali”

economic conditions, that followed a prolonged phase of industrial expansion, the Centres also changed their asset and organization in 2000¹⁸⁶, while State funding began in 1997, and

¹⁸⁶ Freschi well describe the assumptions implied by the new local order, by taking into consideration the case of the policies supporting innovation: "In Toscana, nella prima parte del decennio novanta, vengono così censiti circa trenta Centri Servizi, ed in merito alla modifica intervenuta nell'organizzazione degli stessi a partire dalla fine del secolo scorso spicca quale caso significativo, quanto previsto con riferimento alla sfera costituita dall'innovazione distrettuale. L'Agenzia d'informazione della Giunta Regionale Toscana argomenta infatti come la Regione abbia fatto dell'innovazione un indirizzo comune ad ogni settore, dall'educazione, all'economia, alla cura della persona e rispetto della natura. Nondimeno, in prospettiva economica essa si configura specificamente come strategia di competizione nel mercato, e gli strumenti messi a disposizione in sede regionale muovono allora dalla partecipazione a programmi e progetti europei fino al trasferimento tecnologico, a mezzo di cinque maggiori canali di *dialogo* fra livelli di governo, *invenzione e riflessione* su scopi e mezzi, *raccolta e travaso* di risorse: Piano regionale per lo sviluppo economico (PRSE), volto ad elevare il livello della cooperazione tra Università, Centri di Ricerca, imprese e Pubblica Amministrazione attraverso l'allestimento di reti per il trasferimento tecnologico che si attivano su progetti di ricerca; strumenti finanziari, riferiti al PRSE stesso, utili a sostenere l'investimento privato in ricerca, trasferimento e innovazione, grazie ad incentivi alla progettazione delle imprese per la ricerca industriale e precompetitiva e forme di venture capital; Piano operativo regionale (POR) per il sostegno da parte della Regione alla formazione di un'area regionale della ricerca e del trasferimento tecnologico, così come per lo sviluppo di un sistema unitario di politiche di innovazione a favore del sistema delle PMI e dei distretti industriali; Programmi regionali di azioni innovative (PRAI), finanziati congiuntamente al Fondo europeo di sviluppo regionale (FESR) allo scopo di sperimentare nel campo dell'innovazione. "La Toscana" si legge nel resoconto offerto dall'Agenzia "elabora metodi e pratiche innovative per accrescere il valore delle azioni a sostegno dell'economia locale [laddove] territori e dimensione locale sono al centro dei processi di sviluppo economico e lo stesso co-design degli interventi con gli attori locali giunge a consolidarsi nella politica regionale". In questo contesto, *i risultati dei progetti non debbono essere semplicemente misurati in termini di nuove tecnologie, ma altresì, soprattutto, in termini di sviluppo di legami cooperativi*". See also on this point what is reported in Cristiano Lucchi, "Innovazione", Agenzia d'informazione della Giunta Regionale Toscana, www.regione.toscana.it; Freschi, A. C., "Istituzioni Politiche e Sviluppo Locale nella Terza Italia", in *Sviluppo Locale*, Vol. I, n. 1, 1994, p. 73-99; Bellandi, M, Buggeri, M., op. cit., p. 186

the reforming process of the relationship between the State and the Regions started in 1998¹⁸⁷. All these elements were destined to favour the increase of the political, financial and cultural investment by the regional system in order to support the enterprises. Nonetheless, if the Region's decision to take part in innovation promotion of local territory was thought to be significant, it was also important to ascertain the capability of the regional government to favour internationalization abroad, for similar task requires adequate financial resources to make large scale investment, as well as the involvement of counterparts, and the creation of cultural exchange platforms not limited to the economic company, so that once an adequate institutional approach is achieved, companies' strategies, even if relating to teams of small companies, can succeed and effectively respond according to market opportunities.

In other words, the ongoing public action in the development of the relations with China, is not only useful for covering the high risks of a private economic move, but at the same time also for coordinating actions fragmented and with no directions and political impact, and for promoting measures of cultural exchange, sometimes apart from immediate economic compensations, if the dialogue and confrontation field is seen as intrinsic value in a scenario of economic cooperation. In the Chinese case, the importance assumed by such a form of intervention is already higher, if it is considered as "the threshold" of mutual understanding it is particularly high because of the gap fed by language and values on one side and system of government on the other side.

The first fact that has to be taken into account is therefore the choice made by the Tuscan Region at the beginning of 2000 to create an agency for taking care of economic promotion and internationalization of the productive system, called "Toscana

¹⁸⁷ See Law No. 59, March 15th, 1997

Promozione”¹⁸⁸, while concerning the specific work made within in, the administrative sector linked with the Presidency of the Region collaborates and works along with “Toscana Promozione” to develop the international economic relations, privileging the area formed by institutional contacts.

The cooperation between Tuscan Region and People’s Republic of China started from a range of agreements between Tuscan and Chinese local administrations: the will and the capacity to favour various links, without outlining the cooperative political evolution in the complex in relation to strategy, emerged only after some time.

Therefore, in the case of the twinning agreement, signed between the Jiangsu Province and the Region in 1988, it can be noted how both parties got to collaborate only in 2002, within a project presented by the Prato Province within the Community Programme “Asia Urbs” dedicated to the restoration of works of art and to the care and management of historical sites. This regional agreement followed, at that time, the municipal twinings between Florence and Nanchino, in 1980, and between Prato and Changzhou in 1986. In 1994, an agreement between the Tuscan Region and the Sichuan Province was signed.

¹⁸⁸ See, with reference to this passage, the Regional Law No. 6, January 28th, 2000, “Costituzione dell’Agenzia di Promozione Economica della Toscana (A.P.E.T.)”, which has been subsequently renamed “Toscana Promozione”. The law provides for the formation of the Agenzia di Promozione Economica della Toscana, that is Tuscany Economic Promotion Agency, referring to several provisions that since 1998 have charged the Region with promoting local economy, while starting the reform of foreign trade, and exchanges and investments promotion central administration. As a result, within the renewed legal framework, A.P.E.T. represents the sole actor invested with operative coordination and management in support of internationalization dynamics affecting various economic sectors. A.P.E.T. operates on behalf of the Chambers of Commerce system, the Ministry of Foreign Trade, Department for Tourism at the Ministry of Industry, Trade and Craftsmanship, Italian Trade Commission, Italian Tourist Board, and Tuscany Region, dealing with the execution of all measures agreed on with regard to internationalization, territorial marketing, policies for competitiveness etc., concerning Tuscan economy as a whole

Between 2001 and 2002 the contacts between the Provincial Administration of Prato and the Municipality of Wenzhou grew, also because of the significant flows of Chinese immigrants in the area of Prato, who for the most part originate from this municipal centre of the Zhejiang Province.

The Provincial administration's negotiating effort led in this way to the collaboration memorandum signed in June 13th, 2001, the Twinning Agreement dated October 15th, 2001, and the protocol of agreement of December 6th, 2006. Other collaboration agreements laid down by the delegated bodies and operators that favoured regional action, are the agreement signed by the Faculty of Architecture of the University of Florence and by the Tongji University of Shanghai, that inaugurate university exchanges and common participation to international research projects, the agreement between the University of Florence and the Shanghai Normal University¹⁸⁹, and the letter of intent between the Wenzhou Textile and Clothing Industry Chamber of Commerce and the Provincial administration of Prato.

The main areas of interest covered by collaboration accords between Tuscan and Chinese counterparts have not changed significantly in the course of time, even though different actors have given way to them, and no annual working plan has been drawn up so far in order to further specify decentralized cooperation dynamics. On the other hand, a significant progress is to be found, according to regional administration functionaries, in the setting up of the agency Toscana Promozione, that embodies both the local government commitment to foster international cooperation, serving objectives of economic profitability and social development, and the recognition of the necessary principle, in order to do so, of distribution of competences and specialization of different administrative branches, to ensure accountability and efficiency requisites.

¹⁸⁹ See www.unifi.it/CMpro-l-s-32.html

Thus there is a fundamental distinction between the work of the agency concerning economic cooperation and regional offices in charge of decentralized cooperation, that is cooperation with developing countries, as well as international all-encompassing contacts with various nations. In the case of the agency for the promotion and internationalization of the regional productive system a large part of the work is done 'bottom-up', getting requests and doing surveys concerning economic actors, in order to give regional policies a direction as consistent as possible with the characteristics of regional economy. Conversely, political missions and some other initiatives by institutional heads, like the approval of framework agreements refer to the regional administrative offices dedicated to international relations.

However, apart from this, the most interesting aspect observed in the last five years is the circumstance institutional, economic and development cooperation spheres has actually grown together, giving rise to synergies that invest persons as well as cooperation models. In this way the path for both political and economic missions is also delineated by means of mutual consultations, as confirmed by all institutional and economic missions participated by the President of the Region and the Tuscan productive system in China. Among these, there is the recent mission headed by the Tuscany Region in China during September 2006, when the opportunity arose to organize a round table with the University Sant'Anna of Pisa in Chongqing, thereby taking advantage of the connections the University had developed in that area. Chongqing was interesting not only from an academic point of view, but also because of a production agreement with a local company signed just prior to this by Piaggio in order to jointly fabricate and launch a product on the Chinese market, according to an approach of industrial relocation not aimed at re-importation, but looking instead at the foreign market potentialities. Given this premise, mission organizers decided to make the most of the relations developed between the public and private sectors, beginning in Chongqing, for the development of the economic event. In particular they

chose to privilege knowledge and innovation transfer involving university and industry and conferred institutional character to it by means of the conclusion of a framework agreement for the collaboration between Tuscany Region and Provincial authority of Chongqing. At the same time, as Chongqing represents an important trading port, located near the Three Gorges Dam, where a large part of the goods to and from China is going to transit in the near future, some interest emerged with reference to ports and the regional logistic sector. In Chongqing, along with the President of the Region and the University Sant'Anna, there was a delegation for logistics and marble manufacturing which showed interest in economic opportunities offered by the local productive environment. An institutional collaboration was then set up with the Municipality, so as to give these meetings and contacts political relevance.

In general, it must be said that the Region has declared that in the event of economic cooperation, its disposition is to operate in the direction in which the regional market itself moves. And therefore the companies have the possibility to get support from the regional administration for the management of their own business abroad. Indeed the programming of missions and initiatives at the regional level does not exclude the proposals of economic actors interested in making contacts or developing institutional relations with particular Chinese areas so as to promote or consolidate their business abroad; on the contrary, the Region keeps count of them.

Nonetheless, having to distribute attention and limited resources among different parts of the Chinese territory, Tuscany has designated, as benchmark geographical area, the Municipality of Shanghai. Here, in 2003 it began to develop an economic network in collaboration with Toscana Promozione and the Bank Monte dei Paschi di Siena¹⁹⁰. Relations with Beijing are also central, and the Region has asked for and obtained

¹⁹⁰ See www.toscanapromozione.it; il www.esteri.it/MAE/IT/Politica_Estera/Collaborazione_Regioni/

meetings at the ministerial level, according to the institutional hierarchy, making contacts and signing agreements with junior Ministers and other important figures responsible for different areas of economic interest. On this front, the relations focused on issues that would have provided involvement of the regional economy, as in the case of the meeting, that took place in September 2006, with the vice Minister for China's Railways, Wu Qiang. In the delegation, that was led by the President of the Region, Mr. Martini, there were representatives of AnsaldoBreda, a company operating in Tuscany, strongly interested in playing a role in the ongoing development of the Chinese railways.

At the outset, with regard to all action plans and setting-up of events, it is important for regional institutions to reach their addressees at the local economic level, and this can only be done by means of a close collaboration with Toscana Promozione for the agency is charged of sending a formal letter to the productive system actors communicating the intention, on the part of regional administration, to launch an economic and political mission abroad, and subsequently collecting information, requests and suggestions. The point is to get an indication of possible interest from the companies in the projected initiative so as to determine the nature and the range of action, through the indication of those areas each company should be interested in.

Therefore, in the above mentioned case, AnsaldoBreda not only took part in the negotiations at the central level, but because of the wide economic autonomy given to Chinese Provinces, it also held a series of meetings at provincial level, in order to verify possible further opportunities for its production. In this way, the company has met the interest of the mayor of Chongqing, who is working on some projects to renew and expand the city underground transportation system, and as a consequence he may now choose to involve the Italian enterprise in this project. Obviously then, similar missions cannot be defined as merely exploratory, nor can they be qualified as conclusive, as they require further steps by individuals involved in the negotiation

and in the drawing up of contracts. Another company which took part in the regional economic mission in 2006 is Magnetek, which operated in the environmental technology sector and went to China to present a system for the reduction of energy costs in the public illumination of roads. In the case of Magnetek, meetings have concentrated on the Italian interest in the internationalization of its business, and Magnetek has began to make contacts with the State Environmental Protection Agency, that is the Chinese Environmental Ministry. The discussion and the agreements made involved at the same time Chinese businessmen and political figures since often political endorsement and, more generally, personal relations affect the outcome of a business deal.

Institutional support has become therefore even more important, in light of the characteristics of the Chinese economic system, during the missions that have taken place annually since spring 2002¹⁹¹; the highest institutional authority at regional

¹⁹¹“Secondo il rescindo offerto dall’Unità per le Regioni presso il Ministero degli Affari Esteri, le missioni compiute dalla Regione Toscana in Cina dal 2002 sono due. La prima, alla quale ha aderito una delegazione composta da attori economici ed Enti Locali toscani, e dallo stesso Presidente, Claudio Martini, si è svolta fra 20 e 28 settembre 2003 ed ha toccato i centri di Pechino, Nanchino, Shanghai, e Wenzhou. Una seconda missione ha avuto luogo dal 23 al 30 settembre 2006 in occasione dell’anno dell’Italia in Cina ed ha interessato Chongqing, Beijing, Hangzhou, Changzhou, Shanghai, Wenzhou, coinvolgendo tre comuni e tre province toscane, una camera di commercio, numerose imprese coordinate da Toscana Promozione, le Università di Firenze Pisa e la Scuola Superiore Sant’Anna, e la Sovrintendenza alle belle arti di Firenze. Da parte cinese si registrano due eventi maggiori, entrambi nel 2004: la visita, il primo giugno del 2004, del Vice Ministro dell’Istruzione cinese, Signora Tian Shulan, presso l’Università di Firenze per incrementare il flusso di studenti cinesi in tale struttura così come in altre Università italiane, e la visita in Toscana, a Pisa, del Premier cinese Wen Jiabao, l’8 maggio 2004, per ribadire la collaborazione decennale con una Regione ad alto tasso di immigrati cinesi nei settori del restauro, dei macchinari per la lavorazione del marmo, della lavorazione del cuoio, e della medicina non convenzionale. Sono stati del resto stabiliti seguiti operativi alla visita presidenziale, concordando per il futuro una riunione di lavoro sul settore turistico e la messa in atto parallela dell’*Accordo UE-Cina* nel settore dei visti. È stato infine organizzato un

level, that is the President of the Region, has, whenever possible, participated in carrying out the promotional work. This was done in order to raise the profile of the meetings and guarantee, in the eyes of the Chinese counterparts, the support given by Tuscan authorities to economic cooperation proposals.

Moreover, given the advantage represented by the continuation for some time of public and private initiatives in particular areas of the Chinese territory, and the deeper knowledge thereby acquired with regard to the PRC, the criterion so far adopted, that consisted mainly in ensuring adequate institutional backing to existing economic and cultural relations, has been associated with another objective, recently advanced by the regional administration. This second goal aims at defining regionally, looking at the experience matured during the past two years, some areas where the combination of Tuscan comparative advantages and economic complementariness in relation to the Chinese industry and trade could bring about successful internationalization dynamics for the local economic system.

Then, a particularly interesting sector is the industrial waste disposal, and the contacts made with the Chinese Environmental Ministry may help achieve a sort of “system promotion” for the Tuscany Region in this field. Moreover, in the case of Wenzhou Municipality, a significant dialogue with the Tuscany Region regarding technology cooperation for the achievement of the so-called closed wastewater cycle, seems to lead to the drawing up of contracts in the field of public utilities. Until now cooperation has been related to a pilot project for the construction of a new industrial district, being based on a partnership involving the Tuscan agency for water management, or Publiacqua, Cispel, and Toscana Promozione, and ranging from the setup of a depuration plant, to the exchange of information on wastewater management and possible reuse etc., whereas a more general

seminario sull'applicazione della normativa antifrode cinese, in particolare nel settore del tessile e della pelletteria, centrale per l'economia toscana”; see www.toscana.promozione.it; www.esteri.it

prospect is to start penetrating the local Chinese market with regional technologically advanced products.

As for the funds needed to carry out more projects in these areas, the EU programme Asia Pro Eco¹⁹², that Tuscan promoters first considered as a possible source of financial assistance, does not provide funding for developed Chinese territories like Wenzhou Municipality, and thus a setback cooperation plans has followed, even though Wenzhou administration is still interested in cooperating with Tuscany, and on the whole public utilities remain a priority area for local productive system to invest in.

Then the Region has contacted the Ministry of Foreign Affairs, notably the Italy-China Governmental Committee, in order to locate alternative paths, and the Ministry has decided to support a change of strategy, for China, by today's standards, does not represent a developed country and it is therefore necessary when cooperating with the PRC, to stop the recourse to mere aid and replace it with a mutual contribution, equivalent to 50%, assigned to both parts. In this way, the promoters of the Italian cooperation in China would act like service's supplier, while the Chinese authorities would be in charge of the execution of the projects. This is a debated issue, and the related formula and methodology are still on the way toward being defined; at any

¹⁹² "Asia Pro Eco is a five-year environmental cooperation program involving the European Union and several Asian countries. It was launched by the European Agency for Development, the so called Europaid, and subsequently approved by the European Union Commission in October 12th, 2002, with decision E/2638/2001. The program budget amounts to more than 31 millions Euros, and the main objective is the implementation of specific interventions that will be selected through biddings open to national as well as regional authorities, public and private sector operators, no profit organizations, and civil society organizations, like research institute, universities, professional associations, federations and Chambers of commerce. Among the activities envisioned by the program, there are seminars organization, political assistance, feasibility studies, technological partnership and demonstrative actions in support of the environment. All the fifteen member of the EU can participate in the program, as well as seventeen Asian nations; see www.minambiente.it/index.php?id_sezione=592

rate, it looks as though these forms of collaboration is going to prevail, and become one of the future courses of the relations with Beijing. The Ministry understood how important it was that the local development was linked to the present industrial concentrations, to urban settlements, to the restoration of centres built in the past, and to infrastructures. In China we assist an often radical process of development which has influence on the territory and alters it, feeding the demand for buildings, transportation network, places of production and services¹⁹³.

The conditions to meet in order to start a cooperation that would consider all this and that would have a good confirmation on the market and on the Chinese institutions are many. Anyway, they are mostly related to the necessity to know the characteristics of the Italian production and service offer in the *public utilities* sector. That is the objectives of the economic cooperation, its forms, the areas which it could reach, the funds for it, and if there are or are not productive chains on top which would be able to track the effort and the institutional launch. For this reason, local and national studies are required, and the first of these would have to be on water, as provided by the Tuscan Region. This does not mean to point at internationalization of the water agencies, which is difficult and meets little support because of its wideness and because of the link kept within the Italian area. But to point at the need to increase the circulation of data and coordination that comes from that. The issue related to the cooperation in China, started by the Environmental Ministry, is to be noted: on one side this met with good circumstances, and on the other this has started a method which can be taken into account also at regional level, by means of mutual information channels between local systems of cooperation and Ministry, through the Cispel Toscana.

¹⁹³ See http://ec.europa.eu/europeaid/where/asia/index_en.htm

From Wenzhou to Prato: the migratory factor in the prospect of economic cooperation

The agreement reached at Wenzhou, an industrial area in the Province of Zhenjiang, takes a peculiar meaning in the context of the Tuscan economic cooperation in China in light of the fact that the majority of Chinese immigrants who reside in the Tuscan city of Prato and in other areas of the Region come from Wenzhou, Chinese are in fact around 10% of the people of Prato. Therefore, this demographic factor is weighing more and more from an economic point of view and also with regards to a complexity of local social and cultural dynamics, which bring at the same time risks and advantages. Although Chinese immigration to Italy is a phenomenon of approximately the last twenty years¹⁹⁴, this has nonetheless seen a deep though quick mutation with regards to two different stages, industrial and commercial. Specifically, with regards to the case offered by the

¹⁹⁴ “L’immigrazione cinese odierna, che interessa nazioni, come l’Italia, le quali non appartengono alle rotte tradizionali scelte in passato dagli espatriati: Sud Est asiatico, Stati Uniti, Gran Bretagna, Olanda e Francia..., rappresenta il portato di tre ordini di eventi storici che investono la Repubblica Popolare Cinese alla fine del decennio settanta. Si tratta del varo delle misure di riforma economica e politica approvate nel 1978, del venire meno della divisione fra i due blocchi, e del processo d’integrazione europea. In particolare, la nuova politica economica e l’adesione graduale al regime di mercato hanno l’effetto di legittimare attese nuove per il futuro da parte delle masse cinesi, alle quali verrà consentito di viaggiare, abbandonando così il proprio luogo d’origine per assecondare altrove migliori occasioni di lavoro e profitto, e dunque vita. Questa aspirazione al benessere ed alla promozione sociale dà nuova spinta al fenomeno migratorio e contribuisce alla sua rapida espansione. Il flussi in Europa assumono presto carattere continentale, per diffusione del fenomeno ed alla luce della percezione stessa degli immigrati cinesi. Ricorda Antonella Ceccagno come per un individuo od una famiglia giunti dalla PRC, fra gli anni ottanta ed oggi, in Europa, l’Unione assuma carattere quasi uniforme, costituendo una sorta di *unicum* dove la scelta di uno Stato o di un altro avverrà sulla base delle condizioni di lavoro ed economiche offerte nel complesso: l’emigrazione cinese, altrimenti detto, ha matrice economica”; Ceccagno, A., “L’epopea veloce: adeguamenti, crisi e successi dei nuovi migranti cinesi”, in Trentin, op. cit., 2005, pp. 172-175

Prato district, where we find the majority of the Chinese manufacturers in Tuscany, we observe that the Chinese “ethnic economy”¹⁹⁵, since the economic crisis of 1933, has got into important productions for the Italian economy such as textiles and clothing, taking advantage of the lack of supply of workers outsourced from local companies. This was in turn caused by the lack of generational turnover and by the competitive slowdown registered amongst companies of the south of Italy in the same period. Since the beginning of 1990, when the international economy dynamic has started to damage Italy, some companies have tried to maintain their outlet market by reducing labour costs, and this has been achieved, according to the situation, either by moving the manufacturing process overseas or by preferring the near-by ethnic workers, namely Chinese labourers and bosses. This model has thus been highly successful and it has spread beyond the industrial district of Prato, to Empoli, Florence, Milan and subsequently in the area of Naples, at Terzigno and Carpi. At the end of the century the Chinese business community was present in many areas throughout Italy and in various sectors in the world of the *Made in Italy* designed for *export*. It is worth mentioning how the Chinese integration in the textile weaving industry has not only helped to overcome the downturn of the economy, it has also contributed to the development of the sector. “In 2003 the production of clothes and knitwear in Prato becomes so important that the companies around Prato make up 28% of the total, and clothes and knitwear make up 25% of total turnover”¹⁹⁶. This allows completing the textiles production cycle, which once did not include manufacturing of the finished product, whilst now the manufacturing of the finished product is of almost exclusively competence of Chinese entrepreneurs. This in turn makes the

¹⁹⁵ See Zhou, Y., “Beyond Ethnic Enclaves: Location Strategies of Chinese Producer Service Firms in Los Angeles”, *Economic Geography*, Vol. 74. No. 3, New York, 1998

¹⁹⁶ Ceccagno, A., “L’epopea veloce”, in Trentin, op.cit., p. 180

outlet market wider both in Italy and overseas, due as well to the recorded growth of the qualitative standard. Nevertheless, another dynamic, connected to the first one, begins, caused by two factors: the nature of the Chinese economic success in Italy, and the gap between the Chinese and Italian development trend, and so the results led by it will be able to be read in relation to the economic cooperation itself. The first reason to take into account is a serious asymmetry which distinguishes Chinese immigration to Italy. In other words, the economic redemption of the immigrants takes place to the detriment of their social condition due to the employment criteria, necessary to stand out, which involve the sacrifice of the family ties, and of anything beyond the factory. This sets the foundation for a real crack with the local community, the work ethic and the usual methods of comparison, dialogue and fight. It isn't nonetheless a sole incident, but a common behaviour between the ranks of Chinese immigrants in the world, named for this reason "complete strangers", where it is added that ""Chinese are predetermined to remain outsiders or [...] 'strangers', whose physical presence [...], coupled with their 'strange' origins and culture, results in a combination of proximity and apartness, closeness and distance vis-à-vis the majority society. [...] the Chinese remain unattached to the land and, in a metaphorical sense, out of place"¹⁹⁷.

Apart from the cultural interpretation, which will find its endorsement in numerous analyses of the Chinese diasporas in the world, it is allowable to say that economic progress for these communities in foreign countries does not coincide with social ties, which on the contrary is undermined by the reinforcement of the banishment to which foreigners are already subjected to because of the characteristics of the Italian economic tissue, divided amongst a great number of small companies where human links, and thus the threshold represented by a common

¹⁹⁷ Moore, M., Tubilewicz, C., "Chinese Migrants in Czech Republic: Perfect Strangers", in *Asian Survey*, Vol. 41, No. 4, 2001, p. 6

language and culture, weigh in a much greater way than in the big companies which follow Ford's model.

Besides, if the disruption of normal life stages, which sometimes means giving up offspring because of work duties, assures Chinese third sector workers of the demand from the Italian end companies, it is moreover true how the room and ability of expansion in the local economy are in any case limited.

Not all industrial sectors offer margins for the autonomous penetration of immigrants. In Prato, like anywhere, Chinese people can operate well in the clothing sector, which is traditionally labour intensive and requires a low venture capital, even if Chinese people have not been able, until now, to grow as entrepreneurs in the textile sector because of the fact that weaving is a capital intensive and high-tech production. Furthermore, even if the majority of the companies which are connected to an ethnic network can lead to broadening of the sector, the majority is third sector companies, which operate on the propulsion of the Italian end companies.

Against such a fierce competition, gradually fomented by the Chinese boom and the Italian decline, and by the collateral increase of expectations on the one hand and the perception of sacrifices and commitments given by the Italian economy on the other hand, many Chinese immigrants opt for new income sources, where it lies with them to act as go between the homeland market, Italy and Europe. Four different characters emerge to mark the transition, in the last fifty years, to a second phase of the Chinese business in Italy, centred on the import/export and the wholesale and retail sale of what is produced in the PRC: the mere importers, the importers who are also wholesalers, the wholesalers and the retailers. In fact, the above mentioned categories often overlap, and knit with the Italian production, if we consider how various entrepreneurs have chosen, in a way which is similar to what happens for Italian companies, to use the regions where they come from as production areas which they control, proceeding as well to sell the goods; but of course the principal distinguish is to be found

between the attitude of those who perceive the diffusion of imported products and the Chinese competition as contrary to their own interest, and those who vice versa foresee in this competition business opportunities. For the last ones, the business of Chinese import leads to a stage of further expansion, where two trade points have appeared in Europe, even if for a short period: Italy, as the favoured shore for Chinese goods intended for the markets of southern and western Europe, and Hungary, to supply central and northern Europe. Nevertheless, the customs checks introduced in 2003 in Italian harbours with the aim to contrast illegal competitive practices have resulted in the immediate and significant reduction of the importance that Italy has in the Chinese strategy undertaken at the time.

In general, the mentioned immigration sees in recent years an important transition stage, which contributes to define the setting in which the policies of economic cooperation operate by virtue of the great economic, demographic, politic make-over of the contemporary Chinese nation, and the re-establishment of the strong bond¹⁹⁸ with the *huagiao*¹⁹⁹ of the homeland, since Deng Xiaoping at the end of the 1970 understood, in reason, how Beijing could lever on its Diaspora to collect the necessary capital to launch reforms.

¹⁹⁸ "The search for economic participation by means of capital investment, contributing to the construction of a Greater China [and] the political reunification of the Chinese international community, which involves the recovery of lost territories, the support of the *huagiao* communities and the efforts to maintain territorial unity, which could potentially be threatened by the peripheral nationalism of Tibet, Xinjiang and Taiwan. Greater China is a project that can be summarized as China's claim in the world, expressing its pride in becoming an economic power and confirming its superiority in relation to Western countries."; Nieto, G., "Overseas Chinese Associations Building up a National Identity, Specific Cases in Spain", in Fisac, T., e Fernández-Stembridge, L., *China Today, Economic reforms, social cohesion and collective identities*, London, 2003, p. 179

¹⁹⁹ Warzecha, M., "Gli immigrati di Wenzhou: gli ebrei cinesi", *Mondo Cinese*, n. 129, 2006

Since then “The Chinese government has begun to view ethnic Chinese as more than merely sources of investment and technology. Diaspora Chinese have become vital to Beijing’s global charm offensive. In recent years, Beijing has rebuilt relations with ethnic Chinese organizations around the globe, groups ranging from cultural associations to clan organizations to business chambers, and directly called on these Diaspora Chinese to help boost relations between China and the rest of the world”²⁰⁰.

Now, the two major features of these politics of identity enacted by the communist regime are tied to the culture and economy. In Spain, where Chinese immigration is coeval to the Italian one even if to a smaller scale, Gladys Nieto notices how since the nineties till now an “associative renaissance” has occurred, that is an increase in the forms of voluntary aggregation amongst immigrants collaterally to the growth in numbers of the Chinese communities. Such organisations operate at a local, regional and national level and turn their attention to the education and promotion of the Chinese culture and to the national and ethnic support of the PRC, from which they receive in exchange a moral and political appointment which is useful to exercise their own leadership amongst the Chinese of the Diaspora. Apart from the language schools and other cultural acts, such as newspapers which deal with news regarding the community, it is worth mentioning that in Italy, in the same way as Spain, such an associative dynamic takes strength from the economic weigh reached by the elite of the Chinese emigrants who use this instrument of political affirmation to foment, with regards to Chinese people, relationships which acknowledge and make their actions lawful whilst, with regards to the host nation, the objective is to overcome any clashes risen with the region and the presence of lobbying and protection of their own interests. As a rule the associations are made up of businessmen who can boast

²⁰⁰ See Kurlantzick, J., op.cit., p. 77

economic relations both in China and in Italy, where the accrued contacts will likely eventuate in the formation of useful networks of information and favours of both an economic and political value.

“Finally, the transnational character of the associations leaders’ political links contributes to the growth of [their community’s] economy and culture”²⁰¹, and you can find immediate endorsements of the efforts on both sides by the main Chinese communities in Italy, in Prato and Milan, by looking at information on the web. What nevertheless is especially important with regards to the theme of cooperation, is how, both in Prato and Milan, these dynamics have weighed upon the cooperative practice towards China. About this, two events can be referred to, one from Lombardy, the other from Tuscany, these are events of economic promotion between Italy and PRC, in concurrence with the Diaspora, and in both cases it regards businessmen established in their sector, who decide to act with the aim to promote economic and politic exchange channels with homeland.

The first event is the foundation, in 1984 in Milan, of a not-for-profit company, named *Agenzia per la Cina*, with the job of connecting companies, organisations and institutions, and thus favour the synergy between the public and private sectors, with the aim to develop contacts and the information flow in the Chinese market and thus better use the business opportunities relating to this market, particularly after the admission of China to WTO. *Agenzia per la Cina*, apart from the Milan headquarters, has available an agency office in Tianjin, opened in 1985, and it makes use of a network of experts called to advise and orient Italian companies with regards to legal and economic matters. There are 132 members and the services offered respond to needs relating to marketing and promotion, logistics, various aspects of business management, organisation and language. We

²⁰¹ Nieto, G., “Overseas Chinese Associations Building up a National Identity”, in Fisac, T., e Fernández-Stembridge, L., op. cit., p. 181

are dealing with an effort to support the internationalisation and the dialogue with Chinese institutions which for the main part traces out what is on offer by the public organisations of Lombardy and elsewhere, thus anticipating most of the current measures provided for this matter, and in turn obtaining backing and participation from the regional government in many occasions. Amongst the most important interventions it is worth mentioning the constitution of *Palazzo Lombardia* in Shanghai in 1996, as a logistic support and a service centre where the economic systems of Lombardy and Italy are represented in China, the *Italian Industrial Garden* in the industrial area Xeda in Tianjin, the *Tianjiin Lombardy Commercial Service Ltd*, which joins the *Lombardy Commercial Services Ltd* in Shanghai, and lastly the tourist agency *ItalChina Tourism Development*, which operates exclusively in PRC and has a liaison office in Palazzo Lombardia.

Agenzia per la Cina was founded by a Chinese immigrant, Mario Tschang, who is amongst the first to reach Milan in the last century with his family and to become entrepreneur in Italy and overseas. Tschang thought to lever his businessman condition with strong ties with the nation of origin to boost the relationships and trade between Milan and Lombardy on one hand and PRC on the other. He remembers to have sometimes met sceptical answers from politicians and administrators, both local and national, not so willing to prize the results reached by the *Agenzia* or vice versa careful to see only the political implications of those, but he appears satisfied of what he has obtained until now, especially in the light of the interest aroused in RPC. Interviewed about this matter he says to have been given credence by municipal and provincial officers and leaders, besides Chinese entrepreneurs, only with time, showing decision and respect of the counter-party, in spite of any disputes and obstacles. Surely the care and consideration of Tschang for his origin nation are evident, and he keeps each attestation, official meeting and prizes such as the Magnolia Silver Award, given to

him by the Municipality of Shanghai in June 2007²⁰², for his contribution given for the growth of China by means of the cooperation with Italy. The founder of the *Agenzia* believes in a broad vision of the relationships between the two nations, which outstrips the economic field, even if it moves from it, and of the need to promote a greater understanding of China from Italy. Of the same meaning is the bond with the Chinese community in Milan, which Tschang seems to know well with regards to both its needs and its matters, sometimes highly discussed, relating to the confrontation with the local council; thus, he decided to employ only young Chinese emigrants to work for the agency, to give them a formative opportunity in a field which he regards as extremely important for the Italian development, and from which China itself will be able to benefit greatly²⁰³.

The second event seems quite different from the first one because of the historical period which it regards and of its length, it relates, in fact, to a process which is still being planned, and in the light of the players involved. The concurrence of interest between Chinese and Italians to promote what is produced by the textile district of Prato is the cause of some joint actions by Italian and Chinese entrepreneurs which consist of the opening of a showroom in Prato where to display the material and the finished goods, and of the foundation, in Hangzhou in Zhejiang, of a more complex centre which will become at the same time a space to be used for trade and showroom for the *Made in Italy* production, as well as a meeting point of cultural interest, to delve into each other's traditions. The contribution given for these measures by the Chinese Association in Prato, which has been active in this respect, is stressed by many and the Region and Toscana Produzione' point out in particular the effort of a Chinese entrepreneur, Xu Qiu Lin²⁰⁴, who in the same

²⁰² Author's interview to Mario Tschang, Milan, November 28th, 2007

²⁰³ Author's interview to Mario Tschang, op. cit.

²⁰⁴ See Bozonnet, J-J., "Prato, Chinatown toscane du textile", *Le Monde*, 11 Novembre 2005

way as others started as a family business, in the clothing sector, and he was able moreover to create branches in his native land creating important marketing operations both in China and Italy. Now his production is divided between Tuscany and China and it employs a mix staff, Chinese and Italian. We are dealing with, in fact, according to the Tuscan economic cooperation officers, “*Made in Italy with Chinese characteristics*”, whilst, on the other hand, the Chinese community of Prato is depicted as idle and at a primitive stage, of a complimentary economy with regards to the territory, or of the closing of the weaving factory, where the competitive advantage is to be found in the reduction of the production cost in virtue of the production level reached by the Chinese labour employed.

The immigration in Prato and in Tuscany is judged “useful because it leads to comparison with the cultural, social and economic dimension”, promoting a spread-out reciprocal interest, nevertheless the culture witnessed by the communities of immigrants fails to reflect the characteristics of the Chinese State as a whole whereas it remains limited to its specific local dimension, and the average or poor level of education which is typical of it feeds an adhesion due to the need of identity mainly provincial. This is found in the language spoken by the Chinese immigrants of the region. The community members are in fact in many cases owners of companies and businesses, they have a high standard of life and a success on the local market as they are extremely productive and devoted to work, but at the same time the majority amongst them do not know Mandarin Chinese nor Italian, and they only speak the *hua* of the place of birth, which is in the case of the community of Prato the language of the Wenzhou²⁰⁵ of the Province of Zhejiang.

²⁰⁵ “I Wenzhouiesi sono stati tra i primi ad emigrare seguendo le orme dei connazionali della vicina città di Qingtian, e suscitando l’interesse di scrittori e giornalisti che descrissero le loro vicende. La maggior parte dei migranti cinesi direttisi verso paesi europei quali l’Olanda, la Francia e l’Italia proviene dalla regione del Zhejiang, ed attualmente in Italia e in Spagna i Wenzhouiesi costituiscono la quasi totalità delle presenze cinesi. In particolare le zone di

A result of this geographic constraint of the origin which lives through time, is that the promotion of the economic relations with the PRC is in turn highly limited. Mandarin speaking Chinese and who have a diploma in the referential sector of the Prato district, i.e. the textile and clothing sector, cannot be employed or do an internship in the Chinese factories in Tuscany as they cannot communicate, in the Wenzhou dialect, with the immigrants of Prato; the trade under-way concerns to this day only Wenzhou and the neighbouring territories, and they have as principal vehicles the members of the families of people emigrated from the origin *clan*, who keep really strong relationships, namely blood ones, and sometimes move, for example to Shanghai to extend their business range.

As a whole the economy of the Chinese immigration in Tuscany pays for such a language barrier and it does not seem that important changes can occur promptly. Only a few Chinese immigrants in Prato have until now developed extensive entrepreneurial projects, ensuring at the same time an adequate education for their offspring. Where this occurs, it is noticed a cultural leap which establishes the foundation for a different development of the politics of economic cooperation, but as a rule in the immigrant and family based companies set up in Italy prevail work patterns which are irrespective from the level of education reached. The Italian market is proving to be highly receptive of the Chinese low-cost production and this allows therefore to have high profits in a short time, so that once a

maggior esodo in direzione dell'Italia non sono quelle montagnose dello Zhejiang (cioè quelle più povere e depresse), ma quelle dell'altipiano e della pianura facenti parte del territorio della municipalità di Wenzhou, cioè quelle zone che appaiono maggiormente dinamiche dal punto di vista economico-produttivo. Secondo i dati dell'Ufficio dei Dizionari Geografici di Wenzhou (Wenzhoushi Difangzhi Bangongshi) alla fine del 1994, 248.000 emigrati Wenzhouiesi e i loro discendenti vivevano in sessantaquattro paesi. Tra questi più di 165.000 risiedevano in Europa di cui il 95% era in paesi quali Francia, Paesi Bassi, Italia e Spagna"; Warzecha, M., op. cit.

production is started there isn't the will to progress with regards to the volume and qualitative standards.

As a rule the only diversification step accomplished by Chinese entrepreneurs is in the commercial sector, whilst not many have perceived the economic advantage to move the production in China, keeping in Italy an office for the import/export.

MODEL OF DEVELOPMENT OF CHINESE COMPANIES IN ITALY		
START OF A PRODUCTION IN ITALY OR IN CHINA ON BEHALF OF OTHERS IN ITALY	SET UP OF TA WHOLESALE SHOWROOM FOR THE DIRECT SALE OF THE OWN PRODUCTION	DIVERSIFICATION BY OPENING OF A COMMERCIAL COMPANY PUT INTO THE HANDS OF THE SECOND GENERATION OF IMMIGRANTS

Against the obstacles which make it difficult to conciliate the rhythm given to the global economy with the success model which the Chinese immigrants pursue and the habits which are of a spread-out and "minor" economy put on probation by internationalization, there are elements which require anyhow a consideration. The Chinese immigration in Italy continues in fact to change. The arrivals from Zhejiang slow down, where the economic expansion which has been taking place for fifteen years slows further flows to foreign countries. Since the nineties the Chinese of Dongbein and Manciuaria are taking place in Zhejiangren and Fujianren, where the economic reforms have led to the failure and the reorganization of government-owned entities and the administrations, forcing many workers to leave their jobs. Nonetheless for those, in the same way as what is found in the southern coastal China, wellness is now geographically near and will be able to be found in China, so to reduce the number of arrivals in Europe. To all this it must be

added that many Chinese immigrants landed in Italy have decided, because of the crisis and of an economic condition which is as a whole fragile, to move in other European nations, where the opportunities are greater and the constraints reduced. In conclusion, China is amongst the nations leader in commerce in terms of import and export of manufactured products and services and the demographic parabola which has led in the last fifty years to a vertiginous decline of the birth rate together with the growing demand for manpower seems to foreshadow a future of immigration for PRC, as opposed to a future of emigration, a future in which the government of Beijing will try to attract Chinese and foreigners on its territory. All these elements, which yet need to be considered within a quite long period of time, can find an answer only in the politics put in place to contrast the lack of Chinese flows to Italy, acting on the nature of the migration itself and thus on the people involved themselves. In other words, Italy can offer, as well as other European nations such as England, France, Germany and Denmark, services and structures to attract students from RPC and “move forward in this way the condition of the immigrant”²⁰⁶ from a social point of view, whilst the attraction exercised, even if for a short period of time, will more likely have greater positive effects on the National economy in view of the ties established with the young Chinese people, who will be called to undertake important appointments for the future Chinese economy²⁰⁷.

²⁰⁶ Ceccagno, A., op. cit., p. 203

²⁰⁷ “Pertanto, anche se una parte delle migrazioni internazionali sono di natura temporanea, al di là dei dibattiti sul fatto che le politiche nazionali verso l’immigrazione debbano privilegiare l’integrazione od il multiculturalismo, è necessario iniziare ad accettare il fatto che nell’era della globalizzazione l’autoctonia è un mito e denazionalizzare le storie nazionali. Le diaspore danno infatti vita ad un mutamento dello stesso concetto di Stato nazionale, attraverso la creazione di comunità transnazionali, costituite da persone dotate di doppia cittadinanza, che mostrano attaccamenti e lealtà transnazionali, senza per questo svalutare la cittadinanza nel nuovo Stato, che anzi è l’emblema del loro essere accettati e lo strumento per potersi sviluppare nel nuovo ambiente.

Peculiar aspects of the economic cooperative Tuscan system: informal on the front of decision and action, but centred on the work of Toscana Promozione

An informal cooperation dynamic

The Tuscan economic cooperation towards China is the result of a difficult yet ambitious balance. On one side there is the operative reference structure and link with the economic fabric, the agency Toscana Promozione, independent from the regional administration itself, as separated are the programming documents and in general the legal actions regarding the economic sphere in relation to other cooperative intervention fields; on the other hand there is a “plural” dimension of the promotion itself, which points at the measures taken and at the work method, which can find an explanation on the light of the importance give at regional level to the development cooperation as “engine for a wide system of internationalization”. As a matter of fact, the link between these 2 areas is ruled by art.3 paragraph 3 of the law which regulates the regional agency, whereas it is written that: “APET provides to integrate the economic promotion activities with the

Diaspore e migrazioni continueranno, anche se cambieranno forma, natura ed estensione, a seconda delle crisi geopolitiche, economiche o ambientali che spingono le persone a lasciare la propria patria di origine, così come muteranno le nazionalità, il genere e l'età dei migranti, i loro bisogni ed aspirazioni e il loro impatto socio-economico. Tuttavia esse sono una parte permanente del nostro futuro e con esse dobbiamo imparare a convivere, ricordandoci che a migrare non sono solo i poveri della Terra ma anche i più giovani, le persone dotate di capacità di adattamento e di orizzonti culturali più ampi e che la presenza di diaspore transnazionali all'interno di uno Stato è una risorsa nazionale con la quale conviene stringere un'alleanza. Alla crisi anche demografica degli Stati nazionali e ai tanti appelli all'unità e all'identità nazionale andrebbero opposte le parole di Enzensberger, che ricordava come “quanto più tenacemente una civiltà si difende da una minaccia esterna, quanto più si chiude in se stessa, tanto meno alla fine resta da difendere”; Muscarà, L., “Un mondo in diaspora”, in *Limes*, n. 4/2007, p. 74

initiatives of cooperation with developing countries”, and moreover it is obvious the will not to separate the commerce promotion and the investments in China from the conception of a social progress in the broadest sense which in Tuscany historically represented for the regional institutions the first objective to pursue abroad.

This link is confirmed by the recourse to participate decision-making instruments which involve, along with companies, a wide number of sectors, and by the importance given to the territory and to the combination of value and practices associated with it. The undertaken measures favour the ‘drawing’ effect of the cooperation on economic agreement, in Chongqing as well as in Wenzhou, and different organizations, such as Universities and research centres, local administrations, companies, which are motivated to share strategic objectives, in the interest of the Chinese counterparts, so that the economic cooperation from the bottom sets in particular the outcome of ‘virtuous’ internationalization models. According to this, the constitution itself of Toscana Promozione, as delegated organization operating at regional level, makes possible that the promotion assumes a systematic approach with a strong political meaning by the Regional Council Chairman. “Inside, policies are given to offices located on different *lines* of regional administration [...], outside, internationalization policies [in economic field] is based on an *ad hoc* agency, and on structures already existent providing transverse support”. The regional leadership is therefore included in a global relations network in which single units have got autonomous decisional power or are negotiated with the presidency. This last item has got a guidance role without supervision of intervention management. Within this structure, there is the will of the regional administration, in relation to the Italian-Chinese cooperation, to flank the traditional sectors of promotion, given to Toscana Promozione, different agreements and contacts. These should be able to attract resources and create new fronts of internationalization for the productive system. At the same time the sharing of objectives

and instruments with the regional agency goes on, within agreements taken by it for technical and scientific aspects referring to any educational or organizational programme. This is the case of a cooperation agreement which involved restoration works on the Chinese territory under the supervision of a team of Italian experts. The Directorate General signed the agreement that concerns formative policies, cultural goods and cultural activities in the Tuscan Region, and in particular within the cultural planning. Instead, the promotional duties remain with the agency. The Directorate General took the role of leader in the project of the Preservation of Cultural Property; the outcome of this is largely related to the work created by it. During the mission in September 2006, some Tuscan companies and their Chinese counterparts, showed interest in restoration and preservation matters, and many of the industries that had already joined the Asia Urbs programme²⁰⁸ intervened again in the implementation of the project, which allows them, as in the case of the Prato wood restorers Fratelli Piacenti, to get in contact with a dynamic and significant economy in their sector.

The 'informal' operative model adopted by the Chinese regional system has got directions of economic cooperation given to Toscana Promozione, whereas the provided measures require interventions of *capacity building*, participation of different regional administrative bodies, the sectoral Directorate-Generale, according to the operative area related to each project.

²⁰⁸ Asia Urbs promotes mutual understanding and lasting cooperation between Europe and Asia, by bringing together local governments and communities in both continents to work on the challenge of urban development. The European Commission favours projects which include a socioeconomic dimension with women's groups, local partners and institutions. Projects should ultimately aim to promote the quality of life for those living in urban areas. The key areas of cooperation are therefore urban management, urban socio-economic development, urban environment and urban social infrastructure. Europe provides a maximum grant of 65% of total projects costs [...] for the development of information-sharing projects; or 65% [...] for a study. A minimum of three local government partners should provide a minimum commitment of 35% of total costs from the partners; see <http://ec.europa.ec>

The International Activities Office coordinates the action of the agency and of the head office, involving those who cannot take part at institutional level, within and outside the region. Among the actors who are asked to participate in the cooperation policies with China, are universities and districts. On the opposite end, within Toscana Promozione, the organizations taking part are many. These include: the Italian Trade Commission (ICE), Unioncamere Toscana, Regional Organization Chamber of Commerce, and the National Board of Tourism. These configure a territorial pact which sets an obligation within the promotion of the economic system and the setting-up of appropriate structures, which will confer a wide range of actions to the local government. Generally, the internationalization of China involves a strong coordination of the parts of the system. This happened during the economic mission, with the participation of the President of the Region. It also happened during another promotion action which took place later; in this action Toscana Promozione involved the whole Prato system, including the institutions, companies and local Chamber of Commerce. The strategy is based on the territory and therefore on anyone who works within it. The district in particular leaves room for possible interesting developments. Considering that 20 years after the Law of 1991 was passed, a central consideration has started again within the National Economic and Labour Council, in support of the creation of a cooperation body of the district. This would include the possibility of funding it properly, in order to do various jobs. Among these is the promotion of district productions on European and non European markets, and the spread of innovation²⁰⁹. Moreover, some measures have already been taken on this subject, as it happened in Friuli Venezia Giulia. These are: the different judicial and economic definitions of

²⁰⁹ See Docup 2000-2006, *Analisi e ricerca sulla riorganizzazione dei distretti industriali e dei sistemi produttivi locali*, edited by, Nomisma, Scuola Superiore Sant'Anna Laboratorio IN-SAT, February 2006, www.docup.toscana.it

district authority, and the start-up of the Agencies for the District Development (ASDI), which operate to supply competitive services to the companies taking part in it. The Tuscan Region is discussing different solutions related to district internationalization and economic cooperation. Today, apart from the Prato district textile area, among the districts operating the most in the Chinese market, there are the hide and leather companies of Florence. Also the marble district in Massa Carrara is intense; this started good relations with their Chinese counterparts during the last regional economic mission. On the other hand there are still no districts working intensively within the environmental technologies sector, the preservation of cultural properties, or pharmacology.

Another aspect is the so-called coordination boards, created according to what provided by the Regional Law 17/1999 "Interventions for the promotion of cooperation and international partnership promotion, at regional and local level" and by the national law of 2000, in order to promote the dialogue among all the actors involved in cooperation, both public and private.

In short, in light of the research lead at the Università Sant'Anna di Pisa²¹⁰, it was shown that only in the Tuscan Region at a different level, there were almost 1300 participants of cooperation policies. It was thought that there was a need to solve this fragmentation by trying as much as possible to coordinate the work, exchanging information and finding the most active actors with whom to organize partnerships which would lead to good projects, not only limited to local resources.

After a preliminary phase, the boards went through a sort of crisis, and what was decided during the coordination phase did not get any funds, which were assigned through a call for bids.

This was in partial contrast to the original objective, which was to promote the link between institutional and non-institutional actors. With the current cooperation plan it was then decided to

²¹⁰ See <http://cdt.iao.florence.it/santanna/docmap/GRAFICI.pdf>

take things a step further. This means that the participation of the board's coordination is regulated by accreditation. This involves the signing of a protocol, the description of which is made by the organization, and the signalling of those members who take part to the coordination, in order to get data and numbers to be used in the future. Moreover, boards will discuss an area operative program comprising objectives, strategies and concrete measures. Similar plan will be then arranged at institutional level, according to regional provisions Region concerning negotiation. A decision about the assessment of the projects related to the operative system *ex ante* and *ex post* has still to be taken.

In the first case, the approval of the operative programme would be political, and it would require an assessment later; in the second case, a choice related to forms and cooperation fields would come immediately, to avoid having the boards omit the operative programme made, concentrating on the method. Each board has its own coordinator, who sets up and makes decisions along with the persons who take part in the programme negotiation: the coordinator is chosen by simple majority during the first meeting of the board, according to the candidacy that has been made.

In China, a coordination board for Asia has been created, coordinated by the vice-chancellor of the Prato Province. Within this board, the operative programme lines are being debated, and they are going to have repercussions on the thematic and territorial intervention priorities in the future. Among all the states, China was chosen to receive the higher weight in Asia. It is still uncertain what range of actions which will be related to Beijing. It is necessary to decide whether the operative programme will provide decentralized cooperative policies exclusively for undeveloped countries, or if it will also offer this to developed countries. This means they must decide whether the programme would be of interest in terms of environmental cooperation sectors for water or restoration and Preservation of Cultural and Artistic Property.

Regional functionaries working with cooperation note how these programmatic problems are the same for the work made at the coordination boards at local levels and within the coordination board of Italy-China. In both cases, the comparison of the action undertaken could be unimportant, as the funds and the distribution of resources are missing; this implies a choice of different hypothesis, intervention plans and incentives to act. Currently, the only funds available come from Cispel and point at supporting studies and researches, and no further development. Plans at institutional level have been approved by the UE. On the strategy paper for 2007-2013 period the Commission itself admitted that the greatest difficulty in the definition of economic relations with China is the contradictory nature of this nation and its evolution from the status of "traditional ODA recipient" to "strategy partner on a wide range of political issues" and "source of ODA".

Europe supports the articulation of a cooperative effort, according to sectoral dialogue methods and thematic programmes, favouring, where allowed, transversal approaches pointing at: support of domestic strengthening of PRC; the side-taking in universal subjects such as nature and international integration; development of human resources. The Union flanks the usual important sectors such as transportation, financial services and commerce, new kinds of work areas such as the environment and energy, the setup of a system for social safeguard and education. The Tuscan Region has already started to become interested in these issues, as mentioned above. The participation of coordination boards of Tuscan universities which gathered together in a consortium and agreed on a collaboration project should be noted. The project was given to all those who at each board take care scientifically of the planning of the operative cooperative programmes.

The result of this phase, yet to come, would support a redirection, and the Region's institution as well as Italian and

European institution's adoption of instruments adequate to the political and economical Chinese scenario.

GEOGRAPHY OF ECONOMIC TUSCAN COOPERATION IN CHINA			
CHONGQING	WENZHOU	SHANGHAI	BEIJING
Ongoing relation between Chinese provinces and local economic issues on one side, and university and productive system on the other (cases University Sant'Anna and Piaggio)	Cooperation in public utilities sector: a project on sewage industry works. For a long time exchange and commercial relations area, thanks to a strong emigration towards the Tuscan Region of Prato	Common reference area for the Italian economic presence in China and headquarters of the Tuscan Region economic promotion office	Institutional junction for the organization of meetings and for the development of relations, and also for the exchange of information about the ongoing evolution of the Chinese economy and real opportunities for Tuscan companies in the Chinese market

Toscana Promozione

The agency Toscana Promozione is an ad hoc organization for the economic promotion of the territory, set on a regional base. It was born by an agreement between Regione Toscana, Unioncamere Toscana, ENIT, the national board for tourism, the

Italian Trade Commission (ICE) and the Ministry for Productive Activities. The agency is active in every economic sector, including tourism (which in other regions are considered separately), and restoration (which is between economic and cultural cooperation, but it has in Tuscany many linked activities of great economic importance). The regional public bodies are active in: industrial cooperation, attraction of foreign investors in Tuscany, promotion of a regional productive system on the whole by means of fairs and other events and via internet and offers of counselling and assistance services to companies in foreign markets. According to the official information released by the agency, the measures provided are divided into three main categories, which are articulated into ordinary and exceptional.

ACTIVITIES OF TOSCANA PROMOZIONE ²¹¹		
ROUTINE ACTIVITIES	EXTRAORDINARY ACTIVITIES	
Information and requests gathering; data banks setting; comparison and collaboration with other institutional and non institutional actors in Tuscany and abroad; writing and revision of the annual programme	Specific support to companies ensured by a local counsellors staff at the Toscana Promozione's premises abroad.	Economic missions and promotional events: fairs and other periodical events

²¹¹ Author's interview to Mrs. Marta Javarone, responsible for Toscana Promozione offices network abroad, Florence, September 5th, 2007; www.toscanapromozione.it

In addition to the office in Florence, Toscana Promozione started to expand elsewhere in 2004, opening offices in New York. This was because the American market is a destination of primary importance for Tuscan firms, even if in the last period it had been declining, it recently got stronger and it is the largest area for the development of regional industries abroad. Along with Veneto, Tuscany is the region which benefited most from product demand in the United States. Once verified on site, the result of the start-up of this branch in America (the favour and interest shown by regional enterprisers), the agency decided to go ahead with the opening of another office in Shanghai, in Moscow and in Frankfurt. It also set up an office in Bombay in 2008. For the future, the main development line of the agency is going to be the expansion of its organization abroad, even while maintaining its current intervention's spheres.

The choice to act with offices *in loco* is made because of the entrepreneurial help requests.

These requests are sent, catalogued and examined by Sprint Toscana, the Counter for Internationalization. These requests allow them to decide which are the priority states for the entrepreneurial Tuscan class; what information is necessary each time for the commercial counterparts in order to transfer their production abroad; for which interventions the demand is higher.

Sprint is in this sense an important transmission channel of the entrepreneurial requests, as it has a thorough network on the whole Tuscan territory (made of Provinces, Chamber of Commerce and trading associations). Sprint is therefore able to represent the regional productive system. The choice to open a new office is set on the final phase of this survey, and it is made because of the need to gather information immediately (or almost immediately) and of the need to offer the service *in loco*.

Toscana Promozione's offices throughout the world have until now faced a real need for the Italian operators on the related market to indicate the received requests would be real. For the Chinese Shanghai office, the requests coming from the Italian

companies in China are many (one per day), and the kind of the services offered are very different. Some requests come very often, as in the case of information related to starting up an office in China, or the list of importers in a certain sector. Other times, the requests concern legal assistance or checking the credit of local companies, in order to ensure the reliability of possible Chinese partners.

While attention towards certain areas has yet create a real presence of Tuscan companies, some smaller actions are gaining notice. For example, two offices opened in January 2007 in San Paolo (Brazil), and in Buenos Aires (Argentina). These markets still seem uninterested in significant economic penetration of Italian companies, although consideration for them has gotten larger. Therefore, it was decided to install a delegate, according to the *desk* formula, which operates in a structured office (in this case in the Chamber of Commerce Italy-Brazil and Italy-Argentina), and supports the Tuscan economy in a different area of work, allowing them to cut the costs. This is inside a framework of general promotion of commercial relations between Italy on one side and Brazil and Argentina on the other side. This guarantees a first approach to the market and allows them to evaluate their prospects and parameters for expansion, and also to evaluate the role that regional company systems would play. From this point of view, Latin America appears to be promising. Not only because of the economic cycle which benefits from the proximity of these markets to the dollar area (which is advantageous in that it concerns direct export abroad), but also because and the cultural and historical links with Italy.

Offices and desks abroad are instruments similar to the internationalization of support measures of the local economy. There is no link between them. Offices can be preceded by the creation of a desk, otherwise there will be a different strategy. This is because the Tuscan Region got these instruments later than the Lombardy Region, for example, which has (by means of Promos Milano) about 40 desks in the world. Tuscany acted quickly, considering how these offices ensure a structured

support to companies abroad. Moreover, on the market, different collaboration requests are coming both from the private sector and from the Chamber of Commerce, from the Region, the districts and so on. To these requests, Toscana Promozione answers by starting up a discussion in order to understand the reasons for the interest shown towards a particular geographical area, and registers the answers in order to anticipate and work on joint initiatives. This involves the participation of regional missions (during which Toscana Promozione takes care of the economic part), and projects which start initiatives of the union associations, Confindustria, CNA, Confcommercio, Confartigianato, CIA, Confcooperative and of the companies themselves, which in Italy in particular keep a constant dialogue among themselves, registering their own experiences and communicating information and needs. This herd mentality of the Italian productive system can sometimes have negative aspects: this is when there would be exclusive (and therefore improper) attention paid by the entrepreneurs towards certain areas, as has happened in the past in China and as it is happening now in India. This would result in neglecting other states which are not less important for Italy and in partially preventing the search for alternative and original internationalization paths. In its annual plan, Toscana Promozione tries to keep count of the amount of information and incentives that come from the bottom. It refers in particular to the work done by the Chamber of Commerce, which has a comprehensive view of the territory, as their board of directors has all the union associations operating on the territory and on the Tuscan productive system. Their annual programme is then approved by the regional council, which leads in the end to many initiatives made during the year. In the programme, areas of interest, sectors and fairs are indicated which will be organized in the future.

Some modifications can be made after the approval, including changes in who receives resources, and the council's modification approval. As concerns the organization, according

to what is provided by the regional Law no.6 of 2000 ruling on the agency's creation, the staff includes approximately 60 people working at the central office in Tuscany, and one or two people in each office abroad. The staff education is on the whole economic-technical; this is because this is a young agency, created in 2000, which has been working for six and a half years and most of the people working there come from the private sector. Here they gained an experience which they are using now at the agency, where they work for many companies instead than just for one.

The employee recruitment consists of an exam. For administrative duties, employees are recruited from other administrative sectors of the region. The leadership of Toscana Promozione (its manager) takes part in the meeting which takes place in the territory which involves the relation with those actors involved in the implementation and definition of economic promotion interventions. The agency, during these occasions, writes a draft to be read by both parts. The planning at the local level starts with subjects and proposals contained in this draft, and this leads to the revision of the document and to the definition of an agreed line of action on the promotional plan.

Toscana Promozione has the last word because it is in charge of setting up necessary resources and making the provided initiatives. The projects approved at European level are based on funds granted at the European level. A particular internal sector of the agency is in charge of this. This is a smaller area of competence of Toscana Promozione; it is in charge of the amounts received from Brussels for very specific promotion interventions. As concerns European resources, Toscana Promozione is just a distributor, according to the functions given to it by the Tuscan Region. In other words, Toscana Promozione has only an administrative role in these issues, working as a link between the local and community level.

Alternatively, some market research was commissioned by the Tuscan Region and aimed at comparing the work and the

characteristics of Toscana Promozione with the work of other agencies for the economic cooperation abroad. This market research showed interesting results, even if only the attraction of the investment was examined.

Foreign operators in this sector are the local development agencies. Toscana Promozione pursues instead wider objectives. This is very unique on the Italian and European panorama, as observed in the collaboration with other European states. There is no structure similar to Toscana Promozione at the moment, considering the number and the nature of duties it has. There are instead some organizations specialized in the attraction of investments, a function assigned to “Invest in Tuscany” within the regional context, that is to say just a brand inside the whole sphere of services offered by Toscana Promozione), economic promotion and local development.

Toscana Promozione is in charge of all the above mentioned areas because Tuscany does not have as a region a population or an economy large enough to require participation from different bodies. Therefore it can operate with only one structure.

TUSCANY REGION	IN OTHER PARTS OF ITALY OR ABROAD
TOSCANA PROMOZIONE	AGENCIES SPECIALIZED IN THE ATTRACTION OF FOREIGN INVESTMENT
	AGENCIES FOR LOCAL ECONOMIC DEVELOPMENT
	AGENCIES FOR ECONOMIC PROMOTION

In China, the presence of the agencies supporting the local entrepreneurship continues to be an advantage. It favours the

Tuscan companies, with interventions that aim to promote the regional productive model and therefore it is made according to its characteristics and necessities. This would be the case even if it was necessary to set a national strategy, in order to avoid the risk of losing resources and ideas on a market as big as China. Italy keeps on missing a medium and long period perspective, which causes a higher delay in comparison to France and Germany, also considering that Chinese authorities have the plan to set on a long period partnership and agreements with public and private foreign actors. Relations with Italian actors working in China reflect the hierarchical constitution already found in Italy. In China the relation is set with those institutions who have a priority role in the economic area. Among these there is the China Council for the Promotion of International Trade.

Opportunities missed do not have Chinese characteristics. These are related to international markets in general. The development of the culture necessary to face international markets (not only in Tuscany but also in the rest of Italy) is still uncertain. Toscana Promozione claims that it suffers much from this problem because it works a lot with small and medium enterprises for which internationalization means almost exclusively selling their goods abroad. Often there are no ambitions to grow in foreign markets. If this attitude changes, it happens with difficulty, because of the limited dimensions that characterize the Italian companies abroad.

According to the agency's workers, Tuscan companies think that they can intervene in foreign economies with a little financial effort, and they try to rely on others for sustaining the costs. This complicates the work of Toscana Promozione, if the Italian corporate culture doesn't get along well with the needs of the ongoing globalization process. Moreover, the history of Italy does not have any colonial past or any link with developing areas in the world. Winning a contract implies incomes of millions of euros (considering the average scale of provided interventions). This can happen only if it is possible to benefit

from contacts for a longer period with local counterparts. It is possible to get such relations with only history and culture, as it happened with those nations that in the past were colonial empires; also with a proper budget in order to get a proper space in the Chinese economy.

A big effort and a strategy without any contracts is required: Italy has always showed big gaps, changing direction every five, six years on average.

This what Lucian W. Pye could define, talking about Chinese styles of business, as two levels of negotiation to which normal functionaries refer: "1. the manifest level of bargaining about concrete agreements and 2. the latent level at which they are trying to strike emotional bargains"²¹², which implies a more complex and longer relation and a personal link among man. Alternatively, there are no obstacles that concern economic information provided; it is generally difficult to understand how the Chinese hierarchy is structured: new actors appear continuously during the meetings and the role played by them in the negotiation is generally unclear.

The Chinese model is similar to Italy's: each actor has an own sphere of authority and interest to protect. A way to avoid negative repercussions on the agreements is always to refer to the head (i.e. to the higher administrative and political level) and then to go on referring to subordinates, verifying each time what the higher levels have said.

Toscana Promozione will have as its own joint interlocutor in the Province and will refer to it *in primis*, even in those cases where there would be a Chinese entrepreneur with privileged relations with the municipality.

In this way, the Province will have to create a degree of respect for the hierarchy, once informed by its own peers at a diplomatic level, in order to avoid conflicts between the provincial and the municipal level. Some difficulties can arise from choosing the

²¹² Pye, L. W., *Chinese Negotiating Style, Commercial Approaches and Cultural Principles*, London, 1982, p. 99

wrong Chinese partner with whom to start a joint business venture. When screening the Chinese partners in power, Toscana Promozione refers to the political authority, neglecting to study the criteria by which some companies are chosen over others.

Another case is when the Italian company has already got in touch with the Chinese company and want to start a joint business venture. They will have to verify whether this company is accredited to the state, and at what level. In case it is not accredited, it is necessary to avoid any kind of commitment and to avoid any delays and bureaucratic problems that might block capitals and investments (sometimes also for years). The third step is to get the accreditation of the company from the Chinese authorities. This is the most complicated hypothesis and it requires many financial resources.

Toscana Promozione does not resort to any feedback mechanism that could prove the success of a regional company in China. Some registers were kept by the Chinese chamber networks in order to keep track of the Tuscan companies, but often companies who successfully start a joint business venture with Chinese partners are registered under a Chinese name. ICE cannot provide any help with this even if it has its own archive of Italian companies in China, which is approximate and based on information gathered from different sources.

The Lombardy Region

A few historical directives

In order to examine the nature of relations initiated by the Lombardy Region with the PRC within the social and economic regional background and its greater or lesser configuration in an international and global context, it seems appropriate to attempt to give a definition of the characteristics of the economic system and Lombard society over the past century. If it is true that the process of training of the Italian industry came as the grafting of certain technical-industrial events progressed in a context of pre-capitalistic structures becoming slowly modern, the Lombardy area had already acquired in the Italian pre-unitary period the role of "frontier" on a national scale, an avant-garde role characterised by strong entrepreneurial autonomy with respects to the political power and supremacy in terms of sector division, the use of technology, production volumes and capital invested²¹³.

During the twentieth century, the Lombardy Region assumes and maintains leadership in the modernisation of Italian industry: in the first part of the century, it is observed how, on one hand, capital flowed to different industries, giving the local economy an original character with respects to the other vertices of the industrial triangle, Liguria and Piedmont, guided in a mono-cultural way, and on the other, how the articulation between large and small enterprises combined advanced models of management and productive innovation, particularly with regards to technical skills and organisational architecture of a more developed nature than usual. The cotton industry, on the

²¹³ Colli, A., "Cent'anni di "grandi imprese" lombarde", in Bigazzi, D., Meriggi, M., edited by, *Storia d'Italia. Le regioni dall'Unità a oggi. La Lombardia*, Turin, 2001, pp. 481-490

eve of the First World War, seemed to consist of companies which, although impregnated with strong conservatism, demonstrated new characteristics, and they gave rise to, as happens in every leader industry, a fruitful collaboration with other rising industries.

In the second part of the century, the role which had been acquired in the meantime by the Lombard productive system, became further consolidated due to the success of industries of the so-called second industrial revolution²¹⁴, the parallel increase of technical and financial concentration within industry, growth within the Lombard territory of first movers in each of its main composite product groups of the Italian industry before the advent of the Italian Republic²¹⁵, and the important network of relations and deals between sectors and enterprises. The progress was accomplished both on the technical side and regarding the organisation of capital, thanks also to a banking system that with increasing commitment supported worthy enterprises, and in virtue of an important technical-scientific environment, dating back to the nineteenth century and to the polytechnic culture with close relations with the local business community. The economic boom following the Second World War marked the climax of industrial development, as the

²¹⁴ That is *capital intensive*, with large use of energy in the productive process and economies of scale; see on this point Giannetti, R, *Tecnologia e sviluppo economico italiano 1870-1990*, Bologna, 1998. With regard to industrialization and technological progress see also Giannetti, R., e Vasta, M., op. cit., 2005

²¹⁵ “Negli anni fra le due guerre l’industria italiana conferma la sua struttura fortemente polarizzata: a poche grandi imprese *capital intensive* si accompagna l’universo artigiano dei settori tradizionali, oltre a taluni comparti moderni, come nel caso della meccanica. Sei sono i maggiori settori, e su di essi poggia l’edificio industriale nazionale: meccanico, tessile, alimentare, metallurgico, elettrico e chimico. Tali settori assorbono così i tre quarti delle risorse a disposizione, distaccandosi nettamente dagli altri comparti in termini di capitale investito per addetto, di grado di motorizzazione, e di numero di addetti per esercizio.”; *Rapporto della Commissione Economica presentato all’Assemblea Costituente, II. Industria, I. Relazione*, edited by the Ministry for the Constituent Assembly, Rome, 1947, voll. I e II

pressure to change invested the consumer market during this phase, by multiplying the number of enterprises that, although coming from traditional sectors, made radical changes in a modern way. The "miracle" years increased the synergies between different sectors as well as within the same one. On one hand, large companies together with industries which sprung up thanks to state support, on the other, small and medium-sized craft enterprises yet which dealt in new divisions, took advantage of the opportunities offered by economic conditions in order to make valid business decisions that supported growth strategies, investments, and the training of a capillary distribution network²¹⁶.

The Lombard industry confirmed, therefore, dynamics at the national level, whilst contradictions that had marked its development for some time, matured. This refers to centralised ownership, a scarce inclination to separate ownership from management and a paternalistic view of the dialogue between capital and labour. The Lombard company, in fact, ignored greater government involvement, the larger dimensions of the enterprise, the almost total domination of their sector of reference and the flexibility needed for market impulses by means of merger and acquisition strategies together with investments in plants and distributive structures, due to the fact that the management model continued to favour family control over the entry of new human and material capital and the emergence of a different business culture that could take the company beyond the mature phase. Thus the structures that were strongly linked to the founder figure risked stagnation, were faced with a long-term difficulty in re-proposing old practices and products, and at the same time had to cope with the advanced competition of the third industrial revolution. On the contrary, a direct relationship was established between company's growth and human resources of each family at the

²¹⁶ Ibid., p. 519

summit, creating problems of personal succession which sometimes overlapped a delicate cyclical stage.

Internationalisation, with reference to the context just mentioned, appeared to be, on the one hand, inherent to the very importance of regional economy, in the light of numerous cases of cross-border entrepreneurial success and to the same "Lombard way" of industrialisation that saw throughout the rest of Europe, its natural horizon²¹⁷; on the other hand, it was already uncertain at the time of the first modernisation when the dynamism shown by the greater cotton industries in terms of vertical integration of the production cycle and the birth of large plants which were freed from work at home and exclusive local factors did not correspond to an equally aggressive trade policy. "Against a rapid saturation of the domestic market between the nineteenth and twentieth centuries this threatened to pose an important impediment to plants that had greatly increased their production volume in order to encourage more enterprises to export markets, by means of the mediation of trading companies"²¹⁸.

The major Lombard industries of that period chose to use their productive means in favour of production policies aimed at local and national markets, which offered undoubted growth prospects both due to the gradual expansion of state administrations, that ensured advantageous orders within several sectors of the entire Lombard economic system, and because of the difference, bridged only at a later date, between Lombardy and other regions which came to mean as many spaces for production as for the trade of regional goods. The Lombard industrialisation became strategically important, to the

²¹⁷ "La Lombardia manifestò una spiccata vocazione ad appropriarsi di forza lavoro, tecnologie e capitali che provenivano da altri territori europei (Svizzera, Austria, Francia, Germania) nel momento stesso nel quale essa si trovava a dare corpo ed ammodernare le imprese tradizionali che da tempo caratterizzavano il suo tessuto economico", Borruso, E., e Silva, F., "Nuovi prodotti, nuovi mercati e nuove imprese", in *ibid.*, pp. 1131-1132

²¹⁸ *Ibid.*, p. 494

extent that the conquest of the domestic market led to exercise an economic monopoly of sector dimensions, which associated with the reduction of a meaningful political constraint, particularly if one considers the national economic policy during the periods following the First and Second World Wars.²¹⁹ 'Ministerialism', financial architectures that gradually expanded and extra-regional investments attest the complex nature of such capitalism that obtained taylor-made measures of industrial and custom policy in defence of certain production, such as the steel industry, giving way to a related exchange of favours with the national government, while also maintaining, at the same time, a close network of relations on a local basis and a strong corporative elitism, both harmful aspects in view of the competitive progress to be achieved on a supranational scale.

²¹⁹Dall'immediato dopoguerra fino alla vigilia delle politiche di privatizzazione adottate nell'ultimo decennio del secolo scorso, le forme di intervento statale con riguardo all'industria muovono da investimenti a carattere infrastrutturale, costituzione di *public company* nei maggiori settori dell'economia, ed adozione di un sistema di libero scambio a mezzo dell'adesione alla Comunità europea del carbone e dell'acciaio, al coordinamento fra politica macroeconomica ed industriale, forme di nazionalizzazione ed erogazione di sussidi con particolare riferimento agli impianti situati nel Sud d'Italia, e strumenti di cooperazione e contrattazione fra governo ed imprese private. A seguito della proliferazione di interessi diversi, che videro fra loro contrapposte le imprese pubbliche da un lato, le imprese private dall'altro ed in aggiunta la volontà dello Stato di raccogliere in un progetto comune parti sociali e molteplici segmenti dell'impresa, l'orientamento assunto all'avvio del decennio sessanta non ebbe i risultati attesi. Lo strumento di lotta fra gli attori della scena economica italiana divenne allora il sostegno assicurato dalle forze politiche nazionali e locali alle quali richiedere risorse e misure legislative a favore. Dal canto suo, il governo non seppe trovare una linea strategica tra questi conflitti e si limitò ad accrescere le risorse pubbliche volte a soddisfare le numerose domande. Alcuni settori strategici vennero da ultimo individuati nell'industria siderurgica, nell'energia e nella petrolchimica, e ad essi furono destinati strumenti speciali. Benché tesa alla creazione di 'campioni nazionali' in grado di competere su mercati internazionali, simile strategia risultò del pari fallimentare." Giannetti, R., Vasta, M., op. cit., pp. 201-222

However, favourable conditions failed both on demand and supply sides²²⁰, that had allowed several entrepreneurs a limited recourse to bank lending and more generally to capital from outside the corporate group, and it became necessary to identify productive solutions and strategic- organisational forms which were different from those used in the past; the regional industrial system started to waiver, recording failures during the merger between Edison and Montecatini, the two largest Italian and Lombard companies during the second half of the century, together with the transfer of several businesses, subsequently controlled by foreign and public enterprises or by companies based in other Italian regions.

It is worth noting, among others, the case of Pirelli, the most internationally active²²¹ Italian holding company. The disorientation of the owner's choices led to a delay in the renewal of the organisational and central management structure, destined to have an critical impact on the agreement made with the English company Dunlop, which established the Pirelli-Dunlop Union in 1970, as well as on the following restructuring and repeated attempts to climb to the majority stake of the company by some of the key foreign groups in the sector, during the 1970s and the 1980s.

An introduction to the economic cooperation in the Lombardy region and its social and economic framework

The Lombardy Region, apart from being provided with an economical strength equal to that of the greatest European regions, has, in addition to what is illustrated by the indicators usually employed in order to assess the degree of development

²²⁰ See Colli, A., op. cit. p. 520-526; Petrillo, G., *Lo scontro per il nuovo modello di sviluppo*, in *ibid.*, pp. 1021-1022

²²¹ Zerini, E., "L'egemonia capitalistica ed i vari aspetti delle egemonie economiche in Italia", *Critica economica*, 1947, n. 6, p. 216

reached throughout a given territory, levels of internationalisation of regional enterprises unexpectedly below the Union average. In other words, even if Lombardy absorbs most of the foreign direct investments (FDI) in Italy, due to the fact that 45% of foreign-owned industrial enterprises are located in this Region, together with an even greater number of service companies, still only 36% of Lombard enterprises invest abroad, that is a significantly low percentage. This figure indicates an incomplete growth in some respects, which nevertheless has been given recent impetus by means of several actions and proposals coming from public and private organisations, also regarding economic relations between China and the Lombardy Region.

Numerous large companies grown in Lombardy, where industrialization process began earlier than in the rest of Italy, have reached a high rank in the context of European industry; they have also played an important civil role for, like in the Piedmont Region, private sector has made donations and invested in education and culture. The relevance of management training and the involvement of local entrepreneurial classes in society date back to the unification of the Reign of Italy, and during the twentieth century the commitment in support of the process of Lombard social and civil development has proved to be widespread: charitable solidarity, entrepreneurial paternalism, the care and interest for the local administrative practice so as to ensure that it truly operates for the common good, are some manifestations of this phenomenon. "Without going back to the foundation of the Polytechnic in 1863, [...] a brilliant result of local administrative virtues and the iron will of an elite group of Lombard professionals, it is important to recall the Ponti's town council in Milan, 1905, celebrated for the projects it implemented, ranging from the construction of more lodgings to the Aem tram network, or the proposal to create an Economic Party made up of Milanese industrialists in the early

years of the past century, which could have given further impetus to the modernisation of society of that time".²²²

Throughout historical, economic and political events affecting the Region, Milanese and Lombard bourgeoisie, in spite of the self-declared myth according to which it would have rather left to others the "political vanity and the harsh tones of ideological confrontation"²²³, has chosen time after time not to delegate its ability, thus taking part in the discussion of issues that dominated local politics, heartened by the authority already embodied, and powered by organisations representing its interests and a widespread social fabric.

Having said this, it is not easy to define the boundaries and character of a 'Lombard civil society' that keeps on transforming itself.

The main cultural characteristic can be found in work ethics, together with dedication and entrepreneurial spirit, for profit or for solidarity purposes, depending on the circumstances. Moreover, similar element is geographically articulated, in that business in Lombardy can be divided into two different historical models: the small and medium enterprises, SMEs, on the one hand, and the large enterprises on the other, respectively located in the foothills, countryside and urbanised centres outside the chief town and near the mountainous areas, or in the city of Milan as well as on the outskirts. At the same time, on the national scale, apart from the official popular compliance to the Government and moderate political parties, there have been two clashing developments: discontent and various tensions that lead to movements of opposition against the central power in the 1990s, and the recourse to silent or hidden political participation, that as a result of broad access to information and informal political discussion, privileges alternative channels of expression of civic spirit and use of social capital. In this way, official support of the parties is neglected in favour of a greater

²²² Borruso, E., e Silva, F., op. cit. p. 1130

²²³ Petrillo, G., op. cit. pp. 1010-1015

involvement in associations and voluntary activities, in the light of both the wide range of participation opportunities offered in the region, and a peculiar cultural tradition fostering mutual trust and extended networks of reciprocal assistance.

From the second post-war period onwards, and right up until the eighties, Italy promotes the combination of a strong political society, the so called 'republic of parties' on one hand, and a weak State and civil society, on the other. Nonetheless Lombardy Region continues to represent an exception in similar context, while relations with the national political power become increasingly difficult, and frail. Recurrent clashes and a prevalent detachment with respects to the national government initiative also influence international economic cooperation field, where the emphasis, in the case of Lombardy, is placed, eloquently, on the development abroad of the *regional* production system, which alone produces flows of goods, services and people that guide and are flanked by the supporting action of regional institutions, through extensive participation, elsewhere unknown, of many private and public actors, and with the mediation of valuable trade associations. In particular Assolombarda, that is the Association of Lombardy Region Entrepreneurs, is among the main industrial groups participating in Confindustria, the Italian National Entrepreneurial Association, and it has often been charged of nationally relevant tasks, exceeding its actual weight, that derives from the number of associated enterprises and the volume of economic resources it controls.

In addition, according to a survey carried out by Confindustria Lombardia in 2007²²⁴, the opinion expressed by Lombard industrialists with regard to regional internationalisation

²²⁴ Gianfranco Tosini, *Indagine sui processi di internazionalizzazione delle imprese associate alle Associazioni Territoriali Lombarde*, Centro Studi Associazione Industriale Bresciana, Monza, 2007

processes give confirmation of such basic observations²²⁵. The organisations supporting internationalisation which are contacted the most by Lombard companies are the Chambers of Commerce, the Italian Trade Commission (ITC), banks, associations belonging to the Confindustria system and the Regional Board, but positive feedback regarding the services used concerns only the Confindustria Association System, the Chambers of Commerce and the Regional Board, whereas criticism converges on the nature and value of the support offered by ITC and the other government agencies abroad. It illustrates, in other words, how between the two levels of national and local economic cooperation, Lombard companies prefer the latter.

Taking into account such considerations, China constitutes a new phenomenon and a critical point in the outlined development path. In fact, against the increased involvement of Lombard businesses in foreign markets during recent years, the PRC is still the largest Lombardy Region's economic partner, with a boom in exchanges rate between 2006 and 2007. Economic relationship with China seems destined, along with Russia, to equal the absolute volume of current trade between Lombardy on one hand and France and Germany on the other. Although direct production investments appears only in third place amongst the activities carried out abroad, overcome by imports and exports flows, China, like France, is the first nation where Lombard businesses choose to inaugurate their own manufacturing plants, in the light of the need to be geographically close to their customers and to benefit from inexpensive labour force. The turnover remains the main item benefiting from the economic presence in China, whilst as the technologic standard of Lombard businesses improves, the defence of intellectual property, particularly on Chinese

²²⁵ About half of the enterprises interviewed have worked abroad for over twenty years and in most cases, except for 8, 5% of them, for a period of over five years, exporting goods and services in 90% of the cases

territory, also significant increases. This is confirmed by the notable increase, between 2006 and 2007, in the number of companies that register their own trademark internationally, that is from 31.9% to 41.7%, and from 24.5% to 28.3% in the case of companies that deposit or register patents²²⁶. On the whole, in the extra-European area, China is second only to the United States as a destination of industrial development plans by Lombard companies, and the number of regional enterprises active in China grew during 2007 by four percentage points, from 13.8% to 17.6%, registering the highest increase among all states taken into consideration²²⁷. Critical aspects nevertheless concern the forms taken by Lombard internationalisation, which involves 51.5% of small-scale enterprises and therefore has to face, as in the case of China, problems of size associated with a scarcity of capital, a reduction in, or lack of, investment in research and development together with the difficulty of preparing the necessary measures for the definition and implementation of a strategy in order to penetrate the Chinese market. Against the paradigm of intervention carried out on foreign markets by many Lombard companies in the 1980s, that appears solid and durable, contemporary internationalization is often limited to export and import activities, providing only 7.4% of the direct production and 7% of processing carried out abroad.

According to a trend also verified in the rest of Italy, internationalisation remains 'cautious', actually renouncing to compete with the German, French, Dutch economic offensives in the PRC, while its impact as a lever of change in the organisation

²²⁶ "Ciò trova altresì fondamento, sebbene la percentuale dell'export high tech sia molto ridotta in Italia ed in discesa, con un valore complessivo passato da 8,5% nel 2000 a 6,4 nel 2006, nella circostanza ad oggi la natura stessa dell'innovazione tecnologica attuata dalle imprese italiane espone in modo particolare il sistema economico alla competizione sleale cinese"; Centro Studi Confindustria, *Cambiare per crescere, La performance dell'Italia nel contesto internazionale*, Aprile 2008, su www.confindustria.it

²²⁷ In addition to North America, Switzerland, Russia and Japan

and the strategies adopted by Lombard companies remains rather limited. In any case, the expectations regarding the expansion of the Chinese market and its effects for Italian goods, encourage companies to request above all three categories of internationalisation services: market analysis and the research for foreign partners, participation in trade fairs; soft loans available for investments abroad. In this way, companies call for an integration of the current policies regarding the subject, whether related to spending, to the structures involved, to sharing information and objectives, or to the scale of the activity in question.

Relations between China and the Lombardy Region regarding institutional, economic and cultural cooperation and development

With reference to the foreign power of Italian Regions is often mentioned the "change of perspective" that took place during the 1990s when the statement introducing new margins of action for local actors, destined to gradually receive judicial and legislative sanctions, was accompanied by a different interpretation of the Italian constitutional system²²⁸, motivated by complex needs that the social and economic developments had generated. The major drive toward this provision can be seen then in the internationalisation of an increasingly growing number of relations, as well as in the parallel growth in the weight of the local political level, for many current transnational phenomena require regional management relative to subjects that go beyond national boundaries and yet do not concern the range of action of the State.

This is actually a manifestation of the contemporary difficulties to "territorialise" issues, that is to assign the management of the subject itself to one or another level of government. The current legal framework provides for such a constellation of government

²²⁸ See www.normeinrete.it

centres, with respects to which the definition of any hierarchy whatsoever occurs regarding such problem, as this depends on the faculty shown by each centre to address the issue in the best possible way, and therefore each level works at increasing its power to “attract” tasks and duties, and with this also its role within the system, that ultimately rely on the faculty to reach its set objectives.

Now, such mechanism also influences internationalisation and the promotion of trade exchanges, by encouraging the company’s use of a series of organisations, all engaged with the back-up of the development of economic relations with foreign countries. More specifically, there are nine main organisations: the Chambers of Commerce, the Italian Trade Commission (ITC), banks, associations belonging to the Confindustria System, the Regional Board, the Foreign Trade Insurance Agency (SACE), the Italian government institutions, the Italian Society for Companies Abroad (SIMEST) and international organisations, and within this operational framework, with particular reference to the Lombardy region case, two elements above all will be taken into account, the first of which consists of the different weight exercised, with regard to the regional entrepreneurial system, by national and local organisations, while the second refers to the fundamental articulation, at the origin of the supporting trade and internationalisation policies, between the sphere covered by the Chamber system and the strictly political environment embodied by the Lombardy Regional Board. This indeed is not a peculiar and exclusive characteristic of the Lombard model, although it marks the latest development, in order of time, of the legal organisation and national policy regarding cross-border promotional, financial, technical and organisational support for companies, and each of these will, from time to time, refers back to the several regional models taken into consideration.

Therefore, addressing first of all the issue relating to economic cooperation promoted by the Lombardy Regional Board, it is important to note that regarding this subject an exclusive unified

regulatory framework has been set, anticipating the conditions for the implementation of the various forms of cooperation. It consists for the most part of regional laws referring to the Lombardy economic system, with particular reference to small business, the trade fair system and agriculture, which, at the same time define the decision-making *framework* for economic internationalisation: the Regional Law No. 17/1990 to support the exports carried out by small companies and trade in foreign markets, the Regional Law No. 35/1996 for the granting of contributions for the organisation of SME trade missions abroad, the Regional Law No. 7/2000 for the promotion abroad of agricultural gastronomic products and the Regional Law No. 30/2002 in support of the internationalisation of the trade fair system. Among these regulations currently in force, are the laws passed in 1996 and 2002 relating to interventions in favour of the smaller enterprises and the promotion and development of the Lombard trade fair system, while last in chronological order is the Regional Law approved in February 2007, entitled "Instruments of competitiveness for enterprises and the Lombardy territory", for which implementation provisions are being developed now.

Similarly, most of the interventions implemented leave out of consideration, contrary to what happens in other regions, any prior specific plan. The majority of measures are decided by the regional executive power, that provides for them by means of specific resolutions²²⁹

On the whole, beyond what is stated in the regional financial economic planning document and the Regional development plan, both of general nature, the definition of the measures to be taken and the nature of these comes under the acts reserved for the regional summit, namely for the President of the Regional Committee.

²²⁹ In particular two of them that were issued in 2001 and 2003, illustrate objectives, methods and resources with regards to three main areas of cooperation with foreign countries

Therefore, looking at the historical trajectories of the Lombard projection abroad, or rather regarding the practices and the instruments actually used by the Regional Board in order to pursue institutional, economic and international cooperation objectives, three alternative systems can be observed, also in the case of the PRC, each one being characterized by a different degree of involvement of the regional administration.

As for institutional cooperation, the work carried out appears to be the most significant, for Lombardy Region employs the largest consular corps in Italy and the institutional missions abroad of the President of the Regional Committee amount, on average, to more than six a year. However it must be noted, in the light of the large-scale regional internationalisation dynamics, that although initially they were mostly aimed at reciprocating visits made by foreign delegations to Milan, since 2000 the missions have become, "a planned action and a central strategy of internationalisation" with delegations focused on and composed of leading players active in many fields: politics, business, society, culture ... periodically participating in a collaboration project carried out on an annual basis by regional offices, with the assistance of the Chamber system. Organised in this way, the missions have produced numerous general memoranda of understanding, equal to approximately forty-five between 1997 and 2004, and even in China represent a central lever for action on behalf of the Regional Board.

Secondly, due to the importance given to them by the Lombardy regional administration, are the structures exclusively dedicated to economic cooperation, forming the "Lombard Network for the internationalisation of Lombard enterprises" which is divided into offices throughout the Lombard territory as well as abroad. The first, so-called "Lombardy Points", operating at eleven locations within the local Chamber network, offers services to promote foreign trade exchanges and assistance for companies, while the second identifies, on the whole, with the *network* of "Lombard Antennas throughout the world", and

is active in twenty-one States, performing marketing tasks on behalf of the Lombard economy.

The final field of decentralised cooperation activities, that is development aid, has represented, from a historical point of view, the first Lombardy Regional channel of internationalisation, a precursor still unequalled for geographical scope and volume of resources spent. It has lasted for over fifteen years, being clearly distributed among different priority areas located in the Balkans, Latin America and the Horn of Africa, and to a lesser extent in the Middle East, North Africa, New Guinea, Eastern Europe and Central America. In addition, development cooperation has taken place in Lombardy exclusively by virtue of the support and delegation of the largest part of the competences to local non-governmental voluntary organisations, which actually carry out each task relating to the implementation of the cooperative policies.

Concerning the possible link between cooperation for development and internationalization, Lombard development aid may be interpreted as a first, and in the regional case considered, a lesser field of dialogue and agreement with the Chinese authorities with which all local actors engaged in promoting the Italian economy abroad have nonetheless attempted to establish contacts, in order to acquire information and encourage relations of mutual respect and credit with Chinese *partners*²³⁰.

The official inauguration of Beijing contacts with Lombardy Region dates back, in fact, to the 1980s at the time of the adoption of the so-called *open door policy*, and it has developed,

²³⁰ As a policy to which the Regional Board scarcely contributes, it is important to proceed with the analysis of the support offered to the Lombard economic system in China, where part of the monetary aid was destined for the PRC, although among the 68 nations benefiting from this, it is of lesser importance, both due to the status, now controversial for Beijing, as a developing country, and because of the capacity assumed by the hierarchical power and due to the nature of the constraints made by the Chinese government, which greatly limit all freedom to act even for solidarity purposes

for quite a long period of time, almost exclusively through 'silent' exchange channels in the pursuit of mutual economic benefit for both parties. Only subsequently, by means of instruments frequently used for decentralized, economic and cultural cooperation²³¹, there has been an official recognition of their partnership. Meanwhile, the Regional administration has cooperated with the Chinese counterparts through its own department branches operating in China, being involved in specific projects, whilst the territory contributed to the increase in contacts, agreements and business opportunities, and the eight cooperation development cooperation projects got underway²³².

Only recently has the institutional mission come into play, giving way to an official visit to China of the Regional Board President Roberto Formigoni together with several Lombard public and private actors in order to sanction the stable and continuous growth in the prospects for economic and political development of the area and to confirm the strong regional interest to take part in this successful and dynamic global economy.

The Lombardy Region missions to China

The mission is among the instruments which the Regional Board normally avails of in order to inaugurate relations with new governments. In particular, the missions may be, from time to time, of an exploratory nature with the intention of assessing opportunities for cooperation in both political and economic fields, or to aim at consolidating existing relations providing the

²³¹ IReR, *Le relazioni internazionali delle Regioni nella nuova Unione Europea: opportunità istituzionali e dinamiche di cambiamento, Il caso Lombardia in prospettiva comparata*, Milan, 2006, p. 4

²³² From 2001 to 2006, the Lombardy Region has, through its NGO reference, promoted sustainable development and long-distance communication within health, education, social, sectors

Regional Board's support. In other words, the missions may be initiated either via territorial or via institutional request. In China, as it is specified by regional functionaries, the Lombardy Region has performed both tasks. Relations with China have become increasingly more important and there are more opportunities for collaboration and meetings. For its part, the Lombardy area has raised the issue regarding the protection against risks associated with the increased exposure of the Lombard economic system on Chinese territory. The Lombardy Regional Board decided to undertake this mission in 2002 by means of an extremely large delegation consisting of thirty-six economic-institutional authorities and fifty-three enterprises, and no less extensive and varied were their set objectives and the actions implemented. During the mission the main Chinese cities were visited: Beijing, Shanghai, Hong Kong, Tianjin and Canton, and meetings took place with members of State and coming from each of the Municipalities, except for Canton. Two Memoranda of Understanding were signed with the Municipalities of Beijing and Shanghai, both of which expired at the end of the legal year, and in Tianjin, the Italian Industrial Centre to which the Lombardy Region has contributed, was inaugurated. During the meetings with the Chinese authorities, the President of the Lombardy Regional Board formulated the proposal of an agreement in order to launch a mechanism for settling trade disputes through conciliation proceedings and mediation. A specific programme was devoted to the cooperation sector within the fields of health, culture and education, allowing the monitoring and the financing of brand new projects. On the whole, the institutional mission was an important event, and it acted as a political lever on business negotiations between the Italian and Chinese counterparts in various sectors, encouraging the rapid definition of the same, so that these had benefited from the negotiations that were under way at that time in order to carry out trade in China of cured and fresh meats²³³. At the same

²³³ "All'epoca non si poteva importare carne in Cina, ma a seguito della

time, in addition to important concrete relapses, there was will on behalf of the Regional Board to take back to China the demand coming from actors such as enterprises, universities and others, that had got to know the market, the authorities and the Chinese companies with or without commercial relations, and thereby to consolidate the work they had carried out, by leaving themselves open to new development occasions for the Lombard economic system as a whole. So, in 2002, along with agreements made by the Lombardy Regional Board, there were also a large number of technical agreements²³⁴ made, while already during the month of September 2004, it was decided to carry out a new mission²³⁵, following the increasingly strong demand to support regional enterprises operating in China with regards to the promotion system and to the commitment to defend Italian production and capital.

The second mission, just as the first, assumed significant proportions. The President of the Lombardy Regional Board Formigoni met the Mayors of Shanghai and Tianjin together with the Vice-Mayor of Beijing at the head of the Beijing Organising Committee for the XXIX Olympic Games. Economic cooperation has, in turn, received considerable impetus by means of the several promotional events in the trade fair, agri-food and craft sectors, b2b meetings and round tables. The trade mission has involved a delegation consisting of thirty-four entrepreneurs, giving way to more than two hundred and fifty business meetings that have resulted in view of the stipulation of purchasing or supplying contracts, and for partial production

missione condotta dalla Regione Lombardia alla quale presero parte alcuni membri di ASSICA, si ebbe dopo pochi mesi la concessione dell'autorizzazione all'export di salumi in territorio cinese." Author's interview to Mrs. Di Camillo, at the Office of Foreign Economic Promotion of Lombardy Region, Milan, November 30th 2007; <http://www.assica.it/NotizieDettagli2.asp?IdNews=48>

²³⁴ Ministry of Foreign Affaire, *Le Regioni italiane in Cina*, Rome, 2005; www.esteri.it/MAE/IT/Politica_Estera/Collaborazione_Regioni/

²³⁵ Author's interview to Mrs. Di Camillo, op. cit.

relocation. Two inter-associative round tables with Beijing and Shanghai were organised as a first step for the creation, on a long-term basis of a workgroup of entrepreneurial associations in order to forge collaborations and to ensure the Lombard companies a flow of information regarding business opportunities offered by the Chinese market, and once again in 2004, the Lombardy Regional Board offered its institutional framework for the adoption of joint action programmes in order to protect intellectual property, such as the case of the collaboration agreement made between the Milan Chamber of Commerce and the Shanghai Intellectual Property Administration, as well as that made between DESIGNFocus²³⁶ and SSTECS²³⁷, the Trade Centre for the Scientific and Technological sectors of the Municipality of Shanghai, with specific regards to the field of design²³⁸.

This latter agreement was concluded during the first biennial design exhibition in Shanghai, held in 2004, in which the Lombardy Regional Board took part together with Milan Polytechnic and several other internationally-recognised Lombard professional figures.

In 2004, there was also the subscription on behalf of the Lombardy Regional Board, the Municipality of Shanghai and the Italian Ministry of Environment and the Chinese SEPA, of an agreement with the aim of improving the implementation of environmental policies within the Energy and Transport sectors. The only foreign institutional figure attending the Shanghai International Environmental Conference, the first leg of the route

²³⁶ See <http://www.designfocus.it/>

²³⁷ "Ever since its foundation, SSTECS has conducted the exchanges and negotiations on nearly 10,000 projects for enterprises from home and abroad, with over 100,000 Chinese and foreign participants from over 50 countries and regions. [Moreover] SSTECS has set up three liaison offices in Japan, Germany and Jordan , and has reached long-term cooperative agreements with the Development Agency for the Northeast of England and Design Focus of Lombardy Region, Italy" ; http://sdb.sstec.com.cn/_en/about.htm e http://sdb.sstec.com.cn/_en/intro.htm

²³⁸ www.idagency.it

that leads to the 2010 World Expo Exhibition entitled "Better city, better life" was the President of the Lombardy Regional Board who represented the Region regarding the agreement on renewable energy sources and the use of hydrogen emphasising that it was the first worldwide example of the agreement between States and Regions in the hydrogen sector, with the objective of developing innovative technologies to be used as a source of clean energy, while significantly reducing carbon dioxide emissions. This project is based on two important premises concerning the global and local nature of the management of the environment²³⁹: a. the fact that the regional dimension is particularly suitable in order to translate important international strategies into concrete actions and procedures, which would otherwise risk having no follow-up due to obstacles such as particular interests or conflicts of a political nature; b. the current crucial situation regarding environmental pollution that unites regions such as Lombardy and Shanghai, and is experienced in many other parts of the world in the same way. The areas of intervention identified by the agreement includes the study and the implementation of environmental policies together with the promotion of Fuel Cell technologies in the production and distribution of electricity and in order to do so, the projects aims at involving the three decisive systems represented by the government, the scientific research and the business. "Against the progressive establishment of a shared concept of sustainable development", states President Roberto Formigoni²⁴⁰, "the concrete solutions to environmental change associated with the economic miracle that new nations in the world, like China or India, are experiencing, become increasingly complex, since we must act according to the conduct of people, and, at the same time, we must develop adequate technologies.

²³⁹ See on this point McNeill, J. R., *Qualcosa di nuovo sotto il sole, Storia dell'ambiente nel XX secolo*, Turin, 2002, p. XVI e p. 454-455

²⁴⁰ Speech made by the President of Lombardy Region, Roberto Formigoni in September 29th, 2004 at the Green Expo, in Shanghai; www.regione.lombardia.it

We must reduce waste yet at the same time increase the efficiency of energy and production processes, without ceasing to pursue ambitious hypotheses regarding a better future use of natural resources. A similar acknowledgement has driven the Regional Board to connote Lombardy mission with technological and scientific interest in China, offering to the attention of the Chinese authorities specific projects and studies.”

So, the agreement regarding renewable energy sources and particularly on the applications of hydrogen calls on the commitment already made in the Lombardy Region with respect to air and water pollution nodes, waste management, energy production, as well as urban reform and re-launching, also putting emphasis onto the “Zero Regio Project” or the “Zero-emission Region”, ongoing in two cities: in Frankfurt, Germany, within the Rhein-Main region, and in Mantua in Lombardy precisely. The project, in which the European Commission as well as sixteen companies and research institutes located in Germany, Sweden, Denmark and Italy²⁴¹ took part, aims at testing hydrogen technology as a daily-used technology, by studying at the same time suitable materials, standards, rules and regulations of good workmanship in order to allow the next market diffusion by means of commercialising vehicles powered by fuel cells together with the building of hydrogen service stations and supply systems for hydrogen in both a liquid or a gaseous state. As indicated in a press release by the company Infracerv Höchst,²⁴² that provides services to companies of the

²⁴¹ “Zero Regio è un progetto supportato dalla Commissione Europea nell’ambito del VI Programma Quadro, con l’obiettivo di promuovere mezzi di trasporto a basso impatto ambientale mediante lo sviluppo di veicoli ad idrogeno e di infrastrutture ad essi correlate, ovvero stazioni di servizio e reti di distribuzione gas. In Italia il Comune di Mantova, fra le due città europee scelte per tale sperimentazione, impiega quotidianamente tre automobili ad idrogeno acquistate dalla Regione Lombardia nel 2005. e la Regione stessa coordina il progetto a livello nazionale”; http://zeroregio.com/front_content.php?idcat=406

²⁴²“Infracerv Höchst is a leading site operator and service provider for the chemical, pharmaceutical and related process industries. Infracerv operates one

pharmaceutical and chemical sector operating in the Industriepark Höchst²⁴³, an industrial park where one of the hydrogen filling stations has been located foreseen: "[The Zero Regio's] project main purpose is advancing public acceptance of the new technology. To achieve any market penetration of hydrogen and fuel-cell technology at all, we need basic political and economic acceptance. Our project must lay the foundation for that by creating the necessary infrastructures in two high-density urban areas, by providing vehicles with fuel cells as energy converters, and by developing fundamental technical rules and norms for this new technology". "Zero Regio" therefore addresses the debated issue of the conduct of the citizens and the diffusing pollution sources, such as nitrous oxides produced by the exhaust pipes of vehicles. The broad scope of the project is confirmed by the programmatic framework laid down specifically, or the Sixth Framework Programme for Research and Technological Development, adopted by Decision No 1513/2002/EC²⁴⁴ of the European Parliament and Council, which aims to enhance scientific and technological bases of Community industry, encouraging the emergence and competitive development on international markets, and at the same time, contributing to the formation of a European Research Area.

While a similar collaboration with the Government of the United States and California is being studied, all this did not fail to arouse the interest of China. Activities diffusing throughout the population a development model and therefore a series of

of Europe's largest production and research sites: Industriepark Höchst in Frankfurt/Main"; www.infraserv.com

²⁴³ "Industriepark Höchst is home to more than 80 companies in pharmaceuticals, biotechnology, basic and specially chemicals, crop protection, food additives and services. Some 22,000 people come to work at the industrial park every day. The site covers 460 hectares, 89 hectares are still available for use. The companies in the industrial park invested some € 340 million at the site in 2005. Total investment since 2000 has been more than € 2.3 billion"; *ibidem*.

²⁴⁴ See <http://europa.eu/scadplus/leg/it/lvb/123012.htm>

common practices, so as to ensure the success of the strategies outlined at the first National Conference for Environment Protection, held in China in 1973, seem crucial to the Beijing government²⁴⁵, that nonetheless recognises the persistent difficulties in tackling this matter²⁴⁶.

The emphasis put on the technological dimension which is of primary importance in the ecological reform of the Chinese development model, just as for the Lombard and European models, should be considered in relation to the Chinese government commitment during the XXIX edition of the Olympic Games to be held in August 2008 in Beijing. Retracing the various stages of the setting-up of the material structures as well as the logistic, technical, economic, political and cultural preparation for this kind of event, John Bowan²⁴⁷ focuses on an

²⁴⁵ Ng M.K., "Sustainable Urban Development Issues in Chinese Transitional Cities: Hong Kong and Shenzhen", in *International Planning Studies*, Vol. 7, N. 1, February 2002, pp. 7-36

²⁴⁶ "It is more challenging to implement [concepts of planning, integrated use and public awareness] in developing countries like China when educational level, environmental awareness and legal awareness of the general public remains comparatively low". In aggiunta, riprendendo quanto suggerito nell' "Environmental Performance Review of China" pubblicato dall' OCSE nel novembre 2006: "China will need to strengthen the effectiveness and efficiency of the implementation of its environmental policies, and enhance the integration of environmental concerns into economic decisions"; Zhang, K., Wen, Z., Peng, L. "Environmental Policies in China: Evolvment, Features and Evaluation", *China Population, Resources and Environment*, Vol. 17, Issue 2, March 2007, p. 174

²⁴⁷ "Other countries have hosted the Olympic Games with a view to drawing international attention to their domestic progress and their global credentials. These include China's major East Asian neighbours: the Tokyo Games in 1964 were important in underlining Japan's post-war status as a member of the world community and major trading nation; Seoul 1988 successfully marked the ROK's emergence as a global trader, a regional power, and an incipient democracy (as well as discomfiting the DPRK). The Soviet Government saw the Moscow 1980 Games as marking the USSR's status as a coequal superpower with the United States [...]. For the Chinese Communist Party and Government, the Beijing 2008 Games will represent the most visible public

“unprecedented international scrutiny” with which China must measure itself. In order to take stock of progress made so far in connection with three major challenges for Beijing 2008, namely human rights, political nodes, the environment, Bowan states how, in particular, the latter issue, although it has been right from the beginning an obstacle to Beijing's bid, has been in fact transformed by the Chinese leadership, given the burden assumed by both the Olympic Committee and in China, into an unexpected advantage. Indeed the government has made use of large investments both in Beijing and in other Olympic venues, for a cost of 12 billion dollars between 1998 and 2007, and it has placed emphasis on beneficial relapses that the preparation of the Olympics will bring about as regards the subject of environment policy on a national scale, thereby proposing a model to reproduce elsewhere. So the Olympics have acquired a third qualification: apart from being the People's Games and the High-tech Games, Olympics took the title of Green Games, although the rapidity of government interventions often makes people fear for the environmental impact of what has been implemented so far. The environment dominates the flow of information offered by the Chinese Olympic Committee; the theme is treated either with regards to the adoption of an

recognition of China's emergence as a leading player in the mainstream of international affairs. For China's leaders and for many millions of Chinese people in and outside China, the games will be a symbolic and very satisfying culmination of China's historical struggle for recognition as a first-class power. The leadership will also see the Games and the pride taken in them by ordinary Chinese as a valuable instrument for enhancing its own popularity. [...] By August 2008, all “three” of the ASEAN plus Three countries will have hosted an Olympic Summer Games. For each of them, the Games will be seen as landmark events, none more so than for Beijing, whose steep and rapid climb towards prosperity and international influence is likely to be sustained into the future, having already travelled a great distance”; Bowan, J., “The Beijing 2008 Olympic Games: China in the limelight”, *Analysis*, 24 August 2004, Lowy Institute for International Policy; Bowan, J., “Beijing 2008 Olympic Games: One Year to Go”, *Analysis*, 11 October 2007, Lowy Institute for International Policy; www.lowyinstitute.org

Intelligent Transport System, the spread of electric vehicles and the use of more sustainable energy resources, both in choosing to bring the Olympic flame to Mount Qomolangma in order to symbolise the spirit of conquest and victory that animates the sporting competition and, at the same time, to celebrate the beautiful uncontaminated landscape of Tibet²⁴⁸. The Olympics should be considered "primarily as a product rather than a driver of China's policies of modernisation and openness." The contribution they offer to technological progress is obvious, but the scope of that should not be exaggerated as, on one hand, the change which has been ongoing for some time now exceeds the planning framework of the Olympic Games, and on the other this is a matter on which government control is not exclusive. Apart from the attentive communication strategy adopted by the Chinese counterparts, the solutions prepared are likely to be "quick-fix 'measures'" against the worst effects of polluting practices, as in the case of the issuing of circulation bans for cars or the decision to temporarily close factories. Just as what is observed with regards to human rights and political disputes on a national and international basis, the political sophistication achieved by the Chinese government does not divulge any information as regards the result and the value of instruments and practices adopted, but it contributes to power contrasts between them.

The Lombardy Regional Board then took the matter of appointment of Beijing as the venue of the Olympic Games in 2008, as an opportunity to seek methods of involvement and dialogue in order to benefit from the political, economic and cultural process that will lead to the Games, while collecting information regarding its candidature that aims to host the XXXI edition of the Olympics²⁴⁹ in Milan and the Lombardy Region. A

²⁴⁸ Ibid., p. 6

²⁴⁹²⁴⁹ Monestiroli, T., "Wu Zhiqiang sta organizzando l'esposizione 2010: "Puntate su ambiente e trasporti", *La Repubblica*, April 18th, 2008; Balducci, A., *Expo 2015, La governance dei grandi eventi: il caso delle esposizioni universali*, Milan, 2007, www.diap.polimi.it

similar cooperation outlook is important considering how membership to the world market as well as entry into the WTO, its demand for technology and the investment policy together with diplomatic activism preparing the forthcoming Olympics, have made China an extremely important economic partner, and at the same time, it configures a further prospect at an international level for the Region, that by hosting the Olympic Games would sanction, as it is so manifestly happening for China, the success of its own government organisation and the system implied by it. From the meeting with Zhang Mao, head of the Beijing Olympic Games Organising Committee, emerged the choice of observing the peculiar characteristics of the Lombardy Region by interpreting the sporting event according to the regional and national identity, and this resulted: a. in the proposal to give an ecological sense to the Olympic Games by coining the phrase "the Hydrogen Olympics " that is emphasizing technological innovation, research and environmental protection; b. the decision to candidate the entire Lombardy Region and so not only Milan in the light of, on one hand, the polycentric character of the Lombardy Region, or rather the constellation of cities that surround Milan and that have expressed the will to take part in the project, and on the other, the historical course that led the great sporting events of the last twenty years to be distributed throughout an extensive territory and not limited to only the place called upon to host the event²⁵⁰. was decided and therefore a proposal for the Olympic Games to be carried out on a regional and polycentric scale so as to re-launch the territory at all levels. This decision also supports the use of the partnership method that the government seeks to

²⁵⁰ , "It seems to be a somehow inherent quality of the concept of ecological modernization that society and technology should proceed toward better relations with nature and the environment. What kind of changes this process should involve is then another, and obviously controversial, subject for debate"; Mol, A. P. J., "Environment and Modernity in Transitional China: Frontiers of Ecological Modernization", in Ho, P., Vermeer, E. B., edited by, *China's Limits to Growth, Greening State and Society*, Malden, 2006, p. 27

adopt, including the involvement of the Lombard society and the entire business community, both called upon to contribute to the success of such an important event.

On the whole, the field of policies in favour of the environment, which figures among the topics of interest with regards to contemporary China, is, in the case of Lombardy, of great importance on issues of Sino-Italian economic cooperation. The phenomenon appears to be divided into two levels, one of a domestic nature and the other international, and for both the main feature relies on the emphasis put on the technological factor and in the strong political investment made, or rather according to the path of "ecological modernisation" highlighted by Arthur Mol, "the restructuring of modern institutions to follow environmental interests, perspectives and rationalities". Ecology manages to permeate, into the expectations, into all dynamics of cultural, political and economical progress both within OECD States and in extra-European context together with economic cooperation which, in turn, confirms this trend since the promotion of all national economic system abroad is part of a globalisation process in which nations participate giving widespread support for ecological State and market transformation and where the export therefore influences not only the existing organisation but the reform mechanisms of the same. Nevertheless, if the ecological modernisation acts for the renewal of the system by leveraging on four key factors such as political progress, dynamics and market actors, civil society and international integration, the results vary due to the 'filter' placed by the territory and the social and economic architecture that characterises it. Now, the size and the role played by each actor, even if of a different rank, whether from a national or a regional level, have so far helped to a significant extent the success of the cooperation between the Lombardy Region and China, for Sino-Lombard relations reflect a shared vision.

Such affinity consists in the strong link between business and government, thereby promoting in the case of Lombard economic cooperation towards China, the "de-linking between

environmental impacts and economic growth”²⁵¹, where as it has been noted, the primary importance is given to technological innovation and the margins for further progress it ensures, as well as to mutual understanding, trade expansion and the search for new solution to environmental constraints. At the same time, the Lombardy region and its Chinese counterparts sponsor, through green cooperation and the symbolic value associated with it, the size of their own power, of regionalist or centralised nature. So the commitments made by the local Lombard administration, especially in the case of “community environment-related projects”²⁵² at the centre of several intervention plans together with ongoing dialogue with their counterparts at central, provincial and municipal Chinese level, highlight profiles of definition and management of the problem that have a technocratic nature and privileges the specific contribution of the local government. Ecology provides an additional arena of consensus and of territorial representation²⁵³ as a result of the new task assigned to the market and to the economic actors in order to promote a long-term and “eco-innovative” growth while developing profitable contacts and agreements with other Chinese regions and areas.

However, coming to consider other fields of cooperation, particular importance is given to the training which took place at the end of 2004 at the Centre of bilateral Conciliation the “Italy-China Business Mediation Centre (ICBMC)”, the first organised between China and a European nation, by means of the agreement reached between the Italian and Chinese Chambers of

²⁵¹ Ibid., p. 2

²⁵² “The clash between central versus local authorities, environmental interests versus economic interests [...] there, where the two clash, the limits of existing institutions are being challenged through environmental pressure, social conflict and political calls for reform. [...] it is the locus where shifts in environmental governance are likely to occur and novel rules of engagement between state, civil and market actors will be renegotiated.”; *ibid.*, p. 5

²⁵³ Il governo regionale infatti rappresenta e difende gli interessi della comunità territoriale all'estero; Diodato, E., Lippi, A. *op. cit.*, p. 229

Commerce, the Milan National and International Court of Arbitration (CAM) and the China Council for the Promotion of International Trade Conciliation Centre (CCPIT) in Beijing²⁵⁴. In this project once again, several institutional levels have taken part based on needs expressed by regional social and economic actors, but common to the rest of the nation, and the proposal starts from the expertise gained over time by the Conciliation Service of the Milan Arbitration Court at a national and international level, where reconciliation has proved especially suitable to resolve cross-border disputes for which "communication and dialogue between the parties assume great importance, and would require care that the ordinary justice does not guarantee ", and to meet with short-term requirements and easy to appeal, considered to be of a central nature by the service recipients themselves. With the stipulation of the institutional agreement, concluded on 7th December, during the visit of President of the Italian Republic Carlo Azeglio Ciampi to China²⁵⁵, the rules and fees relating to the carrying out of disputes with Chinese partners were defined. As indicated by the Chamber itself²⁵⁶, from 1996 a Conciliation Service aimed at enterprises and consumers was constituted there, after the Chamber of Commerce reform law became effective in December 1993. Then, as a result of the gradually increased

²⁵⁴ "ICBMC capitalizes on the experience of the leading providers of mediation services in both countries. It serves as a liason and provides a meeting point and assistance in making mediation available to companies and professionals operating between Italy and China"; <http://www.camera-arbitrale.com/show.jsp?page=610296>

²⁵⁵ "Ci vuole coesione: tra settore privato e settore pubblico, fra grandi e piccole imprese, tra imprese ed istituti di credito, tra impresa ed università, tra azioni imprenditoriali ed amatoriali per sviluppare, insieme, produzione, commercio e trasporto di merci."; http://www.quirinale.it/ex_presidenti/Ciampi/Discorsi/Discorso.asp?id=26037 e www.mincomes.it/icone/asia/cina/cina_140105.htm

²⁵⁶ See Camera Arbitrale di Milano "La Camera Arbitrale Nazionale e Internazionale di Milano: la sua attività internazionale" in *Promozione Firenze. Quaderno di informazione imprenditoriale*, anno XXIII, n. 1/2006, p. 35-60

interest shown in fast-growing markets such as China, a proposal was revealed to set up a Centre committed to the administration of these procedures in reference to disputes between Chinese and Italian enterprises, availing of shared Regulation, the fruit of a long negotiation between the Milan Chamber of Arbitration and the China Council for the Promotion of International Trade (CCPIT). The bilateral nature, moreover, is the main project resource, and it relates not only to the drafting of the Regulations, but also to their implementation. Each of the parties may make contact with its own national reference centre, in order to leave Chinese and Italian officials the task of teaching the procedure and organising the meeting and co-mediation is expected, or rather the choice made by the parties of a pair of conciliators, one Italian and the other Chinese. In the financial statement drafted in February 2006, or four months following the beginning of the conciliation procedures at the Italy-China Business Meeting Centre (ICBMC) about 10 applications had been filed in addition to numerous requests for information. Six out of ten applications were from Italian companies and the average time management amounted to thirty days. Moreover, from 1997 to 2005, according to figures provided by Unioncamere, applications for conciliation grew on average by 34%, and already in the first half of 2006 it recorded a growth trend in the use of such service equal to 60% compared to the first half of 2005²⁵⁷. The ICBMC is also part of the internationalisation projects of its own services and of the accreditation of the institution abroad launched by the Milan Court of Arbitration, and such “candidature” made by CAM to the international arbitration offices arises also from the requests that have emerged on-site made by the economic actors that resort to conciliation. Finally, the three international areas chosen: the Mediterranean, the Balkans and China are influenced

²⁵⁷ See the data reported on www.retecamere.it/area_clienti/Conciliazione/Newsletter/sapere06.htm

by cooperation projects at government level according to they are associated with other actions in favour of assisting Italian enterprises within the area and in support of local institutions.

In terms of cultural cooperation, besides the meeting between the President of the Lombardy Regional Board and the Vice General Director of the China National Tourism Administration, aimed at promoting the Lombardy region as a preferred tourist destination for Chinese tourism, in the Shanghai, the Lombardy Regional Board took part in "the Italian Showcase" , Vetrina Italia, an event to promote interregional products "Made in Italy" together with the national artistic heritage, and during the course of the same year there was a meeting between a Chinese delegation led by General Director of the IT centre of the Ministry of Science and Technology together with those who were working in the regional administration department involved in research and technological innovation: the International Relations and Foreign Trade Organisation, the Directorate-General for Italian Crafts, New Economy, Research and Technological Innovation, Lombardia Informatica, the Lombardy Region IT agency, and Labour Agency. The objective of the delegation was to learn the stage and the fields of E-government application in Italy at both national and local levels.

The year of Italy in China

The third greatest official event, not considering the missions, destined to multiply and optimise trade exchanges between the Lombardy region and China, has been the Year of Italy in China, which took place in 2006, marking the participation of the Lombardy Regional Board in promotion and cooperation activities as of all aspects of interest regarding Sino-Italian relations, ranging from tourism to agricultural food production, from the environment to music. In particular, the prospects linked to the increase in the flow of Chinese tourists towards Italy, following the signing of the agreement between the

European Union and the Chinese government on 12th February 2004, have led to promotional activities throughout the local territory, by means of organising the “Milan-Lombardy-Land of Treasures” *roadshow* between March and December 2006 so as to introduce the Lombardy tourist offer onto the Chinese market.

Moreover, the SIAL World Leading Food Industry Exhibition in Shanghai was announced, together with a promotion project in the district of Brianza²⁵⁸ concerning furniture; besides, in the framework of the “Antonio Stradivari” Violinmakers’ Consortium of Cremona promotion mission, in which two musical instrument companies, both trading with China, have collaborated; one of them is Pekinese and the other is German. Evening concerts, violin *masterclasses* and instrument exhibitions bearing the “Cremona Liuteria”, Cremona Violinmakers’ Consortium, trademark have taken place on the premises of the six major Chinese Conservatories in Beijing, Shanghai, Guangzhou, Shenzhen, Hong Kong and Macao, as well as the Lombardy region’s participation in the 5th Edition of the “Music China” exhibition in Shanghai during the month of October. The aim was to promote the “Cremona Liuteria” trademark to the Chinese public developed by Cremonese and Cremasco craftsmen’s associations together with the Cremona Chamber of Commerce with the contribution of the Regional Board and Unioncamere Lombardia, in order to safeguard the production of the local corporate companies against all falsification attempts. The trademark intends to guarantee some of the product’s characteristics and to certify the hand-made craftsmanship of the same, supported, in this case, by a diffusion campaign of the Italian violinmaker’s culture, particularly aimed at the main recipients of the work carried out by the Lombardy manufacturers, or rather the musicians²⁵⁹.

Alongside similar economic promotion and internationalisation activities, there was a succession of institutional *meetings*

²⁵⁸ www.mb.camcom.it

²⁵⁹ veda al riguardo www.cremonaliuteria.it

throughout the course of 2006, involving the President of the Regional Board, the Undersecretary for International and External Relations, Raffaele Cattaneo and the Undersecretary for Further Education, Research and Innovation, Adriano De Maio. On the whole, it is observed how the Regional Board has focused on two aspects or rather, according to the division proposed by Emidio Diodato and Andrea Lippi²⁶⁰, on economic and institutional cooperation, attempting, at the same time, to establish contacts abroad and to coordinate many of the regional organisations amongst those present recognised within the Lombardy region for their “institutional value”, where “A myriad of different institutions, which are not only based in formal political spheres but also in a number of other regional and local institutions [...] represent local economic, political and social interests in the regions and range from trade associations, large and small-firm lobbies and producer service agencies and other intermediate institutions such as commercial media as well as a wide range of others [...] so as to ensure that there is a high degree of interaction [...], with a common aim or goal for the region. Within such regions associational life is active, politics are contested, public authorities and leaders come under scrutiny, public space is considered to be shared and commonly-owned, and there is a strong culture of autonomy and self-governance which seeps through the whole of local society.”

Besides this, Lombardy has been attributed to the primacy in Italy as regards international relations, due to the volume, importance and the duration in time of the policies undertaken with foreign countries, and this figures as an expression, on one hand of North-Eastern Italian regionalism and, on the other, important processes of ongoing regionalisation on a European scale. A significant case regarding such is given by the Milan Chamber of Commerce (CCM) that following the Italian Institute for Foreign Trade Institute, or rather a national-ranking public organisation, it is the main actor on the economic cooperation

²⁶⁰ Diodato, E., Lippi, A., op. cit., pp. 225-226

front as of the volume of projects developed and the impact on the Italian System. The Milan Chamber of Commerce by means of its own internationalisation agency, Promos, often finds itself as the leading organisation or the organising authority of activities focusing on China, that involve several Italian production supply chains. When asked about the reasons for the responsibility assumed by the Chamber of Commerce at a national level, those involved highlighted the economic importance of Milan and Lombardy region for trade and investments towards and coming from China, equal to approximately 35% of the national total. A second element is given by the size of the Chamber structure that avails of 80 employees as regards internationalisation, of the approximate 800 employees of which the entire Chamber consists. Finally, the operations in China in turn, as from 2001, have required the creation of the Asian Office and this has seen a distinct and continuous progress, so that during the last two years there has been on average one mission a month in 2006 and about twenty events in 2007, amongst entrepreneurial missions, exhibitions, special projects such as the inaugurations of *show rooms*, sales within the large-scale retail trade, cartel activities for environmental technologies, *design*, bilateral collaborations of different kinds.

By observing the diverse interpretations offered relating to the role played by the Regional Boards, together with those covered by the non-State actors regarding current international relations, a significant role in the Lombardy case is undoubtedly played by the Regional Board's economic performance, that makes it an engine of growth at both a national and a supranational level and it ensures, in this way, its institutional strength and support as well as political participation in processes such as internationalisation. The agreements and channels of cooperation inaugurated by the Lombardy Regional Board throughout the Chinese territory reflect, in turn, such a

perspective of a 'natural economic area'²⁶¹. Up to date, the Lombardy region has, in fact, established contacts and collaborated mostly with the Eastern and Southern Chinese coastal areas, first of all with Shanghai that surpasses Beijing itself for the number of missions, meetings, exhibitions carried out with the Lombardy region counterparts, and Hong Kong, where important events have been signalled during the course of 2007, as well as in Tianjin and Canton. This attests a *region-based approach to the market* in the environment in an area where institutional cooperation and business meetings converge towards economically similar fields, capable of guaranteeing contacts, information flows and appropriate *business* occasions. A factor which is just as important is shown by the emphasis placed, on behalf of the Lombardy region, on the "disintermediation" and "thematization" of current foreign policy. Today, a dynamic private sector has the faculty of making use of new instruments, mostly brought about by information technology, in order to seek agreements and to collaborate with other economic actors abroad without resorting to institutional mediation. Analogous services can in fact be offered by the same corporations that give life, in this way, to as many of their own 'foreign policies'. Therefore, against the need for authorities and government institutions to seek forms of "re-intermediation" by means of which to guide flows of capital, goods, services that interest their economy, there are States, including the People's Republic of China, that proceed at a "anti-disintermediation" level and that intervene via "legal and administrative action as well as the use of economic incentives and disincentives" in order to maintain, within the government, the prerogatives of economic diplomacy together with the promotion of the national system, and States, such as Italy, where limited resources and the delay in responding to the requirements of the economic actors causes the need to act in

²⁶¹ See Ohmae, K., "The Rise of the Region State", *Foreign Affairs*, Vol. 72, No. 2, Spring 1993

partnerships with organisations, such as Milan Court of Arbitration (CAM), that within the institutional framework can be closest to the enterprises. Complaints have been made regarding the fact that the Italian government has not yet reached a valid and uniform *standard* of intervention, so, often the promotion and training measures do not meet with the companies' demands but are settled by means of a dialogue exclusively amongst mediators, or rather between the Italian and Chinese authorities. Vice versa, the concurrence of the Chamber structures allows promotion policies to become increasingly technical and rational, or rather "theme-related", therefore giving an authentic service to the economic system, carrying out an in-depth study of the nature of the problem and giving life to *task forces* with the first-hand participation of experts and actors. The fundamental aspects having similar characteristics as the economic cooperation can be heard also in the speech of the same Chamber officials when they describe the 'discovery' of China made by Italian entrepreneurs as a sudden manifestation of interest, "a wave" which arrived following the access of the Peoples' Republic of China to the World Trade Organisation (WTO) and due to the progressive influx of Chinese goods into Italy: to this both the public and private organisations have had to reply within an extremely short period of time and CAM has benefited on a similar occasion from its own activity as chief of sector monitoring activities and from the direct relationship it has with all the companies and associations located in Milan as well as with the Chamber network in Italy.

The Lombardy exception: shared strategic vision and the supremacy of practice over theory

The role of the Chambers of Commerce system²⁶²

Now by examining the second of the two main actors of the Lombardy economic cooperation in China in further detail, it is important to focus on the nature of the Chambers of Commerce and on their change throughout time in order to better understand the contribution made by these regarding the promotion of local economy abroad. The Chambers of Commerce are, in fact, public organisations that have functional autonomy and they have the duty of promoting and defending the general interests of enterprises. By functional autonomy, one intends the autonomy of certain public authorities with respects to political power, whereas, in fact, two types of functional autonomy can be found: one relating to the universities and the other regarding the Chambers of Commerce.

With reference to the Lombard territory, the Internationalisation Department of Unioncamere Lombardia, which is the Lombardy section of the Italian Chamber of Commerce Union, was established in May 2007, substituting the Foreign Trade Centre that operates in the capacity of a regional, associative and voluntary organisation amongst the Chambers of Commerce with duties that are mostly of a technical nature. The Centre was appointed with maintaining direct relations with the enterprises and orientating their action relating to internationalisation. Vice versa, Unioncamere figures as a voluntary organisation controlled by the same Chambers of Commerce associated with a Foreign Trade Centre, but with *policy* assignments concerning internationalisation, that is to say coordination and management, disregarding the direct

²⁶² Author's interview to Mr. Valentini, Head of Unioncamere Lombardia, November 26th, 2007; Valentini, S., *Responsabilità sociale d'impresa e globalizzazione*, Milan, 2004

connection with the enterprises except for the case in which there is the will on behalf of the Chambers of Commerce to carry out particular duties at a central level. Specifically, the work once carried out by the Foreign Trade Centre and which still deals with the Internationalisation Department consists of training as regarding the subject of internationalisation and free consultancy support at seminars, courses and in system or sector projects. To these duties, one must add the dialogue with the political counterparts within Regional Board and so just as with other international organisations, whilst exhibitions and commercial missions are excluded. Economical promotion and contacts with the companies are dealt with by the Chambers of Commerce throughout the territory. Both Unioncamere and the Foreign Trade Centres, being second-level aggregative structures, delegate the tactical promotion, or rather throughout the territory, to the eleven and soon twelve Lombardia Point, or Lombardy Point offices or rather offices which within the Chamber branches maintain contacts with the Chambers of Commerce, the Regional Board, the Ministry, the Italian Institute for Foreign Trade (ICE), the Foreign Trade Insurance Agency (SACE) and the Italian Society for Companies Abroad (SIMEST).

On the whole, the internationalisation support services can be divided into information services that are aimed at offering a general view of the subject, training intended as a specific in-depth study within the environment of the overall framework, support or rather consultancy regarding specific problems, promotion by means of exhibitions, missions and meetings with *buyers*, representation by means of the work carried out by the offices in Italy or in China or in the context of relations between country or regional systems. As regards information, the entire Chamber system competes for the organisation of events that deal with China, according to the case, by means of competition with the Lombardy Point offices or independently at the Chambers of Commerce themselves.

Therefore there are regular meetings carried out by certain regional productive sectors regarding prospects in China, or on

the certification rules in order to export and import from China or even regarding the theme of risks and occasions on the Chinese market and so on, a very wide range of subjects are covered. In fact, training concentrates, from time to time, on a specific subject by studying it in-depth and, although the training offer as regards China has been rather scarce during the past few years, at the moment several types have emerged. Amongst these is a training programme proposed by the European Union aimed at managers, which includes work experience on the Chinese territory and this programme is run by the China Council for the Promotion of International Trade (CCPIT), or rather by the Chinese Chambers of Commerce and it is mainly of an institutional nature, together with a training course offered by other organisations such as universities or private structures, like in the case of SOGES, a managerial and organisational consultancy agency, whilst the Chinese business environment and the procedures it requires are still difficult to teach. Then there is consultancy regarding China, as happens for other markets, ranging from marketing to transport, from customs to payments, arbitration, know how etc. to which one must add all the information made available free of charge on-line by means of the drafting of virtual legal guides relating to China and Hong Kong that can be downloaded from the Lombardy Chamber system websites. On the shared activity programme found on the Chamber of Commerce and the Lombardy Regional Board web sites, many trade exhibitions and missions can be found. On the other hand, the representative activity of the regional economic system is a sector where there is a lot of confusion, due to the high number of contacts and ongoing relations with the Chinese counterparts.

More generally, as regards the coordination between the Unioncamere Lombardia, or the Lombardy section of the Italian Chamber of Commerce Union (UL), the Lombardy Regional Board and Promos, which is the special agency belonging to the Milan Chamber of Commerce, Unioncamere Lombardia and the Lombardy Regional Board communicate with each other

respectively as an organisation called upon to represent and coordinate the Chambers of Commerce that operate in Lombardy and an organisation that is decidedly political and thus appointed by the government throughout the Lombardy territory, whilst as regards the Milan Chamber of Commerce, this has chosen, in virtue of its functional autonomy with the aim of better intervening in order to reach the objectives assigned, to form a selection of special companies: Formap for training, Promos for promotion and the Court of Arbitration in order to carrying out arbitration activities.

Given the current size of the province of Milan, Promos is particularly active in light of the fact that the Milanese provincial area exports alone a volume of goods equal to that of the Piedmont Region. Moreover, the Milan Chamber of Commerce and generally all the Chambers of Commerce that refer to the numerous Lombardy provinces, although they are no larger when compared to the other Italian Chambers of Commerce, they must meet with a strong, detailed and continuous demand for internationalisation that entails a greater commitment than that seen throughout the rest of Italy.²⁶³

With reference to China, the mutual relations of economic cooperation date back to the definition by the Lombardy Regional Board in 2001 of a foreign network of operative points, two of which are on the PRC territory. Promos has been appointed with the management of the first one of these, in Beijing, as representative of the Lombardy productive system and with the participation of the Foreign Trade Centre of that time, following the agreement made by the Foreign Trade Centre and the Italian Chamber of Commerce in Beijing, whilst the management of the second one has been assigned to the Agency

²⁶³ It is important to add how, according to the Lombardy Chamber of Commerce staff, the national organisations appear to be under-represented in the Lombardy region, so that, amongst others, the Italian Trade Commission (ITC) keeps its office size very small with respects to a similar office operating in Rome, in spite of an internationalisation rate that is significantly inferior than that of the economy of the Lombardy region

for China. It is just as important to specify how similar operative points do not receive further funds, from the moment that their structure currently still has to be redefined. As for the rest, as concerns China, UL, the Lombardy Regional Board and when involved, Promos, confront each other especially within the field of joint actions that involve the participation of all three organisations. This typically occurs during President Formigoni's missions, whilst the promotion measures of the Lombardy economic system cannot be qualified as joint actions as such. A case of economic promotional action in the form of joint intervention is given by the adoption of a project by UL, that started when there was still the Foreign Trade Centre; its implementation took place in spring 2008. Such a measure, aimed at promoting Lombardy agricultural food products in China, has witnessed, apart from the commitment of the Chamber, the collaboration of ICIF, the Italian Culinary Institute for Foreigners, and its partnership with the Lombardy Regional Board, where both organisations have contributed to the payment of half of the expected funds.

Unioncamere, that is the Department of the Italian Chamber of Commerce Union, both offers and supplies services to the Chambers of Commerce as a second-level structure. Nevertheless, such services, carried out by means of the Chambers of Commerce, deal with training, support and coordination activities, or rather the choice made in concert, of the exhibitions and missions to be organised. It has already occurred, in the case of the Chambers of Commerce in Milan and Bergamo, that had inserted a series of events into their respective programmes that were to take place in China during the same weeks, Unioncamere suggested to some members of the Chamber of Commerce network that they should work together and it is important to highlight how such work entails actual added value, even if this is, at times difficult to catch. As regards the subject of training, specifically concerning China, the work carried out is of a periodic nature, and it follows moreover that

the evolution of the area treated from time to time anyhow ensures a flow of long-lasting services, whilst the number of consultancies given, estimated up to date, is equal to a few tens. This data in particular must be evaluated in light of the classified nature of the consultancies themselves, against which the number of enterprises that have made use of such an instrument seems remarkable. Apart from this, the several legal handbooks made available to the public represent an important result where their impact is ultimately sought in an action aimed at multiplying the information in circulation, to which support and promotion activities are added, whilst regarding the latter, the importance of the special agencies within the Lombardy Chamber system increases in turn, with regards to the request for institutional support promoted by the regional economic system and left outstanding by the central government organisations, due to the implementation of flexible formulas at the service of the territory, both referring to time and the type of prefigured intervention.

Following this statement, within the Lombardy local economy environment, of a forefront, widespread and varied yet timely role played by the Chamber of Commerce, it seems opportune to specify the possible importance "Chamber model of economic cooperation, to which the Lombardy matter refers.

When questioned regarding this subject, the Unioncamere top management only refer to an implied paradigm that regards the practice. In other words, the necessity to distinguish between the mere formal aspects of cooperation and its concrete manifestations emerges, where the Lombardy Chambers of Commerce have, up to date, privileged the results with respects to mere statements, disregarding any type of abstract appointment. Therefore, they state that on the Italian side, the notion of a network is abused, for this is, in many cases carried out by means of the mere establishment of dialogue channels, where no actual work is carried out jointly by the players involved but only an increased system fragility, since the loss of one or more fundamental elements of which it is composed

compromises the network itself and variations in the qualitative level of the connections between these fundamental elements have also repercussions on the activity of the overall network. Therefore, the net acquires a meaning only when it is translated in network that is a net that works.

This finds confirmation in the research for profitable agreements with the Chinese counterparts. By now, almost all the Italian Chamber structures, moreover in virtue of the analogy with the role carried out by the China Council for the Promotion of International Trade, have stipulated a collaboration agreement with a similar Chinese counterpart. However, this does not constitute a strategy *as such*, but a usual procedure, and in most cases, such protocols are destined to have no follow-up, remaining unpractised. If, in fact, on behalf of the Chinese, there is the expectation of carrying out what is foreseen by the stipulation of the protocol by proceeding with the development of contacts and negotiations with Italian institutions, according to the Italian logic, which is sometimes politically influenced, the signing of an agreement means, on the contrary, a point of arrival and not a starting point, beyond which one cannot foresee any precise directives regarding the development of economic relations. This brings about a “fundamental misunderstanding between means and ends” which often compromises the success of the cooperation activities in China. Nevertheless, a similar circumstance constitutes the result of a further element of original confusion that causes, amongst other things, the Chinese counterparts to consider the Lombardy region as being the first amongst the Italian regions, and the region which is, amongst all of them, better administered. This is due to the Chinese historical context, where economic development during the course of the past twenty years corresponds to the main managerial role carried out by the ranks of public officials appointed with the management of resources and their use for the promotion of national growth. According to that viewpoint, the merit of the political class in question is to be concretely measured on both a regional and a national scale by

looking at the economic development that has occurred in society. In Italy, the Chinese perception awards therefore the Lombardy region, but in this way it leads to a serious cultural misinterpretation that assumes two forms: on one hand, the failure to respond on behalf of the Italian political class to the Chinese expectations or rather, the difficulties for these to go beyond the conclusion of the above mentioned agreements, on the other the scarce, sometimes non-existent consideration, on behalf of the Italian businesses of the Chinese political level of reference when this manages to work in the PRC. In both cases, the cultural divide, as regards the interpretation given by the relationship between both political and economic sectors, has negative repercussions on the result of the bilateral cooperative commitment. In other words, if in the Italian case, the two sectors remain separate, the Chinese conception is that there is the adhesion of one party to the other.

The Regional Board and the Chambers of Commerce

The so-called node concerning the several expectations of political power and of the Italian companies with reference to China, has nevertheless experienced, during the course of the last few years developments which are of particular interest at a regional level.

Different answers have been given to the problem upon the simple modification or the choice to totally transform the Foreign Trade Centres, organisations that had nevertheless been successful in the North of Italy and two greater intervention lines regarding such can be identified.

In the first case, a merger with the political level expressed by the Regional Board has been carried out, as happened with Toscana Promozione and, even if in a different way, within the Piedmont Internationalisation Centre. A second case has given way to the “castling” so as to say, on the Chamber system. The Veneto Regional Board moves towards a hybrid form under

such profile that foresees the constitution of a consortium. Each Regional Board in fact follows its own procedure. Except for the territory located south of Tuscany where the Foreign Centres have a small number of staff members and the size of the structures are not always small but they are less representative, amongst the Foreign Trade Centres active within the North of Italy, the Tuscan Foreign Trade Centre has been closed down and Toscana Promozione still struggles today to replace it, whilst similar dynamics are observed in the case of the Emilia Romagna region where a significantly-sized structure has been transformed into a Chamber organisation in which only one person works. From time to time, due to the fusion with a politically influential actor such as the Regional Board that can fully cover the territory, or due to their mere implosion, such organisms have been unsuccessful. In the case of the other three major regions Veneto, Lombardy and Piedmont, other solutions have been sought. In Piedmont, the creation of a great common agency has been opted for, aggregating amongst the other Local Tourist Boards (APT), the Institute of agri-food marketing, the Consortium for training activities etc. The answer formulated in the Veneto region has been in the establishment of a shared consortium. The latest evolution in Lombardy has been as different again, and as it was pointed out, it could not have been otherwise.

In fact, in Lombardy, a numerous amount of actors successfully work and so to eliminate some of these would result not only as being politically rash, but also harmful for the enterprises. This is explained taking into account a few important factors: a small Lombardy province has an import-export trade equal, per volume, to the import-export trade of a small Italian region, a medium-sized Lombardy province has an import-export trade equal to that of an average Italian region, a large Lombardy province has an import-export trade equal to that of a large Italian region. So, Milan can be compared to regions such as Veneto, Emilia Romagna or Piedmont. Faced with such a strongly diversified context where entrepreneurial associations

such as Assolombarda and Confindustria Lombardia, Lombardy Region entrepreneurial association, live and work together, respectively with reference to the area of Milan and the entire Lombardy region, export consortia, the chamber system, private companies and voluntary and semi-public agencies apart from the Regional and Provincial Boards and the Municipalities, to eliminate any active organisation in that sense would be equal to deprive the system of value. In fact, to eliminate would not contribute towards a simplification but to a loss since the demand expressed by some of the tens of thousands of enterprises active throughout Lombardy would be lost and not gathered by others. For such reason the Lombardy Foreign Trade Centre has not been closed down but has merged with Unioncamere maintaining most of its own functions and transferring the duties which it had stopped carrying out, together with the staff to which such duties had been assigned, to Promos. Should, as occurred in the Emilia Romagna region, a political role have been maintained to the detriment of the carrying out of operative duties, this would have stirred the opposition of the enterprises as it is dealing with a heritage of information and actual services, carried out annually for approximately five thousand companies in the case of the Lombardy Foreign Trade Centre, of which the regional productive system has illustrated the need for. Although Unioncamere does not directly serve the enterprises, by means of the Chambers of Commerce, in 2007, the year of the merger, the number of enterprises served was more than three thousand. Besides, already in the past when the Foreign Trade Centre still existed, the Chamber of Commerce on the territory proved to be the main contact point for companies. The only modification is in the passage from a service carried out by the Chamber of Commerce network with the contribution of the Foreign Trade Centre to a service which sees the Chamber of Commerce supported by Unioncamere. The service persists in any case and this must be highlighted.

The Lombardy activity carried out on Chinese territory

The theme of distribution of the Italian enterprises on the Chinese territory seems to constitute one of the aspects which distinguishes several forms of regional intervention to support the economic cooperation with China. In particular, it can be observed how, besides the traditional predilection for the coast and the south-eastern provinces, activities promoted by the Chamber structure and the Regional Boards have got under way and which aim at obtaining physical and market spaces for Italian economic players, that are often small and medium-sized, in less-known areas and of interest for the national re-balancing policies undertaken by the Chinese government. This must be related to the gap in the flow of information available in China and in Italy, that well illustrates how different both the degree and the nature of the local administration involvement can be regarding the internationalisation strategies within the Italian private sector. In other words, what is known by the Chinese authorities, or rather which and how many Italian entrepreneurs operate in several Chinese areas, is not communicated by the National companies to the Chambers of Commerce and regional agencies for obvious reasons linked with safeguarding of one's own job and it is common behaviour for most of the economic players not to divulge information regarding their own *business*.

Having said that, as regards the Lombardy region, a useful summary can be found in the words of those who, from a privileged observatory such as the Chamber system, denies any abstract policy whatsoever and they define the trend assumed by the Regional Board as a result of dynamic economics on one hand, and the continuation, on the other, of the work carried out at an institutional level during the 1980s and the 1990s.

In such a perspective, it is highlighted how the Lombardy Regional Board has been the only, amongst the Italian regions to "discover" Shanghai, taking advantage of its future importance

even before the official investiture on behalf of the Beijing government, and giving way to both the twinning between Shanghai and Milan and to the inauguration of the first Lombardy Antenna, or rather Palazzo Lombardia, or Lombardy Palace, in Shanghai. Also the discovery of Tianjin must be owed to the Lombardy region and the choice of establishing an office there, Palazzo Lombardia Tianjin Agency for China two years prior to the creation of the Italian Institute for Foreign Trade (ICE) offices in the same city whilst the last in chronological order is Shenzhen with which the city of Brescia²⁶⁴ has been twinned with since 1991. Therefore, there has been, a twinning policy in the Region, requested from below and now integrated into normal operational procedures, that has benefited from the time advantage over the other regions in order to start up relations which today seem to be strategic, in the light of the extraordinary development which has taken place in areas where such contacts have been established. Moreover, this, the regional administration and the Chambers of Commerce aim to associate the image of Milan with Shanghai and Hong Kong, and the image of Brescia with Shenzhen, whilst interest in centres still considered to be of a secondary nature such as Tianjin and Guangzhou, continues to grow. That which the regional institutions propose to obtain in this way is the adhesion to a “world city network”, as described by Peter J. Taylor. There are cities, according to Taylor, that have acquired the role of economic, political, world culture reference centres. Yet, beyond the exclusive attention paid to similar exceptions, most of the minor cities should not be neglected, since relations with the centres indicated as being ‘global’ have been woven together and in fact, this gives way to a significant hierarchy. Throughout this hierarchy, in fact, the identity of each city is stated and according to a perspective of “intercity relations” each of the networks experiment an independent development and it sets itself

²⁶⁴ See www.comune.brescia.it/istituzionale/Settori/attivita+promozionali/turismo/gemellaggi.htm

different objectives that aim however at concrete results by means of carrying out group actions. To adhere to similar networks means, in other words, to have the faculty to operate at a supranational level and so to improve one's own position within the overall hierarchy²⁶⁵.

There is, however, a further critical element, which must be taken into account in the case of Lombardy as elsewhere. The study carried out by Taylor contemplates two sectors in relation to the existing connection amongst the different centres. The first is given by the nature and the number of institutions that, in order to act with regards to the objectives pursued, give way to connections with other centres, of both larger and smaller dimensions. A second element to be considered is with reference to the faculty for each centre to establish a certain number of relations with others. The first aspect therefore subdivides the networks into economic, cultural, political and social categories, according to the circumstance taken into account within the city in question, above all the political institutes are the ones which act in networks or rather the cultural or social organisations etc. The second aspect refers to the extent of the networks of a city and to the dynamics which distinguish them, that is to say how many and how intense, varied, widespread the actions carried out by means of the connections are and that via these they manage to reach other places. Both factors contribute to a taxonomy of the "world cities" and to the identification of urban nodes of different ranks and nature²⁶⁶. What this points out therefore, in the light of such classification, is, on one hand the political nature, although in an approximate way, of the network set up in Lombardy with the twinning policy due to the fact that the players in a similar network are local institutions. On the

²⁶⁵ "Cities are clusters of activities that are interlinked to clusters of activities in other cities. In other words, cities form interlocking networks; under conditions of contemporary globalisation these are world city networks"; Taylor, J. Peter, "Leading world cities: empirical evaluation of urban nodes in multiple networks", in *Urban Studies*, Vol. 42, No. 9, London, 2005, pp. 1593-1608

²⁶⁶ *Ibid.*, p. 1597

other hand, it is important to note the circumstance, now that respectively twenty-nine and seventeen years have passed since the twinning between Milan and Shanghai and Brescia and Shenzhen originally took place, the two agreements have brought about alternate results, sometimes less than those expected. On this point, the case of Milan seems difficult to estimate in virtue of, on one hand, the value that the provincial capital covers within regional policies and the particular attention paid as it is the most important Lombardy city and an industrial and financial hub of the Italian economic system, and on the other hand, due to the well-known position of Milan within the world city hierarchy which makes it a natural *partner* for Shanghai.

On the other hand, Brescia gives an interesting impression but for different reasons. On the Municipality of Brescia web-site, it is specified how the twinning of cities constitutes an useful channel for political dialogue and cooperation amongst local authorities coming from different countries, "It is an extraordinary instrument for intercultural activities between cities which are far away from each other and not only speaking from a geographic point of view, [...] and by overcoming prejudice, it creates links between people with different languages and costumes", and Brescia has, in fact increased its own institutional commitment in China from its start-up during the 1990s to the present day, in the light that the Brescian economic situation is greatly integrated with foreign countries and approximately a third of the *output* produced is exported. Amongst the measures undertaken on a medium and long-term basis, there was the inauguration in 1997 due to the work carried out by the Brescia Chamber of Commerce relating to its own representative office in Shanghai managed and coordinated by the special Agency for internationalisation Pro-Bixia with the aim of assisting the enterprises during the start-up phases of their businesses in China, and the stipulation in 2006, made by the Province with the ratification of the Chamber of Commerce, of a memorandum of understanding that focuses on the increase

of exchanges and cooperation between the parties. However, if one considers in further detail the overall proposals matured, they seem to be sporadic and the importance assumed as regards the twinning with Shenzhen seems to be reduced. So, amongst the actions signalled by the Chinese, there is the managerial training offered by the Brescia Chamber of Commerce, there are periodic visits of the Brescia juvenile football club which started in 1998 together with the participation of the Lombardy Municipality in the first edition of the International Sister Cities Culture and Art Week, that took place in Shenzhen at the end of 2007. Vice versa, in Italy during the course of 2006, there was a mission aimed at promoting the Brescia tourist offer to Shenzhen, Shanghai and Beijing, with the participation of the Provincial Board, the Chamber of Commerce, the special Agency for internationalisation, Bresciatourism and consortia that, within the field of the project "A tour of lakes and cities within the Lombardy region" promoted by the Lombardy Regional Board and Unioncamere in 2007, the arrival of a Chinese delegation visiting the city, whilst referring to the twinning agreement, only the participation in the "Fair of Culture and Industry" in Shenzhen is mentioned. Therefore, on the whole, even if certain visits, meetings and agreements made have been omitted, it seems to confirm the fact that the development of the cooperation of the case taken into consideration has not had any particular incentive due to the twinning agreement made. Instead, this reproduces gradual and mixed *trends*, or rather articulated throughout the territory and signalled by the collaboration of different organisations and government levels, shared by the rest of the area. According to what has emerged from the interviews carried out in Milan as in Guangzhou, where the twinning of Italian cities with those in the Southern Chinese Province are considered to be of little importance, there is the conviction and the acknowledgement that the twinning agreements often do not give way to a long-term mutual commitment and their enthusiasm wears out after a short period of time. Amongst these, from time to time, there are agreements

which are due to a particular economic situation, remaining however without guidelines, and agreements that meet with political and legal limitations in Italy. With particular reference to these, an element destined to generally influence the Brescia and Lombardy case has been the development of the federal discipline in Italy, uncertain and of unknown outcome, so that subsequent variations in the definition of the power attributed to the Regional Boards have lost track of objectives and instruments and, above all, they have reduced the operative incentives. A final aspect which must be taken into consideration is of a historical nature and it refers to the rate of growth and integration with the international market of the main Italian and Chinese cities, that during the past twenty years has caused Brescia and Shenzhen to become even more distant than before and therefore making today the difference between the two centres difficult to manage benefiting the Lombard city.

According to a different aspect that concerns the dialogue between the Italian State and the Regional Boards, the relative burden on the government administration relating to different sections of territory collaborates, in turn to the success of the cooperative actions undertaken at a local level. However, from this point of view, on the occasion of the collective missions carried out with regards, amongst others, to the Chinese territory, the contribution given by the Italian government seems to be rather scarce. Within the Lombardy Chamber of Commerce, it is noted how the commitment supporting the Italian economic system in a widespread, arduous and dynamic market such as the Chinese market, requires the involvement of cities and districts, companies and institutions that show aptitude in order to intervene on the international market, or rather they possess adequate capital, products and services offered, together with both a public and a private management capable of overcoming the obstacles which originate from similar processes. Otherwise, the government will have greater interest in taking advantage for its own foreign economic policy of successful cases which have emerged within the National

economic sector, with the aim of ensuring a greater return to the commitment made cross-border and to motivate the costs incurred laying at the same time the basis for a *spin-off* of *know-how* and resources of both a human and a financial nature amongst local institutions that can gradually bring about the extension of the result of the actions undertaken by increasing the burden of “minor” geographical areas on a national scale. This however should not have happened, preventing the government from benefitting from the results obtained so far in Lombardy and denying the Regional Board important political and promotional support, aimed at sanctioning the economical supremacy already practiced. According to a network point of view this would not be, in this way, associated with economic globalisation and this is an intrinsic faculty in order to promote large-scale inter-regional cooperation circuits, the political globalisation that even, in the light of the renewed nature of international trade and of the importance given by the circulation of information and mutuality that informs today’s “patterns of connections”, seems to be, nevertheless central.

Therefore, upon closer inspection the Lombardy strategy of cooperation identifies as the recipients of its action the enterprises belonging to the so-called industrial middle-class, in the light of the regional and national productive structure characterised, by tradition and history, by the supremacy of such dimensional class and following, at the same time, the firm belief that “The virtues of the widespread, creative and agile entrepreneurship of the small manufacturing companies that sink their roots into the antique rich culture of craftsmen [by now these are not enough] since the rapid development of markets and competitors requires that, alongside these precious resources, space is to be found for a culture of dimensional growth, the widening of risk capital, of competition in order to increase market power and reputation amongst the clients, of bidding on technological innovation as a strategy in order to guarantee employment and profits in the medium and long-term and of the management of complex organisations.” Moreover, a

similar premise weighs upon the same formula of the enterprise support measures, recognising as one of the critical points of the Italian model of the Trade Promotion Organisation (TPO) both to pursue in the excessive importance given to the offer of collective services, to the detriment of the institutional *advocacy*, or rather, of the availability of more complex instruments and on request, that consist more often of the gathering of qualified information and regarding technical and legal support, which are postponed to later stages when the company succeeds in having a greater impact on the foreign markets, that overcome the stage of mere promotion, partner and market research. More specifically, a first element is given by the fact that the small Italian enterprises cannot, in many cases, sustain an internationalisation without protection of any kind whatsoever, otherwise the company itself risks closure. So that the hazard on Chinese territory seems, even though it arose from a misunderstood will to fully benefit from a time advantage over the other economical and bankruptcy players. All hypotheses concerning a “minimum” amount of support to the entrepreneurial system is excluded during the phase of expansion and integration with foreign countries, it is necessary to move the attention from the alleged duty of displaying the enterprises in China, especially if one considers how normal market dynamics bring the Chinese counterparts to establish contacts with Italy, in order to give accurate information aimed at equipping the companies with *cultural* or rather comprehensive instruments that are, at the same time accurate, by means of which the limits that the Chinese economy has can be faced with greater awareness of a social, linguistic, bureaucratic, political, managerial and human nature.

With the aim of performing information and promotion activities regarding the Lombardy enterprise in China, the Chamber system has therefore established relations with the Ministry of Commerce (MOFCOM) and it has operated via the General Consulate of the People’s Republic of China in Milan (CGRPC). Apart from this, as a rule of general conduct, each

proposal and programme are made known in advance to all levels of the Chinese administration with which the Italian organisation is in contact, and often these are notified to other Italian organisations employed within the same sector. The usual procedure will therefore foresee, supposing a visit to the Chinese territory should take place, that this latter will be announced to the General Consulate of the People's Republic of China in Milan (CGRPC) and if it is considered necessary, also to the Embassy of the People's Republic of China in Rome, to the China Council for the Promotion of International Trade (CCPIT) and to the Ministry of Commerce (MOFCOM) in Beijing. Also the Italian Institute for Foreign Trade (ICE) will be informed together with the Italian Chamber of Commerce in China (CCIC) in Beijing as well as the diplomatic network, or rather the Italian Embassy in China and, from time to time, also the consulate headquarters of reference, that is geographically near to the other Chinese headquarters of organisations such as Promos, the Agency for China, the Italo-Chinese Chamber of Commerce. It is important to highlight how such costume has a favourable outcome in particular with reference to the Chinese counterparts, that in turn must assess the information obtained from different sources and proceed with the setting-up of their promotion activities both in the home-land and abroad.

Amongst all the Chinese organisations involved in Italy, the Consulate deserves greater importance, since it is a structure which one can easily have access to. The links with the Consulate are solid, and it has been assigned with the main task of acting as a mediator between private and public Italian players and the Chinese top management by promoting dialogue and cooperation. So, in the case of a leading Italian company at an international level dealing in the eyewear sector that had asked the Lombardy Chambers of Commerce certain instructions on how to find a transport company for its goods both on the Chinese territory, where the company had acquired productive and commercial offices, and outbound from Italy and inbound towards China, the choice of referring to the Consulate has

proved to be decisive. This, in fact has identified within a short period of time, two companies that could have operated from the logistic platform in Tianjin, also supplying a profile and a report on both of them. The research, speeded up by means of such contribution, has been successful without expenses of any kind whatsoever. Vice versa, by referring in similar circumstances to the Italian Chamber of Commerce in China (CCIC) or to the Italian Institute for Foreign Trade (ICE) would have required much more time and would have produced uncertain results.

With regards, vice versa to the Chinese side, apart from strictly political administrations, to which the same China Council for the Promotion of International Trade (CCPIT) refers, it is necessary to take into consideration the trade associations and the local trade show companies, even if the greater burden is, in any case, carried by the first, that is by the political structure. Generally, the Lombardy Chambers seek, above all the unmediated comparison with the Chinese partners, as these are strategic and vital for anyone who wishes to operate within their nation and since these ensure the access to a combination of data, people and organisations that does not entail any type of sharing nor the overlapping of other offices in Italy and China*. It seems important to note the circumstance that the linguistic factor from this point of view is not considered an obstacle, and to this, in general, no particular value is attributed, where the organisations contacted in China all use a second language, English, in order to communicate with other countries; and in this sense, it can also be deduced how the added value, usually assigned to the Italian economic cooperation offices on site, or rather to the Italian Institute for Foreign Trade (ICE) and the Italian Chamber of Commerce in China (CCIC), partially fails.

Inconveniences can be found elsewhere: at an economic level in the failed development of business ethics that can safeguard those who choose to invest in the Chinese market, as this complicates every phase of the internationalisation process; at a political level, in the heritage linked to the event regarding the broken promises in the era of the Italo-Chinese cooperation at

the beginning of the 1990s, that ensures that the government and the Italian enterprises in China are accepted subject to confirmation, and that they will have paid for such prejudice as soon as *business* occasions come up. At the same time, one must recognise how certain characteristics traits of the Italian economic policy in China even today partially motivate the cautious behaviour shown by the Chinese authorities. The case of the Italian logistic platform in Tianjin is, in this sense, paradigmatic. The project, already conceived in 2000, has needed six years of negotiation in order to define an agreement within the economic system and for the Italian institutions, so as to arrive at the constitution of a society, Inlog Spa, in which the Bologna, Jesi, Padua, Parma, Rivalta Scrivia and Verona freight terminals participate, the then Minister of Foreign Trade and the current Minister of Economic Development and Rome Industrialist's Association (UIR), with the task of going ahead with the construction of an industrial and logistic area for national enterprises in Tianjin. The agreement between Italy and China, followed by the launching of the society, was firmed only in September 2006, whilst an investment of about three million Euros was destined, during the first stage of the project, to be completed within a period of time ranging between three and five years. Therefore one notes how long the path that has brought about the translation of a work hypothesis into a concrete action has proved to be and how, amongst the factors that have contributed to prolong a similar length of time, the obstacles linked to the search for an agreement and to the division of duties amongst Italian private and public actors have caused the greatest delay. In Lombardy, the node represented by the coordination between offices and administrations corresponds, in fact, to the central link between the Chambers of Commerce on one hand, and the Regional Board on the other, and in other circumstances, a community of interests has been observed together with a shared vision that has, in turn, successfully contributed to projects such as Palazzo Lombardia in Shanghai. To date, there is nevertheless a "Plan Agreement for

the economic development and competitiveness of the Lombardy system", approved on 5th April 2006, which foresaw the availability of resources coming from the Chamber System and the Regional Board with the aim of permitting the adequate performance of the foreseen plans; amongst these are exhibitions and missions in China, where 50% of the *budget* set for such comes from the Regional Board and the remaining 50% from the Chamber System.

Moving on from the objectives set at an European level at the time of the Lisbon Council that took place in Spring 2000, and taking into consideration the complex work that the institutions must carry out as soon as these commit themselves to facilitating the economic development of the territory, Chambers of Commerce and Regional Board have considered, by means of the stipulation of a plan agreement, improving the system conditions for the economic players and, at the same time, to increase the attraction practiced by the Lombardy territory on the market. In this way, four levers of development have been identified: innovation, internationalisation, valorisation of human capital and the increase of the competitive profile of the overall territorial system, once this has been carried out, so can the drafting of a programmatic document of reference for the follow-up of the set objectives. Upon the translation of the objectives into implemented actions, the articulation of these has been obtained according to five guidelines, according to which the internationalisation policies have corresponded. Therefore, one can find, at the item internationalisation in the Plan Agreement although how the market, without any type of limits, has suffered, on one hand a process of abstraction, that makes the world flat and the circulation of *know-how* and technological progress a powerful factor of re-balancing of the growth between world areas and the dispersion of the culture relating to each location, this has not had the effect of excluding the territory in itself from the competitive race. On the contrary, the competition is gradually carried out amongst enterprises, territorial areas associated amongst them. Therefore the support for

internationalisation widens significantly, ranging from enterprise support in the strict sense of the word, right up to the adoption of universal system policies, limited only geographically. The support given to each company will consist of traditional forms, of assistance abroad; information and guidance on methods and procedures in order to gain access to community funding programmes or to participate in international bids for tender; managerial and technical training aimed at equipping the company with useful instruments so as to confront international markets; the promotion of aggregate forms of Lombardy companies for commercialisation abroad; support for the formation of productive and/or commercial organisations established on foreign markets by means of direct investments or joint ventures by Lombardy companies, with the support of almost equity instruments for financial consolidation. Yet besides this, an important promotion and marketing campaign will equally be implemented benefitting the "Lombardy Region", so as to associate to such name products, brands, sectors and innovative or peculiar forms of government of the regional economy, that have caused quite a stir amongst the active economic and political actors cross-border, paying attention at the same time to keep the Lombardy Region in the small yet extremely dynamic group of territorial areas capable of competing in the global economical scene, that can attract investors, new companies, human capital and tourism from all over the world.

The agreement reached has foreseen funds, for the first three-year period that is from 2006 to 2008, of approximately 61 million Euros for 2006, 67 million Euros for 2007 and 74 million Euros for 2008, with an equal contribution made by the Lombardy Regional Board and the Chamber System. The specific cost expected for the second axis of intervention regarding internationalisation, during the course of the entire three-year period to approximately 16 million Euros, and it the second per volume of capital employed. The implementation of policies promoted within the area of the agreement is supervised by a

College managed by the President of the Regional Council where both parties are represented. In addition to this, at each axis of intervention an implementing Committee is assigned that is responsible for the measures foreseen. In fact, the carrying out of the programme falls on the Chamber system.

However, as emerges from the Plan Agreement deal of governance, greater importance is given to the circumstances of two forefront players economic cooperation policy front with foreign countries such as the Chamber System and the Regional Board, who choose in the Lombardy region to share resources and means in a non-binding way with the sole aim of implementing what was foreseen, but which is also extended to the definition of medium and long-term strategies, that, in turn, consider as their main objectives the economical development and the competitive growth of the Lombardy system. The Plan of Agreement embodies all this, relying on a close network both of agreements made at a territorial level and of understandings on a regional scale, that started in 1992 as regards the national dimension and they assumed a supranational nature by means of the Framework Agreement made in 2004, contemplated within the area of the Institutional Agreement made with the Ministry for Productive Activities as of the start-up of the Regional Internationalisation Information Desks in 2003. Moreover, the same structures involved in the Plan of Agreement highlight the political aspects of the programme, inserting in the annual financial statement a section that evaluates the progress made in relation to the methods of work adopted, to the type of instruments chosen, to the support found of a Chamber, associative, entrepreneurial nature ..., to the possible entry of new actors onto the scene, to the measure of change involved with respects to the past, to the expense and importance assumed by certain actors when compared to others.

In 2006 and 2007, the political balance has therefore recorded a widespread subscription and the adoption of homogeneous measures throughout the territory, even if partially declined according to the specific characteristics of areas which are

different from each other. The commitment assumed with the aim of making the work undertaken by the institutions even more stringent is recognised by the associations and new institutional actors taking part in the programme such as the Milan, Varese, Cremona and Lodi Provincial Boards. The aggregation of resources and proposals is in fact, one of the criteria that are used in the Plan Agreement, and this, with reference to the recipients of the programme, is obtained “by means of an approach aimed at releasing it within the companies, on a voluntary basis and without imposing formal merging procedures, interest towards close cooperation relations, that will possibly be able to foresee any kind of corporate constraints, but that wish, above all, to encourage the exceeding of limits that the reduced company dimensions bring about”. In other words, this deals with proposing concrete advantages associated with the choice of aggregation, without reducing the faculty of being able to operate independently and this is implemented by means of the presentation answering to the announcements regarding the internationalisation and the innovation of aggregate projects. The view of the supply chain within the development policies is moreover a factor of innovation, and to facilitate the access to information and documents via the network contributes to the diffusion of a different perception and practice of relations with the Public Administration. Between these two systems there is an increased will to collaborate and the Chambers of Commerce establish themselves as a “natural and central site for relations with the local economic systems”: the operative aptitudes of the Chambers, the traditional tendency to work in a network, have proved to be an important *asset* in order to allow, on one hand, the possibility to listen to and to interpret local needs, and on the other, the equal and timely diffusion for everyone of the actions throughout the Lombardy territory.

The Veneto Region

A historical overview

The Veneto Region has developed foreign relations in different geographical areas and following multifarious criteria. It promoted contacts with Central Europe and Latin America thanks to historical ties, connected to the considerable number of emigrants that left Veneto for these areas, also taking the consequent political and cultural effects into consideration; Veneto always had strong connections with Istria and Dalmatia, that used to be Italian, having been dominated by Venice for many centuries, consequently also sharing a common heritage, as well as a privileged relationship with the neighbouring Italian regions. Besides this, Veneto, as other Italian regions, is very active in trading and investing abroad, both in Europe and overseas. Territories and economies outside the regional borders have from time to time represented the strongest development factor for local economy, fuelling confrontations and the search for original routes to economic and political achievement.

Right from the start, within the territory that went under the name of Lombardo-Veneto, the granary of the Austro-Hungarian empire, there was the rift between the capitalist agriculture of Lombardy and the low technology productions in Veneto, where the mixed economy was deprived of significant commercial and productive flows connected to trade with Austria and with the rich Lombard agriculture, due to the rise of the port of Trieste and the annexation of Lombardy to the Kingdom of Piedmont. The fractioning of farm-land and the related forms of casual

agricultural labour, and the reluctance of land-owners to sustain the necessary productive investments preferring to subscribe bonds, shares or new property fixed assets, had relegated the region in a marginal condition compared to the Italian economy of the beginning of the nineteen hundreds. Anyhow at the same time the Veneto entrepreneurs were developing an industrial and financial vocation aimed on one hand at increasing Veneto capital with Italian or foreign capital, and on the other at directing the local agricultural and commercial capital towards industrial investment, implementing an industrialist thrust tied to tradition but also committed to developing a localised productive model destined to distinguish Veneto's development: the refusal of the large centralised industrial plant in favour of a productive network more widespread over the territory.

This is how the regional entrepreneurial class developed a form of financial brokerage aimed at sustaining industrial take-off not only by attracting capital, but also by inserting the frail regional industry into the lively and prosperous national economical and political circuits. As indicated by Giuseppe Volpi's²⁶⁷ work in

²⁶⁷ "A Volpi, affarista veneziano e centro motore della strategia industriale veneta nei primi trent'anni del secolo, si devono importanti manifestazioni dello sviluppo industriale regionale. La prima fra queste si ebbe nel 1905, quand'egli riuscì a costituire con il concorso di un gruppo di capitalisti veneti una nuova società, la Adriatica di elettricità (Sade). Quest'impresa nacque infatti con vocazione nuova, finanziaria e razionalizzatrice, occupandosi dell'acquisizione di impianti di dimensioni ridotte sorti a volte in modo caotico nelle contrade venete e procedendo al collegamento capillare con tutti i produttori, all'acquisto di concessioni ed alla stipula di accordi. La strategia scelta da Volpi contemplava oltre ad un'adeguata dotazione di risorse finanziarie necessarie alla moderna industria idroelettrica, una soluzione politica ai problemi posti dall'avvio della produzione di energia, ovvero leggi e regolamenti dimensionati sui bisogni delle grandi imprese oltre alla costituzione di una vera e propria *lobby* elettrica, che imponesse le regole del mercato oligopolistico quale si delineava alle autorità di governo. Esito ultimo di tale campagna di raccolta del sostegno imprenditoriale ed istituzionale al progetto di costituire un potentato economico veneto, fu il progetto di elettrificare la costa adriatica, dal Veneto alle Puglie, ma quanto rileva in particolare ai fini dell'introduzione alle strategie di cooperazione adottate dalla

favour of Veneto's economy, first as "electric tycoon" and then as minister of finance of the Fascist government, at the beginning of the Thirties with the rapid growth of chemical, mechanical and shipyard industries, the regional industrial dynamics were characterised by the subdivision of industrial poles and national level companies in traditional and so-called advanced sectors, giving way to a mix of old and modern, that even if it partially refers to the uncertain sequence stagnation and development in the inter-war years, appears nevertheless the result of decisions taken many years before. The arrival of capital intensive industry in Marghera in 1927 did not deny this original assumption, but strengthened it by integrating with it.

The second pivot in the evolution of the "spread factory" came about to after the economic boom, when, in answer to an unfavourable economic conjuncture, an elevated innovation capacity distinguished the predominance of small and medium sized companies over large ones, as the former knew how to get over the crisis, the stagnation and competitive fall-backs in key sectors. This has demonstrated how productions considered secondary in respect to strategic sectors could continue company development and give way to forms of prompt market adaptation.

Regione Veneto è la circostanza Volpi avesse maturato la propria visione del mercato e delle relazioni fra quest'ultimo e l'autorità pubblica operando nell'area danubiano-balcanica, dapprima nell'import-export, ed in seguito con la costituzione della Regia cointeressata dai tabacchi del Montenegro, nonché nelle operazioni legate al porto commerciale ed industriale di Antivari. Si trattava del resto di episodi di rilievo nella politica balcanica italiana dell'epoca, ad indicare come nella figura del finanziere veneto vi fosse già in sintesi quanto ora contraddistingue la pratica della cooperazione economica a livello centrale come decentrata, ovvero l'impegno congiunto del sistema produttivo e dell'autorità pubblica, la richiesta di tutela legislativa da parte degli attori economici, gli intrecci finanziari di ampio raggio, il bisogno di costituirsi in sistema avvertito dalle piccole e medie imprese"; Roverato, G., "La terza regione industriale", in Lanaro, S., a cura di, *Storia d'Italia, Le regioni dall'unità a oggi, Il Veneto*, Turin, 2001 pp. 165-230

Besides the benefits afforded by the medium dimensions of the companies and by their specialised production, business associations have been the major expression of innovation in minor companies: they have been implemented both inside and outside the old industrial associations by launching brand strategies and forming consortiums for the purchase of raw materials and for export, granting sureties to guarantee bank credit for members, and other new forms of collaboration to overcome together the difficulties of the market and the restraints imposed by Italian legislation, as in the case of consortiums for the purifying of industrial waste waters. In addition there has been an intensive use of corporate business structures, in most cases dividing a single company into several formally separate ones or expanding the company, not by increasing its size, but by creating systems that are juridically distinct from the original structure and often carrying out intermediate processes in the single production cycle. This functional decentralisation, which sometimes involves the parcelling out of the marketing of the finished product, entrusted to specific structures, is found alongside the classic decentralisation of production; the innovation brought about in the commercial function and in the distribution system has become a useful replacement for the innovation of the process and the product for the aims of company development. In both cases decentralisation remains the strategic choice of the region's productive system, allowing symbiosis between economic organisations on a different scale which operate in the territory and the creation of mini-systems guided by a group leader which assigns each company to produce specialised parts of the main product, or diversified products. The degree and distribution of the investments therefore depends on how strategic they are, and preference is usually given to additional technologies and marketing, because they improve these strategic phases without big investments, or introduce factors

that had previously been overlooked, so that they are less expensive than replacement technologies²⁶⁸.

Introduction to the current phase

Now, taking a look at the current state of the regional institutions and at the most recent period in particular, starting from the end of the Nineties, we notice major changes in the forms of economic cooperation between Veneto and the Peoples' Republic of China, that we will look at shortly.

In general the field of action of the regional productive sector has extended to a vast group of sectors and geographical areas. In reference to the latter, as well as the Western European market, these include, East Asia, Eastern Europe and Northern America²⁶⁹, whereas regarding the productive activities, as far as industry, development, research and innovation are concerned, direct support for the development, qualification and innovation of medium and small businesses and of productive districts must be taken into consideration, together with the national policies, such as business promotion for protected social sectors, such as young people and women, and the management of EU resources for businesses.

In reference to the first two areas of interest, i.e., support and promotion for the internationalisation of small and medium

²⁶⁸ Interesting, regarding this, is the Benetton case, reported in *ibid*.

²⁶⁹ "Così le importazioni per l'anno 2005, ripartite per attività economica ed area geografica di provenienza ed espresse in migliaia di euro, ammontano a 19.082.569 per i venticinque membri dell'Unione Europea, a 3.594.041 per l'Asia orientale, 3.144.735 nel caso dell'Est europeo, ed infine 1.180.549 con riguardo al Nord America. Accanto ad esse, le esportazioni per attività economica ed area geografica di destinazione assegnano all'Unione Europea 22.187.753, mentre America settentrionale, Est europeo ed Asia orientale presentano rispettivamente 4.066.981, 3.850.133 e 2.625.742 come propri volumi di scambio"; Veneto Region, Regional Statistical System Istat, *Il Veneto in cifre*, 2006, p. 11

businesses, as a policy aimed at favouring development beyond national borders, the Region has conceived different tools, among these the regional offices for business internationalisation (SPRINT), that operate through an agreement between the PMI (small and medium businesses association) on one side and the Veneto region and the Ministry of Productive Activities on the other, as well as a group of specific authorities and institutions aimed at providing services that in the past used to be supplied separately. These are on the whole means for promoting and guaranteeing foreign trade and investments, for granting regional, national, EU and international financial facilities; the supplied services, split between information, promotional and specialist services, help favour the entrance and the affirmation of the Veneto productive system on other markets²⁷⁰. There are two main authorities responsible for economic cooperation policies in Veneto: the Chambers of Commerce and the regional system, that have their point of reference in the Veneto Foreign Trade Centre (Centro Estero Veneto) at regional level and in the special agencies within each Province. On the other hand there is the lack of a designated agency for economic cooperation as can be found in other regions, whereas the Veneto region grants financing for international promoting by allocating funds to third parties, for submitted projects.

This situation is about to change, because the Chambers of Commerce and the regional system of Veneto are deciding to create a shared tool for providing an adequate answer to the demands that arise from the internationalisation of Veneto businesses. First of all the fragmentation of the available resources has to be amended, simultaneously increasing the effectiveness of the actions undertaken, to guarantee a unitary character to the commitments made by the trade associations, the Chambers of Commerce network, the Regional Institutions in China and elsewhere. This adds to the policy and project coordination work carried out by lower level administrations,

²⁷⁰ See www.sprintveneto.it

such as Provinces and Local Councils, contributing to the promotion of an organic structure where all proposals can be inserted, sending a shared and articulated message beyond the regional boundaries.

The Chinese counterparts also wish for this to happen, because the sometimes intense and non-coordinated flow of Veneto delegations led to confusion. On the other hand reduced scale and more detailed projects would gain more value if inserted in a wide-ranging strategy, benefiting from the impact this can generate. We must stress how difficult it has been so far to carry out this hypothesis. The project was debated for nine years, and only at the end of 2004 was a regional law approved, Law 33/2004, establishing a regional office for internationalisation. This delay was caused by the search for a new political balance because of the need to make all the interests promoted by each of the parties involved merge into the new structure, and also by political turnover, with several elections, and by the renewal of officials in the Chambers of Commerce and in the Regional Administration²⁷¹.

The content of the law adopted on the 24th of December 2004 is the point of arrival of an upgrading process of the tools and the aims of economic cooperation that pivots on the subdivision of roles and authority between the Chambers of Commerce and the Region, the former taking care of the implementation, and the latter of the subsiding of the trade internationalisation promotion policies. It aims at consolidating this partnership and at transforming it into a real physical structure, or a consortium, for referring to in future to guarantee a suitable economic penetration in markets, such as China, where the complexity of local institutions requires effective tools as well as the involvement of the whole regional economic system. In other words the processes that are currently being carried out have to be accelerated entrusting them to a single authority, while also attracting the largest possible number of participants.

²⁷¹ See http://www.regione.veneto.it/Normativa/Leggi/leggi_home.htm

When questioned on the relevance of the path followed by other regions, where specific agencies are being set up, following the common dynamics of the overall evolution of localised economic cooperation in Italy, those that follow the relations with China within the Veneto Foreign Trade Centre stress that, together with the need of the rationalisation of expenses and the improvement of the ratio between sustained costs and expected results, there is still a diversification of strategies and that the different aspects of economical promotion vary from region to region.

In Veneto, article 5 of Law 33/2004 states that the Regional Government must set up a no-profit joint stock consortium with mainly public participation for directly or indirectly carrying out the promotion and diffusion of the regional economy, distributing information and encouraging the enhancement of the product and of the business internationalisation processes, and for implementing programmes and directives approved by the Regional Government within the month of October each year. The company promoters are the Veneto Region and the Regional Union of Chambers of Commerce of Veneto, the regional trade association federations that take part in the share capital can participate as company promoters. The adhesion is subject to the contribution of financial resources. The regional participation share has a reference span that goes from one third to the fifty-one percent of the share capital whereas the share subscribers include all the authorities that for different reasons are involved in the internationalisation strategies: trade associations, export or economic promotion consortiums, trade fare organisations, banks, foundations, local authorities, public or mixed-mode bodies, and also bodies that are active in the sector of internationalisation and promotion services. The company's statute is approved by a resolution of the Regional Government just as the Regional Government appoints administrators and statutory auditors allocated to the region. In pursuing the aims of economic cooperation, the consortium is assigned the faculty to stipulate programmed agreements with

local bodies, trade associations, consortiums and other parties for carrying out the projects included in the programmes. These agreements are distinct from those concluded by the Regional Government, which may nevertheless entrust the company with certain activities decided with state, regional or local bodies.

“Veneto Internazionalizzazione”, this is the name chosen for the company, that was set up after the signing of the new Programme Agreement between the Veneto region and the Ministry for International Trade in September 2007 by the regional President Giancarlo Galan and by Minister Emma Bonino, aimed at strengthening the collaboration and the synergies at central and regional level. The prospects connected to two alternative evolutions within the economic cooperation policies implemented by the Region, i.e. the strengthening of partnerships on the territory and with the central government, according to the Councillor for Economic Policies Fabio Gava, will lead to a wide range of actions²⁷² as it will be possible to use regional resources that up till now had been allotted to different sectors and had not been administered in an integrated manner, by taking advantage of an agile operational mechanism thanks to the corporate structure given to Veneto Internazionalizzazione.

²⁷² “Dalla promozione del sistema Veneto in tutti i suoi aspetti economico-produttivi, dal settore primario al secondario, al commercio, alle infrastrutture e servizi, alla diffusione dell’informazione sulle politiche commerciali, produttive, finanziarie negli Stati terzi, all’attivazione di sportelli, banche dati, repertori sull’internazionalizzazione dell’economia e delle imprese, alla diffusione della cultura economica per accrescere la dotazione competitiva locale alla prova dei mercati internazionali, fino alla formazione manageriale, di aggiornamento e specializzazione sui temi dell’internazionalizzazione dell’impresa ed inoltre alla promozione di servizi specialistici innovativi in materia contrattualistica, joint venture, ricerca di partner od altre azioni che consentono al sistema delle PMI un approccio mirato e calibrato sulle proprie effettive dimensioni e attitudini”, some observations made by Fabio Gava, Head of Industry and Trade Department of Veneto Region, Vicenza, September 14th, 2007,
<http://www.regione.veneto.it/Notizie/Comunicati+Stampa/Settembre+2007/1390.htm>

In this context and taking the constitutional reform of 2001 into consideration new agreements and new definition of roles will have to be negotiated with the State. This refers to the relaunched activities of the Institute for Foreign Trade, that have been gradually redirected towards the specific needs of regional economies, abandoning forms of centralisation with alternate results, and also to the need for new funds to be allocated by the State, after the interruption of the last two years.

The programme agreement, together with what is happening for the consortium that is being formed, marks the beginning of a negotiation and reform pathway for the legislation and operational structure for enhancing the specific traits of Veneto's economy.

Up till now studies concerning internationalisation in Veneto and in the North East of Italy²⁷³ have shown that if we can talk of the "dimensional question"²⁷⁴ of Italian institutions in place of businesses, a solution must be found within the organisation of each authority and in the relations between the different authorities themselves, so as to satisfy the demand for information, contacts, contributions and services placed by the businesses. From research carried out in the last five years, we can observe that in 2003 the Region did not figure in the list of exchanges and relationships with institutions within the economical and socio-cultural fields on which entrepreneurs were invited to express an opinion. On the other hand, among the public and private institutions listed, although there was a greater number of contacts with Embassies and the various ICE offices abroad, the trust expressed by companies with regard to

²⁷³ See Turato, F., *Le nuove frontiere dell'internazionalizzazione, Modelli ed organizzazione sui mercati di Cina, India e Brasile*, Quaderni FNE, Collana Ricerche, n. 15, November 2003; Bordignon, F., e Pernigotti, S., *L'impresa cinese, Le opinioni degli imprenditori vicentini sulla Cina*, Quaderni FNE, Collana Osservatori, n. 7, November 2003; Marini, D., *L'Italia delle imprese, Rapporto 2007*, Quaderni FNE, Collana Ricerche, n. 41, June 2007

²⁷⁴ Traù, F., *La questione dimensionale nell'industria italiana*, Bologna, Il Mulino, 1999

entrepreneurial Associations and the Chambers of Commerce was significantly greater, thus favouring organisations in the private sector. In 2003, entrepreneurs in the North East were asking to start out “on an equal footing” with foreign entrepreneurial systems that were better organised, and the strong demand for programming within the company associated with multi-direction strategic models was accompanied by the reporting of restraints outside the firms; among these was the inability of the firms to permeate and in turn be permeated by the host nation, and the difficulties encountered in being adequately represented by Italian offices abroad. The solutions proposed consisted of resorting, on the short term, to trusted partners and consultants and, on the medium and long term, to entrepreneurial Associations in the territory and Chambers of Commerce in order to favour agreements and joint ventures. Since then the reciprocal “lack of attention” between internationalised companies and institutions has remained, bringing with it a rather negative image of the public sector, where the relationship with the institutions is viewed as an obligatory element, without any intrinsic value. Yet at the same time, as a new factor, the role of the Regions has grown around a progressive development of the functions of communication and intermediation between participants involved in the internationalisation process, in line with what had already been seen in the German model in 2003. The present situation can therefore be interpreted as an attempt to eliminate the overlapping of different bodies and to ensure the acknowledgement of the Region, as a unique interlocutor with the government and with local administrations. It would appear that, in Veneto, the ideal profile for the Region on the international scene would be to remain largely outside the consortiums’ economic ventures, playing a low-profile role, but one that is fundamental for the success of the project, in order to enhance the original idea without conditioning it.

The Sprint network

The tools the Veneto Region employs for economic cooperation are the following: the network of offices for internationalisation, SPRINT, The Foreign Trade Centre of the Chambers of Commerce of Veneto, Veneto Sviluppo and Veneto Innovazione.

With the declared intent of implementing new forms of actions, which find their "strength in involving the Chambers of Commerce system and the entities involved in sustaining the small and medium businesses"²⁷⁵, SPRINT provides information, training, financial and insurance services. Last of all we have the country business guides, that allow searches by geographical area and sector, with current or past events, and the so-called foreign antennas, that may or may not have an institutional character, located in Eastern Europe and in North Africa.

The Office, which controls a network of provincial offices, set up within each Chamber of Commerce in the region, refers to other regional structures. As well as Unioncamere Veneto, the Chambers of Commerce located in each provincial capital, and the national agencies FINEST, SACE, SIMEST and INFORMEST, we must mention two joint stock companies, Veneto Sviluppo S.p.A. and Veneto Innovazione, and the Veneto Foreign Trade Centre.

The Veneto Foreign Trade Centre

The Veneto Foreign Trade Centre is an economic promotion agency founded by the Chambers of Commerce of Veneto, that operates together with its institutional framework, i.e. the Veneto Chambers of Commerce system, the Veneto region, the Trade Associations, the Trade Fair Organisations, the EU institutions aiming at spreading Veneto businesses at global

²⁷⁵ See on the issue <http://www.regione.veneto.it/Economia/Attivita+Produttive/Industria/Novita+industria.htm>

level and offering companies direct contacts with international markets. The Centre is subdivided into the General Affairs and Administration Department on one hand, which maintains relations with companies, and the Marketing Department on the other, which is involved in conceiving, launching, developing and implementing the promotion activities.

The mediation carried out by the agency involves all phases of the internationalisation process, international marketing or market survey services, aimed training through seminars and conventions, and individual support granted to those companies that ask for it for specific needs and contexts. Information is the first field of activity and it includes all related services for supporting companies, delivered daily and intensively according to the areas involved and to the required level of detail. The service is managed with the following tools: a local network of advisors expert in the different subjects of international trade, who are activated at the company's request, and an international brokerage service that takes care of identifying investment, partnership and trade opportunities for companies, also providing them with information concerning customs, taxation, transport, market surveys and so on.

Then there is training, that is implemented in many ways, by organising courses and seminars on subjects concerning internationalisation. Regarding the Centre's premises, considering that it cannot have offices all over the world, their presence is consequential to the volume and geographical distribution of services provided. Info Desk and Veneto House form a network which is not present in all the states where Veneto system operates, and that refers to other offices, such as the offices of the local Chambers of Commerce, the Italian Chambers of Commerce abroad, the trade federations and others. Agreements have been signed with each of these structures to define mutual relations. Usually the Veneto Foreign Trade Centre makes use of a series of services and, on the other hand, if the partner is interested, provides other services. On the whole the network is very extended and it is the starting point of

the incoming and outgoing flow of information for the businesses, together with the overseas economic promotion activity. Taking China into consideration, the first relations date back to the mid Eighties, and the historical reasons behind them are still strong today, the ties between China and the Venetian Republic, so particular attention was given to the planning of policies destined to this area, allowing the establishment of a team of collaborators at the Centre with profiles capable of developing high level projects.

In China, due to the current political structure and form of State, great value is attributed to the institutional framework, as programmatic decisions are taken by the central government, and even if the country is divided into several provinces, within each of these the central government is strong, setting their development guide lines. Consequently managing to set up a series of solid relations, as the Veneto Foreign Trade Centre

and the regional authorities do, for establishing a collaborative relationship with the public counterparts is fundamental for doing business. Therefore the economic cooperation must be able to cope with an administrative and business system that is anything but easy to penetrate and at the same time is highly competitive. At the moment the Region has three valid agreements with as many Chinese provinces and municipalities and the Veneto Foreign Trade Centre operates within these deals. The Centre has also signed mutual cooperation agreements, that are *de facto* economic framework agreements, with its equivalent governmental bodies, the CCPIT, China Council for the Promotion of International Trade or the Foreign Trade Departments.

REGIONAL AGREEMENTS

Projects, often quite complex, regarding China that are part of the promotional program adopted by the Veneto Region

AGREEMENTS SIGNED BY THE FOREIGN CENTER OF THE VENETO REGION CHAMBERS OF COMMERCE

Agreements with the Chinese CCPIT, within the framework of regional accords as well as autonomously signed

The agreements stipulated by the Veneto Foreign Trade Centre have a fundamentally operative nature and do not have any kind of political meaning, whereas the twinning agreement that the Region is considering involves the consent of the respective national governments and the acceptance of the procedures contemplated in bilateral exchanges. For the Veneto Foreign Trade Centre the procedure is different: once it has been ascertained that both partners are interested in reaching an operational agreement, it is signed, without any political impact, and from the moment of stipulation these agreements are continuously monitored, and referred to frequently both in information services and in promotional activities. The fact that these cooperation agreements signed by the Centre overlap other agreements reached by the Region, as in the case of Hebei, Jiangsu and Qingdao, is not a requirement for concluding them, but an additional element in their favour. These are not the Region's agreements, but agreements conceived within programmes developed by the Region.

Anyway, if on one hand we have not yet seen an inversion in the trend that leads from an institutional agreement to signing operative agreements on a regular basis, spread over the territory of the opposite party, in the case of the twinning agreement stipulated with the Jiangsu Province, we can see how the collaboration started by the Veneto Foreign Trade Centre preceded the official regional agreement, favouring it. It must also be pointed out how, in the case of Provinces twinned with the Region, the incoming and outgoing economic delegations have sometimes promoted the study of fields that are not purely economical, making requests and proposals to the regional authorities. In the case of the Italian Chamber of Commerce in China, between 1997 and 2000, the Veneto Foreign Trade Centre with the regional chamber system and other partners, among them PROMOS Lombardia and the Piemonte Foreign Trade Centre, promoted and financed a restructuring project aimed at increasing the size and standards of service at the level required by the contribution from the ministry. The chambers involved thus launched an articulated process, with the participation of the Italian Embassy in China and the Italian Business Association which worked alongside the Italian Chamber of Commerce in China, laying the financial conditions and the organisation necessary to allow the Chamber to grow. In this sense the request for intervention came both from sources which, like the Centre, wished to have services available on the spot, and from others already operating in China, such as the Embassy and its commercial office, who thought it was of priority importance, considering the particular situation of the Chamber in China, to adapt that structure to suit the needs of people residing in China who needed information and other services. In addition to these shared interests there is the already widespread conviction concerning the natural expansion of the volume of exchange and the progress of the relations between Italy and China, where China raised no doubts as to the extent of its future growth for those who had been able to see its evolution.

Currently, as the result of that undertaking, the Centre has its own desk in the Chamber, with a person working on its behalf.

The latest sign of the line of action taken by the Veneto Foreign Trade Centre in China has been the mapping of the major areas of investment in Dongbei, in the North East of China. This is quite a vast territory comprising, from south to north, the provinces of Liaoning, Jilin and Heilongjiang, on the border with Russia and Korea. The area presents four great advantages: natural resources, manpower, industrial systems of notable size though requiring modernisation, and a large number of universities and research institutions. But what particularly attracted the attention of the Centre was the plan launched by the Chinese government for large-scale industrial projects and the granting of incentives, above all of a fiscal nature, to investors, to encourage a new development phase after the restructuring of the major State-owned companies operating in the region and the consequent rise in unemployment. The report drafted by the Centre reviews the political and economic situation that led the government to approve this plan for the recovery of the productive area of Dongbei and illustrates a selection of areas of investment that Veneto companies can consider²⁷⁶.

The reasoning behind this is, in the words of the Chairman of the Veneto Foreign Trade Centre, that there is not only one China, but many different scenarios which must be individually examined and considered. The Veneto Foreign Trade Centre is moving in this direction, as is the Region, which has decided to give reward the work done by the Centre. According to Veneto strategy, cooperation therefore consists of an important action of collecting and analysing data together with the companies which, in the light of their own small size and low financial resources, can choose what they want to do, making use of

²⁷⁶ Ma, Z. M., e D'Agnolo, G., *Mappatura ed analisi delle principali zone di investimento nelle province del Liaoning e dello Heilongjiang*, Centro Estero delle Camere di Commercio del Veneto, 2005, pp. 10-11, e pp. 67-119

precise, just-in-time information. As a result of this approach to the Chinese market and of the particular economic relations between Veneto and the Chinese People's Republic, the official missions that are numerous elsewhere are of less importance; instead, negotiations are divided by sector and geographical area, in an attempt to direct the regional productive system in a way suited to the development of the Chinese national policies and to penetrate the dynamics of that economy, which is still in an early stage with a distinct lack of balance. Lastly the work done by the Italian Chamber of Commerce in China is significant, in the light of the synergies that it has accomplished and in the success shown in mobilising both human and material resources, to provide this system of cooperation with the necessary structure to support companies and strengthen the network of information and promotion in the territory.

Veneto Sviluppo S.p.A. and Veneto Innovazione

Continuing the analysis of the structures that support the region in commercial and productive internationalisation, Veneto Sviluppo S.p.A. represents the regional investment trust and it aims at "contributing to the economic and social development of Veneto as a tool for implementing the regional economic programme". Since 1979 it has been the operative branch of the Veneto Region for carrying out development programmes, it is a group formed by the Region, the majority shareholder, and by eleven companies that belong to nine different important national and local banks. Furthermore, being a registered financial broker, it is under the watchful eye of the Bank of Italy. Veneto Sviluppo operates in three fields: the management of support tools in favour of small and medium businesses from Veneto, the granting of guarantees for medium term financings, and operations on the risk capital. These functions are carried out taking the local economic and social scenario into consideration, as set by the Regional association

law and by the Articles of Association and in coordination with the economic and financial programming tools set by the Region. In 2006 Veneto Sviluppo has represented about 65 per cent of the market of soft financing in Veneto, with dividends increased by 85 per cent compared to year 2005, and an 83 percent share of companies that received financing, which have a turnover of up to 10 million Euros and with up to 50 employees; consequently it stands out as an important tool for supporting the traditional regional productive structure in economic growth abroad. Nevertheless the prospective evolution of Veneto Sviluppo, according to the company plan guidelines, aims to transform it from an exclusively financial support tool into a coordinator of evolutionary processes in the territory, working together with all the stakeholders. For this purpose the future necessary steps for obtaining the role Veneto Sviluppo intends to play are already being defined.

First of all further resources will have to be directed in favour of soft credit for Veneto businesses through operations with the Cassa Depositi e Prestiti (Bank for Deposits and Loans) and the European Investment Bank. Among the approved projects, within 2007 a Fund for Cooperation will be established, aimed at supporting investments in the cooperation sector and at sustaining consortium merger processes. The three major future intervention areas for businesses are indicated: support for a more competitive profile of businesses, for developing the territory and the environment and for projecting specific regional initiatives, with a particular interest for strategic sectors such as tourism, energy, logistics, infrastructure and transport.

When visiting the company, the President of the Veneto region, Giancarlo Galan, stated that, after a decade of extraordinary development the moment is right for taking a new direction, in line with the challenges of the present-day, and committed

himself to supporting "the virtuous pathway that Veneto Sviluppo is about to take" at regional level²⁷⁷.

Mentioning this we can notice how the Region has already programmed to increase the funds destined to the company and agrees that there is the need to broaden the offer of financing engineering tools available to the Veneto economic and productive system.

Veneto Innovazione, a no-profit joint stock company, takes care of the coordination of initiatives concerning the fields of research, innovation and services to companies, and of bringing small and medium businesses together for specific projects for transmitting technologies, knowledge and skills. These goals are reached by participating in businesses or independent innovation circulation projects and by funding projects, implementing regional innovation policies and other support actions.

"The activities that Veneto Innovazione carries out are the demonstration of its evolution"²⁷⁸: these are subdivided into institutional and European projects, events, such as regional competitions, seminars, workshops, conferences and fairs on innovation subjects, studies and researches; together with this Veneto Innovazione wants to offer its counterparts the necessary tools for exploring and accessing the field of research, creating successful projects and spreading them at international level. This happens through a series of initiatives taken by the company, that range from enhancing search results, to transferring innovative technologies between different sectors and regions, to relations between universities and businesses, with the coordination of the work carried out, of the synergies and of the partnership opportunities that can arise from these. In

²⁷⁷ Communiqué of Veneto Sviluppo S.p.A., *Il Presidente Galan visita Veneto Sviluppo S.p.A.*, March 19th, 2007; <http://www.venetosviluppo.it/>

²⁷⁸ See <http://www.venetoinnovazione.it/chiamo/catpage.asp?l=1&c=105&i=1>

short it is a process that includes information, promotion, and management of ideas and human resources.

Leafing through the pages of “Innovazione Veneto”, the company’s quarterly magazine, we can observe how diversified its operating and studying context is. The analysis is carried out by examining a specific productive sector in each number, looking at one or more research and innovation fronts guaranteeing close economic developments, important proposals and developments at institutional and other levels, regional, national or supranational.

In October 2006, as mentioned by the magazine, Veneto Innovazione took part in a regional mission in the Peoples’ Republic of China. The delegation, led by the Regional Councillor for Economic and Institutional Policies, included members of the Trade Associations, the regional Unioncamere (Union of Chambers of Commerce) and a group of entrepreneurs. This mission has the merit, as we can read, of having illustrated the Veneto system to the Chinese counterpart, with all its distinctive traits that make it unique at international level. If on one hand there are many productive businesses active on Chinese territory, this unitary approach has made it possible to confirm the interest of the local authorities on one hand and on the other to point out concrete *high level* economic cooperation opportunities, that can be implemented thanks to Veneto’s contribution. Two different keys are offered for understanding the state of the Chinese economy and the potential development of economic relations with Veneto: first of all it is stressed how today China resembles a constellation of locations with world level economical-strategic importance inserted in a system, that even if it does not have the distinctive traits of globalisation, has nevertheless a distinct regional and polycentric vocation. On the other hand it is pointed out how the rapid and disorganised growth and the consequent related problems, due to their very nature and importance cannot be faced and controlled without the help of the public sector, whether it be directly involved in the economic expansion

process or just responsible for the necessary corrections to be made to the development process undertaken.

The Veneto Region must look at this sector, bearing in mind that China is not just a fundamental market in itself, but also a decisive logistic platform or go-between market for producing for other markets. For this purpose Veneto businesses have the optimal dimensions for giving life to an authentic partnership with Chinese entrepreneurs, and, without prejudice to legal rights, Veneto Innovazione has promoted the study of contract and agreements where technological transfer is a focal point.

Reading on we find: "It cannot have its own foreign policy, but at institutional level it can [...] help our businesses operate abroad. The commitment of the Veneto Region for the internationalisation of our businesses, and in particular in regions of the world that can represent a real threat to Italian 'ideas' is fundamental. The reference to the practice, very common in the Peoples' Republic of China, of supplying workforce at prices that are not in step with the current market and of illegally reproducing of brands and products, leads us to consider that suitable strategies must be formulated and undertaken, that require direct contacts with the Chinese economical and social reality. In fact, when there is the commitment of the Chinese authorities "that pay great attention to diplomatic operations such Veneto's" in this direction, brand imitation is very limited. Upstream there are conflicting interests, like the turnover and the jobs guaranteed by the companies involved in these illegal activities, and to regulate such disputes solid institutional relations with the various Chinese provinces, which represent "a real foreign policy" for Veneto, have created, even if with the necessary government approval, the conditions for the gradual start and increase of bilateral relations "that started at cultural levels, with youth exchanges, friendship relations, and today have become real economic relations and in this context, through missions and by subscribing specific protocols, the region tries to support the

entry of our businesses, in a market that in the past used to seem mysterious, whereas today it is much more familiar”.

Together with the regional commitment for the defence of its economic operators, we must consider the sudden rise of internal Chinese consumers, that can offer the Veneto business system considerable occasions for making profit. For this purpose a suitable institutional framework is once again necessary, and in this respect the Councillor for Productive Activities stresses how we must: “Try to operate in the market involving the whole production chain, and not just a part of it, and our District system could prove itself very useful for this purpose²⁷⁹. Japan did this successfully, we must also try to”; he also adds that the small and medium businesses that do not cover the whole production chain must not give up the market, but find partners in China capable of covering the missing parts of the production chain, partners “that exist and that in future will be even more numerous, because China, after launching large scale industry, is now rapidly creating a network of small and medium businesses based on the Italian and Veneto model”.

The request for support for Veneto economy abroad is implied by the declarations of the regional offices that assist companies, and this aspect is also stressed by two industrialists from the Veneto who have chosen to relocate production in China and have taken part in the economic mission. One, the president of IRSAP S.p.A., a company from Polesine, that in 2005 began a joint venture with a Chinese company for the production of steel tubular radiators maintaining the majority share, recalls: “China must be seen both as a market and as an ally: we have the ideas, they have the low cost production factors. There are many things the Italian system could do. I mention only one of them: invest on qualified and motivated staff in the antennas that operate in China [...]. We are too weak in comparison with the other EU countries”. On the other hand Alberto Zamperla, head of

²⁷⁹ See <http://www.distrettidelveneto.it/>

Zamperla S.p.A., an Italian leader in the Amusement Business, says that, to combat the violations or incorrect interpretations of Chinese legislation, he has tried to focus attention on his industrial venture, and the company's participation in the Veneto delegation should be seen in this light: "Appearing 'protected' by Italy is very important [...] to reduce potential unfair attacks. [...] China needs foreign entrepreneurs that create jobs for the population. Social peace will exist only while there are jobs. And this is also thanks to those who transfer production units to China. If I introduce myself as part of the Italian System, i.e. as somebody that can refer potentially negative aspects that happen in China to an official contact, this certainly has its importance". After praising the Veneto Region's mission to China, recalling the contribution of Confindustria Veneto, he confirmed: "The Chinese are very formal so the official delegation has given its results. It has been a warning for everybody: caution, the Italian State follows these entrepreneurs closely". "We must form a system, and these are not empty words, but a very concrete strategy. We must get over divisions [...] We must go as Italy, because Italians with their excellence have to arrive [...] because the China 'Continent' respects critical mass".

As may be seen from the above remarks, this tension between the defence of the productive system on the one hand and, on the other, the encouragement of internationalisation and the competitive dimension of the economy at national or regional level, favours now one and now the other, that is either a greater political and legislative involvement at central level or the regional venture. But both, according to economic operators, must help satisfy the request for institutional backing abroad.

Relations between the Veneto region and the People's Republic of China

Institutional and development cooperation

Now, going back to what was initially said about the analysis of the international cooperation implemented by the Veneto Region, it is worth mentioning that it is not just a mere economical cooperation rotating around the businesses as the main agents of the international vocation of the regional economic system, but there are several other collaboration, solidarity and twinning relations, with European and Extra European regions, federated states and local organisations. There are the foreign organisations with whom the Veneto Region has established formal relations of various nature: agreement protocols, declarations of intent, collaboration and twinning agreements and letters of intent, and the Foreign Organisations with whom relations have already been established which will lead to formal agreements approved by the Italian Government. We must also add that each agreement or protocol signed by the Region leads to cultural or economic initiatives and projects, in support of the friendship and mutual collaboration relations, aimed at promoting Veneto's image and economic model in the world.

By examining the foreign institutions involved, it emerges that formal agreements with the participation of the Italian Government concern countries in the Eastern European and Mediterranean areas, whereas in a first stage and employing different instruments, there are currently sixteen territorial organisations in Europe, nine in South America, one in North America, one in Africa, in Mozambique, one in Caucasian Russia and four in the far East and Australia. In China, the Hebei and Jiangsu Provinces and the Qingdao Municipality have signed a letter of intent and two agreement protocols with the Veneto Region respectively.

“The agreement for establishing friendly relations between the Veneto Region (Italy) and the Hebei Province (China)” was signed in Venice in the 17th of May 1988. It was the first institutional agreement entered into by the Region with Chinese counterparts and it is still valid. With this agreement the Veneto Region and the Hebei Province through friendly consultations defined the relations for favouring the development of friendship and mutual acquaintance between the two populations, to increase cooperation and promote prosperity. Principles of equality and mutual advantage are recalled to stress the will to establish trade and collaboration relations in the economic, commercial, scientific, cultural, educational and other sectors, that interest both parties, in various forms and referring to future meetings between the parties involved for discussing the implementation of the various stages of the signed agreement.

The agreement protocol between the Veneto Region and the Jiangsu Province represents the second institutional act signed at regional level and it arrived nearly ten years after the agreement with the Hebei Province; it was signed in Venice on the 5th of May 1997. The protocol once again recalls the principles of equality and common interests in various sectors and four major cooperation fields are pointed out: economical sectors such as small and medium industry and handicrafts, agriculture, tourism, commerce, transport and communication services and systems, culture and science, education and professional training, university and youth exchanges. It is also stressed how exchanges of institutional, business, cultural or other delegations will guarantee the concrete attainment of the aims of the cooperation, whereas the modalities for implementing the protocol would be agreed upon by the Veneto Regional Government and the Jiangsu Provincial Government from time to time.

The second agreement protocol, and the last institutional agreement signed by the Veneto Region in China, has the city of Qingdao as its counterpart and it is more detailed and complete

than the previous 1988 and 1997 agreements. The protocol was the consequence of the mission to Qingdao decreed by the Regional Government in January 2004, by the President of the Region and the Director of the Directorate for International Relations, with the aim of carrying out a survey of the location and the promotion of hypothetical future cooperation, and it is founded, as openly declared in the text of the agreement, on the existing collaboration and good relations between the People's Republic of China and the Italian Republic. The new element is the importance given to the important role played by decentralized cooperation between the Veneto Region and the City of Qingdao, that, as we can read, "will form an important element in the general framework of Italian-Chinese relations".

The cooperation fields, seven in total, are more detailed than in the past and are subdivided as follows: relations between universities and other educational institutions; relations between research centres for collaboration in the scientific research and technological innovation sectors; exchange of information and experience in the productive activity sector; exchange of information and experience in the professional and managerial training sector; exchange of information and experience in the tourism, sport and youth exchange sectors; exchange of information and experience for the health system organisation; exchange of information and experience in the regional infrastructure and transport services sectors. The different formally ratified spheres of collaboration reflect part of the productive and services sectors within the regional economy, like the health system or transport, and underline the importance of training, research and innovation that distinguish the relations between Italy and China in an ever increasing measure. Article 2 illustrates the means for implementing the initiatives set by the protocol, but in addition to what was set by the agreements signed in 1988 and 1997, it also includes instructions concerning the cost sustaining for the exchange of institutional delegations; furthermore, articles 3, 4 and 5 deal with the organisation of meetings for monitoring the results of the collaboration and the

set up of work groups, the organisation of regular fairs for mutual promotion, the establishment of relations between public and private organisations for cultural, social and economic collaboration. And in articles 6 and 7 the criteria for introducing amendments to the protocol and for renewing it are specified for the first time.

The three documents signed between 1988 and 2004 demonstrate the progress in the relations between Italy and China, that influences the ways and aims of collaboration at regional level, while the region moves in the direction indicated by the Ministry of Foreign Affairs at the National Conference on Decentralized Cooperation that was held in 1999²⁸⁰.

In general the framework of contacts and meetings developed by the Veneto Region ensures that among the concerns of the Regional Directorate for International Relations there is also the support for democratic growth and economic development processes in countries with whom bilateral relations exist, and once more priority is given to areas that are felt as close, both "demographically", for the important contribution of regional emigration, and geographically. In this sense an important factor can be found in shared traditions and in the expression of "Venetian" characteristics and of Veneto's culture; the actions of the Regional Directorate are aimed respectively: at Europe as a result of the Region's adhesion and contribution to the activities of European institutions both at central and local level, and at the protection of ethnic and language minorities, at human rights and at cooperation for development.

The reference legislative framework is also worthy of notice. Veneto was the first Italian Region to equip itself with specific regulations for these themes, at the end of the Eighties, in 1988, contemplating a series of regional interventions "to promote a culture of peace", and afterwards, in 1992, with the creation of a

²⁸⁰ Hafteck, P., "An Introduction to Decentralized Cooperation: Definitions, Origins and Conceptual Mapping", *Public Administration & Development*, No. 4, October 2003, pp. 333-345

regional fund for international solidarity. The regulations currently in force, that is Regional Law no. 55 of 16th December 1999, entitled “Regional interventions for promoting human rights, a culture of peace, cooperation in development and solidarity”, sums up all the laws of the past and illustrates the composition and different functions in a structure devoted to decentralised cooperation.

In the introduction to the activities carried out and supported by the Veneto Region in the period between 2001 and 2004, the President of the Regional Government stressed how, in response to the increasingly complex nature of international relations, especially regarding social and economic development, it is important to create transnational territorial networks, in which even non institutional participants are represented, encouraging open relationships with shared objectives, priorities and ventures, applying the fundamental principle of subsidiarity and partnership²⁸¹. With respect to the lines to be followed and the

²⁸¹ “In tale prospettiva spetta alle Regioni assumere un ruolo centrale di proposta e azione, alla luce anche delle novità introdotte dalla riforma del Titolo V della Costituzione e dalla entrata in vigore della Legge n. 131/2003 “La Loggia”, che hanno notevolmente ampliato gli ambiti di espressione della potestà estera regionale. [...] È così venuto a crescere negli anni anche il sostegno dato alle attività in materia di sviluppo sostenibile e promozione dei diritti umani, che la Regione ha definito all’interno di un proprio specifico quadro normativo [...]. Considerando parte fondamentale dell’azione regionale una ottimale gestione delle proprie politiche di rilevanza internazionale, non si può infatti prescindere dall’attivazione e dal perfezionamento di adeguati strumenti propositivi e operativi in ambiti tematici quali i diritti umani, la cultura di pace, la cooperazione decentrata allo sviluppo e l’aiuto umanitario, che rappresentano elementi necessari di tutte le maggiori dinamiche politiche internazionali”. “L’elevato livello qualitativo delle iniziative promosse dagli attori pubblici e privati sul territorio regionale è oramai ampiamente riconosciuto in ambito nazionale e internazionale e costituisce un significativo esempio dell’attitudine alla proiezione estera della Regione del Veneto. Proiezione che sarà sempre più ampia e incisiva, e nel cui ambito i temi dall’affermazione dei valori di pace, libertà, democrazia e sviluppo sostenibile acquisiranno, anche nell’azione regionale, una dimensione sempre più rilevante”. Department for International Relations, Human Rights and Development Cooperation, , *La cooperazione allo sviluppo e la solidarietà*

modes of implementing decentralised cooperation as indicated by the Ministry for Foreign Affairs in 2000, the main areas of intervention are focussed on the consolidation of the role of civil society, with processes of democratisation and decentralisation of powers by providing official support for local public participants, and on the application of programmes of social and economic development that enable the recipients to promote their own development by acquiring the respective know-how from the point of view of organisation and content.

Law no. 55, which came into force on 22nd December 1999, refers to these elements and Chapter III outlines the *discipline of decentralised cooperation in international development and solidarity*. In particular the law lays down the principles and the ends that decentralised cooperation projects should aim to achieve, identifying the promoters: the Region, Local Bodies, public or private institutions, universities, non-government organisations, voluntary associations, trade unions and entrepreneurial associations. It defines the programming tools such as the three-year plan and the yearly plan, and lastly contemplates the formation of a Committee for cooperation in development, made up of bodies that represent civil society and the local administrations, with the task of collaborating in drawing up the three-year plan and the yearly plans of intervention for decentralised cooperation in international development and solidarity. The three-year plan, approved by the Regional Council, defines the objectives and priorities to be pursued over the three-year period, the criteria for selection of the activities of decentralised cooperation in development, and the criteria and forms for granting regional contributions. In turn the yearly plan, approved by the Regional Government, determines the yearly objectives and priorities and identifies the projects for

decentralised cooperation in development to be implemented directly by the Region, as well as the amount of contributions and the criteria of selection for the interventions promoted by other subjects. The yearly plan also defines the coordination of different promoters and how to implement the regional interventions of international solidarity.

The analysis of three-year plans and yearly plans adopted between 2001 and 2006 reveals an evolution regarding the areas that benefited from regional cooperation, the volume of support offered and the legislative framework, though maintaining common lines of action between the first three-year period, from 2001 to 2003, and the second, from 2004 to 2006.

The three-year plan for the period between 2001 and 2003 indicates the objectives of decentralised cooperation at regional level, that is the creation of endogenous, integrated development, by assigning a central role to human resources.

As stated in the 2001 Yearly Plan, and in the yearly plans up to 2006: "Cooperation and solidarity interventions open the way to vast issues considering the subjects treated, the factors and variables that influence the operative choices that have to be taken. Such choices require a rigorous analysis of the needs of the territory where one intends to operate, of the target population of the intervention, of how to intervene, in which sectors, with which means and with which counterparts one has to deal with, all elements that require very pondered decisions on the type of intervention and on their consequences on the territory. The three-year Programme, when defining the aims of the cooperation activity, indicated the trends for giving the programme of the interventions of the present Plan a character in line with the general trends currently followed in cooperation [...] The creation of an integrated development, in particular, reveals the complexity of the interventions, because nowadays actions must be characterised by a "transverse" approach, as they must integrate the demands for economic growth with those of environmental protection, of education and cultural heritage protection, of health protection and so on. The multi-

faceted character of themes multiplies the number of skills and the participants called to offer the contribution of their knowledge and experience. The present Plan, acknowledging the complexity and variety of the subjects that have to be dealt with, intends to give full value to the resources within and outside the Region to make its interventions more effective."

Similar aims are pursued in particular in priority geopolitical areas, that imply the direct involvement of the Region. The punctual definition of these areas, which justifies their priority character, does not vary during the first three years, but is extended to a new territory starting from 2004, and only during 2005 does it aim at a fifth region. Between 2001 and 2003 it deals with Eastern Europe, i.e. Central-Eastern Europe and the Community of Independent States, Latin America and the Horn of Africa and other African countries; geography, migratory flows, the colonial past, the establishment and the participation in projects in the area by regional subjects, and the effective need for foreign cooperation, in concordance with the available tools at regional level, motivate such designation.

Moving on to the fundamental requirements for intervention as contemplated by the yearly fulfilment plan, it stresses the fact that the Three-year Plan indicates a strategic model pointing at satisfying a double requirement: the involvement of the participants in the regional territory that are interested in cooperation, and the establishment of direct and operative relations with the local realities where the actions are implemented. This double orientation is recognised and regulated both at national and supranational level. The need for involvement of the Region is clearly justified by the complex nature of the subjects and the many sectors affected by cooperation. Multiple and diversified interventions require equivalently articulated skills and widen the range of participants called to give their contribution thanks to their experience. The plan also recalls how the role of Local Authorities (Regions, Provinces, City Councils, local bodies in general) within cooperation for development, and in the other

contexts of social life, is fully recognised today and confirmed in the national legislation which safeguards the local autonomy in pursuing the objective of optimising the relationship between the institutions and the citizen according to the latter's needs. This certainly recalls, in theory, the introductive analysis of international cooperation by Grant and Nijman, where it is pointed out that within the process of assigning foreign aid, we can observe principles, rules, regulations and decision-making procedures that vary on each different occasion, that concern both the expectations of donors and recipients, and that are legitimised by the very existence of the international aid system. Each nation therefore projects onto cooperation its own history and the outcome of the balancing of forces achieved on the domestic scene. In view of the vague character of such rules and organisation, and of the variable coherence of the system, this regime appears to be the most flexible among the policy tools at international level, more so than trade and monetary policies. In addition to this and on another front, that of the analysis of globalisation filtered by the instruments of political representation and of the interests, of civil society and of business as a historic subject, Sapelli stresses that, if markets are a phenomenon that accompanies the construction of the state, right from the formation of the link between modern state and capitalism, it may be said that the process of constructing the state and of its evolution may be considered in the same way as a business; in other words there is a political enterprise alongside the economic enterprise, and besides, in its political and economic essence, capitalism is chiefly a system which maximises, not so much profit as the decentralisation of decision-making sources, both on the markets which these sources play a part in determining and defining and in non-market areas, first and foremost those that form the modern political classes: the state and political society.

The Region Emilia-Romagna

Historical developments

In his famous work of 1993, Robert Putnam makes a compared analysis among different Italian regions pointing out the strong correlation between civicness and institutional success. The Italian state had centralised both legislative and administrative competence, but in 1970, a large-scale decentralisation was carried out. Legally and institutionally, the reforms were identical in all the regions. This facilitated “a unique experiment in institutional reform”. The researchers soon saw remarkable differences between regions in the degree of success with the reforms and in spending the same general funds from Rome. They decided to seek explanations for what “made democracy work”. So first they looked into the extent to which local institutions delivered the goods to citizens. The project also investigated whether the regions had economic development and prosperity, and how citizens evaluated their life and prospects in the community.

Putnam employed a series of converging indicators of policy processes, policy pronouncements and policy implementation to show that northern regions did systematically better than southern regions. This, in turn, correlated with dissatisfaction and distrust in the south and satisfaction with local government in places such as Emilia-Romagna and Lombardy. Not unexpectedly, a positive correlation also existed between indicators for socio-economic development and institutional success in the regions. However, he was sceptical of standard

economic explanations and regarded the correlation as spurious, covering large variations within the groups of northern and southern regions that had been overlooked when the focus was on the marked difference *between* north and south. He tested a possible explanation behind both quality of institutions and socioeconomic development, using what he called a 'civic community index': here, even stronger correlations appeared between density of sports clubs and cultural associations, newspaper readership and referenda turnout on 'civic' issues on the one hand and *working democracy* on the other. Finishing the picture, he found civic community to be a place where people also support egalitarian ideas, favour compromise, feel politically competent, regard politicians as honest, think laws should be respected and, not least, trust each other. The mechanism of civic community was then described as virtuous circles of social capital in which individuals interact in local networks, learn to trust one another within these networks and internalise norms of mutuality and reciprocity.

The analysis of the Emilia-Romagna case starts then from a critic of Putnam work from Per Mouritsen to consider the peculiar characteristics of the economical regional system and with it the premises to the process of internationalisation of today and the related development of exchanges and investments politics.

Mouritsen underlines how "[Putnam's] specific version of 'politics matter' was not *political enough*". He claims, that the concept of civil society itself is not enough, and has to be traced back to forms of significant democratic participation, which can have a precise political impact. "Famous is the Italian capacity to 'arrange' solutions to collective problems *in the absence* of well-functioning public institutions. [...] but what is needed is a civicness directed at the level of the state which [...] forms new political platforms in order to improve national solidarity, fights corruption, renew obsolete institutions. We should certainly reflect on the concept at a time when globalisation and localisation challenge the format of nation states. Such forces

require us to concentrate on the *cool*, political and conflict-accepting character of civil society. Civil societies, like republics, are created and may be lost. It also urges us to find more engaging forms of democratic participation with a more than local content; this does not mean they cannot be based in localities or draw from local concerns, but we need ways to maintain broad political identities which treat nations as neither 'functioning' systems nor vessels of culture"²⁸².

What arises from such an analysis is a tension between social dimension and institutional dimension of *civiness*, which is expected to be the afoot of a reformed administration able to take advantage of social energies to face different problems and ensure new instruments to the political power. This is a main subject still today in the economic and political progress in the region of Emilia Romagna, and in the light of this, China represents without any doubt a further test-bed of 'good government' on economic and social grounds, which many people think to be a peculiar characteristic of this Region.

However, many paradoxes have characterized the development of Emilia Romagna already since the nineteenth century. As a matter of fact, these regions instead of having a hierarchic structure, have got a polycentric administrative structure, in which portions of urban, industrial and agricultural land compete among themselves in economic field; however administrations' strong will to plan the future and the well known habit of not acting individually are very important. On the other hand masses show a not common trust towards the common progress, even if the class ideological opposition is still strong between capital and work. This is an aptitude to the "pragmatical idealism" shared by the political elite of the region itself, which was historically opposed to the national government, and which finds in the good governance of the local territory a source of authority, which is able to legitimate its

²⁸² Mouritsen, P., "What's the Civil in Civil Society?", *Political Studies*, Vol. 51, Issue 4, December 2003, pp. 664-665

work, according to a prospective similar to those explained by Mouritsen.

This combination of different factors which concern also the distribution between agriculture and industry and, in this, between the diffuse economics of local matrix and industrialism often promoted outside the region, causes a various social texture and an industrialization sometimes difficult but yet “balanced”, generally autonomous and not artificial, and therefore similar to the “Lombardy Region”, which suffers from a basic backwardness due to the agricultural crisis of the eighties of the nineteenth century. The started process faced alternate phases, allowing Emilia Romagna to equal the growth rate of the first region of Italy only in the eight decade of the last century. Between one and other historical phases, there are different temporal scanning. In the beginning, during the Giolitti era, there was a take off with annual growth rate over 6%; the First World War was a chance, even if with ephemeral effects, to expand and grow the scale dimension doomed to cease during the twenties. Under the fascist regime there was a new impulse to industries; during the Second World War it happened again what had happened during the First World War. After the reconstruction, between 1961 and 1981, the expansion was uninterrupted, and it slowed down only right before the nineties, as the demand declined.

The *catching up*, which lasted a bit less than a century, shows anyway already in the first phase some of the peculiar characteristics that were to distinguish it in the future. The food industry was dominating the production sector, joined by light industry and many other companies scattered around the territory, which also grew at a high rhythm.

The entrepreneurship of Emilia Romagna seemed to be concentrated in the Bologna area, and some important project were promoted with assets coming from outside the region, from the industrial triangle of Lombardy, Liguria and Piedmont, or from abroad. Among the sectors that were growing faster, mechanical engineering stands out for the dynamic attitude of its

entrepreneurship, and for the choice made by many companies to give up to big dimensions, preferring a productions of high quality goods and an organization decentralized at other companies in the same area, according to a model of horizontal 'disintegration' which partly anticipated the birth of the industrial district. As a matter of fact, Vera Zamagni points out: "What strikes of the Emilia Romagna industry [...] , is its rooting into territory. With few exceptions, these are local companies which, either for capitals either for technical aptitude, either for raw materials, have a strong bound with the rich agriculture of the region, upstream and downstream, and have an attitude to satisfy the reference market, either regional, national or international".

Vice versa, on the medium and long term period, the attempts made by the government or big national companies to protect some industries thought to be strategical, as in the case of Officine reggiane²⁸³, or to promote with *ad hoc* interventions, in the Ferrara area, did not get the results hoped.

During the fifty years which followed the Second World War, the industrial structure of the region started a process targeting mostly at strengthening the showing of manifestations of the regional productive vocation and to highlight at the same time economic trajectories still *in fieri*. In this field Reggio Emilia and Modena provinces threatened to take the productive primacy from Bologna, the capital of the region.

According to Peter Nichols, for Italians location is more important than class, and surely this sentence is confirmed by the district economy of the NEC regions, comprising Emilia Romagna, where a significant *embeddedness* between productive and social area produces 'effects higher than the mere sum of parts' and the force element is given by the wide offer of community goods: from social and economical infrastructures to

²⁸³ Zamagni, V., "Una vocazione industriale diffusa", in *Storia d'Italia, Le Regioni*, Rome, 1975, p. 234

specific services for companies, to a wide range of rules and common practises, even informal. These are externalities that have to be traced back from one side to a dense social frame and from the other to the work of active and related institutions, which counter the classic integration of territory undertaken by the big company having recourse to the, according to the expression of Arnaldo Bagnaso, 'market construction', which is able to reduce the transition costs and promote dialogue and mutual cooperation favoured by geography, and crossing the company and the ongoing productive process.

Relationships between entrepreneurs and expert workers working at different companies allow in this way to convey useful technical and market information, while with time some hierarchical relationships among companies might arise, and groups with a leader might be created. Otherwise the same companies will be bought by other Italian or foreign companies, even if always without damaging the productive fragmentary referential organization, which anyway takes advantage of the market from the type of its product, original and modelled on the requests of the buyer, and from the underlying productive process .

Therefore, it is possible to say that the political and civil traditions of Emilia Romagna have favoured a lot the local autonomies, the creative and innovative craft with productive purposes and the technical education of higher level, cooperation among people and production which is serving the market. Therefore an important institutional factor is given, for example, by the predilection shown in the aftermath of the Second World War of the local leftist administrations for small companies, and several measures taken at their advantage: service areas, services centres, development agencies... such as to generate a general entrepreneurial propensity even if organized by sector. However, it is still to be understood how this strongly unite and lively political and economical picture has fed comparison between politics and economical promotion on the Chinese territory.

Institutions and regional economy

A recurrent factor in the analysis of the development of Emilia Romagna is the participation of wide masses to the creation of the socio-economical structure, which characterizes the current regional organization. A wide range of actions, conflicts and undertaken commitment at different levels (entrepreneurial, trade-union, cooperative, party) which have contributed to transform the Emilia Romagna social system, whereas other remedies to the poorness and to the economical discomfort mostly individual, such as migration flows, did not have a significant impact. The result of such collective behaviour is a progress, mainly without social fractures, which is accompanied, on one side by the productive 'milieu' based on grassroots social organization model where they can be noticed in particular cooperative and strongly qualified work dynamics, and on the other side by the government, which anyway is going into a renewal phase.

Mechanisms such as demographic processes, logistic and technological as well as informational global flows, which seem to lead into a new development stage, have indeed increased the local institutions' programming demand and related implementation.

These system dynamics are overlapping a production model that is changing itself. This is because of the differences in how the companies are growing: after having taken advantage of the start-up monetary policy in the nineties, they adopted different strategies on the global market, while the state, without the power to rule over foreign matters, had to give the power to local authorities to solve grassroots these problems.

Therefore, before discussing the instruments adopted by the region of Emilia Romagna in development cooperation issues-institutional and economical cooperation with China - it is now useful to define one central issue of the so called Emilia

Romagna model, i.e. the link between regional economy development and the work done by the local institutions, taking into consideration also the claim of a strong 'administrators' party '²⁸⁴, whose manifesto is made of ability and talent in the practice of local power government.

In fact, in Emilia Romagna the political role of the administration, i.e. the power, in the ruling class, to legitimate politically by means of a careful public management of their own authority, finds its counterpart in the strong sustain to the local administration given by the social structure underneath, which on one side is identified in the local power and on the other is opposite to the national government. Local autonomies and regional institutions seem therefore rooted in the community, which anyway is always dialectic and presents class and political divisions.

The institutional history of the Emilia Romagna region is usually divided into three fundamental phases. The first phase is characterised by the planning and preparation of the creation of the region, i.e. the writing in 1977 of the law Dpr. 616, with the important sustain of the head of the Bologna local administration and inside some restraining rules at national level. At that time the region considered its mission as a part of a the state which was changing, and therefore it was contributing to the national reform plan. However, during the seventies, the Italian economic policy, being hit by the shocks produced inside the society as well as in the international economy, lost the lead of the system. Decisions which were meant to have a lasting impact revealed to be "non choice" at national level since they were mainly made for satisfying the requests of certain social sectors, without affecting others, and among the embarked reforms the creation of regions is itself expression of the will to proceed in the building of a social state and in the democratisation of the society, establishing elements of socialism.

²⁸⁴ Bianchi, P., "Emilia-Romagna. Problemi e prospettive", in op.cit, 1975, p. 192

The remark was to the attempts made already in this field during the sixties and to the praxis of making associations established by the political structure of that time and therefore, on one hand the decision and expenses powers given to regions and municipalities was completed largely extending them; on the other hand some regularisation orders were adopted, in charge of the central public balance and of financial imbalances grown during the years by the local authorities.

The compromise between the governing majority party forces ("as enemies in the politic philosophy and rivals in the defence of social interest, as joined by a non-liberalist conception of economy and politics") is the starting point of a phase characterized by a higher involvement of the managerial of the region, in relation to the development of the local programming. Anyway two kind of factors have a role in modifying again the expectations on the role of the region. A new approach is established with Maastricht: this is a federalist approach which legitimates the political action and guides the public decisions from down to up. After the currency crisis and the political and system crisis at the beginning of the nineties the need of an institutional renewal arose, which led also to the modification of the regional electoral system without affecting the powers of the institutions themselves.

The result for Emilia Romagna is a regional model which presents at the same time traditional and innovative features. The main characteristic is given by the general confidence in the local administration fed by the power of it to provide services to individuals and companies related to education and infrastructures in particular. For what it concerns the industrial progress, is misleading someone to identify Emilia with a range of uninterrupted districts "respectable and unchanged over the years"²⁸⁵, in spite of the big chemical platforms in Ravenna and in Ferrara, companies of big dimensions which operate at global level even in such sectors as pottery or agricultural and food

²⁸⁵ Ibidem, p. 201

industry, or partnerships of companies which, without any kind of specialization, do not define a proper district. The strategic vision and the resourcing suffer from these economical and organization premises recognizing to each centre of the region a different social and political profile but, we have to highlight that at the same time it takes advantage of new instruments to contribute to its growing, which exceeds the traditional support for an industry promoting an exact link with the territory, as happened with ERVET i.e. "Ente regionale per la valorizzazione territoriale", founded in 1973. Under the art. 3 of law no. 25 of 1993 it is established how a company affiliated to the region, pursuing the highest "innovation and international integration of the regional productive structure", is able to promote: the economical company even under associated form, the technical support services, the research applied to economy innovation in the financial services to companies, foundation of scientific and technological poles, technological transfer, and the qualitative growth as of the economical and territorial system and of the company.

In the beginning the regional industrial policy faces a short-list of infrastructural services (the so-called 'service areas'), for the realignment of differences still present in different area, and subsequently widen its range in the area of the interventions themselves, localizing the physical area planned for them. In other words, services interest now also production, but are reserved for district areas in order to get them growing faster. The Citer, alias Centro Informazioni tessili is a result of such a policy, which aims to intensify the productive vocation already existent, until conceiving the whole region as a mosaic of districts, each of them provided with its own service centre. Doing so, some areas where the big industries are still prevailing and divided by sector industries are still neglected. We have to point out that in this sense, the same internationalisation policy in Emilia Romagna has (as proved by the traceability and by system projects, by the education services and first entry into the Chinese market, or by the establishment of a Service Centre in

Shanghai) the priority strategic aim of “international promotion of the productive regional system by means of the support to the internationalization paths of spinneret of small and medium size enterprises” : it recognizes in small and medium size enterprises the main addressee of the supplied services.

During the last two decades of the last centuries, facing the always higher need of the companies to take advantage of new information technologies, we assisted to the establishment of the regional agency ASTER, “consorzio tra Regione, Università, Enti di Ricerca e Imprese per lo sviluppo di servizi e progetti comuni di interesse regionale atti a promuovere la ricerca industriale, il trasferimento tecnologico e l’innovazione del tessuto produttivo dell’Emilia Romagna” equally defined for the development of the territory, with the aim to sustain the innovation diffusion processes by means of the offer of cross-services, while the consequence of the establishment in Bologna of a scientific pole of Emilia Romagna has stopped facing the difficulties of getting to a summary of the purposes with the participation of the principal universities of the region according to applied research; technological diffusion for the benefit of companies of small dimensions; definition of big technical international cooperation project.

It looks like that the capability and the necessary force to anticipate the future are missing: the economic scenario is divided into two categories of companies. “Companies which already at the end of the eighties had readjusted their budget, defined a product and a related trademark, penetrated into international markets with their distribution networks or by means of strong international agreements, which guaranteed the image of the company” and “companies which at that time had continued to cater to the national market, or as consumable goods producers or because operating in the intermediate goods sector or subcontracting sector, in particular importing basic goods abroad”. Such a company attitude coexisted inside the same economic system underlines the complex nature of this, and requires a lively approach to economy with the aim of

putting under control the requests of different productive poles which put pressure on the public authority to act in a way or another. Therefore, according to the scheme proposed by Patrizio Bianchi, big, small and medium size enterprises which operate on the national market without own trademarks and concentrate their business on raw material processing, facing the domestic conjuncture and little competitive cost of labour abroad, will ask to the administration to reduce the costs faced by the companies related to work, inland revenue and currency, in order to be not at the mercy of the market. Vice versa, the ones who will be strongly oriented to export and who are benefiting of the well-established outpost abroad and are able to increase the value associated to their own products thanks to research and development, in relation to finance and marketing, will be in need of infrastructure and of a frame of qualitatively superior services, from logistics to human resources training and information networks which would define the territory. The dilemma here explained is often recalled and extended to the national industry as a whole hence it's not only a matter of Emilia Romagna economy, but more an "Italian case", i.e. the development of small and medium size and to a lesser extent also big companies, against whom the sustain offered by the central or regional political power keeps on feeding contradictions, delays and mistakes.

In the report about the Italian-Chinese cooperative policies written by the agency of Emilia Romagna region we have to forget the acknowledgement of an economic scenario quite univocal. We have to think on how the link between the 'Chinese knot' and the 'Italian case' have caused an assumption of some policies instead of others in this region, according to directions already tried or to new choices.

Emilia Romagna Region and economic cooperation: premise to the Chinese case

SPRINT-ER alias “Sportello Regionale Emilia-Romagna per l'internazionalizzazione” represents the first instrument *ad hoc* conceived in Italy for the promotion of exchanges and investments abroad of the regional productive system. The creation of it matches with the introduction, decided in the same year, of a new Axis of the three-years planning of the productive activities²⁸⁶. This is the fourth. In the period 1999-2001 some interventions for the promotion and internationalization of the small and medium regional enterprises were made. Among these it was made a programme for the promotion of the Emilia-Romagna industry abroad, an announcement of competitive exams for export societies, some services for companies, and a guarantee fund.

²⁸⁶ As reported in the “Convenzione fra Ministero del Commercio con l'Estero, Regione Emilia-Romagna, ICE, SACE, SIMEST in attuazione dell'intesa sottoscritta in data 26/10/1999 per la costituzione dello Sportello Regionale per l'Internazionalizzazione”, “Il Programma triennale per le attività produttive industriali per gli anni 1999-2001 della Regione Emilia-Romagna, approvato, in attuazione della l.r. n. 3/99, con deliberazione del Consiglio regionale n. 1305/99 prevede, all'asse 4, gli interventi per il sostegno all'internazionalizzazione del sistema produttivo e, in particolare, la collaborazione con ICE, SACE e SIMEST per sviluppare le seguenti misure ed azioni: 1. attività e servizi per l'export e l'internazionalizzazione; A. costituzione e attività dello sportello per l'internazionalizzazione; B. assistenza e studi di fattibilità per investimenti all'estero; C. programmi promozionali; 2. strumenti di agevolazione e assicurazione ai programmi di internazionalizzazione delle imprese: A. finanziamento delle strategie di penetrazione commerciale (L. 394/81); B. costituzione di imprese all'estero (L. 100/90); C. assicurazione decentrata del rischio sui crediti all'export a medio termine; D. finanziamento ai crediti export (D. lgs. 143/98, ex L. 227/77)”; www.normeinrete.it

Within the agreement between the region and the Ministry for Foreign Trade signed in 1996, in Bologna in October we assisted to the creation of a counter able to give information and to guarantee to companies a single office where to open a dossier for requiring SIMEST findings and SACE insurances. SPRINT-ER started at ICE as a simple operative section, and involved already different participants, regional and national, aiming to converge on one side to the definition of strategic measures on the Emilia Romagna territory, and on the other hand to the programs for starting them up, and favouring the access to a range of financial, insurance, information instruments for small and medium enterprisers. Moreover, besides creating a service centre aiming at promoting the internationalization processes. This operates as link body for what it concerns the operation side: between regional and sectoral undertakers associations, chamber of commerce, fairs, companies, services and banks, so that the objectives pursued by the regional administration by means of its work can be condensed in the support to a 'better and greater internationalization'.

In other words, the regional authority wants to support the whole regional productive system, leading the companies towards composite, long run, internationalization paths, in order to increase their competitive profile by means of strategic choices adequate to the current economy development. This is to allow the local entrepreneurship to get the power, autonomously, with own internationalization forms without the participation of anybody else. The three-years programme points, and the measure taken on an annual basis include the technological upgrade, aggregation, joint ventures and generally the pursuit of a partnership, investment by means of productive settlement, and the cooperation aimed at innovation, at anything to do with research and development, and technology transfer: these objectives are bound to affect significantly the structure and perspectives of the companies involved.

These aims were still present during the second stage of development of SPRINT-ER, which started in 2002 by the

introduction of the “*Servizio Sportello regionale per l’internazionalizzazione delle imprese*”. The regional management centralized more the internationalization projects, using: a) the concurrence of the export and internationalization committee²⁸⁷, advisory body of the regional strategies and of the SPRINT-ER itself, intended as a regional operating body, b) the agreement which involved the productive activities and agriculture department, the chamber system and the Productive Activities Ministry, c) system projects, managed by the coordination board of China²⁸⁸, Russia, India, Balkans and Brazil, d) internationalisation action of the regional fair system, e) regional financial system, as agreed by the the regional and national laws with SIMEST, and insurance instruments, which refer to SACE. The points of the second three-years programme revive and extend the scope of the objectives, the state involved and financial engagement, stressing in particular the system policies and the companies aggregation as productive chain. Among the new elements introduced in 2004 and 2005, during the beginning of the productive crisis and today still ongoing, the international promotion of the regional innovation system(SRI), lasted several years with the aim of favouring the industrialization of the research”²⁸⁹ and the draw of investments from abroad in high-tech sectors.

Still in 2003 some modifications were made in the management and in the intervention, such as: the extension of the partnership, a better coordination with ICE, and the starting of a qualitative certification process of the counter, in view of a joint definition of the work of the region, ICE, SACE and SIMEST.

²⁸⁷See SPRINT Emilia-Romagna, *Seconda relazione annuale d’attività dello Sportello Regionale per la internazionalizzazione delle imprese* 2004, Bologna, 2005, p. 7

²⁸⁸ Ministero Affari Esteri, Segreteria generale Unità per le Regioni, *Riunione del Coordinamento del Comitato Governativo Italia-Cina con SPRINT regionali*, 2005, Roma, p. 1-2

²⁸⁹ SPRINT Emilia-Romagna, op.cit., p. 8-9

Finally, the third phase was related with the outcome of the agreement with Unioncamere (signed in December 2005) and with the collaboration started in 2006 both according to organization issue either and in relation to system and special projects which were related to Latin America and China.

The working collaboration agreement between Emilia Romagna region, the regional union of the Chambers of Commerce of Emilia Romagna for the internationalization, signed on December 2005, aims to expand the collaboration between the region and the chamber system in relation to shared promotional projects and penetration strategies on priority markets, registering at the same time the greater modification made since 1999 to SPRINT-ER. In fact, SPRINT-ER concentrate its work on the central offices of the Counter Service for internationalization (Servizio Sportello per l'internazionalizzazione) and is supplied by a network on the territory active at each chamber of commerce and at their working premises. The entrance of Unioncamere and of the Chamber system a the Counter (Sportello) is sanctioned by the signature in November 2006 of the "Protocollo Operativo tra Ministero del Commercio Internazionale, Regione Emilia-Romagna, ICE, SACE, SIMEST e Unioncamere Emilia-Romagna per la gestione dello Sportello regionale per l'internazionalizzazione SPRINT-ER"²⁹⁰, which provided significant advantages for what is related to the involvement of regional companies, albeit of little dimensions and not yet projected abroad. The fact that the Counters are now more bounded with the local entrepreneurship contributes to increase the effectiveness of the impulse given by investments on a district basis, according to one of the main guideline of the internationalization policies of the region, and gives territorial

²⁹⁰ See "Protocollo operativo tra Ministero del Commercio Internazionale, Regione Emilia-Romagna, ICE, SACE, SIMEST e Unioncamere Emilia-Romagna per la gestione dello Sportello regionale per l'internazionalizzazione SPRINT-ER" su www.normeinrete.it

foundations to the preparation of system projects. While the management of the contact with the economic community is given to the offices at the Chamber of Commerce, the premises of the SPRINT-ER begins to emerge as decision and supervision centre, with duties of programming, coordination and operating management.

In general, in the light of the hostile cyclical picture, the persuasion is raising in Emilia-Romagna that the fundamental objective of the region can't be the mere supply of services at territory level and for single companies, but vice versa it has to configure a real push forward for the whole regional economy. The five strategical principles thought at that time, stress a services model aiming at promotion and at the particular internationalization on the Italian scenario. The support to internationalization paths in the chain, the promotion of aggregate forms, temporary or permanent, landing in foreign markets, the internationalization of fair sectors, and of innovation sectors and research sectors, and the development of the productive system according to a vision of regional marketing, need, (in order to get the awaited results), a high cohesion in the action, analysis, and setting-up.

The aim of the regional administration was to presume one actor for the economical cooperation, unlike what happens in the majority of other Italian regions which "give supply of services to a private agency, as the case of Tuscany and Lazio, or to the chamber system"²⁹¹. Nevertheless this last case is at the centre of the last phase of the economic cooperation undertaken by Emilia Romagna, the third three-year programme during 2007-2009, with regard to which the advantage is represented by the link between policies and interventions of the region on one side and efforts made by the Chamber system on the other side by offering counter services about internationalization and

²⁹¹ Unioncamere Emilia-Romagna, Regione Emilia-Romagna, a cura di, *Osservatorio sull'internazionalizzazione del Sistema Produttivo dell'Emilia Romagna*, Bologna, 2007, p. 107

contributions, and and intense action of information and regional animation.

“The ideal objective pursued is to identify a unite programming between region and regional chamber system, which could allow to avoid the clash of interventions in support of a unique promotion programme and of one unique system of material and financial support for companies along united internationalization paths”²⁹².

Considering now in detail the intervention areas of the region, quoted at Ax 5 of the three-year programme for the development of productive activities 2003-2005 in sight of the above mentioned strategical objectives, the instruments consist in regional system projects, and measures decided inside the agreement with the MAP, in areas thought to be in priority; in the approach of spinneret referred mostly to more important productions in relation to export, i.e. high technology, instrumental mechanics, agro-industrial system, construction system and housing; in the prospect of new markets and opportunities linked to them, starting from exploratory missions until the hypothesis of productive settings; in anticipation of international actions aimed at attracting investments by the industrialized or emerging at international level economies; in the ‘economical diplomacy’, area crossing all the others as aiming to feed a base of contacts, and reciprocal credit so to favour the regional economic operators abroad.

Beyond the the code of conduct and action levers, preparing supporting measures for the regional productive system needs additional effort.

This is an articulated work of intelligence, proposal-sharing with other major actors of the regional economical system, and analysis of the past and ongoing programs which refer to the region, and which also have to be compared to the current

²⁹² Unioncamere Emilia-Romagna, Regione Emilia-Romagna, a cura di, *Osservatorio sull'internazionalizzazione del Sistema Produttivo dell'Emilia Romagna*, cited work , p. 108

strategies adopted by the government and by other Italian regions, before creating annual policies.

The undertaken measures are therefore the final result of a full information exchange and of several meetings at international level, national, interregional, among chamber system, regional and sectoral association of the companies, the bank system and the fairs.

Taking as an example the annual return of the actions made during 2004 by SPRINT-ER²⁹³, it can be noticed how this matter involves approval each time, during a certain meeting of the strategical lines for the two-years by the export and internationalization committee, and at the same time the resort to seven main forms of dialogue, which are also involved in examining and in the discussion of subjects linked to internationalization inside the region and outside the region. The first of them is represented, at national level, by the ministerial board to which are joined regions and productive activities as well as Regions Ministry and Foreign Affairs Ministry, and also by the common effort taken for the coordinating MAP and regions, and across the border by the meetings at the European Commission²⁹⁴ and the Italian diplomacy premises. The second comparison and debate occasion is given by the Country Board of the Emilia Romagna Region, and by the meeting of the Management Committee of the Service Centres abroad²⁹⁵.

The third front is the interregional collaboration and the contact between region with provinces and municipalities, while the forth one is the cooperation with Unioncamere Emilia Romagna, whereas the regional chambers of commerce take part to the Shanghai Services Centre and some joint work can be taken in

²⁹³ SPRINT Emilia-Romagna, *Seconda relazione annuale d'attività dello Sportello regionale per la internazionalizzazione delle imprese 2004*, Bologna, 2005

²⁹⁴ See www.ec.europa.eu/regional_policy/index_fr.htm

²⁹⁵ Unioncamere Emilia-Romagna, Regione Emilia-Romagna, a cura di, op. cit. , p. 109

relation to particular geographical areas and sectors. The action made with Emilian fair companies associations, respectively the fifth and the sixth ambit of definition of economic cooperation policies, and in relation to the fair sector the projects aim in particular to its internationalization towards expanding economies like China, Russia and Brazil, favouring at the same time the visit of entering delegations on the occasion of the biggest sectoral exhibition events ²⁹⁶.

Finally, there is the financial system and bank system, for which we anticipate agreements with regional and national banks, besides the participation of big international financial organizations.

Once all the given conditions at the different levels of governance are satisfied and once a good operative outline has been found, the policy is achieved by an amount of actions supporting the companies which can be divided approximatively into: services, regional animation and ingoing and outgoing missions. We need to clarify now how the regional animations are the greatest effort taken by the regional administration aiming to “involve regional companies in system actions which can favour the internationalization processes, both for what it concerns the companies which start in foreign markets, and in the perspective of consolidating companies already active in certain important economies”, and how this identifies largely with education, ensured by SPRINT-ER, university and chamber system.

Services, vice versa, have largely financial characteristics, and are divided among the resort to national instruments and the participation to regional announcements, supporting aggregations among companies; while the missions, as it happens in other regions, support actually different aims and are often complementary.

Some ‘combinations’ of animation, services and missions supporting the promotion of chains and for States receiving the

²⁹⁶ See www.rtoib.it

interventions, internationalization of the regional system of innovation, and of the regional fair system are important; three fronts where Emilia Romagna has pointed for a long time, which qualified its economical cooperation policy in relation to other regions.

In the first case, it can be noticed how between 2003 and 2006 the regional promotion programme has given attention to interventions for specialized chains and for priority nation more than ever. The limits shown by the district model in relation of global economy involve, in the perspective of Emilia Romagna, big investments in research and development (R&D) and a new definition of the international strategies, whereas the reduced dimensions of local economy in comparison of the high number of business occasions abroad and of the proportions of international market, represents a limit. This limit has to be obviated just with a strategy pointing on a chain organized in vertical way, just as the big-sized companies, and with long and medium-term internationalization paths. Field studies allowed to identify seven chains to which commit planning and animation interventions, in and out missions and big promotional events: high-tech, agri-foodstuffs, live and build, advanced mechanics, automotive, health and wellness, fashion. For all some incentives to IDE are set in general and group productive settlements in particular, in order to start strategic partnership, technology transfer as well as industrial and commercial cooperation with foreign actors, while the choice of a limited number of states to whom direct the resources starts to be crucial. For Emilia-Romagna this is the BRIC, i.e. expanding economies like Russia, China, Brazil, India, Japan, Mediterranean, Mercosur and Balkans, while the range of the undertaken measure seems significant as a whole, having 91 international projects in the last three-years, 134 events among meeting and seminars, 76 ingoing missions, 75 outgoing missions, and the annual support of more than 2500 firms.

The second front peculiar of the economic cooperation on which the interventions are pointing is the internationalization

system of the regional research and development. In 2003 the policy for the research of Emilia Romagna, aiming to consolidate the regional production, stimulated the applied research, the added value of technological matrix of the production and the development of the knowledge of economy, starting the PRRIIT, “Piano regionale per la Ricerca Industriale, l’Innovazione ed il Trasferimento tecnologico”.

At the beginning SRI was created after a multi year action, which was able to increase the international competitiveness of the research system of Emilia Romagna. This was possible with the participation to transnational networks, collaboration in industrial research projects and in the industrialization of the research’s results, the drawing of foreign investments in high-tech sectors and the integration of the innovation regional system into European and non-European networks.

The region has done three annual programmes for the internationalization of the research system, giving to ASTER and to the regional Consortium of Universities and research centres, their management. While the Counter was given the organization of the events and the involving of the firms of the sector. One of the events which got the greatest success of visitors and exhibitors was Salone internazionale della Ricerca Industriale or R2B (Research to Business), which counted, among over 2000 visitors in 2007, a participation quota by small and medium size enterprises of 85%, and the 15% of exhibitors came from abroad.

The third and last area is the internationalization of the regional fair system. This is called “two-sided”²⁹⁷ because it is directed on one side to “exporting” of the main fair events in important

²⁹⁷Sacerdoti, R., *Il territorio imprenditore: il caso delle politiche della Regione Emilia-Romagna per l'internazionalizzazione delle imprese*, Trento, 2005, p. 12

countries such as Russia, China and Brazil ²⁹⁸ and on the other side to promoting the regional events for foreign operators.

This objective was pursued supporting actions of qualified incoming, and organizing events abroad. The most significant action was taking part to the agreement between Productive Activities Ministry, fair Associations, regions and autonomous provinces. This aimed at increasing the synergies between measures taken by the state and by the region and private efforts in the internationalization process in the Italian fair sector, with launches of joint projects of commercial promotion. Wide implications are given in this way to Italian fair services and also to the production of goods and services in the same chain on the most important markets. The collaboration among these Italian fair bodies increase, among those and with their foreign counterpart, as well as the Italian export across the border; the Chinese case on this topic is significant, and we will return to this subject when analysing the Italian economic cooperation in Guangdong.

In line with what suggested at ministerial and regional level, and with the interventions provided by the other arrangements signed by the ministry, SPRINT-ER took part to the actions started after the agreement. It presented an integrated programme of projects, which disclosed the common work made by the regional fair bodies and by the institutions, and that the diligence shown by the regional fair companies on foreign markets has got confirmation in the emerged results referring to the announcement for the selection of projects: over 21 projects financed in 2006, 11 were presented by the region in agreement with Fairs. Emilia Romagna has been in fact, already in 2006, the only Italian region to present an integrated programme of fair events which include the common participation of different regional fair companies and a division according to a chain, as it attests the importance taken by internationalization of fairs at the

²⁹⁸ See Unioncamere Emilia-Romagna, Regione Emilia-Romagna, a cura di, op. cit., p. 119

regional government which, recognizing the indubitable importance of events already considered international, and trying to convert the fair neighbourhoods into complex structures able to attract exhibitors and visitors on a large scale because of the high value of its own exhibition areas, both in the light of the event and of the offered services, pointing at internationalization, one more time, spread but not accomplished.

The core of the Emilian operation with China: Xintiandi Service Centre, University, chains

Xintiandi Services Centre

Until now Emilia Romagna gave great importance to the supplying of services to small and medium enterprises in China, Russia, India and Brazil, the so-called BRIC²⁹⁹, and among these the People's Republic of China has adopted a new advanced role prior to the definition of instruments aiming at favouring the internationalization of the regional economic system.

The first actions to support the economic bounds between the region and PRC date back to 1987 and consist of several actions, from the the exchange of institutional and economic missions to the signing of agreements on economic, scientific and technological cooperation with certain areas of China.

The first document that was signed, was a protocol concerning the cooperation with the province of Liaoning in three main sectors: economic for what it concerns entrepreneurial exchanges, scientific in relation to cooperation in the field of

²⁹⁹ See www2.goldmansachs.com/ideas/index.html; *The Economist*, "Another BRIC in the walls, The perils of overestimating emergine markets", April 21st 2008, www.economist.com; Mortished, C., "Russia shows its political clout by hosting BRIC summit", *The Times*, 16 May 2008, www.business.timesonline.co.uk

traditional Chinese medicine, and technical in relation of environmental monitoring of pollution.

At the end of the first agreement followed a standstill. Such as in many Italian regions, during the eighties and nineties the contacts went missing because of important political and economic events which invested People's Republic of China and Italy .

The dialogue recovery with China for Emilia-Romagna was seen in 2001 in a new cooperation agreement which aimed at consolidating and sprinting exchanges between the parties. In fact, in the agreement the signatories, Emilia-Romagna Region, Shanghai Municipality, and China Federation of Industrial Economics of Shanghai, agree about an increase of the economic, industrial and commercial relations, by means of the institution of the Shanghai Services Centre.

Shanghai Services Centre, located in the Xintiandi neighbourhood, (from which it also takes its name), deals with regional cooperation with China in economic, cultural, touristic, educational and in research field. This started from the partnership among the region, Unioncamere Emilia-Romagna, Bologna Fiere, Rimini Fiera and Fiere di Parma, and it offers services to almost 700 firms organizing B2B meetings, partner research, entrepreneurial missions and information for first access to Chinese market. The Xintiandi Centre wants to be the concrete result of the important link and common work among different actors at regional level, which goes on and renews itself by means of the definition, the launch and the realization of the proposals that arrive every now and then from firms and from the local administration.

The region, with SPRINT-ER and with the support given to the Service Centre of Shanghai took the objective of reversing the negative trend of the trade balances and of favouring the productive settlement of the companies interested in penetrating the Chinese market. In this way Bologna Fiere, Rimini Fiere and Fiere di Parma chose to start their own premises at the Centre. By means of APT Servizi, the tour operator offices preparing the

first programmes for the Chinese market, settled in Xintiandi. Finally, the Service Centre of Shanghai had become an operative office of the Chinese Board and of the Permanent Forum for the industrial cooperation between Italy and China. Two of the cooperation channels and scientific and economic promotion recently started. Anyway, the data confirms the progress made. In 2004 export started to increase at higher rates than import. According to some surveys made by the Osservatorio Asia in 2005 there have been more than 183 active Emilia-Romagna companies,.

For what comes to the offered services, they are articulated in 4 main areas: orientation, support, education and *business travel*, and for each of them there is a range of different interventions.

The first step is information gathering about the Chinese market in relation to commercial, distributive and productive as well as detailed analysis in relation to specific sectors and product categories; this includes also the support to the Centre for legal, customs and fiscal aspects. An experts' network operating in Italy and in China, and the logistics support for event organization and B2B meetings, is helping them. Support involves a range of general information provided to regional firms, beside a range of commercial information on certain sectors, in the offer of primary data about fair events and in the counselling in their participation. The education consists of seminars about fiscal issues, labour market and company law for firms working with China.

A support is offered in the organization of informative events. Their preparation include the promotion of the companies on the Chinese market. Everything is realized with the Cooperation Forum. Business travel is the abbreviation for the service that supports the entrepreneurial missions in China: this include the logistics support with a shared office. This means the rental of a desk provided of secretary at the Services Centre.

In 2002, 2004 and 2005 other agreements were signed by the region and the Chinese provincial and municipal authority: a letter of intent for the development of the friendship

relationships by means of the economic, commercial, scientific and cultural cooperation between Emilia-Romagna and Zhejiang Province, a protocol of intent was related to scientific and technology cooperation about advanced mechanics, nano-technologies and mechatronics, to which the region, CNR, ASTER and Fudan University adhered. A protocol of intent about the participation of the International Network for the Technology Transfer of Shanghai or SITNet was signed by the region and by Science and Technology Committee of the Shanghai Municipality.

Scientific and technology cooperation

In China, the scientific and technological cooperation agreements have increased in value. The region showed towards them, especially in recent years, a particular interest. In these agreements, as well as in the promotion of the fair sector and of chains' internationalization, lies a peculiar characteristic of the cooperation policies of Emilia-Romagna, that has to be lead partially to the regional effort towards innovation . The underlying vision presented in the regional document itself, even if shared by all those who animate the daily debate about international development of the Italian economy, has nonetheless lead the case of Emilia-Romagna to noteworthy results.

By means of the scientific and technology cooperation arrangements, the region, (along with other bodies, locally active universities and research centres), does intervention and specific support projects in high-tech sectors for those actors which operate in the field of research and innovation and also for Emilian firms interested in cooperating with other research centres and Chinese firms.

Networking measures on the scientific and educational front have been taken within the regional participation to Italy China

Foundation ³⁰⁰, and especially following the setting-up of the College of China Association, a national centre for the cooperation between Italy and China on the front of research, education, culture and firm development, where the Permanent Forum for the Industrial Cooperation has also been promoted. The College of China Association represents, like the Service Centre of Shanghai, a system intervention, in this case providing the crucial contribute for the Municipality and Province of Bologna, aiming to favour and consolidate the relations with the PRC in a wide territorial dimension³⁰¹. The College promotes the exchanges of persons, information and proposal's exchange among Chinese and Emilian universities, with the aim of getting instruments for mutual comparison in the field of education and research with good effects for the economy.

Work includes welcoming Chinese students, (some hundreds) enrolled to the Bologna university; the offer of fifteen scholarships to access the university courses, "orienting young Chinese talents towards outlets in the labour market which interest the most of the economic and institutional fabric of the Region", and offering them incentives to do intern ships at local enterprises; from organizations of services to institutions and enterprises, with the preparation of thematic extension seminars for technicians, managers and entrepreneurs; postgraduate

³⁰⁰ On this point see www.collegiodicina.it

³⁰¹ All considered, Collegio di Cina's partners are: Alma Mater Studiorum - Bologna University, the Region Emilia-Romagna, Bologna Province and Bologna City Hall, the Chamber of Commerce, Ceur Foundation, Bologna Industrial Association, API Bologna, CNA, Compagnia delle Opere, Bologna Fair, Monte di Bologna e Ravenna Foundation, Alma Mater Foundation, Unioncamere Emilia-Romagna. Collegio di Cina Association is, according to its President, "un luogo destinato ad accogliere ed al tempo stesso diffondere la cultura cinese in Europa ed europea in Cina". Collegio di Cina Association contemplates four main service areas.; www.collegiodicina.it and "Italia-Cina: esperienze, strategie e modelli regionali a confronto", Conference, Bologna, 14 luglio, 2006, www.sprint-er.it

courses offer a joint diploma for European and Chinese students in cooperation with the Chinese universities.

Objectives consist in integration cultural paths³⁰², which means actions to present economic, social and cultural aspects of the Region for Chinese, Italian and other foreign students in Bologna; the research, with support given to professor and researchers who want to start joint projects and cooperate with Chinese institutions and define interest field in relation to them; cultural actions for the diffusion of Chinese culture in Bologna; communication and promotion of the College on-line, in occasion of fairs of higher education in China.

After opening of the College and the homonymous Association (Autumn of 2005), between 2006 and 2007 the number of oncoming young Chinese has doubled. The University of Bologna and the Association have started a cycle of meetings aiming at presenting the progresses made in relation to academic internationalization, besides the actions started by the region and by the Italian government. Among the most important results is the participation of the University of Beijing in 2006 to Seast, European School of Advanced Fiscal Studies. Its premises are in Bologna. This include the participation of foreign university and non academic institutions, and the start up a new joint degree in automated engineering, recognized both in Italy as well as in China, with the participation of the University of Bologna and the Tongji University in Shanghai³⁰³.

³⁰² Currently, there are agreements signed or under negotiation with: the Beijing University, the Chinese University of Political Science and Law in Beijing, the Beijing University of Traditional Chinese Medicine, the Nanjing Normal University, the Jiaotong University in Shanghai, the Xi'an Jiaotong University in Xi'an, the Fudan University, the Tsinghua University, the Sun Yat Sen University, the People's University and the Dalian University of Foreign Languages; www.unibo.it/Portale/AssociazioneCollegiodiCina.htm

³⁰³ See, among others, Trigari, M., "L'università guarda a Oriente Italia-Cina: una laurea in due", *La Repubblica*, 17 novembre 2007; *Unibo*

It is anyway necessary to note how the 'territory' and the bound with it comes back in much of the undertaken measures.

Legal cooperation in relation to Seast, satisfies the need of relationships with China "that involve and require the effort of the whole territory"³⁰⁴ and Seast emerges as an organization aimed at studying European law. An hybrid still little explored between legal tradition of the State and Community framework, which arouses the Chinese jurist's interest, as they are committed to face an historically important transition, in which the crisis of the centralized order and a different conception of strong State are associated to market events that are difficult to manage. Finally, the agreement between the University of Bologna and the Tongji University. This was within the Protocol of Agreement and the cooperation started by the ministries of education harbinger of the institution, an "Italian-Chinese Campus", has got local value because of the choice to articulate, in a system of poles, the university cooperation among different studying sites on the Italian territory, beside Bologna also Turin, Milan, Roma, Pavia and Bari, according to the strength of each of them, and of orientation shown by the university which provided scholarships for Chinese students in Bologna, and guaranteed to Italian ones, under a proper agreement, traineeships at the Italian-Chinese University in Shanghai, according to the principle of mutual benefit on the long term, that acknowledge the fast success, at the highest level of the international university system, of the Chinese Universities,³⁰⁵ and therefore aims to keep solid cooperation relations with those counterparts.

Magazine, "Nasce la prima laurea italo-cinese in ingegneria dell'automazione", Novembre 13th, 2007, www.magazine.unibo.it

³⁰⁴ Mini, S., "L'Università di Pechino entra nella Scuola europea di alti studi tributari", *Unibo Magazine*, March 1st, 2006, www.magazine.unibo.it

³⁰⁵ *Unibo Magazine*, "Nasce la prima laurea italo-cinese in ingegneria dell'automazione", www.magazine.unibo.it

The Permanent Forum for the Industrial Cooperation between Italy and China represent an important result for its propensity to internationalization, if we consider how, by means of its technical board work, it has been provided a first preparation phase of a network of the education about China in Emilia-Romagna, including a start-up of the regional initiatives and the definition of the programmes assigned to the Forum within the fields of education, information and career service, and a second phase for the comparison and the exhaustive analysis of economic-political, historical, cultural, social, scientific profiles... of China, besides the multiyear work for the promotion of economic relationships and business and exchange perspectives among these two nations.

The Forum is therefore flanked by the Service Centre of Shanghai for what comes to the increase of institutional, economic and university relations with China, while cooperating with those associations that have joined the project in Italy within the organization of three formative paths for three career profiles: engineers, firm technicians, Chinese manager and entrepreneurs, interesting for the local firms³⁰⁶.

In general, Emilia-Romagna recognizes in its university structure, in its research bodies, agencies, centres and innovation parks its principal resources of its local system. "Emilia Romagna Region has made partnership interventions with public and private organization and local bodies for years, also for the aim of increasing the organic representation of its regional system on the Chinese territory and to support actions made in cooperation with China. These interventions have been favoured by the strong interests in China and by the propensity to act shown by enterprises, research centres, universities, fair bodies and Emilian associations." Internationalization of the University is therefore associated to a net of economic, cultural and university relations that show a social wealth at regional

³⁰⁶ SPRINT Emilia Romagna, *Attività di formazione nell'ambito del Forum per la collaborazione Industriale Italia-Cina*, 2006, www.sprint-er.it

level, claimed and praised. The region makes therefore a distinction between proper universities, for which cooperation forms are managed within EU projects, research agreements related by means of ministerial resources, and direct cooperation promoted by university professors; research bodies working locally, whereas the area of research of Bologna is very active on the front of science and technology in China, in relation in particular to the cooperation promoted within EU, MIUR and MAP projects; agencies, centres and research and innovation parks, referring in particular to what the ASTER consortium has done until now³⁰⁷. This is a promotion, sustain, education and cultural exchange network, dedicated to increase and concentrate human resources, whereas these factors are the most important elements and involve a difficult management both in the strategic choice that leads several firms to China, and in the appeal of Chinese funds in Italy³⁰⁸.

Chain cooperation

Besides the strategic choices suggested by the progress made in the Chinese development system, which after having lead the PRC to act as a worldwide productive and outsourcing platform, has during the time set the demand for qualified and specialized workers to national and foreign companies, there is now the will of Emilia Romagna to increase the number of regional companies in China, working on the increase in value of chains and districts, i.e. the elements that characterize the regional economic-productive system and support already now its

³⁰⁷ See Unioncamere Emilia-Romagna, Regione Emilia-Romagna, a cura di, *Osservatorio sull'internazionalizzazione del Sistema Produttivo dell'Emilia Romagna*, op. cit., p. 123

³⁰⁸ Arduino, A., Bombelli, M. C., Gonzalez, J., *Cina, Sotto il cielo una famiglia, Gestire le persone e le organizzazioni nel più grande mercato del mondo*, Milan, 2007, p. 167-186

performances abroad. Emilia-Romagna has a foreign trade level with China among the highest in Italy, between 2000 and 2005 the export of regional Emilian products increased by 61%, and on this volume the export quota in the mechanics sector alone has registered, during the same period, with an increase of 45%, taking into account also the title of priority nation given to China by the Productive Activities Ministry, and the need to concentrate resources and projects in a specific programme for the promotion of the regional industry, with a strong system action among different institutional levels, both public and private, the region has started an intervention with the aim at favouring the internationalization of advanced mechanics sector and of mechanotronic as “leading expression of the Made in Italy in China”³⁰⁹, promoting at the same time a case history about necessary and possible cooperation models and productive investments in the Chinese Province of Guandong, where the industry is structured in different local manufacturing systems, not very different from the Italian diffuse economies, and taking part to SITTNet, the international network for the technology transfer of Shanghai.

Club Meccatronica di Industriali Reggio Emilia and Confindustria Emilia-Romagna take part to the project “China Mech” which makes use of the resources set by the region, with the contribution of Capitalia Bank.

It is to be underlined that the project started at the moment of increase of the foreign trade between Emilia Romagna and China; from 199 to 2004, the regional export to China increased in fact of 63,9%, but in the same period import increased 137,6%. This is a dynamic that is confirmed on national scale. Anyway, if Emilian import is somehow diversified, export to China is vice versa made only by products coming from the mechanic sector, which had its better performance during 2005, with a value of

³⁰⁹ Attività Produttive, Sviluppo economico e Piano telematico, op. cit., p. 8-9

export doubled in relation to the value of importations of Chinese products in the same sector³¹⁰.

At the same time, between the end of 2004 and 2005, 160 firms of Emilia Romagna took part in a cycle of seminars and courses about education and analysis of the Chinese market, called "Doing business in China Le regole del gioco", organized by the industrial associations. "China Mech" follows the strategic lines of interventions of the Productive Activities Ministry, set on the three-years plan for 2006-2009, which aims at increasing the internationalization grade of the Italian economy and sees in the aggregation among enterprises the instrument with which to allow the small companies to compete on international market and to overcome the problems caused by their small dimensions, and on one side, to carry out the cooperation and industry partnerships among interesting companies and on the other to search business possibilities for them. The industrial fabric of Reggio Emilia involved is composed in majority by small and medium enterprises³¹¹ orientated to operate on international markets, and committed with research and innovation³¹² facing of course the developed Chinese manufacturing sector and compete also on sophisticated productions.

The project provides therefore a market survey aiming at taking into exam the sector of reference as well as screening of possible Chinese partners.

This is followed, during the spring 2006, by an economic mission in China in which sixteen enterprises took part, and the promotion of the project in Chinese media, thanks to the work of

³¹⁰ See www.sprint-er.it

³¹¹ Fondazione Nord Est, a cura di, *Progetto China Mech*, Venezia, 2007, www.fondazionenordest.net/Progetto_China_Mech.1108.0.html

³¹² Fra le produzioni di maggiore peso vi sono motori diesel, macchine per l'agricoltura, sistemi elettronici per automotive, componentistica meccanica, strumenti per la diagnostica, automazione industriale, attrezzature per parchi divertimento; elettrodomestici; www.fondazionenordest.net

the Service Centre of the Region of Emilia Romagna in Shanghai, which contacted all the main Chinese media for the occasion. Under the promotional aspect, “China Mech” sees in the territory and in the chain elements that favour internationalization and for this reason support the aggregation of Emilian enterprises, albeit the form and the type of bounds realized with the market and with the Chinese society is left in the end to the autonomous decision of the enterprises involved. Anyway, at the end of 2007, the Region of Emilia Romagna provided funding equal to 50% for promoting of groups of enterprises on foreign markets, formed at least by six small and medium enterprises in the same chain. The project, called “China Mech 2” has been presented by the industrialist of Reggio Emilia and its object is to deepen the contacts already set during the first year, expanding the access instruments to the Chinese market to other companies. As the “China Mech”, which started in 2002, within “The China and Italy Research and Learning Project”, it starts a study, published in 2006³¹³, with the objective of comparing the local dimension of the Italian and Chinese development, illustrating the correct behaviour in order to face the effects that the entrance of China in the production and international commerce dynamics have had on the development path of the Italian economy. The work, given to the University of Ferrara, under the Italian Consulate auspices and with the contribution of the University of Guangzhou, takes into account some case histories collected during the field researches run in Southern China and in the Italian regions of Emilia Romagna, Tuscany and Lombardy, and within this ‘complex scenario’ suggest proper measures of industrial policy. As a matter of fact, using a grid divided into economic actors received from the considered interventions: big enterprise, medium size companies and districts, and under the temporal aspect between cyclical and strategic measures, the thesis underlying the work claims

³¹³ Di Tommaso, M. R., e Bellandi, M., *Il Fiume delle Perle, La dimensione locale dello sviluppo industriale cinese ed il confronto con l'Italia*, Turin, 2006

how Italy has to take advantage in the competition against China for acting in the national economic structure itself. This happens by safeguarding the sectors where the production is stronger than in China within the competitors, and starting at the same time to defence policies for Italy's own economic leadership, aimed on one side to strengthen the characteristics of the traditional productions and on the other to promote policies in *science-based* sectors, within which research and innovation guarantee to historically industrialized states their primacy on the market. The main data from which the analysis starts from is the relative average overlapping between Italian and Chinese industry, equal to more than 50% in 2001, which might lead to the Chinese competition depriving the Italian enterprises on their own market. Anyway, what in the case of Italy is a long period trend, i.e. the choice to privilege certain productive sectors: light industry, '*labour intensive*', such as textile-clothing industry, footwear, goldsmith's craft and machineries... represents on the contrary for China a dynamics necessary until now within the current industrial progress, while the passage to other sectors is already happening, at high standards of research. Having said that, the Italian opposition to PRC has to be made immediately and also on a prolonged span.

On the first front, the qualitatively superior characteristics of the so-called 'Made in Italy' have to be communicated with mark policies and ownership defence. The immaterial asset makes Italian products unique and explain the ongoing favour given by the market. After that a promotion of the investments in human resources, research, capital, and actions aimed at reconverting and relocating some companies or marginal a reason the market will be made. This would consolidate the Italian exception in main sectors, and going in the direction of a company model of higher scale, and destined to get benefits of an effort characterized by research and innovation. In the schema reported above there are indicated measures which are to be adopted for every economic actor that is involved in the complex Italian entrepreneurial system and that take part to the

internationalization process. The political debate has until now oscillate between a instrumental interpretation of the Chinese knot, and the little attention given to the problem. This raises from the analysis of how the power has a big importance, and must perform precise tasks. This is due in particular to three factors: “the Chinese industrial growth is a global subject, that has got an impact on the enterprises, territories and governments of the whole world”³¹⁴ and requires as such a coordinated effort that only the public sphere is able to give; the demand for a reform and for the adoption of a long term strategy for the Italian industry, which involves a system agreement to get with politics instruments; the understanding, in China the state still govern, even if in development phase of the market and primacy of the private sector. The economy involves in order to get profits the work of institutions that would negotiate on behalf of the national capital (as it happens in Germany or France) (see chart p.336).

³¹⁴ Di Tommaso, M., “La questione cinese: politiche di riposizionamento ed il consolidamento strategico dell’industria italiana”, in op.cit , p. 309

	DISTRICTS	MEDIUM ENTERPRISE	BIG ENTERPRISE
SHORT TERM REMEDIE S	- BRAND POLICY AND COPYRIGHT PROTECTION - PRODUCT AND TERRITORIAL MARKETING		
	- AGREED STRATEGIC MEASURES TO SUPPORT INTERNATIONAL LIZATION PROCESSES - SUPPLY OF RELEVANT LOCAL PUBLIC GOODS	TERRITORIAL LINKS AND NETWORKING'S STRENGTHENING	INSTITUTION AL SUPPORT TO BIG COMPANIES' BIDDING IN CHINA
LONG TERM REMEDIE S	SUNSET POLICIES AND RESEARCH, HUMAN RESOURCES, ASSET INVESTMENT		
	- COMMON STRATEGIC VISION AND INVESTMENT - MUTUAL BENEFIT CLUSTER-TO- CLUSTER POLICY	MANAGERIAL SOLUTIONS TO THE SUCCESSION PROBLEM	NATIONAL CHAMPIONS POLICY

In relation to the analysis of longer cooperation forms among research centres, universities and institutions involved in the

technology transfer, and to the networks established with Chinese partners, particularly in the area of Shanghai, it is now necessary to talk about another regional intervention: the participation to SITTNet³¹⁵, signing the Protocol of Intent in April 2005 in Shanghai. Such a thing is related to the strategic objectives of the “Promotional programme for the internationalization of the regional system for innovation and technology transfer”, which support specific interventions in high-tech sectors, where the region takes advantages from a work of specialized scientific research and by a higher and higher number of enterprises with a strong technology vocation. Therefore the protocol for the participation to SITTNet provides chances for the scientific and technology cooperation, the adoption of joint measures in relation of technology transfer and actions aiming at promoting the marketing of the research results on the high-tech front. Among the interventions planned within the SITTNet there are fair events, training courses,

³¹⁵ “Under the instruction of Science & Technology Commission of Shanghai Municipality, ‘Shanghai International Technology Transfer Network’, called SITTNet for short, is initiated and organized by the National Technology Transfer Center of Shanghai Jiao Tong University, Shanghai Technology Innovation Center, Shanghai Co-Way International Technology Transfer Center Co., Ltd, Shanghai Small Enterprises Service Center and the Technology Transfer Center of Shanghai Academy of Science and Technology. It is part of Shanghai Public R&D Supporting Platform, which is providing overall service and support to Shanghai International technology transfer. SITTNet aims at integrating resources of companies concerned in Shanghai dealing with international technology transfer, strengthening the link of production, learning and researching, promoting the effective flow of scientific & technical intermediary resources, accelerating the technical exchange and high-tech production trade between international and regional areas, giving support to accelerate industrialization in national and international scientific & technical achievements and transnational transfer of industrial technology.” See www.sittnet.cn/en/about.aspx

seminars and conferences organized both in China and abroad. The protocol provides also that by means of the SITNet promotion and communication favouring the enterprises and their products taking part of the network might be made.

The contribution of the Emilian Chambers of commerce system to internationalization in China

Actions for the promotion of the internationalization processes of enterprises are a priority objective not only for the region, but also for the Emilia Romagna chamber system. Therefore, with the target of strengthening the ongoing interventions and ensuring them a higher impact by means of the integration of the public bodies involved, during recent years Unioncamere decided to widen the partnership with the region of Emilia-Romagna, signing a cooperation agreement with the local department for productive activities in December 2005 on the front of internationalization ³¹⁶characterized by a procedural

³¹⁶ In the cooperation agreement signed in December the 14th, 2005 "Accordo di collaborazione operativa tra la Regione Emilia-Romagna, l'Unione Regionale delle Camere di Commercio e le Camere di commercio dell'Emilia-Romagna per le attività di internazionalizzazione per il 2006", Region and Unioncamere aim at "rendere incisiva la collaborazione in atto [...] sul fronte dei programmi promozionali cofinanziati e delle strategie di penetrazione in mercati considerati prioritari." Thus, in order to do so the Region and Unioncamere agree, in Article 2, to "avviare l'Osservatorio regionale per l'internazionalizzazione [...] al fine di approfondire gli aspetti quantitativi e qualitativi dei fenomeni relativi alle esportazioni, valutare le prospettive di sviluppo di vari comparti dell'economia regionale presso i mercati esteri ed individuare fattori critici e di successo delle imprese [...] Il lavoro svolto sarà parte della costituzione dell'Osservatorio dell'economia regionale come riorganizzata per dare anche in questo campo tra Unioncamere e Regione Emilia-Romagna, con la previsione di un Comitato congiunto paritetico di indirizzo

logic that allowed to start a common experimental work phase. Moreover, in November 2006, the operative protocol with the International Trade Ministry, the region of Emilia Romagna, ICE, SACE and SIMEST for the management of the internationalization regional counter³¹⁷ was signed. In December

tecnico scientifico e di gestione". The second passage, in Article 3, is related to the Servizio regionale sportello per l'internazionalizzazione's competence, which becomes integrated with Unioncamere and the regional system of Chambers of Commerce, "lo Sportello Regionale per l'internazionalizzazione istituito come servizio della Regione Emilia-Romagna organizzerà la sua opera nel 2006 con l'adesione e la collaborazione di Unioncamere e Sistema Camerale, perseguendo nell'Accordo con il Ministero per le Attività Produttive, [...] ICE, SACE, SIMEST; e il coinvolgimento per la informazione sui servizi di organizzazioni associative delle imprese, e di altri enti impegnati nella promozione internazionale del sistema regionale; lo Sportello opererà oltre che nella sede centrale del Servizio [...] in una rete di Sportelli attivati presso ciascuna delle Camere di commercio o loro strutture". Emilia-Romagna and Unioncamere also start a Committee charged of supervising the Sportello, and provide for further operating coordination in Articles 3 and 4, "si istituisce un Comitato per l'opera svolta ed i servizi erogati dallo Sportello al quale partecipano [...] SPRINT della Regione Emilia-Romagna che lo coordina, [...] Unioncamere Emilia-Romagna, [...] Ufficio ICE Emilia-Romagna, [...] Ministero Attività Produttive, [...] SIMEST e SACE [...] Per la messa in atto congiunta delle misure previste dal Protocollo e per assicurare il coordinamento circa la diffusione territoriale dei servizi offerti dallo SPRINT, in sinergia con altri enti pubblici ed associativi coinvolti dalla Regione viene impiegato il Comitato tecnico, costituito in maniera paritetica da [...] Regione e [...] sistema camerale". The agreement is due to last twelve months; www.rer.camcom.it

³¹⁷ The "Protocollo operativo tra Ministero del Commercio Internazionale, Regione Emilia-Romagna, ICE, SACE, SIMEST e Unioncamere Emilia-Romagna per la gestione dello Sportello Regionale per l'internazionalizzazione SPRINT" is a triennial operating arrangement stipulated in Novembre the 24th, 2006 which rule SPRINT functioning according to each contracting party's contribution. The agreement is made up of three main sections dealing

the cooperation evolved with the three-year Protocol of Agreement signed by Unioncamere Emilia-Romagna and the Regional Department for Agriculture. This had the with the aim of offering a wide framework of reference to annual conventions for the promotion of qualitatively superior agriculture and food products abroad.

Examining the relationship between the chamber system and the region by means of the agreements signed starting from 2005, the integration processes of the objectives and the sharing of some instruments appears to be organic. The first cooperation agreement is in fact stressing the information aspects and, with the setting of the referring structure of the Internationalization Watch, aims at forming a common data base for the definition of objectives and strategic lines. The operative protocol on the other hand provides a cooperation more structured, within SPRINTER, between central office and offices located on the territory and associated with the chamber network. The first one is dedicated to coordinate and manage and the second to offer

with the objectives, the organization and procedure, and the resources. As for the objectives, they are mostly related to the promotional, ensurance and financial services' provision and to export and internationalisation projects for regional SMEs. A coordinating committee approves the annual SPRINTER activities program and the Region acts as coordinator within it. According to Article 4, SPRINTER is divided into one head office and many branch offices, and the head office tasks differ from those assigned to the branch offices, "La Sede centrale presso la Regione [...] agisce da struttura centrale di coordinamento, integrazione e programmazione del lavoro di SPRINTER [...] Gli sportelli territoriali attivati presso ogni Camera di commercio della regione o struttura speciale, erogano servizi". The services provided range from information and promotion to networking and training. Most of financial resources are supplied under the framework of the Accordo di programma between the Region and the Ministry of International Commerce, but each party to the arrangement contributes with its staff to the implementation of annual program's provisions; www.sysnews.multimodo.com

services and maintain the contacts with the economic fabric. Finally, the Agreement Protocol for the promotion of agriculture and food products offers a wider vision, as in the introduction it underlines the role of the Trade Chambers Industry, Craftsmanship and Agriculture of Emilia Romagna: “supporting the local development [...] and related to this [...], in direct relation with the entrepreneurial and productive reality of Emilia Romagna, guaranteeing the participation of associations to be more and more active”, of Unioncamere, to which “a strategic and technical support role and coordination of chambers” is given and of the region that ensures “planning, organization and coordination of the promotion” and afterwards illustrates the necessary bound with the territory and the synergies among agriculture, commerce, craftsmanship and tourism that take place in it.

Therefore the prospective is given by the hierarchy between the region and the chamber system: the region governs and coordinates, and the chambers offer their technical support and the objectivity of service to the territory-community, which is shared by everyone. Moreover, such a range of agreements allows to realize what is required by governmental laws, i.e. the involvement of the chamber system in the territorial articulation of the counters, with the experimental start of the first action phase at the commercial chambers and in their specific structures.

Such an assertion of the chamber system has to be reported in the case of Emilia Romagna on one side to a scenario integrated. On the other side it is still governed by the regional authority. The chamber system acts not only for the future cooperation with the region. On the contrary, “it wants to discuss with enterprisers' associations, banks and bank line consortium, to coordinate better the interventions and avoid that the results overlap with one another”. Therefore, the objective is to adequate the system to the needs of the territory, without giving any primacy to anyone. In 2007, the attempts for linking the promotional programmes, desk and mission abroad of the nine

Commerce Chambers, and their special structure, increased a lot, according to intrasectoral logics. The import projects of networks participated by national bodies and chamber systems of other regions have therefore set in the intervention programme for 2007, with an asset that changes during the time while at national level other integrated projects start an operative agreement between ICE, the Italian Unioncamere and the “Agreement of Turin”, signed by a group of chamber structures active on the field of internationalization.

Also for what it regards China, declared as priority in the ministerial plans for 2006, a two-year convention was signed with the regional department, fair bodies and APT services in order to finance the Service Centre of Shanghai during 2006-2007, as in loco support to the Emilian enterprises, as an example of how a support within the regional structures comes from the chambers.

Third Chapter

Italian economic cooperation in China: the Guangdong case

Introduction

Chinese foreign policy has often been described as that of a nineteenth century mercantile power in a twenty-first-century, post-modern region where state sovereignty is a 'Victorian value'. Yet this description is defective both because most states in East Asia still have important features of state sovereignty, and because China is more complex.

China and its neighbors share, to varying degrees, an ambivalence about Victorian and post-modern values of international affairs. China's position is all the more complex because its size and the extensive decentralization of economic decision-making involve it in more NETs³¹⁸ than any other state. Therefore, on one hand China does remain a nineteenth-century power with unsettled territorial claims, willing to use force to

³¹⁸ NETs are Natural Economic Territories. According to Gerald Segal the NET is a particularly useful concept because it stresses the extent to which contacts can develop despite existing internal and external frontiers. The strength of NETs can be 'measured' by the intensity of trade and financial flows, as well as by the movement of people or even ideas; Segal, G., "Deconstructing foreign relations", in Goodman, D. S. G., Segal, G., edited by, *China Deconstructs: Politics, Trade, and Regionalism*, New York, 1994, pp. 322-355; Dieter, H., Higgott, R., "Exploring alternative theories of economic regionalism: from trade to finance in Asian co-operation?", *Review of International Political Economy*, Vol. 10, N. 3, August 2003, pp. 430-454

settle disputes and re-order the balance of power; on the other the process of interdependence with the outside world has gained strength. Consequently, while avoiding any 'deconstruction' of Chinese foreign relations like the one Dali Yang and Gerald Segal attempted at the end of the nineties, it is nonetheless important to introduce the main features of the Guangdong province 'reputation for regionalism'³¹⁹ for the last part in the analysis of Italo-Chinese economic cooperation refers to Italian cooperation structures in Guangdong, and the dynamics of Southern China province international economic integration are a central element for the 'new Italian economic cooperation' to comply with. More specifically, the objective is to check if the recent developments in Italian economic cooperation with the PRC have resulted in any major change in cooperation policies abroad and in order to do so Guangdong province, as a case in point with reference to sub national newly conceived economic activism, can provide an adequate scenario for observing Italian economic penetration.

However, the dilemma, when introducing the Southern China province model of development, is given by an historically remarkable evolution that gives reasons for multiple overlapping definitions of Guangdong province, each of them referable to the ongoing 'spatial debate'³²⁰ about Chinese economy.

³¹⁹ Goodman, D. S., and Chongyi, F., "Guangdong: Greater Hong Kong and the New Regionalist Future", in Goodman, D. S. G., and Segal, G., edited by, *China Deconstructs: Politics, Trade, and Regionalism*, New York, 1994, pp. 177-201; Cheng, J. Y. S., "Guangdong: The Challenges of the WTO", in Cheng, J. Y., S., edited by, *Guangdong: Preparing for the WTO Challenge*, Hong Kong, 2003, pp. 5-31

³²⁰ Although, as pointed out by Tang, Li and Kwok, "To date the bulk of the literature on contemporary China treats the country as though it is an undifferentiated whole, existing in a spaceless vacuum.", other scholars have observed that there has been in recent years an outpouring of literature on provincial growth in China and on the economic disparities among Chinese provinces. This is mainly due to

As a matter of fact, evidence in support of the dominant role of space in the study of China can be found everywhere in the literature. China's vast territorial size presents both geographical assets and liabilities. Policies formulated at the national level have to take into account the vastly different conditions of the different localities and they must respond to local needs. This was the case even under Mao, thus the work-point system under the people's communes had many variants, and the all-important annual state budgetary exercise involved negotiations between individual provinces and the central government.³²¹ In other words, the size of China and the strategic stakes, which where the source of numerous conflicts, explain the continuous interest shown over the centuries in the regional question.³²²

relatively new streams of scholarly interest; Tang, W-S., Li, S-M., and Kwok, R. Y-W., "Space, Place, and Region and the Study of Contemporary China", in Li, S-M., Tang, W-S., edited by, *China's Regions, Polity, & Economy, A Study of Spatial Transformation in the Post-Reform Era*, Hong Kong, 2000, p. 3; Naughton, B., "Provincial economic growth in China: causes and consequences of regional differentiation", in Renard, M-F., edited by, *China and its Regions, Economic Growth and Reform in Chinese Provinces*, Cheltenham, 2002, p. 57

³²¹ See Zhao, X., and Kwan, W-K., "An analysis of China's regional development and spatial strategy", in Li, S-M., Siu, Y-M., and Mok, T-K., edited by, *China's Social Development: Analyses of Hong Kong Scholars*, Hong Kong, 1995, p. 21; Blanchard, O. J., and Giavazzi, F., "Rebalancing Growth in China: A Three Handed Approach", *Discussion Paper Series n. 5403*, Centre for Economic Policy Research, December 2005, London

³²² According to Jean-François Brun and Mary-Françoise Renard the spatial dynamics of economic development in China's pre-Reform era can be schematically indicated as follows:

1949	Industry concentrated in the coastal regions
1953-1957	Centrally planned policy aimed at implementing a balanced regional development and encouraging regional autonomy. Most of projects involve inland regions
1958-1960	The Great Leap Forward: policy favouring the development of heavy industry, with special reference to the armaments sector

In the current reform era, national policies also have often had an explicit spatial orientation. In fact, in Guangdong and Fujian many of Deng's reform experiments were first confined to selected places along the coast, and similar coastal development strategy dominated China's developmental scene for more than a decade while Guangdong became the Dengist revolution most advanced provincial-level economy until the early nineties. Subsequently, tensions and potential for confrontation with the central government combined with the loss of economic primacy at the national level. Nonetheless Guangdong remained an integral part of the communist party state, and for all its committed regionalism, nationalist vision kept prevailing. Still the pattern of Guangdong economic growth has been firmly linked to the outside world and the province social and political diversity has influenced a common interpretation of Guangdong's tradition of regionalism and autarchy, which is born largely out of its distance from the northern capital rather than any local movements for political separation. Conversely, the same geographical, as well as language, factors have been the most important drives in Guangdong's economic integration with Hong Kong across the land bridge between the two, and in addition, Guangdong's traditions of diversity and individualism have fostered a sustained migration of people from the province throughout Southeast Asia, Australia and North America. During the twentieth century the wealth of these Overseas Chinese has been important to Guangdong province, with

1964-1980	The Third Front: strong investments in the western regions in order to lay down an industrial base that would be secure from foreign attack
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All of those policies had in common a lack of regional specialization and little effort to exploit economies of scale, each region being encouraged to have the widest possible scope of production. Moreover, investment during this period was made on a regional basis, with no real national coherence; see Brun, J-F., Renard, M-F., "International trade and regional specialization in China" in Renard, M-F., edited by, *China and its Regions*, Cheltenham, 2002, pp. 88-90

remittances to relatives and support for the infrastructural development of home towns. The outcome of similar forces unknown in the rest of the PRC, is somewhat hard to assess. It ranges from the increase in illicit practices like corruption and smuggling, to the development of less sensational features such as more sophisticated consumerism, the demand for better health care and education, or the widespread use of individual initiative. Among others, one phenomenon which, given the almost general lack of interest in environmental protection measures elsewhere in the PRC, would seem to result from the impact of cross-border integration, is the adoption of regulations and procedures for an Environmental Protection Agency at provincial level.

But more interestingly, the combinations and complementarities that are likely to continue to power the growth of one of the world's most dynamic economic region, have further changed, for Guangdong's position in East Asia has become almost as important to its current and future development as its relationship with Hong Kong, and it has the potential to grow in significance. Guangdong's relations with the countries of East and Southeast Asia have already started to increase for reasons largely unrelated to Hong Kong's future development, especially since the post-1997 period and the Guangdong Provincial Government for its part has not been slow to see the importance of East and Southeast Asia to its future economic development. Major indicators in this sense have been the liberalization and openness process following China's accession to WTO in 2001 and the Closer Economic Partnership Arrangement (CEPA) between the Chinese mainland and Hong Kong and Macau for, in reality, even though Guangdong economic strength is more and more embedded in the provincial soil, rather than dependent on the Hong Kong financial and services engine for growth, the fundamental axis of the provincial successful strategy still rests on the delta, now identified with the Greater Pearl River Delta, that is to say a region consisting of Hong Kong, Macau, and the Pearl River

Delta Economic Zone of Guangdong province. Thus every new stance of both economic foreign policy and external political economy must be ascribed to such economic, political and social space, the largest, most affluent and most international in China. There is no contradiction in treating the Greater Pearl River Delta as a starting point for an examination of Italy-Guangdong economic cooperation, since most of provincial challenges and opportunities for business people and policymakers, in China as well as abroad, can be understood only by reckoning with the economic region Guangdong province belongs to. Moreover, Italian companies in Guangdong are all situated within the GPRD perimeter, that is in the Pearl River Delta Economic Zone and many of them first established in Hong Kong, where they maintain the registered office of the company, or in Macau, where some plants are still operative, thereby reflecting the forces that drive the economy of the region: integration and complementarity between Hong Kong and the Delta Economic Zone. Traditionally, Hong Kong has provided capital, financial services, management and high-end business services, infrastructure investment, communications, transportation and logistics, technology, and international linkages while the Pearl River Delta has provided land resources, labor, a growing market, and increasingly, technology, infrastructure investment and service capabilities of its own.

The vast majority of the external investment in the Pearl River Delta has come from Hong Kong. Companies from the territory employ between 10 million and 11 million workers in the region, more than Hong Kong's total population. Also, proximity to Hong Kong has been a key reason foreign firms invest in the Pearl River Delta. The vast majority of Hong Kong's trade involves re-exports from or to the Pearl River Delta, while Hong Kong provides the main international inlet and outlet for the region. These links have been supplemented in recent years by dramatically improved capabilities and expanded investment in the Pearl River Delta Economic Zone. Thus Shenzhen has become a leading producer of electronics and communications

equipment, while Guangzhou is a major center for the automotive industry, as well as a regional service and logistics center. Foshan is a leading center for the home appliance sector. The largest single foreign direct investment in China's history is a petrochemical complex being constructed by Shell and Chinese National Offshore Oil Corporation, better known as CNOOC, in Huizhou, while local companies like Huawei, TCL, Galanz, Midea, Gree, and Konka are increasingly making their mark on world markets. The GPRD has been operating at world quality and cost standards for years, and the greater openness in China's service sector is enhancing Hong Kong's ability to act as a service center for the PRD as well as the rest of the country. CEPA provides access to China's markets to Hong Kong and Macau firms and qualifying Hong Kong- and Macau-based subsidiaries over and above that provided in the WTO accession agreement. The result is the reduction of barriers to operation across the region and closer interaction between the different jurisdictions in the GPRD. Growth in China's accessible market due to greater purchasing power, urbanization, improved transportation infrastructure and greater market orientation favor the GPRD region. The major cities in Guangdong are being completely remade. Guangzhou has started developing or redeveloping an area equal to half the size of Tokyo over the next decade, spending about as much on infrastructure as Shanghai did in the last 10 years. New city centers are being built in other PRD cities such as Shenzhen, Dongguan and Foshan, place that have never had modern city centers. This simple act will create its own business and economic activities as well as providing greater efficiency in the municipal economies overall. The Hong Kong-Macau-Zhuhai Bridge is likely to foster development on the western side of the delta even faster than development on the eastern³²³. The GPRD will also benefit from the new Pan-Pearl

³²³ See Li, S., "The Hong Kong-Macau-Zhuhai Bridge Controversy and Hong Kong's Changing Hub Position", *Occasional Paper No. 37*, The Centre for China Urban and Regional Studies, Hong Kong Baptist University, 2003

River-Delta initiative that aims to create infrastructure, business and governmental links between Guangdong province, Hong Kong, Macau and eight neighboring Chinese provinces. Under this initiative, proposed by Guangdong Party Secretary Zhang Dejiang with the support of the central government, the eight provinces will benefit from business spillovers and investment from the Greater Pearl River Delta region, while the region gets to expand its hinterland. The efforts to link the nine provinces and two special administrative regions is best understood as the first major step to creating large subnational economies in China on the way to developing a true national market. The fact that this development centers on the GPRD provides evidence that this region is still in the vanguard, not just of new economic developments in China, but globally. With reference to the themes presented in the previous chapters, Guangdong and its economic region offer significant material for discussion and clear similarities with the current evolution in Italian territorial economies' projection abroad. Furthermore, corporate strategic shifts, developments in cost and capabilities and greater physical connectivity within the GPRD region will also have an impact. Recognizing that it is not possible to manage all of their Chinese mainland businesses from a single location, major corporations are setting up regional centers in South China, East China, and North China, making the GPRD a focal point for the location of their activities in the region. In addition improvements in infrastructure and streamlined procedures are creating an unprecedented fluidity of transit in the whole triangular economic space, Hong Kong-Macau-PRD, so as to turn it into an organic attractive location for international business. Finally the development of Macau, that has passed Las Vegas as the world's leading gaming center, and the expansion of Hong Kong travel and tourism sector will contribute to a reshaping of the economy that supports the emergence of the third sector.

At the same time, physical and psychological connectivity as fundamental premise to a new mindset for the region, are still hindered by parochialism, while other crucial concerns can be

found, as elsewhere in China, in the shortages of energy and labor. Pollution is another major issue, though not as serious as in Chinese other localities. Despite improvements, there is still a need for information and education within the region, while the lack of an appropriate promotion effort toward the international business community has impeded the recognition of the GPRD as the most affluent and export-oriented regional economy in China.

Considering the challenges individual jurisdictions have to face, there is a tendency in Guangdong province to understate the value of small-scale enterprises, of labor-intensive activities and of “off plan” development. Some appear to believe that it is time that Guangdong grows up and graduate to larger scale, higher value-added and more directed development. In fact, it has been the small-scale, labor-intensive, “off plan” development that has laid the groundwork and provided the demand for other types of industries and activities. In the rush to go upstream, upscale and upmarket, this base should not be neglected or ignored. In addition, in several jurisdictions, social services, such as policing, education, sanitation and others, have not caught up with the rising population and industrial activity. These will be critical issues as the region changes from one driven by labor from other parts of China to a more stable locally based population.

The region is likely to enhance and extend its business combinations to improve competitiveness in its traditional sectors, while greatly expanding in sectors in which it has traditionally been weak. In light manufacturing, home appliances and electronics, improvements in infrastructure will expand the region’s manufacturing base as urbanization provides an even more substantial workforce. The end of the quotas for garments will allow the region to leverage its competitiveness in these sectors as never before. A combination of business-attraction policies and the development of consumer, urban and industrial markets is fostering huge development in materials, metals, chemical, machinery and equipment, sectors

that were never particularly prominent in the region. The result will be a fully diversified manufacturing economy on par with any other region in the world. Linked to manufacturing there will be a much more open and dynamic service sector driven by regional growth and by the skills and capabilities found in Hong Kong and eventually in Shenzhen, Guangzhou and Macau.

With reference to Italy-Guangdong cooperation policies the analysis will take into consideration the structures, that is to say the main institutional actors involved in the support of Italian business in South China, as well as, through the current debate among different units and the increased coordination pursued in their work, the policies now implemented or to be agreed on, that should improve the efficiency of the Guangdong-based Sistema Italia. Two aspects in particular are worth noticing: the need to match the distinctive complementarities that have contributed to the growing competitiveness of the GPRD region, implies a detailed knowledge of the Delta characteristics and its potential change as a result of new stages of development; the capacity to communicate Italian comparative advantages and the similarities between Italian and Cantonese production organization are central too, for a 'virtuous globalization' can only function when supported by a correct and comprehensive flows of information³²⁴.

The China-Italy Chamber of Commerce

The China-Italy Chamber of Commerce (CICC) represents the only private organization among the leading actors of the Italian economic cooperation in Guangdong. It is, in fact a voluntary, not-for-profit organization registered in 1991 and composed of juridical and physical persons operating in Italy and China³²⁵.

³²⁴ Valentini, S., op. cit., p. 122

³²⁵ "[CICC's] Members include the major Italian industrial groups, banks, legal offices and transport companies, as well as small and medium enterprises

The payment of a membership fee to the CICC grants a series of benefits, ranging from promotion and networking activities to different information and assistance services³²⁶.

CICC fosters the development of commercial, industrial and cultural relationships between Italian and Chinese operators, entrepreneurs and economic organizations. To that end, it has developed through the years two main interdependent working areas: an institutionally relevant role supporting Italian economic presence in China, and its proper associative mission. As for the first field of activity, the Chamber contributes with other public and private actors, to the preparation of missions of Italian and Chinese economic actors, technical seminars, conferences on economic topics and the development of trade links that, in various fields, can consolidate and increase the current collaboration, advancing opportunities and dialogue. The pursuit of those purposes within the framework represented by Italian-Chinese bilateral relations and economic foreign policy implies competences shared by the diplomatic network and the Institute for Foreign Trade (ICE) as well as the financial contribution to the Chamber by the Ministry of Foreign Affairs³²⁷. Moreover, the CICC operates under the supervision of the Italian Embassy in China, and its branches in Beijing,

[giving way to] a network of over 700 Italian and Foreign companies in China and abroad"; <http://www.cameraitacina.com>

³²⁶ Inscription is annual and representative offices, companies and other entities as well as individuals, natural persons and corporate bodies in China have faculty to adhere and participate. The adhesion process implies for each new member the appointment of its representative at the Chamber to which all rights and duties contemplated by the Statute are assigned. Each member's renunciation or removal, decided by the Council of Directors, has immediate effect. Membership fees and the goods purchased by means concur, together with other governmental contributions, as well as others both private and public, to the creation of a fund at Chamber's disposal for its activity. The membership contemplates two distinct categories: associative statute of the Italy Chamber of commerce in China; ; see the Statute of the China-Italy Chamber of Commerce, adopted in February 16th, 2004

³²⁷ It has been attributed to the ICCC for the first time in 2000; author's interview to Mrs A. Piva, Mestre, October 16th, 2007

Shanghai and Guangzhou reflect the partition of the Chinese territory into Italy's consular districts³²⁸.

The second area for the CICC to intervene, is related to its status as private organization, and consists in services favouring technical and economic cooperation and assistance upon request of members or other parties; collection of economic and legal information on the development of the Chinese market and its relevant legislation, as well as more specific opportunities, commercial and industrial cooperation projects and projects regarding the transfer of technology and know-how. The Chamber also promotes, when requested, the resolution of commercial disputes arising between operators, entrepreneurs and business organizations, especially through the use of arbitration and conciliation institutions operating in both countries or at the international level.

With reference to this sphere of action it can also be observed that as the number of members has increased, since the beginning of the nineties, from several dozen to more than six hundred and fifty current adherents, such evolution has accrued the relevance of the Chamber itself as a place where the business community in China can meet and debate, while it also acts as a mediator with the Chinese institutional counterparts and the local economic and social groups³²⁹.

Finally, mixed and instrumental tasks are provided by the Statute, such as the spread of greater awareness about shared issues and areas of common interest at the public administration level and within the governing bodies of both States, the implementation of joint initiatives with diplomatic authorities

³²⁸ It was also specified that, according to the guidelines for the management of the Chamber, members in Italy must contact the ICCC Beijing headquarter, while the other branches are charged with a sphere of intervention geographically limited, that in the ICCC Guangzhou case covers Hong Kong, Macau and Guangdong areas; interview to Mrs. Xiong at CCIC, Guangzhou, May 11th, 2008

³²⁹ Interview to Mr. Bettin, Chief Representative for Unicredito Italiano S.p.A. in Guangzhou, May 28th, 2008

and institutions for the promotion of Italy abroad on the one hand, and Chinese economic institutions on the other in order to give rise to mutual programs and activities, membership and the implementation of conferences, workshops, shows and exhibitions and other events designed to foster the cultural and economic bonds between the two countries. According to the requests from time to time expressed by members and the proposals made by the Italian and Chinese organizations and agencies, CICC has finally the authority to take specific additional tasks, which are not covered by the Statute, in third States.

But the just cited division under public and private spheres, in which the Chamber is called to operate, leads in fact to a range of services that occur more often than others and concern a minor fields of interest. Among these, there is the organization of an annual event to promote Italy's economy and culture, the "Art in Life," now at its fifth edition with the help of the Italian Embassy in China³³⁰, as well as the collection of information, conduction

³³⁰ "Art in Life" is an annual event promoted by the ICCC since 2004 that was approved by the then Minister of Productive Activities, is sponsored by Italian Embassy in Beijing and e participated by the Italian Culture Institute. According to the organization formula, every year the ICCC chooses a topic as well as a partner that will assist the Chamber in the preparation of the event. Thus in 2004 Casa International has provided to the realization of the Italian design sector, whereas in 2005 ENIT took part to the event. The main goal is the promotion dedicated to the Chinese public of Italian style and made in Italy by means of meetings, seminars, lectures and exhibitions that can present food, fashion, luxury products, architecture and design, leisure and tourism products and services in Italy. In order to augment the impact and have a national scale echo, during the last three editions, "Art in Life" has reached different cities in China, involving many public and private organization in Italy, such as the Commune of Turin, the Lombardy Region, the Piedmont Region, regional centers for the promotion of trade and investment abroad and trade and investment agencies like Promec, Promofirenze, Promos. The "Art in

of surveys, the drawing of business credit report, mapping and researching a legal support or other professional services for the Italian companies in China; and finally the Chamber's newsletter for the members.

Origin and Development of the Chamber

The Assocamerestero³³¹ website reports that "The Italian Chambers of Commerce Abroad are associations of Italian and local entrepreneurs and professionals, recognized by Italian Government under the law [...], established and developed basically in countries with a considerable presence of Italian immigrants."

Nonetheless, the latter observation, which is confirmed by the list of different Chambers abroad³³², does not apply to the Italy-

Life" edition for 2006 has focused on four major camps, that is to say "Creativity", "Entrepreneurial Spirit", "Innovation" e "Lifestyle" with seminars and workshop at the accademic level for every section, the International Cultural Industry Fair in Shenzhen has took part in the happening. Apart from showroom, parties and food festival, particular relevance was given in 2006 to the technology as an instrument for spreading culture; <http://www.artinlife.it>

³³¹ On this topic, see <http://www.assocamerestero.it>

³³² According to the data reported on Assocamerestero website, Italy Chamber of commerce abroad count 140 offices in different countries to which 24.000 both Italian and foreign enterprises correspond . Chambers aim at favouring the access by Italian enterprises into foreign markets thanks to the promotion of business contacts, information and communication services, as a result of a constant trends monitoring as well as the editing of country guides. Apart from what is stated by the association, and the implicit strong connection between traditional migration destinations abroad and their places of origin in Italy, three distinct factors seem to be significant: the foundation year, territorial extension, and, more generally, the fact that about 70% of the enterprises associated are local foreign companies that

China Chamber of Commerce case for the creation of the ICCC does not represent the natural result of physiological migration flows from Italy to China, rather it gravitates around the complex of economic relations that have emerged and consolidated between the community of Italian traders abroad and their local partners. The functions assigned to the Chamber are not limited to that area, but that one constitutes nonetheless a more peculiar feature of ICCC in respect of other Italian Chambers of Commerce Abroad (ICCA), also according to a general division of the forty-eight Italian Chambers Abroad, based on factors that relate to the modalities of their formation and the subsequent lines of development. The elements that have to be considered in order to proceed to this partition are the date of foundation of the Chambers, the extension of the network each one developed in its territory of reference, and as a common requirement for them all, the fact that about 70% of the total member companies are local enterprises wishing to start a business relationship with Italy.

These elements help identify, using the data available on the website of Assocamerestero, an initial group represented by Chambers that meet all the three requirements, that is associations risen between the second half of the nineteenth century and the Second World War because of demographic and social dynamics typical of such ages and that have multiple locations within the same national context abroad, often as a result of the presence of active communities of Italians in the greater centres, and a second group consisting of Chambers established from the seventies and eighties of the past century.

Now, in the second group identified there are some significant geographical repartitions, notably among others, between South-East Asian nations and smaller countries of Latin American continent, that go back to different and succeeding cycles of regional economic development, as well as development gaps

want to start business relations with some counterparts in Italy;
www.assocamerestero.it/sito/fixed/pagine/camere.asp

attributable to the role played by those regional economies at issue in the global production process. In other words, at the end of the past century, China has been affected by some sort of integration processes with foreign countries that took place contemporaneously or at different times elsewhere, and that have had repercussions on the nature of ties with Italy. From a quick review of the distinctive features of each Chamber structure it is thus possible finding out that the Italy-Bulgaria Chamber of Commerce, which was established in an area affected by marked delocalization of production processes by the Italian companies during the nineties, resembles Italy-China Chamber of Commerce as a private, free, politically independent and non-profit organization. Registered at the Court of Sofia, it has been recognized by a Ministerial Decree of the Italian Government in 2006 even though it had started up in 2001, first operating as an Italy-Bulgaria Association (AIB), thanks to the initiative of Italian and Bulgarian entrepreneurs and the fast increase of trade exchanges volume between the two countries, which soon implied the "necessity of bigger support for the companies involved in an important stage of development of trade, economic and cultural relations." Finally, after two years, AIB has turned into the Italian Chamber of Commerce in Bulgaria, modelling its structure on the requirements established for CCIE.

The event that leads to adhesion by ICCC to the network of Italy Chambers abroad is not dissimilar. Between 1997 and 2000 the chamber system of the Veneto with the support of some chambers partners of Italy, PROMOS and the Foreign Trade Centre of the Piedmont in particular, and to a reduced extent the then Lombardy Foreign Trade Centre and Emilia Romagna Foreign Trade Centre, promoted and supported a restructuring plan of the Italy-China Chamber of Commerce, which at that time was smaller and had a standard of services lower than the parameters fixed for the acquisition of Ministerial contribution. The chambers structures involved started an articulate project, also participated by the Italian Embassy in China and the Italian

Business Association operating in parallel to the Italy-China Chamber of Commerce, and defined the conditions, concerning both capital and organization, necessary for the growth of the Chamber. It is important to specify that the Italian Chambers of Commerce abroad are normally composed of a chairman chosen among the representatives of member companies, and a general secretary with appropriate operating tasks, surrounded by a team of its collaborators. In the case of Italy-China Chamber of Commerce, thanks to the efforts made by the partners of the project, the necessary means were adopted in order to provide a skilled and punctual range of services. The request in this sense both originated by those, like the Foreign Trade Centre of the Veneto Chambers of Commerce, who would recur to such services and those who, already active in the same area, like the Embassy and its Commercial Office, considered essential to create a point of connection there as well as a provider of informative and educational services, also because of the particular nature of the Chamber and its link to the territory. The convergence of such interests and financial resources that the chambers and other institutions have provided has supported the organization restructuring, with a following expansion that has multiplied its branches, in Beijing, Shanghai, Shenzhen and Canton.

The CICC today fully adheres to the set of structures for economic cooperation between Italy and China deployed in the Chinese Provinces, notably the Consulate and the Institute for Foreign Trade, and together with these it promotes the Sino-Italian dialogue. Although it has gradually increased its dimension, the chamber keeps peculiar features relating on one side to its establishment 'from the bottom', as the Italian Chamber of Commerce abroad of second generation, and on the other side it pays at least in part for the mismatch with the Chinese branches of public administration engaged on the same front.

Therefore having no immediate and exclusive contacts of political kind with the Chinese partners, CICC will nevertheless

seek to expand its membership and increase opportunities for common understanding and action with other chambers and organizations geographically contiguous to it, such as Chambers of Commerce of certain European countries, the European Chamber of Commerce and the American Chamber of Commerce. If on one side it answers to this strong need by the "less powerful partners" such as CICC to access the "dominant partner's routines" though the acquisition, and the use of its economic leverage in combination with other faculties, so as to exercise negotiating power with Chinese institutional partners, a limit to this conduct is still in the small role of the Chamber in the context represented by the Italian cooperation in China and its peculiar structure if compared to the European Chamber of Commerce in China.

The Institute for Foreign Trade or Italian Trade Commission

The Institute for Foreign Trade or Italian Trade Commission (ITC) operates in China through a network of offices and contact points, each one of them covering a piece of territory or an extended number of districts divided according to geographical distribution and administration criteria among Southern China, Western China, Northern and Central and Eastern China, and Special Administrative Regions³³³. In particular, the ICE

³³³ In other words, apart from the ITC branches in Guangzhou and Hong Kong, the Beijing headquarters is charged with the assistance of enterprises and the provision of information services the Chinese provinces of Hebei, Liaoning, Jilin, Heilongjiang, Shanxi, Shaanxi, Ningxia, Gansu, Xinjiang, Qinghai, Tibet, Sichuan, Henan, Shandong, Inner Mongolia, and the municipalities of Beijing, Tianjin e Chongqing, whereas the Shanghai branch covers the area made up of the provinces of Jaingsu, Zhejiang, Hubei, Anhui, Fujian, Jiangxi as well as the municipality of Shanghai; see <http://www.ice.gov.it/estero2/pechino/default.htm> <http://www.ice.gov.it/estero2/shanghai/default.htm>

Guangzhou Office, established at the end of the eighties, assists businesses and collects information in relation to Guangdong, Hunan, Yunnan, Guangxi, Guizhou and Hainan economies³³⁴. The structure consists of a director, a senior trade analyst, a trade

³³⁴ “Gli Uffici dell’Istituto per il Commercio Estero in Cina sono quattro e si trovano a Guangzhou, Pechino, Shanghai ed Hong Kong. La rete ICE in Cina dispone di una propria finestra virtuale alle quale accedere per acquisire informazioni sulla stato dell’economia cinese, attraverso: 1. il rapporto redatto dall’Ufficio di Pechino su base annuale; 2. il documento congiunto al quale contribuiscono Ambasciata d’Italia in Cina e sedi consolari al fine di delineare un quadro macro-economico di riferimento per il semestre trascorso che tenga conto per un verso delle occasioni di mercato, ostacoli ed investimenti attesi od in corso, e per l’altro della rosa di progetti ed azioni di promozione intrapresi dagli attori che compongono il Sistema Italia; 3. un’introduzione al sistema legislativo e fiscale cinese con riguardo in particolare agli investimenti stranieri sul suolo cinese; 4. una ricerca, commissionata dall’Istituto per il Commercio Estero e dal Comitato Leonardo all’Istituto Piepoli, sull’immagine dei prodotti italiani in Cina, Russia, Svezia e Stati Uniti allo scopo di prendere in esame l’evoluzione nella percezione del Made in Italy intervenuta in mercati storici quali l’America ed il Nord Europa così come presso le nuove frontiere del consumo globale; 5. una rubrica on-line sul commercio internazionale ed una rassegna della stampa economica locale cinese; 6. una breve nota volta a definire in maggiore dettaglio la procedura per il ricorso allo “Strumento di salvaguardia provvisorio sui prodotti dalla Cina” previsto dal Regolamento CE 427/2003; 7. taluni consigli di carattere generale in merito alle pratiche commerciali cinesi ad alle misure di tutela da adottare in sede di negoziazione con controparti cinesi; 8. un prospetto aggiornato delle occasioni d’affari, su segnalazione dei diversi Uffici in territorio cinese, suddivise fra commercio, gare, grandi progetti e finanziamenti internazionali.” Moreover, except for a more detailed juridical analysis on public bids, there are also seven sections more specific, which deals with Shanghai and Shenzhen stock exchanges regulation, the distribution and transport system, the fair system and the ongoing trade exhibitions, as well as an economic bulletin on the 2008 Olympic Games preparation in Beijing. Compare ITC website, <http://www.ice.gov.it/estero2/cina/>

analyst and an assistant trade analyst and, with reference to these personalities, the work is assigned on the basis of a division by product sectors³³⁵ of reference, except a specific service, a first orientation service, which is up exclusively to the assistant trade analyst.

As for the work done, ICE conducts market analysis, search for partners, promotes the company and provides support to enterprises aimed at developing and consolidating its relations with foreign markets. The Institute for Foreign Trade represents the public body to which it is to promote, facilitate and develop trade among Italy and other countries, supporting the internationalization of national production system and its roots across borders, and facilitating the flow of investments to and from Italy. In this regard the training and assistance given to the managerial class in the private sector on one side and the putting in light of Italian economy strong points on the other, which as a whole are designated by the formula "Made in Italy", are two major orientations in development of policies and adoption of tools in order to increase the profile of competitive businesses on international scale.

Apart from this, with reference to China, it is important to stress that the PRC is listed as priority area of interest for the Ministry of Economic Development, under both general factors, namely the relevance it assumed in relation to all the major developed and not developed economies, and more specific elements, particularly the delay matured over the past ten years by Italian companies on the Chinese market. These companies are still reluctant to commit the resources at their disposal in view of expansion of their own business in China and this is due to orientation criteria of corporate strategies based on geography, culture and language, and size. China in other words is perceived as distant, hostile, difficult and too big to take a

³³⁵ Productive categories too can be divided into raw materials, semi processed goods, final goods, industrial equipment, machines and installations; <http://www.ice.gov.it/estero2/canton/default.htm>

business risk. ITC replies to these objections and related refractory climate to any change establishing four areas of intervention, referring respectively to the desire by Italian economic actors to know and enter the foreign market and, subsequently, to promote themselves and develop and consolidate the results obtained in the meantime. Thus in the stage of information collection, which, is specified³³⁶, are free and of immediate access on network, can be at the disposal of companies: general and first orientation notions which precede further market analysis and exclusively focused on the areas of intervention and faculty to enter the market; so-called market directories focused on the characteristics of the country concerned, namely the economic framework, country risk, trade and investment flows, customs, tax and corporate transactions, providing an 'illustration of business opportunities and the interest expressed for Italian products, according to a division into sectors that pay particular attention to the "Made in Italy"; product data sheets or statistical analysis and graphic synthesis relating to a list of two hundred products indicate dynamic or uncertain markets at an international context; statistics of first-hand news on macroeconomic and exchange data of Italy, arranged according to countries and sectors; a daily electronic newsletter on economic topic, which also has a section devoted to technical, regulatory, customs and tax aspects; summary information on international competitions, bans and useful references for the application of specification tender and offer drafting, as well as information on contracting, in view of possible subcontracting contracts; "Data Bank Financing" or an archive of information on financing plans initiated by major international bodies subdivided into recipient country and sector; a set of notices to preview on tenders and financing plans still in the preparatory phase; a list about what provided by ICE promotional program; a list of professionals committed abroad to establish contacts. To what now indicated are added not free

³³⁶ See ITC services guide

and more specific services, namely statistics and market researches to specific requirements, as requested by those who turn to the Institute, statistics from foreign sources and at last customs, fiscal, technical, contractual, work and investment discipline information.

Now, the choice to approach the Chinese market, which should follow the first step with the support of ICE, is a difficult transition in the practice, and in addition many of the errors committed in order to carry on internationalization on the Chinese territory must be traced, under the perspective of the Canton Office, to unfounded or partial forecasts and expectations of which is difficult for economic cooperation structures in place to account. Indeed, often, the recourse by business enterprises to organizations such as ICE is limited to free information services, where the reduced level of deepening restricts the possibility for those who refer to these ones to act at a later time in an appropriate manner, not infrequently compromising the outcome of action itself. On this front numerous are the companies which give up working in China, and many those who choose to grope their entry into market, whilst the most part safeguard itself opting for the only purchase abroad or establishment of representative offices, as observation points from which oversee the interests of the company and maintain relationships with partners.

Sometimes instead the reconnaissance of the Chinese market by Italian companies reaches beyond the first phase, with a request to ICE to draw up a simple list of contacts, with more goods detail, or according to the needs expressed by importers, agents, trading companies, potential business and industrial partners etc., while among the activities pertaining to this phase are also included the search for foreign customers and partners³³⁷, and a

³³⁷ "Il servizio, a pagamento, prevede quattro passaggi, ovvero la selezione di un elenco di imprese locali interessate ad avviare rapporti con l'azienda in questione, l'invio di documentazione e/o campioni alle imprese selezionate, con lettera di accompagnamento dell'Ufficio ICE

focus on business opportunities in the area, the organization of business meeting and transmission of confidential information about foreign firms.

Noteworthy, especially in light of new Guidelines issued by the Ministry of International Trade for the triennium 2008-2010, is, consecutively, the set of services for promotion or third area of institutional intervention. At central level, government has stressed the need to articulate further the network of ICE offices abroad, to increase efforts in key emerging markets, together with major governmental missions, and give priority meanwhile to services that accurately assist companies or in relation to requests, also combined with the widespread adoption of ad hoc tools to protect trademarks and intellectual property. In this regard, it points out, in fact, how the Italian recovery in exports in 2006 and an increased number of small and medium enterprises having chosen to transfer abroad part of their production has been accompanied by a growth of public support interventions. Similarly measures addressed to facilitate technically a selected number of companies having the qualifications required to export successfully, and a 'complex action' and in this regard qualitatively adequate by the economic diplomacy, have contributed and it is believed can compete in the future to a progress in the participation of Italian companies to supranational economic dynamics, which do not exclude but on the contrary require the adoption of specific policies by the State.

Currently, promotional and communicating events provided by the Institute deal with a mix of strategies, tools, actions and remedies, which include marketing operations, the use of advertising channel and public relations. In other words this is,

ed eventuale questionario secondo pratiche locali di volta in volta adottate, *follow-up* telefonico per verificare l'avvenuto ricevimento del materiale e la risposta da parte dell'azienda interpellata; tutto ciò viene infine corredato da un'analisi conclusiva sui risultati ottenuti"; http://www.ice.it/servizi/servizi_ICE_Rev508MMGG.pdf

in the case of promotional events³³⁸, tailored plans of advertising, ads on the foreign press, Internet sites and ICE publications, actions of direct mailing, and distribution of informative material. As to such aspects, in order to achieve significant results remains the decisive factor of time, and it should be understood both in terms of duration and as advantage for operating on the Chinese market ahead of others. Yet, with reference to the Italian economic cooperation in Guangdong, a similar front has still to face controversial issues.

*The Italian Economic Cooperation face to Chinese "Local Capitalism"*³³⁹

The definition and implementation of promotion policies for internationalization and trade on Chinese ground should not disregard, in Guangdong case, the consideration about the provincial economic order. The latter seems marked, in particular with regard to the legal regime that underlies the dynamics of integration with foreign countries and the attraction of foreign direct investments, by the tension between a greater involvement of the area in globalization processes on the one

³³⁸ "Con eventi promozionali si debbono intendere: partecipazione a fiere e mostre autonome; distribuzione di materiale informativo in occasione di tali eventi; organizzazione di convegni e simposi tecnologici; organizzazione di presentazioni aziendali; organizzazione di conferenze stampa; missioni in Italia di operatori e giornalisti esteri; azioni promozionali presso i punti vendita; organizzazione di seminari, degustazioni, sfilate... ed altri eventi mirati, con riferimento a diverse categorie merceologiche, per operatori, giornalisti ed opinion leader; iniziative di formazione nazionale ed internazionale"; http://www.ice.it/servizi/servizi_ICE_Rev508MMGG.pdf

³³⁹ For a definition see Smart, A., "The Emergence of Local Capitalisms in China: Overseas Chinese Investment and Patterns of Development" in Li, S., e Tang, W., edited by, *China's Regions, Polity & Economy*, Hong Kong, 2000, pp. 65-95

hand and the exercise of state control on the other, since it's up to China, as a late-comer country, the implementation of economic development through the classical vision of Alexander Gerschenkron, an imitation of developed economies model based on alternative factors and guiding sectors enabling leaps forward in production and ultimately on catching up with these ones. China, therefore, attracts capitals, technologies and know how to use as greater incentive of its progress, paying meanwhile attention in order to avoid that Chinese industries, emerged recently or made vulnerable by the long and difficult transition to a market economy, pay for the delay compared to foreign companies and thus be excluded from the market or acquired by their own opponents.

Now Guangdong has experienced before any other Chinese province three major changes that Dengist policy of "growing out of the plan" has led the national economy, or respectively: the change in the control scope on state resources; significant growth of foreign investments; a gradually greater claim of a rational-legal system in support of these processes³⁴⁰; and it should be noted how, in order to achieve the targets of Open-door policy set at the beginning of the eighties, the economic decentralization promoted by the central government in Guangdong has been absolutely important because through it were issued in the system two major forces, both marginal, which provided the necessary conditions for the pursuit of reforms. It was on one side the great autonomy granted to local officials, as the figure next to the actors and economic forces called to intervene and thus acting as natural channel of communication between the market and the State, and on the other the strong competition among officials, to whom have been given the task of managing resources according to the market logic, that is to say in the pursuit of profit first.

³⁴⁰ For an accurate definition, see Guthrie, D., *China and Globalization, The Social, Economic and Political Transformation of Chinese Society*, New York, 2006, p. 39 and subsequent

The line given by the then communist leadership has therefore attracted in Guangdong the interest of flocks of Chinese migrants from Southern China, the rest of Asia and America, and with them many companies operating across borders, in Hong Kong, Taiwan and Singapore. During the eighties and nineties, Hong Kong acquired in this way the leadership in the textile and clothing manufacturing, counting on the vast productive hinterland, and also acted as a convenient bridge to reach Southern China. The policy of growth envisaged meantime aimed, at the provincial level, to the dynamic increase of foreign direct investment (FDI), so as to innovate the whole system through a process of trickle-down, directing the flow of trade along the Guangzhou-Hong Kong axis and promoting industrialization driven by export. To that aim, the government expected a growth policy which would promote, through the development of appropriate infrastructure, an efficient use of territory and the many urban areas take-off.

But against such expectations, with the advent of the nineties Guangdong has lost the political support enjoyed until then at the central government, while the Asian crisis has affected significantly Hong Kong, giving way to a protracted phase of decline and economic stagnation for it³⁴¹, and pushing the

³⁴¹ The economic crisis that invested South Asia in 1997 was followed by the sanitary crisis provoked by the S.A.R.S. epidemic, so "Hong Kong's nominal GDP growth rate plunged 11% in 1997 to 3.8% in 2000 and - 3.4% in 2003. From 1999 to 2004, Hong Kong had had six years of deflation from -5.8% in 1999 to -3.3% in 2004. Hong Kong's economy did not bounce back until the implementation of the stimulating measures agreed by the Central People's Government in Beijing [...] now covering 44 Mainland Chinese cities and a population of 200 million, and the CEPA. These measures provided a powerful, immediate boost to domestic consumption and investment. Under the IVS implemented on July 28 2003, by the end of March 2006 over 12 million Mainland Chinese tourists had visited Hong Kong. After the implementation of this Scheme, the number of in-bound tourists from Mainland China almost doubled from 6.8 million in 2002 to 12.4 million

Cantonese authorities to foreshadow measures of structural adjustment of the provincial economy³⁴².

If therefore, as many observed, the model of "developmental state"³⁴³ remained the paradigm of economic policy favoured by

in 2005. The HKSARG estimated that the CEPA, which provided Hong Kong products, firms and individuals preferential access to Mainland China's goods and services markets, had by February 2006 created 29,000 new jobs. [...] The recovery was robust, as reflected by growth rates of 8.6% and 7.3% in 2004 and 2005. There was also a turnaround in the employment situation. After the Asian financial crisis unemployment skyrocketed to 5% in July 2000 and to an all-time high of 8.6% in mid-2003, but fell back to a four-year low of 4.9% at the end of May 2006. At this rate Hong Kong's unemployment rate was still twice that in the 1990s. The prolonged, steep downturn of Hong Kong's economy, and the spike in unemployment, underscored the fragility and vulnerability of Hong Kong's small and open economy, which had, by 1997, relocated most of its lower value-added manufacturing operations to lower-cost areas in Mainland China and had become a services-oriented economy. Despite her strengths in several services clusters: trade-related services (trading, global logistics, supply chain management, financial and business services); transportation services (sea cargo and air cargo); telecommunication services; real estate; travel and tourism; and retail, the continuous migration of jobs across the borders and productivity gain had left large gaps in employment which could not be filled by the robust services sector. While Hong Kong did not lack savings whether at the level of the individual, the firm or the government, the bursting of the property bubble severely damaged consumer confidence. Over-reliance on the property sector and related speculative activity as the engine of growth, and years of neglect of technology and long-term investment in knowledge severely weakened Hong Kong's ability to create value through innovation."; "A New Economic Strategy for Hong Kong", 2006, p. 8-9

³⁴² On this point see Wan, M., *The Political Economy of East Asia, Striving for Wealth and Power*, Washington, 2008, p. 145-148

³⁴³ "In an era in which decentralization has been the dominant political and economic trend, it is often local political and economic institutions that must help firms meet their [...] development needs, and this is

the Chinese government, it has assumed in recent years, because of its historical evolution and the current economic climate, peculiar traits. Among these, the first is the value recognized to local government. "Local governments are increasingly the agents of industrial transformation at the level of the firm" emphasizes Eric Thun, while Wenbiao Zhang states: "The consensus among foreign companies in Guangdong is that the local government is more straightforward and sophisticated than elsewhere in China"; the faculty, by the provincial administration, to feed its own institutional comparative advantage, through policies that meet the needs of companies in various stages of growth, without contravening to long-term ties and benefits that its own political and social aspect involves, represents a fundamental element of local leadership and the fact the weight of central government in China has in turn changed, allowing to the local-rank actors the task of acting in compliance with the only legal framework and macroeconomic targets expected under the five-year plan, help to make each province "in many respects [...] more like an entrepreneur than an organ of the State".

According to these premises, the current economic policy guideline for Guangdong can be identified in the "outgoing from its own borders" that is to say finding new areas and partners for cooperation, nationally and internationally.

What made Guangdong an exceptional case at the beginning of the nineties, that is the formation on one side of an 'export processing zone' of large dimensions, not defined

particularly true in the case of China. [...] There is no single dominant approach to development at the local level, whether it be market-led growth or local state corporatism, but rather multiple patterns. By focusing on the internal structure of local bureaucracies and economic organizations it is possible to characterize distinct institutional patterns, even in a country that was for decades centrally planned, and these differences have important economic consequences. [...] see Thun, E., *Changing Lanes in China: Foreign Direct Investment, Local Governments, and Auto Sector Development*, Cambridge, 2007, p. 8-10

geographically but under the legal status of involved enterprises, and on the other, the reaffirmation of a culture based on widespread economic relations between individuals, according to the paradigms of *guanxi* or networks, has now to comply with two changes of the local economic framework: the fact Hong Kong does not represent as before the entrance door to Southern China while other towns, especially Shenzhen and Guangzhou, have inherited that role, and the importance meanwhile taken by the workforce as a cornerstone, with energy, for future development and factor to date scanty, on which nonetheless an economy with high added value that works in accordance with international standards must be based.

These observations do not appear separated, where to the margin deriving from the meeting among traditional capital on one side and land and work on the other, succeeded the imperative of promoting industry and domestic consumption against risks and fluctuations of foreign demand, continuing to compete even under WTO and attract increased investment to support technological progress and transfer of know-how.

But the economic cooperation between Italy and China, compared to the medium and long term dynamics just described, has showed certain limits. In some way, there is a willingness to plan by the cooperation structures involved in Guangdong, also under the collected information about the change taking place in the area, the Italian economic activity: for that aim is asked to companies a greater medium-term involvement, which considers the gradually loss of favourable conditions related to the low cost of labour, tax and reduced legal obligations, and grants a privilege to a qualitatively higher internationalization, with an increase of scale, a different organization and integration of fact in the local dimension concerning resources, in order to produce, and in the market, to sell. By contrast similar orientation is contradicted by circumstances, for which dialogue among different ministerial and chamber structures, is still limited, and the work of

"filtering" of proposals and plans that, in large number, from Italy reach this area, is not implemented except only in part.

Two cases in Guangzhou and Shenzhen concerning the exhibition and organization of international events sector may help explain this contradiction, for fairs and other economically relevant events represent an important tool for the marketing of territory by virtue of the attraction of tourists, the return on image of the area, the involvement of local communication business sector, which is linked to industrial production sector and, with reference to events of even greater scope, such as the Olympic Games, Universal Exhibition ... allowing the possibility for the actors involved to determine extensive processes of "economic regeneration" by exogenous investments and public funding.

Starting from the nineties the exhibition industry has experienced a significant development in America and Asia and growth rates on an annual basis for that last region have reached 30-40%, market has adopted exhibition structures model and typical events of Western Europe, which holds the leadership in this sector because of its total size and above all the qualitative aspects of the announced events, and so the European exhibition system, which has a millenary tradition fuelled by strong demand at a continental scale, and a production structure centred on the manufacturing sector and on a very large number of small and medium enterprises highly devoted to export, registered in Germany, France and Italy and the spread of articulated events that in 50-60% of cases are now internationally.

The exhibition is indicated as the only means that leads companies to know directly the needs, practices and evolution of various segments of costumers making them learn different forms of communication and verify in parallel the success of their proposed strategies. So, normally, according to a typical progression system, companies approach foreign markets in the first instance by participating in events of local and national offer, which take place in country of origin and attract visitors

from across borders above all qualifying as information channels, and then opting to join in "hub" or international trade exhibitions, which take place in economically and geographically central areas, and gravitate to a large area of international demand. Finally companies, relying on what learned in such events, converge on trade fairs in countries of destination or in national demand exhibitions, largely addressed to local visitors. In the case of Italian exhibition system, already emerged between the eighties and nineties the need for domestic producers to communicate directly with extra-Europe markets of new development in the sector, as the United States and Japan, or new economic development in general, such as South America and Asia. The fact the exhibition facilities in Italy, at the premises of international importance, gradually become saturated has further facilitated the launch of a different stage of growth focused on the "reversal of philosophy [itself] of the exhibition means" which from attraction centred on markets of offer and export moves its exhibition groups under the evolution of specific geographic areas of import and demand.

Italians exhibitors, like the Europeans, have thus begin to understand the value of market orientation, and have dropped out in many cases the less problematic and secure context represented by national fairs and related events of professional associations to meet foreign demand attending the extra-Europe markets in contact with competitors, products and approaches of communication aimed at those areas.

In Guangdong the case of BolognaFiere is noteworthy, for this company has set up in 1967 in Italy the Cosmoprof exhibition, the world largest trade event in the cosmetics and personal care field³⁴⁴ and in recent years four events that bear the same brand

³⁴⁴ "BolognaFiere ospita una media di trenta eventi annuali presso il proprio centro espositivo, molti fra i quali detengono il primato mondiale nel settore di riferimento. BolognaFiere concorre altresì ad organizzazione manifestazioni in America, Asia, Russia e Medio Oriente. Nel caso di Cosmoprof, le quattro manifestazioni analoghe

and reproduce the Cosmoprof formula have been launched in four different areas worldwide: Hong Kong, San Paolo, Las Vegas and Moscow. Over the intent of Cosmoprof Bologna is to offer opportunities of growth and expansion for firms internationally in countries with high growth rate, and the establishment of the network Cosmoprof leads in turn to the articulation above among three categories of events to which firms that are planning to expand in foreign markets gradually participate. In particular, the inauguration in 1995 of Cosmoprof Asia wins Cosmoprof Bologna the connection, in the shape of exhibition "hub", with the chain of Asian regional production. The edition of Hong Kong is notable for the high number of countries involved and geographical scope of the event: to Cosmoprof Asia take part among others China, South Korea, Taiwan, Japan, Australia, Singapore, Thailand, United States, Malaysia and the Philippines, and the promotion of business contacts in the sector, for suppliers and buyers, is through specific formulas such as the International Buyer Program, product demonstrations and seminars pertaining to particular geographic areas, a cluster of production and evolving market. The model represented by the "business, training and scouting trends platform"³⁴⁵ adopted in 1995 led to steady growth in volume of business and greater definition of exhibition space divided among "Retail and Distribution", "Pack" or "packaging, raw materials, machinery, private label and contract manufacturing" and "Hair & Beauty Salon", while specifically the

prendono il nome di Cosmoprof Asia, Cosmoprof Cosmetica, Cosmoprof North America e Cosmoprof ExpoBeauty. Gli ambiti di interesse con riferimento a Cosmoprof comprendono prodotti per capelli ed attrezzature ed arredamento per acconciatori; attrezzature e prodotti cosmetici; arredamenti per profumerie; accessori per l'igiene ed articoli da regalo; bigiotteria; prodotti d'erboristeria; packaging; materie prime; tecnologie e servizi per l'industria cosmetica; prodotti farmaceutici e macchinari"; http://fiera-bologna.abcrimini.com/cosmo_prof.php

³⁴⁵ See http://www.cmpasia.com/default.asp?site_master_id=37

International Buyer Program, established in 2007, aims to identify key countries in the market at issue, allowing exhibitors to meet privately importers and customers coming from these countries. Thus previous year are chosen Japan and India, in light of the increase registered by the Japanese cosmetics import, the second worldwide, and prospects for the Indian demand growth in the field, amounting now to 15-20% a year.

After the launch of Cosmoprof Asia, BolognaFiere proceeded to Cosmoprof Shanghai opening in 2007. The size achieved by this event during the last two years is less than that observed in Hong Kong, but the growth rate is equal to 30% per year. To Cosmoprof Shanghai is assigned the task of fostering ties with Chinese industry, promoting the cooperation with associations of producers of the field and providing technical information on Chinese import, purchase, distribution and sale of goods. On Cosmoprof Shanghai website then reads: "While Cosmoprof Asia continues to play the role of powerhouse for the international beauty industry in the entire Asian continent, Cosmoprof Shanghai has been successfully acknowledged as the regional extension of the Hong Kong event, offering an exclusive B-to-B international environment for manufacturers to meet with Chinese key importers, distributors and buyers." During the first edition was also emphasised ' the Italian expertise with the establishment of "The Italian Beauty Excellence Show" a celebration of some product lines and key figures of the field in Italy, with the assistance of the Ministry of Foreign Trade, ICE and Emilia Romagna Region.

Considering at last the appointment of BolognaFiere in Guangdong, it refers to the signing of the cooperation agreement between BolognaFiere Group and CMP Asia Ltd with Guangdong Bomée Exhibition Co Ltd and Guangdong Beauty & Cosmetic Association, or with the organizers of Guangzhou International Beauty & Cosmetic Import-Export Expo (GIBCE), the China's largest beauty trade event since 1989. The importance of GIBCE in China's industry development is large and has helped to promote at global scale the growth and

integration of national markets over the last fifteen years. The agreement provides for the establishment of a joint venture in Guangzhou aimed to further enhancing the value and strength of this event as a marketing platform for both manufacturers and international brands owners aiming to invest in China and Chinese producers who aspire to identify partners and markets for their products across borders³⁴⁶. The Guangzhou Beauty Fair fits nonetheless into the Chinese and pan-Asian strategy of owners and organizers of Cosmoprof and appears significant as the search for new partners outside Europe has allowed BolognaFiere to capture the growing propensity of the Cantonese entrepreneurial to a supranational vision of business and forging cooperation ties with foreign countries. Compared to Cosmoprof Shanghai, the formula of GIBCE has moreover a different nature, more complete, according to the characteristics of local demand and supply market³⁴⁷. The Guangdong Province has been since the eighties the first production centre and cultural hub with regard to the field concerned. At about 2,800 companies involved in cosmetics, pharmaceutical and hygiene

³⁴⁶ On this point, is specified that: "With this cooperation [with BolognaFiere and CMP Asia Ltd], the Guangzhou International Beauty and Cosmetic Import-Export Expo will be able to attract more international participants and visitors, creating more opportunities for overseas and Chinese business to meet, interact, exchange information and forge collaboration. The Guangzhou International Beauty & Cosmetic Import-Export Expo will also be more professionally organized, better managed, and increase in scale, and so stimulate the growth of this industry in China, infusing new concepts of beauty, marketing and promotion, and boosting product development"; http://www.gzbeautyexpo.com/content.asp?p=&s_id=1&subid=22&lang=1&site_id=1

³⁴⁷ In the case of Guangzhou International Beauty & Cosmetic Import-Export Expo, 66% of buyers come from South China and 64% of them are Guangdong inhabitants; 36% are distributors and resellers, 31% are manufacturers and suppliers and 29% are employed in the service sector for body and health care; <http://www.gzbeautyexpo.com>

and personal care, 1,500 are divided between Guangzhou, Shantou and other centres of the province, and amounted to 70% of China's total output. Similar local, historically important offer is also gaining importance in the global offer and helps to facilitate on the one hand the aggregation of local exhibitors and their accession to the event, and on the other the same attention of both national and non-national visitors, which are recompensed for the cost and time invested in the event. In addition, demand for given products or services by local firms grows in parallel, ensuring the interest of exhibitors to participate to the extent that the number of buyers and thus the prospects for rising increase.

As noted till now must be put in relation to the link between Guangdong Province and Hong Kong, namely the profile of analysis that records the major ongoing changes.

If in fact the voices of supply and demand on local area are relative, or should be considered according to what is happening in the adjacent areas, and Hong Kong remains the hub exhibition for cosmetics and personal care in Asia, nonetheless the decision to set up a second location for trade fair in Southern China stands of increased autonomy both infrastructure and market, of the region as well as the weight that other South-Central Chinese provinces are now assuming. The access to new markets *in fieri* and developing synergies between the different centres of the Cantonese economy justify in other words the search for multiple outlets in the global marketplace, which disregard the Special Administrative Region. The "exclusive and unqualified" support offered by authorities and local government, which have promoted GIBCE to the rank of key event for the economy of the area, goes in the same direction. And as noted elsewhere with reference to fashion³⁴⁸, one might speak of an industry spatially organized, according to urban links and networks in competition among themselves on a national scale, which try to continue

³⁴⁸ See Golfetto, F., *Fiere & comunicazione, Strumenti per le imprese e il territorio*, Milan, 2004, p. 160

over time and for which the definition of a shared land is a necessary step, to be made through the use of know-how provided by an operator as BolognaFiere.

Similar vicissitude, marked by the success of the Italian company involved, makes not possible to appreciate the role played in the same by facilities of the Italian cooperation in Guangdong. This is commonly referred to a success that arises from market dynamics, where the contribution of CICC, ICE and Consulate is secondary. In a different context, however, represented by events organization such as the sixteenth edition of the Asian Games in Guangzhou in 2010 and Universiade in Shenzhen in 2011, the task of Italy-China economic cooperation offices is manifest.

It is important to declare beforehand that considering the particular historical juncture, marked by the declaration of PRC on the economic scene and international policies, there is a widespread desire by China to celebrate the growth, technological progress and with it political development and dialogue among countries supported by the Communist leadership through the organization of unique events of great cultural attraction, "[in order to] showcase their new society"³⁴⁹.

³⁴⁹ The paradigm, concerning this new attitude of Chinese authorities at different levels of government has been identified with Beijing candidature for the 2008 Olympic Games. Moreover, accurate studies on the Chinese foreign policy orientation and China's new image abroad refer to the notions of "Peaceful Rise", "Beijing Consensus", and on an alternative interpretation of the "Soft Power" theory that takes into account the latest evolution in Chinese cultural, economic, multilateral... diplomacy since the early nineties. The short quotation taken from a speech made by the Singaporean President, Lee Kwan Yew, was first reported in Bowan, J., "The Beijing 2008 Olympic Games: China in the Limelight", *Issues Brief*, Asia Pacific Program at the Lowy Institute for International Policy, August 2004, www.lowyinstitute.org; whereas articles and works on more general topics that, within the foreign policy studies framework would treat related issues, are: Bates, G., and Huang, Y., "Sources and Limits of

This perspective overlaps moreover to the dynamics of globalization investing major Asian cities³⁵⁰. similar

City-State like Singapore, and capitals as Seoul, Tokyo and now Beijing, as well as business centres such as Hong Kong and Shanghai, to compete in the exercise of profitable global economic specialization.

It stoke up in a way the "global city speech"³⁵¹ that moves from the recognition of the weight taken today in the geography of many national economies of metropolitan areas in which converge, as were most natural destinations, processes that characterize the contemporary era, and in the other way emerges, although in a less restricted context than David Hart defines in the proper sense "entrepreneurship policy"³⁵², the

Chinese Soft Power", *Survival*, Vol. 48 No. 2, Summer 2006, pp. 17-36; Bader, J., "China's New Leadership: The Outlook for Politics and Policy", April 7, 2008, Brookings Institute, www.brookings.edu/events/2008/0407_china.aspx; Kurlantzick, J., op.cit., 2007

³⁵⁰ Wei, Y. D., Yu, D., "State Policy and the Globalization of Beijing: Emerging Themes", *Habitat International*, No. 30, 2006, pp. 377-395

³⁵¹ Sassen, S., *The Global City: New York, London, Tokyo*, New York, 2001, p. 22

³⁵² Hart himself says: "Entrepreneurship ought to be an explicit focus of policy design, choice, and implementation [...] The domain of entrepreneurship policy [...] encompasses activities at several levels of government, from local to national (and perhaps beyond). It bears on low-technology economic activity as well as high-technology (although the latter is emphasized here). It includes governance capacities more familiar under other headings, ranging from regulatory policy to economic development partnerships to poverty alleviation, along with some capacities that are new. [...] "Entrepreneurship policy" is a concept and a phrase whose time seems to have come. Although rarely used in the past, it has begun to achieve modest prominence, particularly in Europe [...]". "As will be seen, we adopt a dangerously broad definition of "policy," but by "entrepreneurship" we mean (with the inevitable few exceptions) the processes of starting and continuing to expand new businesses. Our vision of these processes derives from

critical role played by every government in stimulating the emergence of towns that lie on its territory as global cities themselves. Such observation acquires special significance with regard to Asian governments³⁵³, and still higher whether led in the evolution existing in many Chinese cities. In fact, the State has always fallen control, planning and supervision of urban development, and despite reforms aimed at increasing the weight of market in the choices of stance³⁵⁴ at central and local levels similar action is not failed, so: "Urban scale is [still] manipulated by the Chinese State for political and economic purposes".³⁵⁵

Joseph A. Schumpeter, who conceived of the entrepreneurial venture as "the fundamental engine that sets and keeps the capitalist engine in motion" by creating new goods, inventing new methods of production, devising new business models, and opening new markets (Schumpeter 1942, 83). Entrepreneurship policy aims to foster a socially optimal level of such venturing. Usually (although this need not necessarily be the case), policymakers seek to raise the level of entrepreneurship; entrepreneurship policy thus bears not only on actual entrepreneurs but also on "nascent" entrepreneurs, who are seriously considering starting a firm (Reynolds et al. 2000)."; Hart, D., edited by, *The Emergence of Entrepreneurship Policy: Governance, Start-ups, and Growth in the U.S. Knowledge Economy*, Cambridge, 2007, p. 4-6. It seems useful to underline the link between the notion "Competitiveness", which was employed since the nineties, and the current "Entrepreneurship" as if the first term should be a fundamental attribute of every political action. In 1992 Paul Krugman would criticize such vision of the political practice; Krugman, P., op.cit., pp. 28-44

³⁵³ See Wei, Y. D., Yu, D., "State, Policy and the globalization of Beijing: Emerging Themes", *Habitat International*, 2006, No. 30, pp. 377-395; Chung, H., "Urban Expansion and State Governance in China", *Occasional Paper Series*, Vol. 60, The Centre for China Urban and Regional Studies, Hong Kong Baptist University, 2005, p. 2

³⁵⁴ See Wei, Y. H. D., *Regional development in China: states, globalization, and inequality*. London, 2000

³⁵⁵ Chung, H., op.cit., p. 3

Historically, towns like Guangzhou have emerged along the Chinese coast to South and East as dedicated ports to trade in particular after the conclusion of unequal Treaties with the West³⁵⁶, serving consecutively, with the advent of the Communist regime, the primacy accorded to an industrial logic directed to prioritize the domestic dimension of economic development until autarchy and protect China from the danger of a military attack. At the reforms, according to the study carried out by Hongyi Lai³⁵⁷ on the decision-making process at heart of the same ones, a complex of factors contributed once again to change the provincial economy, according to times, modes and outcomes with which it is appreciated today. Among them, besides the price difference compared to Hong Kong, personal connections, and special links with the region maintained by ranking political personalities of the period, there were a willingness to produce a demonstration effect that is arousing imitation and aggregation phenomena on a national scale, then bringing back in fact the entire course of action at local level to a plan issued by the centre. In addition, the value

³⁵⁶ “British officials had hoped the colony would attract Chinese merchants from Macau and Canton and thus be transformed into the trading center of South China. [but] Part of the problem was that the Treaty of Nanking, which ceded Hong Kong to Britain in 1842, diverted trade away from Hong Kong. The Treaty opened five Chinese ports and stipulated that only junks from these five treaty ports – with special permits issued by Chinese officials for each ports – could come to Hong Kong. [...] Another reason the colony did not attract Chinese merchants was that it offered no economic advantage. Because trading at the Chinese treaty ports was cheaper, British merchants preferred to buy directly from China [...]. Attracting enough Chinese merchants (and their wealth) to Hong Kong required not only the rise of Western capitalism and imperialism but also domestic turmoil in China”. Carroll, J. M., *Edge of Empires, Chinese Elites and British Colonials in Hong Kong*, Harvard, 2005, p. 46

³⁵⁷ See Lai, H., *Reform and the Non-State Economy in China, The Political Economy of Liberalization Strategies*, London, 2006

attributed to Guangzhou and Shenzhen lay in the opportunity guaranteed by the same ones on markets and trade by sea and land, while the contribution of private sector more developed than elsewhere and the Cantonese light industry trend in support of reforms represented a useful corollary and a source of additional resources and support. Therefore, apart from the economic and institutional cycle produced between the beginning of the eighties and the end of past century in Southern China³⁵⁸ and crisis that would lead to the so-called 'second stage of development' with the establishment, among others, of the Guangzhou Economic and Technological Development District and launching campaigns to educate university in Guangzhou and Shenzhen, the revival of Guangzhou in a way towards this matter, namely the political and economic primacy reached on the ground, and in the other is to coincide with the definition of

³⁵⁸ Terry Cannon observes: "Since 1949 the government has often incorporated regional policies into its attempts to direct the economics and politics of the country. Sometimes such regional policies have involved what is perceived as a cyclical process of centralisation, decentralisation and recentralisation (C-D-R). The factors driving different phases of this process have sometimes been economic, at other times political and military, though of course these components are often difficult to separate. During the reforms, decentralization has been a key feature, and this has been driven largely by economic mechanisms that have also in effect reduced central political control. Although this decentralisation incorporated a regional policy (priority for the coast), the process has affected all of the country. In other words, the priority given to the coast was a national strategy regarding macro-regions that was overlaid by the much more micro-level process of decentralization. We also need to acknowledge pragmatism: when the centre appears to favour decentralisation, this may be more a recognition of the difficulty of retaining central control rather than the preferred policy option."; Cannon, T., "China and the Spatial Economy of the reforms: Understanding Topocracy and the 'Local Developmental State'", *Occasional Paper Series*, No. 48, The Centre for China Urban and Regional Studies, Hong Kong Baptist University, 2004, p. 15-16

a new culture policy “most conspicuous[ly] at the county as well as town and township levels”. Moreover, even in 1995 there was only one metropolitan city in the Delta of Pearl River with more than 10 million people, while to Shenzhen it was the title of “socialist Hong Kong”³⁵⁹ and a population between five hundred thousand and one million people. The progress and globalization of Guangzhou are rooted in its history and social development, and attracting investment from abroad was in the past and still today a central commitment, as is the case of many developing countries, in order to integrate the city and its surrounds in global economy, attracting capital to form, through these ones, new projects, particularly of infrastructure nature. But next to that, in a perspective of “coordinated development”, or economic integration and fulfilment of political obligations provided from above on which government has invested in recent years, Guangzhou becomes the area of confrontation and correcting of the economic governance model and distribution of economic power in the reformist era that in Guangdong has taken shape³⁶⁰. In Guangzhou resides in fact the administration of provincial government, in addition to the official offices of the main public and private organizations, both Chinese and non. The profile of the city and its reputation can benefit a lot from international credit granted to it as the venue of the Asian Games, while relationships started in similar circumstances with offices and facilities of countries involved have the merit of offering opportunities for interaction and cooperation in many areas, firstly economy. The participation of municipal and provincial authorities with the assistance of government and party can be understood in light of recognition of this perspective and value of the challenge implicit in it.

³⁵⁹ Enright, M. J., and Scott, E. E., “China’s Quiet Powerhouse”, *Far Eastern Economic Review*, May 2005, p. 31

³⁶⁰ For a definition of ‘bounded localised development’ and ‘topocracy’, also known as ‘locality- derived power’, consult Cannon, T., “China and the Spatial Economy of the Reforms...”, op. cit., p. 12 e 15

Many have noted, following the designation of Beijing as the venue of the Olympic Games, as: "Unlike [...] the United States, where several potential cities may compete with each other, in China, it is almost unanimously agreed, and decided by the central government, that the first city hosting the Olympics should be its capital. There is little doubt that the state plays a decisive role in such an event. [...] The success was not only the winning of the bid, but also the changes anticipated in the process of preparing for the Games".

Similarly, the designation of Guangzhou should be interpreted as a medium term dynamic, or preparation of an event and meanwhile a celebration of physical and geographic space based on dialectic between local and global, wherever it appears difficult to separate the metropolis from the rest of Delta while attending the Committee took note of a complex and not yet defined Southeast Asia regional accession.

Any response by the Italian side, at the premises chosen to set up on the spot contacts with the Cantonese authorities expressing willingness and good disposal to assist the establishment of such events on the public or private front, as on the contrary is failed by the Italian firms in the homeland or China's territory; so, therefore, with it fails an important platform for dialogue and promotion, to which in other contexts has been given the necessary relief. The expectation about the outcome of greater coordination between actors and offices has not yet given concrete fruit.

*The Consulate General of Italy in Canton: "More Italy in China, more China in Italy"*³⁶¹

The Consulate General of Italy operating in Canton since 1995 and is divided into a proper consular section, with the task of assisting the performance of official commitments and performance of the duties of office, a visa section, which has been expanded over the recent years because of gradually increased demand by China of Italy's entry permits, and cultural and economic, commercial and financial sections, involved both

³⁶¹ This formula is due to Riccardo Sessa, Italian Ambassador in Beijing since. As Sessa himself specifies: "Si tratta in altre parole di migliorare, sotto il profilo qualitativo e quantitativo, il complesso delle relazioni fra Italia e Cina, favorendo al contempo l'espansione del legame fra Cina ed Italia sul suolo italiano. Questo obiettivo si traduce, da ultimo, nella domanda di maggiore equilibrio degli scambi con la Cina, la quale si potrà conseguire solo accrescendo gli investimenti cinesi in Italia. I settori individuati a questo proposito dall'allora Presidente del Consiglio Romano Prodi nel settembre 2006 corrispondono ad economia, cultura, salute ed ambiente, fatta salva la sfera multilaterale dove, su temi di rilievo internazionale, l'accordo fra i due Stati investe molteplici ambiti di lavoro comune. La politica italiana verso la Cina mantiene carattere strategico, cosicché la Cina figura accanto ad Europa, Balcani, Mediterraneo e Medio Oriente quale area di particolare interesse per il governo italiano all'estero. Su tali solide basi poggia il dialogo fra Cina ed Italia che attribuisce carattere prioritario agli aspetti di ordine economico, sebbene nel perseguimento di una generale comprensione reciproca. Per rendere l'Italia prossima alla Cina occorre infatti fare conoscere al pubblico ed alle élite cinesi quanto essa ha da offrire. Sessa rimanda a questo proposito all'Anno dell'Italia in Cina, svoltosi a partire dal 20 gennaio lungo tutto l'anno 2006 fino al 27 gennaio 2007, ed in merito a tale avvenimento sottolinea la cornice organica nella quale hanno avuto luogo le diverse manifestazioni, oltre duecento, ripartite fra i principali centri urbani cinesi, così come in sedi meno conosciute"; interview by Radio Cina Internazionale to Riccardo Sessa, in February 16th, 2007 after his appointment as Italian Ambassador in Beijing, www.ambpechino.esteri.it

in precise aspects and limited fields within the framework of Italy-China relations in the area. The consular district includes the provinces of Guangxi, Guangdong, Fujian and Hainan, and that is to emphasize in this regard as, with particular reference to Guangdong, the inauguration of such diplomatic headquarters has in fact represented the ultimate outcome of the gradually higher involvement of Italian production system in Southern China. The Italian commitment in Guangdong dates back to the seventies, and moves by bonds of trade to reach up to the establishment in the nineties of Italian firms in China and the choice to commit to such portion of the Chinese territory a significant share of all domestic investment abroad.

The Consulate is, according to such developments and the framework consisting of the economic cooperation structures active in Guangdong, the body which must oversee and coordinate the work at its headquarters, the offices of the China-Italy Chamber of Commerce and the Institute for Foreign Trade and, in this regard, the principle stated by Consul as a criterion for action also shared by CICC and ICE is exactly the autonomy in concerted action, or the choice to increase, through the mutual confrontation and information, the value of action in support of Italian companies in China, fostering a shrewd use of instruments of cooperation, avoid clashes and delays, and promoting a shared vision about stances of foreign economic policy to be pursued on a regional scale. At present, meetings which take part in the Console, the Director ICE, the manager of the CICC and the commercial, economic and financial consular attaché to discuss strategies and work plans undertaken by any structure, any problems, news and special conjunctures in place, are held every week on average, although not always is guaranteed the adhesion of each one. To this should be added the agreement reached with the CICC on visa to enter Italy and, as a new and unusual factor, the almost contemporaneous reshuffle in the top echelons intervened within the Consulate, Office and Chamber, which all have renewed between 2006 and 2007 the figure responsible for the management of each

organization, as intending to mark, after the conclusion of the Year of Italy in China, the will to carry out a revival of the Sino-Italian relations or their upgrading³⁶².

It is noted, however, according to those working at the Consulate, as similar evolution and the prospect of a significant union of intent on the Italian front has already received the approval of Chinese counterparts, who have taken cognizance of change, and expressed their satisfaction. As already noted with reference to the work made by ICE, one of the problems observed, in order to make a satisfactory work of promotion and internationalization of trade between Italy and China, is the filtering of proposals, contacts, delegations which numerous from Italy catch up China, so that the undertaken course, in the bosom of bodies called on to implement these cooperation assumptions towards a greater discipline in the use of resources and in the stance of actions, is useful to fill at least this gap.

Conversely, considering the nature of the service provided to Italian companies in Guangdong, also in line with the statement of Italian Ambassador to China, Riccardo Sessa³⁶³, or with the primacy given today on the diplomatic support of national companies which want to invest in the PRC, it should be noted first of all as the Consulate continues to be the first recipient of the requests made by the Italian community in China and the branch of the national administration better known by Italian economic actors. This is in a way foregone, considering the emphasis usually recognized, according to tradition, to the diplomatic network and the proper political nature of the

³⁶² Nel corso dell'incontro fra il Presidente del Consiglio Romano Prodi ed il Presidente cinese Hu Jintao nel mese di settembre 2006, entrambe le parti adottavano quale obiettivo di medio periodo, da conseguire nel prossimo quinquennio, un incremento del volume di scambi fra le due nazioni pari al doppio della cifra registrata allora; si veda l'intervista all'Ambasciatore Sessa del 16 febbraio 2007

³⁶³ Interview to Riccardo Sessa, Italian Ambassador in Beijing, published on "Libero Mercato", May 24th, 2008; www.ambpechino.esteri.it

structure itself. The Consulate is in fact perceived as an office with varied tasks to which ask questions regarding, from time to time, needs of administrative, economic, legal ... nature. But to this is added that the Chinese authorities give greater consideration to Consulate than CICC and ICE and this fact takes significance when it is necessary to intervene in support of business.

Therefore, on the legal front when disputes between Italian and Chinese arise, and whether it is necessary to dialogue with local authorities, the nature of the Chinese legal system³⁶⁴ and the relationship between government and business communities at provincial and municipal level these last prefer the particular contribution of Consulate³⁶⁵.

³⁶⁴ "Nell'ipotesi un' azienda voglia ricorrere al giudizio di un'aula di tribunale cinese, o vi venga costretta, e ad essa venga dato torto, accade sovente come all'impresa "basti" una pubblica ammenda, riportata su di un organo di stampa locale, per scontare la propria pena. Altre volte invece viene raggiunto un accordo con il concorso di entrambe le parti. Nella maggiore parte dei casi ad ogni modo, secondo quanto riportano i membri dell'Ufficio consolare, l'intervento del Consolato d'Italia a Canton ha degli effetti sulla condotta cinese. In generale, dinanzi all'autorità consolare si riscontra una maggiore disposizione all'ascolto delle ragioni espresse dall'azienda italiana coinvolta, ed il conseguimento di un eventuale accordo risulta di fatto agevolato. Nella visione cinese il sostegno dimostrato dalle organizzazioni di governo italiane concorre a legittimare le azioni di quanti privatamente operano in Cina e spinge di fatto a prestare maggiore riguardo al caso in esame"; author's interview to Mr. G. Russo, Commercial attaché at the Italian Consulate in Guangzhou, June 11th, 2008

³⁶⁵ "Vi sono del resto circostanze nelle quali lo stesso Consolato non ha facoltà d'intervento. Si tratta in particolare dell'ipotesi vengano costituite società fittizie con il ricorso, all'atto della registrazione, a prestanome cinesi, o si abbiano truffe in Rete a danno di cittadini italiani. I motivi in entrambi i casi sono manifesti: con riferimento al varo di compagnie sotto falso nome, simile reato ricade per intero nell'ambito della giurisdizione cinese escludendo qualsivoglia mediazione da parte italiana, mentre nel secondo caso l'ostacolo

Similar premise shall not also lead to consider that the concurrence of the Italy-China Chamber of Commerce and ICE Office in Canton can be neglected. On the contrary, as observed regarding to the leading position covered by the consular organization both for Italian community of entrepreneurs in Guangdong and Chinese institutions, gives further account for the investment of Consulate as main body of connection, engaged in a sort of division of labour, as permitted, among other offices.

In this sense, from interviews conducted emerged as the Office for Financial, Economic and Trade Cooperation (UECF) has on several occasions pointed out to those who turned to it to acquire information on Chinese market, local competitors or any future partner ... the service offered in this regard by ICE, where is implemented a proper allocation of staff according to market sector, and still UECF precise as with reference to the establishment of trade fairs the preparation phase is normally assigned to ICE providing vice versa the organizational part for the Consulate. In general then, the allocation of work in fact intervenes already in carrying out tasks assigned to the structures of cooperation and assumes the value of practical experience on the ground by these last ones. It is considered by each cooperation structure, reserving the supervision to the sole Consulate. However there is not still a proper understanding by Italian entrepreneurs, key recipients of services carried out by government administrations, of this operational framework and of different standards and nature of the support offered from time to time by Camera, Office and Consulate³⁶⁶.

maggiore va individuato nel mezzo impiegato per dare corso alla truffa"; author's interview to Mr. G. Russo, Commercial attaché at the Italian Consulate in Guangzhou, June 11th, 2008

³⁶⁶ "È del resto utile precisare, per meglio intendere i criteri di azione a monte delle decisioni prese dalle imprese italiane quando esse si rivolgano all'amministrazione pubblica, come molte volte la scelta a favore di una struttura in luogo di un'altra si debba alla circostanza tale

In addition, the relationship between the Consulate³⁶⁷ in Guangzhou and private Italian actors operating in Southern China experienced a second major barrier, which acts as a consideration for the scanty knowledge by the Italian firms of diversification in place at the cooperation offices. It is the reduced volume of available information at disposal of Consulate itself, Camera, Office and ICE, with regard to domestic companies in China.

The data in this area are significant; the number of Italian companies in Guangdong registered in UEFC database has grown between 2006 and 2008 by approximately fifty to two hundred and twenty. Among them, companies that have initiated contacts with the cooperation structures, pointing out to them their business on Chinese territory, corresponding to 60% of the total, while the rest of the information comes from cross-check of data available to the CCIC and ICE Office, from the analysis of economic news published, and other sources of technical publications such as industry reports, report draw up by law firms, research institutes, provincial and municipal Chinese offices and so on. Nevertheless there is a widespread belief among Italian officials that the actual number of companies in China is equal to two, three times as so far detected. Companies can be divided among the Guangzhou area, where fifty-nine companies operating in all, and Shenzhen,

struttura ha dato o meno accesso gratuito ai propri servizi. Il Consolato pertanto sovente beneficia di simile condizione mentre di converso CCIC ed Ufficio ICE scontano, presso un numero elevato di imprenditori italiani, la richiesta di denaro che il ricorso ai loro servizi comporta”; author’s interview to Mr. G. Russo, Commercial attaché at the Italian Consulate in Guangzhou, June 11th, 2008

³⁶⁷ “Tale difficoltà, sebbene venga ora richiamata per illustrare rapporto che intercorre fra amministrazione consolare ed imprese italiane nel Guangdong, non manca di interessare le altre strutture di cooperazione quando esse si rivolgano all’imprenditoria italiana attiva nella Provincia”; author’s interview to Mr. G. Russo Commercial attaché at the Italian Consulate in Guangzhou, June 11th, 2008

where companies amounted to thirty, Foshan, with seventeen companies, Dongguan and Zhongshan, ten, and Zhuhai, where Italian companies are six. Conversely the reasons why it is difficult to make a precise estimate of the members of the Italian business community in Guangdong are once again divided. It is above all the scanty emphasis given from business to public facilities, both whether these are operating in Italy or abroad, and the Italian vocation to act without giving any news of itself, believing that it would increase the chances of success of its investment by the exclusion of any, alleged interference.

Italian Companies and Prospects of Second Industrial Revolution in Guangdong

“The boldest move for China to open up its economy for foreign investment since 1992 has been its entrance into the WTO”³⁶⁸. The entry into WTO represents the second largest development opportunity for China since the reforms and sanctions actually the new role exercised in the economy, and policy, international, after the proof offered by the Chinese government during the Asian crisis at the end of the nineties. But to this new phase inaugurated in November 2001, which has affected the provincial economic planning from the last five years, or between 2001 and 2006, joins a further conviction: that Guangdong will be once again 'a step forward ', as Ezra Vogel wrote, on the rest of China even arrived, according to some, to complete its modernization³⁶⁹ for 2016, i.e. five years ahead of

³⁶⁸ Lai, H., op.cit., 2006

³⁶⁹ Referring to the definition offered by the Academy of Social Sciences, due to Niu Wenyuan, future modernization will correspond to “A level of economic development, social progress, living standard and sustainable development similar to that of a ‘medium-level developed country.’”; quoted by Cheng, J. Y. S., “Guangdong: The

predictions made by the National Social Sciences Association at adhesion to WTO.

From such relief is based, as underlined by ICE Office in Guangzhou that will not fail to express an underlying criticism³⁷⁰, the expectation expressed by the 'Office for Financial, Economic and Trade Cooperation of Consulate about a rapid development over the weight and geographical articulation of the Italian productive system in Southern China. This prediction moves by some changes in general occurring during the last two years and is based meanwhile on dynamics already under way, observed with other countries and industries rooted in Guangdong. In other words, the launch, since 2006, of rules in order to regulate the energy consumption and impact of industry on environment, proceeding to the unification of corporate tax, reducing tax incentives to export and finally start policies to support the work that from the first and uncertain wage demands at the end of the past century have led to adopt a new law³⁷¹, has prompted many companies to relocate their production in other places, where standards of social and environmental protection and market regulation are lower. Similar "flight", according to the expression adopted by someone, has affected the export-oriented companies, companies settled in Guangdong already at the beginning of dengist reforms, and traditional manufacturing, marked by reduced

Challenges of the WTO" in Cheng, J. Y. S., edited by, *Guangdong, Preparing for the WTO Challenge*, Hong Kong, 2003, p. 1

³⁷⁰ ITC Guangzhou office does not value positively the strategy pursued by many Italian enterprises in China. "For those enterprises internationalization is an empty word"; author's interview to Mr. P. Lemma, director of ITC Guangzhou office, May 10th, 2008

³⁷¹ Read on this topic the introductive analysis contained in an interview to Alberto Vettoretti, managing partner of Dezan Shira & Associates; www.ilsole24ore.com/art/SoleOnline4/Mondo/2008/06/fuga-dal-made-in-china_PRN.shtml

value-added and labour-intensive production³⁷². Overall, these companies can easily be brought to the so-called "China circle"³⁷³ that is the development trend which has promoted until all the nineties a strong regional economic integration between the province and investors of Hong Kong and Taiwan, marked by the dominance of mutual trust and cooperation forms on an individual basis³⁷⁴.

³⁷² "Si tratta in molta parte di imprese giunte da oltreconfine, ma risultano coinvolte le stesse aziende cinesi. Per tale motivo il governo, posto di fronte a fenomeni significativi di abbandono del territorio del Guangdong, come la chiusura di circa duecento calzaturifici nel distretto industriale di Dongguan pari ad un quarto del totale delle imprese dell'area, intende varare un provvedimento legislativo nel corso dell'estate con il quale accrescere dall'11 al 15% lo 'sconto' sull'Iva all'export di prodotti di abbigliamento e dall'11 al 13% quello sui tessuti. Dette misure, prescindendo da ogni considerazione sul loro esito, attestano comunque di un orientamento cauto da parte delle autorità coinvolte"; Vinciguerra, L, "Grande fuga dal 'Made in China'", *Il Sole24Ore*, June 10th, 2008

³⁷³ According to the definition by Barry Naughton, the China circle must be intended as the close economic association among the economies of the PRC, Hong and Taiwan. "The basis for the emergence of the China Circle was the success of Taiwan and Hong Kong in developing labour-intensive manufactured exports during the 1960s and 1970s, particularly to the US market. Both economies produced an enormous range of light, labour-intensive manufactures [...] This success had an important demonstration effect on China from the beginning of the reform era, because Chinese policy-makers observed their success and sought to emulate and repeat it through economic reform. The export success of Taiwan and Hong Kong began to have a much more direct effect on the mainland in the mid-1980s, when it began to drive a restructuring of East Asian production networks."; Naughton, B., *The Chinese Economy*, Cambridge, 2007, pp. 416-418

³⁷⁴ With individual or institutional trust, one can designate two different sources of social capital with a human organization, that is to say a complex of nets, that range from the family to the State, which supervise the way people give way to reciprocal connections and mutual exchanges of goods within the society. Individual and

If indeed elsewhere institutional trust, which moves from a steady legal order, a proper system of circulation of information and discipline of the bureaucracy and the community of professionals employed by market, ensures business development relationships and expanding of economy through the use of rules shared by all and inspired to a universal and legitimate reason, in China the private sector, which amounts to about two thirds of active firms, 80% of the employed workforce and over 50% of value-added produced, pays still in part for the transition from a planned economy and the separation not entirely accomplished by public and collective entrepreneurial. And then, in the same way, the business model promoted by those who have settled in Guangdong last two decades and is now are leaving the province because of a new regulatory code perceived as hostile to business, often reflects the defects and errors of a dull, fragmented and insecure system, which would be renewed only now as to allow the arrival, according to some, of the "Second Industrial Revolution"³⁷⁵.

Now, without adhering to the vision of those who fear the short-term effects of change in course or vice versa pointing to the transformation of one of the major manufacturing platforms in the world in a kind of Asian avant-garde production, it seems right identify in the phenomenon now mentioned elements both in favour and against the Italian interests, according to a perspective shared also by the Consulate. Two points of analysis, pointing to past and future of the area after the legislative progress made, may illustrate this perspective. First, the smaller scale of Cantonese firms and market fragmentation that marks,

institutional trust are also indicated, in association with the human and monetary capital as "forms of order" in a community; Redding, G., and Witt, M., *The Future of Chinese Capitalism, Choices and Changes*, Oxford, p. 20

³⁷⁵ Quotation of Harley Seyedin, president of the American Chamber of commerce in South China; Vinciguerra, L., "Grande fuga dal 'Made in China'", *Il Sole24Ore*, June 10th, 2008

according to tradition, the provincial economy offers good prospects for cooperation with Italy, encouraging, although steps in this direction have been taken only in the last years, a largest agreement between the parties dictated by the fact the Italian productive system shows similar characteristics of Southern China market, that is to say a large number of companies of similar size. On this front the meetings and sharing of information are numerous, where it is considered as one of the largest result in Chinese history the fact that the Government has not prepared nor encouraged the formation of autonomous structures, which can support over time, thus making safe and beneficial, exchange and signing of economic agreements between strangers, or between those who do not belong to the same clan or family.

This is reflected outside as well as within the company. If on the one hand the Chinese management structure³⁷⁶ has not allowed today the launch of any significant practice 'entrepreneurship' that is common work and confrontation between workers and managers to improve performance, organization and making innovation business, on the other hand, namely with regard to the establishment of districts or clusters, networks, groups and other aggregation strategies of enterprises in Guangdong, this is resolved either by the establishment by local administration of "'specialized town"³⁷⁷,

³⁷⁶ Chinese corporate culture normally contemplate four corporate organization criteria " Authoritarian control by a strong head; downward vertical communication; the gathering of control data to ensure predictability; and the employment of specialists to handle technology."; Redding, G, Witt, M., op. cit., p. 121

³⁷⁷ The "specialized towns" (ST) are defined and examined by a team of Italian economists, among which Marco Di Tommaso and Patrizio Bianchi. The ST model is also included by Gordon Redding e Michael Witt into the vast category of 'clan capitalism', that consists of "Strong local networks stretching across the political and economic domains. Here networks of alliance are formed, usually in a urban or regional context, between local officials, entrepreneurs, and often foreign

or the use of the network economy, concentrating in fact to the only individual connection, or guanxi, or to congregations under the state control³⁷⁸ the ability for companies to develop relationships with each other, chain economies, identify trajectories of growth and development ... The Italian contribution, which draws its value from the affirmation abroad of the entrepreneurial 'middle class' during the thirty years, and the complex and geographically diverse regional dynamics is then worthy of interest.

By contrast, a second direction taken by reforms is the conversion of Guangdong economy from "buyer's market for labour"³⁷⁹ in innovation economy, able to: get the most value from available resources, especially capital, human and technology resources, promote learning on a continuous basis and thus answer to rapid changes in economic scenario; and achieve from time to time through change of system or related to product, the competitive edge over others. The adoption of law on intellectual property in March 2007, attests the commitment made in that direction, or the aim at replace the forms of political and bureaucratic authority, logic of market in favour of a different competition linked to performance and therefore to the

partners bringing technical or market knowledge. The scale of such firms is usually larger than than in the SME networks, and they may well display more formality in procedures. These clan systems are the response to the opportunity of pulling together the underutilized local assets, the poorly invested state banking loan facilities, the local entrepreneurial skills, and the foreign know-how." ; *ibid.* p. 212

³⁷⁸ Compare on this point what has been reported into the Rapporto Unioncamere 2004, edited by the Istituto Tagliacarne, *Le piccole e medie imprese nell'economia italiana, Il ruolo dell'imprenditoria minore. Una analisi in prospettiva*, Milano, 2005

³⁷⁹ Quotation taken from Redding, G, Witt, M., *op.cit.*, p. 137. In such an economic framework every enterprise will act just like a productive department in a big integrated company, p. 145

technological leadership.³⁸⁰ But the picture of today fosters certain reservations on this point. 86% of patent applications in China are in fact owned by foreign companies, while the share of Chinese patents registered with the World Intellectual Property Organization (WIPO) is equal to 1.4%. So 90% of export relating to electronics and IT products comes from foreign companies that show reduced connections with the local supply chain. Beyond the protection of intellectual property is then arranged the use of selection of investments tools, both legislative and fiscal, designed to increase and raise the inflow of know-how in Guangdong in order to accelerate the shift to a later stage of economic growth, anyway forthcoming³⁸¹, which is based on high value added services and industry, launching meanwhile a privileged channel for cooperation with industries, research institutes, universities at international level that may ultimately contribute to the growth, strongly advocated by local authorities, of a domestic high-tech sector³⁸².

³⁸⁰ On the hypothesis of a 'necessary evolution' to be implemented as soon as possible Marco Bettin, Chief Representative of Unicredit in Guangzhou and the ICCG Guangzhou President remarks: «Non siamo di fronte a una fuga, ma a una selezione. Il nuovo quadro legislativo sta portando a un'espulsione naturale delle manifatture a basso valore aggiunto, ma al tempo stesso sta aprendo degli spazi per le aziende maggiormente innovative e tecnologiche»; www.ilsole24ore.com/art/SoleOnLine4/Mondo/2008/06/fuga-dal-made-in-china_PRN.shtml

³⁸¹ Cheng, J, Y., S., op.cit, pp. 5-31

³⁸² Today Guangdong industrial apparatus operate in a different way. Gordon Redding e Michael Witt reconstruct with great accuracy in several passages of their study, the mechanisms and drivers that oversee manufacturing activity in the PRC. "The usual way in which the networks function for export manufacturing is that a business owner will run a company specializing in a particular field – either an entire simple product at a low level of technology [...] or a component item or process fitting into the production chain for a more complex product. [...] To get the final product made requires much coordination within a web of connected companies, tight enough to ensure deadlines

Now, doubtless, this orientation is intended to hit Italian companies, that with reference to research and development (R&D) pay already for the failure of the link with universities and institutes, in Italy and abroad, and are located, according to the case, to innovate in ways deemed minor and marginal, or to renounce altogether to sectors where the scale and with it an adequate volume of investment in R&D is the first requirement for entry. But we have also to emphasize how the response, in this regard, formulated by the structures of economic cooperation and some Italian entrepreneurs in Guangdong is varied. Questioned on the circumstance for which the Italian firms are largely precluded the form of "happy mutualism" that a scholar such as Tarun Khanna forwards in the case of China and India, two were the interpretations of the problem and follow the solutions proposed.

It is noteworthy at first clarify the meaning assigned by Khanna to the expression now cited, where he states: "In using the term mutualism I mean to point to the very real possibility that China and India will in time learn to capitalize on each other's strengths and compensate for each other's weaknesses". What Khanna emphasizes is the complementary nature of Chinese and Indian economies, but beyond this first reading, which is based however on important additional factors in Sino-Indian case as

are met and quality controlled, but flexible enough to cope with changes in demand. These latter, as well as the design specifications, arrive into the web from intermediaries, usually trading houses, that handle the interface with the market and the global supply-chain logistics. The social capital being used in such structures is that of interpersonal trust, based on the ethics of reciprocity. It leads directly to efficiency in transaction costs, as connections within the web are managed with low formality. It also leads to high managerial concentration on meeting required standards, as owners ensure their own livelihoods by compliance. And it also delivers flexibility of response, as owners tend to work with multiple connections to avoid dependence on one customer or supplier."; Redding, G., and Witt, M., op. cit., p. 138

the return, almost simultaneously, on the global scene³⁸³ of both countries and the geography both physical and cultural that approaches them, he appealed specifically to a different "mindset" that puts on pair the members of the national business community by allowing them to identify new profit solutions through cooperation.

The author focuses in fact on the central importance that in this dynamic of growth of relations and trade have entrepreneurs, and whether in a first time turns its attention to those among them coming from developing countries, at last enlarges the reflection to all those who in these developing markets, are working. "Entrepreneurship in developing countries occurs in far more encompassing and far-reaching ways than in more developed settings for the simple reason that there is so much more that needs to be done. It is done so very differently too, in response to the different nuances and rhythms of the societies in question. So the subjects [...] are the usual business-school types of entrepreneurs, who start successful companies [...]. There are also political entrepreneurs figuring out ways to make good things happen within some difficult constraints, and social entrepreneurs applying their creativity to solve the seemingly intractable problems that are rampant everywhere in China and India"³⁸⁴. If then the case reported by Khanna with regard to the constitution, since 2000, of a series of Special Economic Zones dedicated to the development of hi-tech and software industry to Shanghai-Hangzhou-Nanjing with the competition, on intervention of Chinese government, of key Indian companies in

³⁸³ This element, that highlights China and India common fate in the last part nineteenth refers, on one hand, to the overcoming by both States of an underdeveloped condition, and on the other, it further develops the historical examination by Angus Maddison, who registered for China and India an ancient splendour, that is a period of economic global primacy; on this point see Khanna, T., *Billions of Entrepreneurs, How China and India Are Reshaping Their Futures and Yours*, Cambridge, 2007

³⁸⁴ See Khanna, T., op.cit.,p. 20

the sector, is reflected in relation to the work done since 2000 until today by the Ministry of Environment, through more than fifty-seven projects covered under the program of environmental cooperation, and in the now next Multi-regional Partnership Program which joined five Italian regions under the supervision of Italian Ministry of Foreign Affairs, remains to establish as is tackled, on the field, the close relationship that exists between the need on the one hand not to contradict the own way of taking and corporate culture that underpins, and on the other hand the need to answer to the challenges of globalization. It seems in fact is lacked, beyond the specified programs, an approach designed for small and medium size companies that can account for competitive pressures to which they are subjected in the international fragmentation of production, considering as the work of these companies merged into products and services to wider spread, making macro enterprises "special cases" in the market.

The first guideline expressed in this regard belongs to some of those who work to support the internationalization and exchanges between Italy and China, and comes out cutting to different organizations like the China Chamber of Commerce and the Italian Consulate. According to this approach to the problem, it is up to Italian companies now the 'market adjustment, which moves from taking cognizance that the firm as it works in Italy can not find suitable places for affirmation on Chinese soil, because of the different role attributed to political power as a partners and arbiter in the integration with foreign countries, and the form in which such integration takes place in South China. With reference to the first point is, though not explicitly, emphasized an institutional aspect related to Italy, where it says that the structures of economic cooperation have to maintain a privileged relationship with the centres of China's administration, Beijing and Shanghai among all, leaving aside *rebus sic stantibus* politically peripheral and disadvantaged areas. The limited tools available, the model of Chinese government, the historical legacy and not least the fact that Italian companies

of large size prefer Beijing and Shanghai and in particular they need public backing, concur to exclude Guangdong from the routes of cooperation except reserving for it a secondary position. In addition the area reveals a not cooperative attitude, also historical, towards foreign forces of production, excepting the basin of language and culture of the Diaspora. And even though today the Southern province knows an important development it, compared with the Zhejiang Delta, still displays obstacles and delays that as a result of which investors in Guangdong remain largely Asian and ethnic Chinese, or Japanese and Americans where there are two criteria for access to the local business community: culture and *guanxi* on the one hand, and scale of production for the other, and both can not be satisfied by stakeholders in the Italian economic system.

Similar perspective, nothing new, relies heavily on a wealth of studies and debates about a particular theme in particular the last phase in the evolution of national economic policy³⁸⁵ after the accession to the European Monetary Union (EMU)³⁸⁶, standing out from “a merciless process of Darwinian selection [that] has [...] cleaned out the top and bottom (but also, to some

³⁸⁵ “La discussione di questi temi appartiene tutta [...] all’ultimo decennio, gli anni novanta, come conseguenza di una ricerca di Michael Porter sul commercio mondiale, dalla quale balza fuori, [...] inopinatamente, un’Italia che si è conquistata, per tutta una serie di manufatti industriali, [...] solidi vantaggi competitivi, posizioni [...] di leadership [...] nell’interscambio mondiale. È a questo punto che il tema distretto industriale [...] entra di diritto nel dibattito macroeconomico.” taken from Becattini, G., “Dal ‘Miracolo economico’ al Made in Italy”, in Becattini, G., edited by, op.cit., 2007. Among the critical analyses regarding the Italian production model at the end of the Twentieth century, compare Onida, F. op.cit., and De Cecco, M., “Italy’s Dysfunctional Political Economy”, *West European Politics*, Vol. 30 No. 4, 2007, pp. 763-783

³⁸⁶ As a consequence of Italy’s accession to the Euro Zone, traditional policies based on competitive devaluation of Lira were abandoned, greatly affecting the national quotas on global export

extent, the middle) levels of Italian industry over the last decade"³⁸⁷. Similar vision reveals a set of transformation that would have, as a result of errors committed by government elites and leadership of big companies, confined Italy to a manufacturing enterprise scale and a commercial setting of the product considered at risk under today's economic context, and an organizational and social form of production detached from the dynamics of classic Ford-Taylorist industrialization, that makes pay for a reduced power of projection abroad a large part of national economic system. So what is suggested in the Guangdong case is a different emphasis on the firm production process, which reduces costs related to the traditional blend of creative, scientific-technical and practical thought³⁸⁸ at the origin of the range of goods manufactured, and leads to focus on the other FDI forms more onerous under a financial point of view that, however, guarantee through the exclusive control, instead of partnerships with local enterprises, an increased more significant internationalization, turned in one way to spread geographically stages of production benefits of direct contact and control of the local market abroad and the establishment of a local managers class, and on the other to take advantage by the more competitive factors of production. This is another way to invest in and for the Cantonese territory abandoning cautions that until now have marked Italian economic actors in China³⁸⁹. In this way the competitive advantage would be achieved elsewhere, taking account of how the Guangdong manufacturing

³⁸⁷ De Cecco, M., op. cit. p. 777

³⁸⁸ This expression has been used by Giacomo Becattini. The suggestion is to 'equilibrate' the competitive advantage by attributing less importance to productive diversification while increasing the effort to reduce the cost of some factors

³⁸⁹ A brief work on Italian companies investment policy in China can be found in Marafioti, E., Perretti, F., "La presenza delle imprese italiane in Cina: modalità di presenza e scelte di localizzazione" in Dematté, C., Perretti, F., *La sfida cinese, Rischi e opportunità per l'Italia*, Roma, 2005, pp. 211-228

hub by itself evolves gradually in access gate to domestic and regional market³⁹⁰, and is therefore, as buying area from and towards the rest of the world, manned downstream. The nature of investment reflects the strategic target pursued, and similar step would mark the adoption of forms of intervention with mid-and long-term prospects according to insider logic, or designed to develop tools and an organization qualified to serve so stable and efficient market.

Beside this idea, which from the gap with the economic governance mechanisms and processes of the Chinese market socialism, deduces the imperative for small and medium-sized Italian companies to actually increase their scale by investing less in the product, there is a different contribution, offered by certain Consulate officials, members of Italian and European business community in Guangdong, and by the ICE Office in Guangzhou.

The size, which is worthy to be observed with regard to what they argued, is not a unique trial parameter, but acquires different meaning depending on the company is part of a system that compensates for the limitations and constraints, or has abandoned the game competition across the board. It is not to generally promote the landing of the enterprise in "specialized townships", to the SEZ ... of Guangdong, undertaking a troubled and in most cases without success process of conjunction, but however to favour the growth of Italian enterprise in institutional contexts and production and commodities areas that in consideration of the economic geography of China, no less varied than the Italian even if larger, provide chances to survive and prosper. This can happen, in Guangdong province, in portions of territory where are greater the advantage margins resulting from incentives offered by local authorities, competitive factors of production, the less delay gained than

³⁹⁰ For the definition of productive "hub" and mercantile "gate" as it is referred to the division of the Chinese territory into five geographic *cluster* see Marafioti, E., Perretti, op. cit. p. 225 and 227

European, American or Asian competitors, and sometimes by the integration in a district that promotes learning and coordination on the ground ... against barriers to entry common to the rest of the province or even reduced. This is the case of Zhuhai Municipality, on the Southern West Delta of Pearl River to the border with the S.A.R. of Macao, indicated by many as area of great interest to the internationalization of Italian enterprises in Guangdong.

The case of Zhuhai City

Zhuhai has taken several years to grow after the takeoff of Guangzhou, Shenzhen and the Eastern shore of Delta that is to say only at the beginning of this century³⁹¹. The factors causing the failure to Zhuhai development in the past are linked above all to the local territory administration³⁹² and refer in a way to close constraints to investment from abroad, which reduced the flow of entering capital and know-how, and in the other a serious budgetary crisis occurred in 1993 which took nearly a decade to be overcome³⁹³. At such events was responded by initiating policies that recall the dynamics of "competitive liberalization" of the mid of the eighties, when the Chinese provinces requested to the central leadership to open its borders to foreign investment on the lines of what had happened along the coast³⁹⁴. At present such catching-up at provincial scale by

³⁹¹ He, C., "Regional Decentralisation and Location of Foreign Direct Investment in China", *Post-Communist Economies*, Vol. 18, N. 1, March 2006, pp. 33-50

³⁹² Interview to Liao Feiyan, Vice Director and General Secretary at the China Council for the Promotion of International Trade, Zhuhai branch; June 16th, 2008

³⁹³ Lai, H., *Reform and the Non-State Economy in China*, London, 2006

³⁹⁴ In order to analyze the *policy-making* process during the reform period, with particular regard to the national scale use of the *demonstration effect* leverage see Hongye Lai's consideration: "For any advocate of a new and bold policy, one of the priorities is to ensure its initial success. A good start could quiet vocal

the Municipality is connected to the guidelines of the plan adopted by the government of Guangdong and aimed to encourage in particular the development of logistics and distribution industry, and the high-tech progress in petrochemical, pharmaceutical and information technology.

With reference to the Province considered in its whole, between 2005 and 2006, industrial development continues to hold the primacy of growth on the total GDP, followed by services and agriculture³⁹⁵, taking into consideration the growth rates relating to the three main centres of Guangzhou, Shenzhen and Zhuhai, emerges as in this last area the increase in the secondary sector of GDP is higher by about 4,5 points than what noted in Guangzhou and Shenzhen. Overall GDP growth in Zhuhai in absolute terms amounted to 16.4 percentage points, only slightly less than the maximum reached in Shenzhen, or 16, 6³⁹⁶, while in per capita terms is twice than Guangzhou and Shenzhen. That

critics. More importantly, it could create a demonstration effect nationwide, encourage imitation or bandwagoning by other provincial leaders, and create a powerful trend of transplanting of the successful policy in other localities". Similar dynamic, once started, did not produced the expected results since the 'first-move advantages' experienced by Guangdong and Fujian provinces could not be reproduced. In other words, Guangdong and Fujian benefited from unique temporal advantages that were precluded to the rest of Chinese territory: "Dali Yang coherently argued that late liberalizers would lose in fiscal terms to early liberalizers and that as a result, all provinces would compete for liberalization when the choice was available. In a similar vein, early liberalizers enjoyed [...] more efficient economic institutions and could outperform the provinces that have not liberalized"; Lai, H., *Reform and Non-State Economy in China, The Political Economy of Liberalization Strategies*, London, 2006, p. 128 e p. 134-135

³⁹⁵ The data are taken from "Guangdong Profile", introductive report on the economy of the province of Guangdong that was prepared by ITC office in Guangzhou, www.ice.gov.it/estero2/canton/default.htm

³⁹⁶ As for the per capita income, one can observe that, still in 2005 and 2006, the growth rate in Guangzhou and Shenzhen was about 1.3 to 1.8 %, while in Zhuhai it reached 3.2%, that is almost two times the first one; Guangdong Statistical Yearbook, www.gdstats.gov.cn

favourable conjuncture reasons for certain, in part, good relations with the Italian cooperation structures in the area, since the Municipality has shown great interest in the actions taken by these structures. But such attention moves also from the need of Zhuhai to give an outlet to their production and supply of services against the advantage gained in the meantime by other centres of Guangdong which already have contacts and links across borders. The development strategy which provides for the establishment of new basic industries connected to port facilities also new, light industries in areas adjacent to the port and a new urban centre, where services are concentrated, has received interest among others by a medium Italian company that produces for the international market, LPR. Established in 1952 and based in Piacenza, LPR was inaugurated last May with a ceremony which was attended by Consulate, ICE and CICC, the first headquarters of the Chinese group, LPR Auto Parts, making a total investment of ten million Euros and covering an area of 49,000 sqm. The factory will be used about a thousand people and the production will be concentrated from the beginning on spare parts for cars and small commercial vehicles and hereafter also on hydraulic parts. Albeit in the context of an investment that seems to aim at reducing costs through the integration of articulated systems for stages of the production process and placed in geographic areas that have different comparative advantages, the choice of Zhuhai is significant because it is a dedicated to increase and enhance its know-how, and that considers independence its strategy of reference. According to the Lpr management only continuous and significant investments in research and development may result in the ability to control within the company itself the entire production cycle, improving every unabated phase, the mechanical packaging³⁹⁷. "The Lpr factory of Zhuhai" states then in a ICE press release "is one of the largest Italian investment in the Chinese province of Guangdong, already boasting big names of

³⁹⁷ For more information see www.lpr.it

our industry as Piaggio, Luxottica, Magneti Marelli, DeLonghi and SACMI." ³⁹⁸

Meanwhile it is to underline how the prospects for development of the Municipality have drawn originals, which make Zhuhai unique compared to the rest of the Province, above all in relation to the territory. Specifically, Zhuhai was the first Chinese city awarded the prize "Dubai International Award for Best Practices to Improve the Living Environment" in 1998, in recognition for the attention shown by the Municipal Government, since its founding in 1979, to principles and practices of sustainable development. "It could be said it is Zhuhai that first introduced environment-oriented policies in the urban planning and development processes in China", and in this regard was even coined the phrase "Zhuhai Practice" indicating a set of criteria and tools of territorial planning who chaired the conversion of a fishermen colony in a village for more than 1,332,000 people, "that provides its residents with supporting infrastructure, perfect ecological environment, good livelihood and coordinated development of economy, society and environment".³⁹⁹ This is compounded by the prospects offered by the tourism sector; Zhuhai in fact was mentioned among the ten favourite cities by European tourism in China and its Municipality includes an extended stretch of coastline and an archipelago made up of 146 islands, as well as renowned resorts and sporting attractions.

Overall similar factors, added to "potential trade" that made Zhuhai a Special Economic Zone, because next to, like Shenzhen, Macau and Hong Kong, get the Municipality near to Italy and areas related specifically to tourism, nature and territory, which caused a great part of the current growth and future of the Italian economic system.

³⁹⁸ ITC news service; www.ice.gov.it/estero2/canton/default.htm

³⁹⁹ For more information, see www.dubaiaward.ae/web/WinnersDetails.aspx?s=25&c046

It is understandable then as the search for alternative space for enterprise and 'minor' in the provincial economy or outside it can take place. This is confirmed yet in the case, mentioned by some, of Guangxi Province in Southern China's border with Guangdong and Vietnam where internationalization phenomena have led to an annual growth of industry in 2005 amounted to 19% by reason of legislative measures and gradually high costs of land, electricity ... in Guangdong and under the new routes that lead to Vietnamese production platforms. In general, the adoption among criteria for defining their business strategies, of the lines that demarcate the "States Region," under the formula suggested by Kenichi Ohmae at the beginning of the nineties, allows to operate with realistic approach and gradually. By accessing these natural economic zones, linked to many cyclical dynamics that get contact with local economies and global market, it is developed an "incremental region-based approach to market", that is to say a logic of action geographically circumscribed but accurate, and more proportionate to the instruments of which small and medium Italian firms may provide, by means of which seize and manage at regional level opportunities for profit.

Which option, among those indicated above, can finally be implemented by Italian companies in Guangdong is an aspect concerning the conditions from time to time detected. Anyway these are the guidelines of economic cooperation proposed by the structures under study, to which nevertheless a widespread change in the Italian business community attitude towards China have not so far followed up.

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