PORTRAIT OF THE REGIONS

VOLUME 3

PORTUGAL
SPAIN
ITALY
GREECE

eurostat
COMMISSION OF THE EUROPEAN COMMUNITIES
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Portrait of the regions

Foreword

'1992 marks the beginning
of a new era, the era of Maastricht,
and opens up the new horizons of
European union.'
*(J. Delors in a speech
to the European Parliament)*

'We are not
binding States together,
we are uniting people.'

(J. Monnet)

The approximately 180 regions which — in all their diversity — currently make up the European Economic Community must learn more about each other if they are to coexist more fruitfully, work together within a frontier-free area and evolve within a Union pledged to strengthening economic and social cohesion.

The aim of this *Portrait of the regions* is to enable each region to learn more about the economic and social situation of its Community partners. The regions of Europe are presented one by one, in an identical format, via maps, diagrams, statistical tables and textual commentaries on their area, regional strengths and weaknesses, population patterns and trends, employment, the economic fabric and the environment.

In this way, systematic coverage is given to all the regions of the Community; from those which have been part of the Community from its earliest days through to the five German *Länder* incorporated as a result of German unification; from major metropolitan regions such as Île-de-France, Greater London, the autonomous community of Madrid or Attica through to sparsely populated rural regions such as Epirus, the Alentejo or parts of Ireland; from the regions at the geographical heart of Europe through to those at its outermost edges, such as the Canary Islands, the Azores or the French overseas departments.

The *Portrait of the regions* was produced jointly by several Commission departments (the Directorate-General for Regional Policies, the Translation Service, the Office for Official Publications of the European Communities and Eurostat) on the one hand, and the Member States' national statistical institutes, often in conjunction with their regional departments and departments within other ministries, on the other.

This publication supplements the information on the Community's regions regularly presented in Eurostat's *Statistical yearbook on the regions* and in the Commission's 'Periodic report on the social and economic situation and development of the regions of the Community'. Its drafting and coordination was a mammoth task, for which all involved deserve sincere thanks.

H. Christophersen

B. Millan

This publication was produced with the collaboration of the national statistical institutes and with the active participation of numerous national and regional services.
Its contents do not necessarily reflect the official views of the institutions of the European Communities.

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Structure of the publication

Each region is presented in accordance with a uniform layout on six pages:

Page 1:
– topography, climate, special features (1)
– the region in relation to the Community (graph)
– strengths and weaknesses of the region (2)

Page 2:
– list of EC similar regions (3)
– imbalances within the region (4)

Page 3:
– population structure and trends (5)
– training and labour supply (6)

Page 4:
– employment (7)
– unemployment (8)

Page 5:
– economic structure (9)
– wage costs and incomes (10)

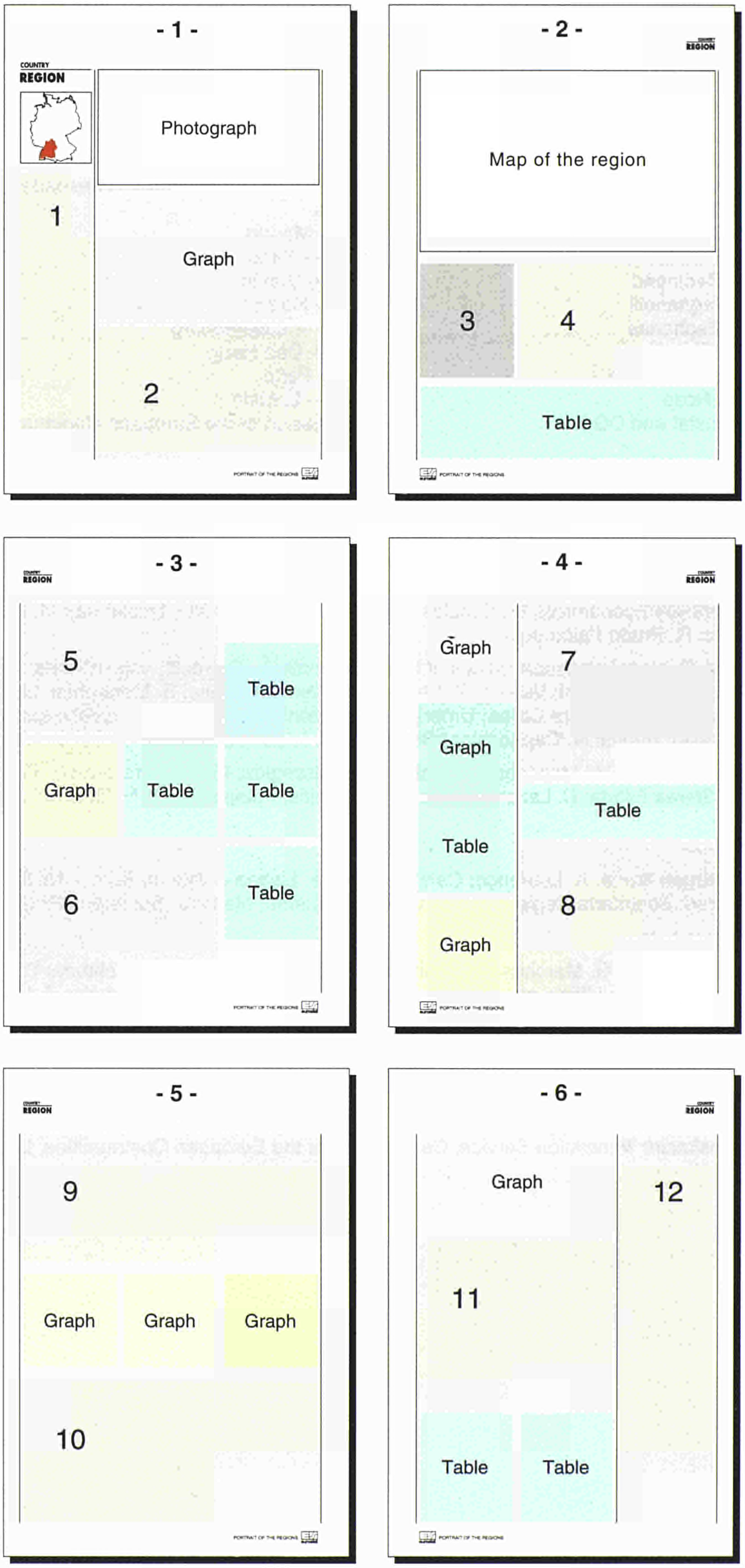
Page 6:
– agriculture, industry, services (11)
– main firms in the region (table)
– environment (12)

The regions are those classified at level 2 of the Community nomenclature of territorial units (NUTS, see p. 333). However,

– in the case of Belgium, Germany and the United Kingdom, the NUTS 1 regions are described on six pages, whereas the presentation of the NUTS 2 regions is limited to the first two pages of the uniform layout;

– the Greek regions are allocated four pages each.

Each country's regional portraits are preceded by a national page and end with explanatory notes and a bibliography. The legend for the regional maps is given on the last page of the publication.



The PORTRAIT OF THE REGIONS consists of three volumes

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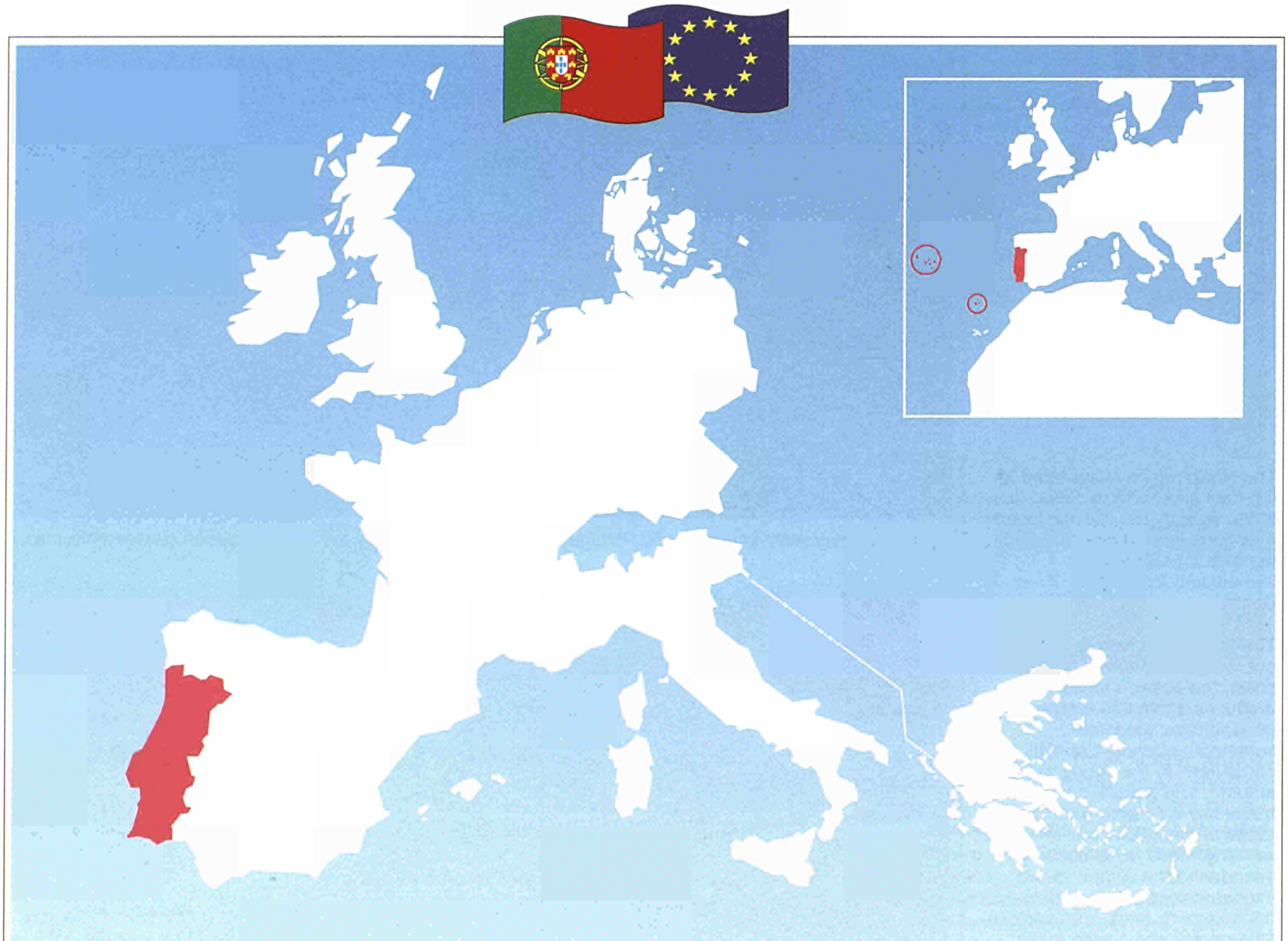
PORTUGAL



With an area of 91 987 km² and population of 9.8 million, Portugal comprises the territory in mainland Europe and the archipelagos of the Azores and Madeira.

The country's current administrative structure consists of two autonomous regions and 18 counties divided into 305 municipalities and 4 208 parishes. The NUTS regional breakdown (three level I units, seven level II units and 30 level III units), which is a geographical reference basis for economic information, has no relevance with regard to the territory's administrative system.

The municipality, by tradition, is responsible for the administration of public facilities and the construction of basic infrastructure. Currently, there is a growing trend towards extending its powers to the promotion of development, and especially local economic activities.

The parish has been granted only very few powers and functions, and these are almost exclusively limited to day-to-day administrative tasks and the construction and maintenance of certain types of infrastructure. However, in certain cases, municipalities have delegated to parishes responsibility for a significant range of tasks.

The mainland territory is still divided into 18 counties, which perform the functions of districts for local representation of the State. This territorial unit, however, will be abolished when the future administrative regions are created. Unlike the counties, these regions will have local authority status and bear responsibility for running public services and coordinating and supporting the activities of municipalities.

The Azores and Madeira island groups, by virtue of their special characteristics, form autonomous regions which differ fundamentally in political and administrative terms from the future mainland administrative regions. Indeed, whilst the former have legislative powers and their own government departments, the latter will only have administrative autonomy and exercise regulatory powers.

PORTUGAL

NORTE

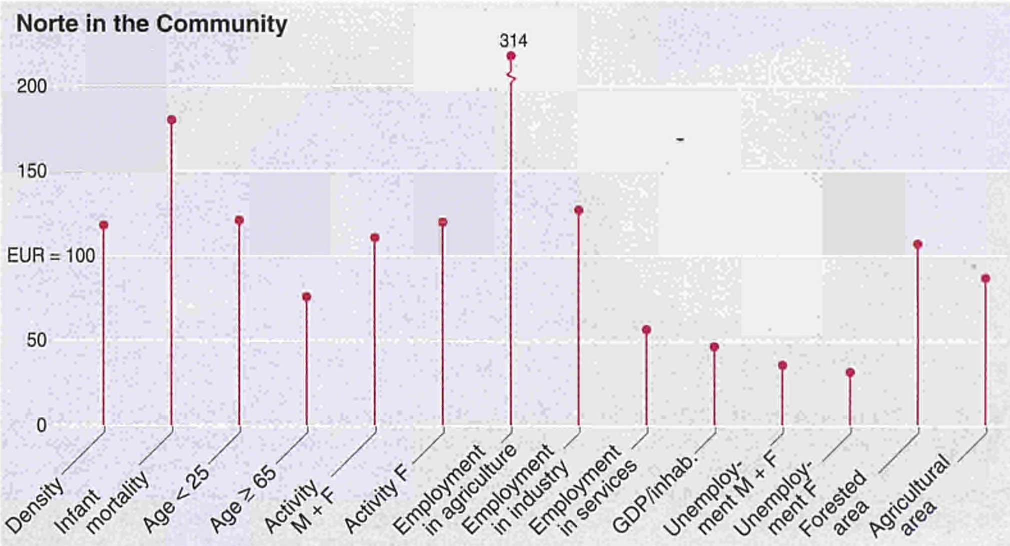
The North region is bounded to the east and north by Spain, and to the west by the Atlantic Ocean; it extends southwards to include the municipalities lying immediately beyond the River Douro.

The region's climate is temperate but far from uniform. On the coast, the ocean's influence produces agreeable temperatures (mild winters, moderate summers), abundant rainfall, particularly in the spring and autumn, and a pattern of frequently changing weather. A range of mountains prevents the westerly winds from reaching inland, and the climate of the interior is continental, with short, hot summers, long, hard winters, little rainfall and a wide mean annual temperature variation.

The north-west of the region contains some of the country's highest mountain areas, forming a natural amphitheatre open to the sea, with fertile valleys dominated by the wild Mediterranean pine. These mountains separate the north-west from the inland north, where the relief is less rugged, and where oak and chestnut predominate amongst the few trees of the rolling uplands.

The coast is easily accessible from Spain and from the south of the country. Communications in the interior are fewer and of poorer quality, although in recent years Community aid has permitted the construction of new motorways.

Oporto, the regional metropolis and Portugal's second city, is aiming to attract European service industries.



A young population and an abundant entrepreneurial spirit

One of the distinguishing features of the North region is the youthfulness of its population. It is one of Europe's youngest regions, offering enormous labour potential.

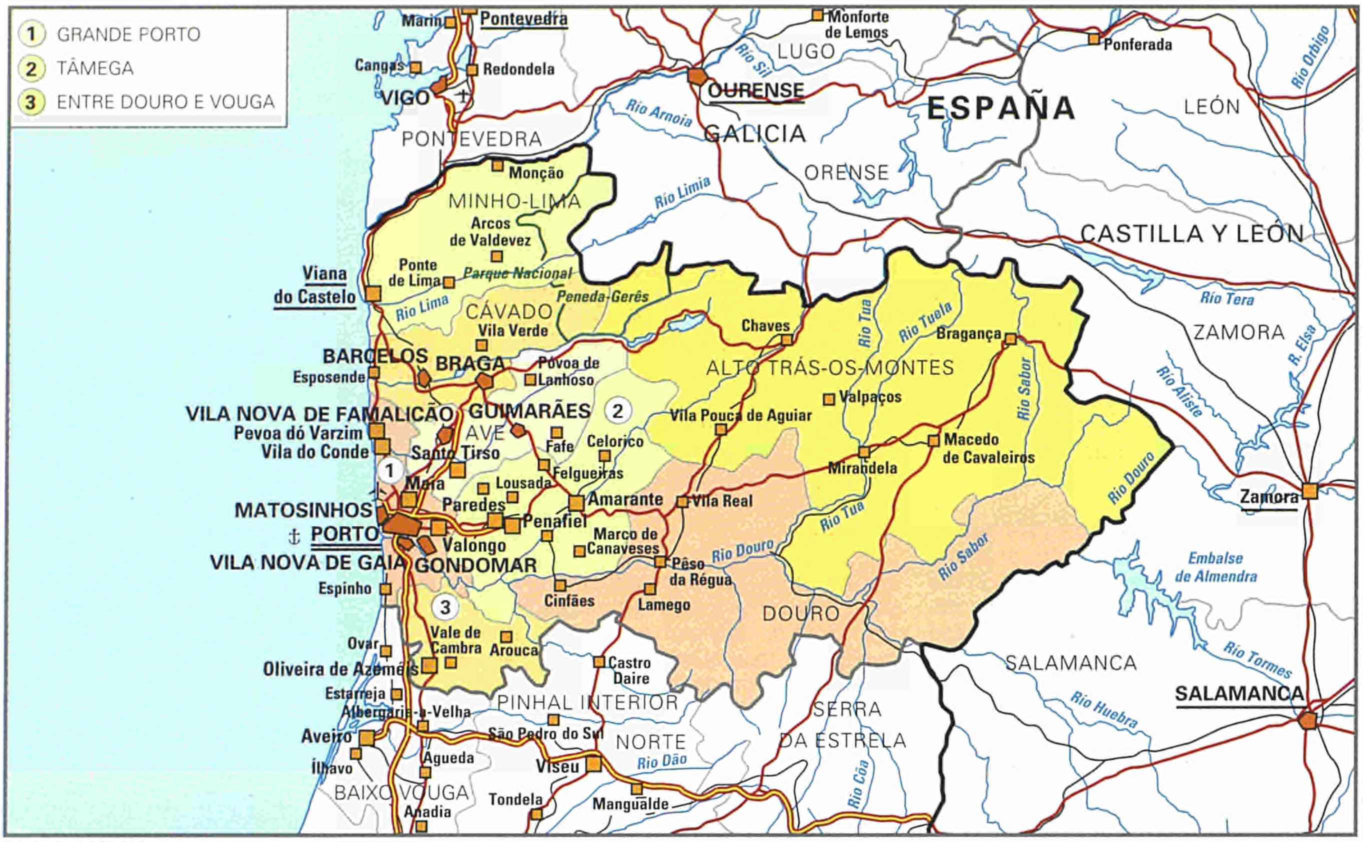
The region also has plenty of entrepreneurial spirit, which has given rise to regional specialization in traditional export-oriented industries — textiles, clothing, footwear, cork, furniture and light engineering. This range of industries has built up experience of export trading which is an undoubted asset with the prospects of modernization.

The region's tourist potential is inadequately recognized, but there is no doubting the variety and beauty of its scenery, its relatively unspoilt environment, its historical and cultural heritage, or its gastronomic reputation.

On the other hand, the problems of access, the effects of an inadequate system of transport and communications, take their toll on the expansion of markets and on the tourist industry. These problems should be overcome in the fairly near future, however, with the rising importance of the docks at Leixoes, the recent extension of Oporto airport, the construction of new motorways and the opening to navigation of the River Douro.

The concentration of industry in traditional sectors, and the low job-skills of the working population, are a weakness which can only be overcome by diversifying, by improving product quality and through job training.

The region's agriculture, based on small, highly fragmented holdings, is seriously threatened by Portugal's membership of the European Community.



Scale 1 : 2 000 000

Which EC regions are similar to the North?

Area:
21 000 km²
- Hessen (D)
- Wales (UK)

Population:
3.6 million inhabitants
150-200 inhabitants per km²
- Rheinland-Pfalz (D)
- Toscana (I)

Employment:
20-25% in agriculture
- Basilicata; Calabria (I)
- Castilla y León;
- Castilla-La Mancha (E)

more than 40% in industry
- Piemonte (I)
- Bayern (D)
- Navarra (E)

Contrasts between coastal and inland areas

The North can be divided into densely populated areas, areas specializing in traditional industries, and rural areas which development has left behind.

The Oporto conurbation enjoys the advantages of a metropolis, with far greater economic diversity. However, the city has problems of traffic congestion, with inevitable effects on the quality of life, and Oporto's public services and cultural facilities still fall short of what might be expected from the regional capital and the country's second city.

The areas specializing in traditional industry account for a high percentage of employment and of the value-added in Portugal's processing industries, principally in the textiles and clothing trades. With inadequate innovative potential, many of these industries' results are poor.

The less-developed rural areas, with a sparser and older population, are short of entrepreneurial vitality. Sources of income arising outside the local economy (social security allowances, remittances by migrant relatives, and some undeclared income) are of critical importance. The environment and the historical and cultural heritage of these rural areas allow them a tourist potential which is as yet largely unexploited.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Minho-Lima	2.2	249	113	−2.8	:	:	:	:	:	:
Cávado	1.2	351	293	7.0	:	:	:	:	:	:
Ave	1.2	458	382	6.3	:	:	:	:	:	:
Grande Porto	0.8	1 152	1 440	3.3	:	:	:	:	:	:
Tâmega	2.6	513	197	2.1	:	:	:	:	:	:
Entre Douro e Vouga	0.9	253	281	6.9	:	:	:	:	:	:
Douro	4.1	240	59	−8.0	:	:	:	:	:	:
Alto Trás-os-Montes	8.2	237	29	−12.9	:	:	:	:	:	:
Norte	21.3	3 453	162	1.5	60	3.1	24	42	34	47
Portugal	92.0	9 859	107	0.4	58	5.1	21	35	44	55
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

Portugal's population reservoir

The North is Portugal's most populous region, and accounts for one-third of Portugal's population. The population is far from evenly distributed, and densities along the coastline are substantially greater than inland.

The region's population has been growing at only a moderate rate since the 1950s, and the rate has been decelerating gradually.

The bulges towards the top and bottom of the age pyramid are moving upwards and this is having a moderating effect on the country's traditional north/south imbalance (the North has not only mainland Portugal's least aged population on average, but also its largest young population).

The general youthfulness of the North is not enough, however, to mask certain imbalances within the region's boundaries. The interior has a greater tendency to ageing at the top of the pyramid, the ageing being aggravated by a decline in the birth-rate.

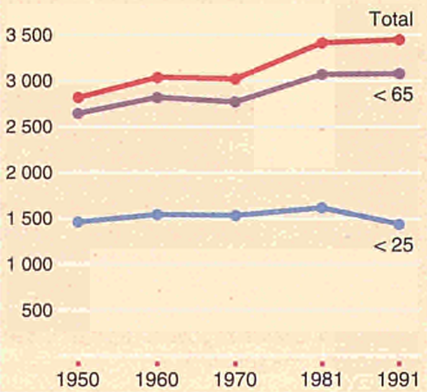
Although the birth-rate is tending to decrease, the region still has the country's highest rate and more children per family than any other region of mainland Portugal.

As for population movements, recent years have shown a distinct slowing down in the traditionally high emigration, and a continuing flow of migrants from the inland areas towards the coast and in particular towards the metropolitan area of Oporto.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	793.7	23.0	24.4	21.7
15-24	646.3	18.7	19.7	17.8
25-39	804.7	23.3	24.0	22.6
40-54	518.8	15.0	14.5	15.5
55-64	314.1	9.1	8.4	9.7
≥ 65	375.7	10.9	9.0	12.6
Total	3 453.3	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality

No data available

Demographic account — 1980-90
(1 000)

Population 1.1.1981	3 402.5
Births	527.2
Deaths	300.9
Net migration	– 175.4
Population 1.1.1991	3 453.4

Plentiful labour, but few skills

The North suffers from all the disadvantages of the Portuguese educational system: significant level of illiteracy, early opting-out of a school system whose minimum leaving age is already low, and undeveloped technical and vocational training.

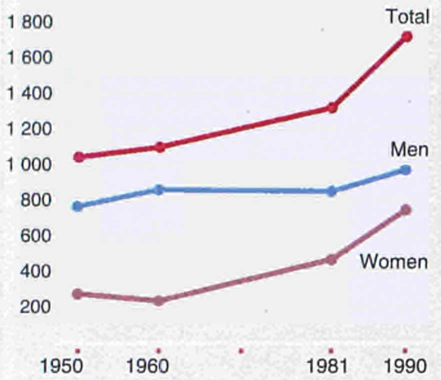
The plentiful existence of young, poorly qualified labour has as its corollary a shortage of better and well-qualified workers, with inevitable consequences for the modernization and diversification of the economy. Even in areas of wide diversification and entrepreneurial dynamism, like greater Oporto, the shortage of middle and senior management shows that there is a dangerous gap between the economy's need for structural change and the system's present capacity to supply staff suitably qualified to bring about that change.

There are, however, reasons to hope that the situation will change, because there has been a boom in higher education, and the ties have been strengthened between the vocational training system and the needs of the economy.

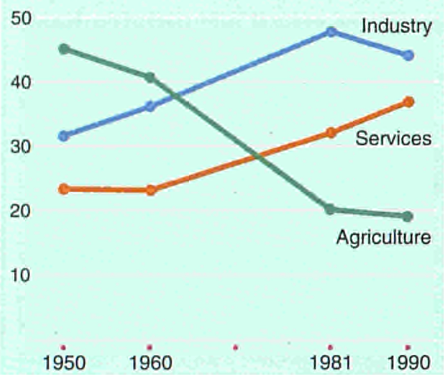
Number of pupils — 1988

	M + F 1 000	F %
Pre-school	32.4	48.9
Primary	313.6	47.7
Preparatory	147.4	47.7
Secondary	168.4	52.0
Secondary (technical)	2.9	30.5
Higher education	17.8	49.5
Total	682.5	48.8

Employment (1 000)



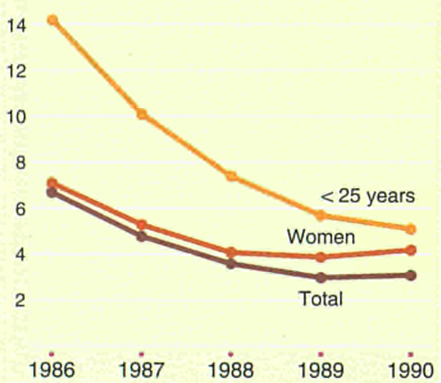
Employment structure (%)



Employment

No data available

Unemployment (%)



Industrial and services employment is concentrated in the Oporto region

Jobs are concentrated along the coastal strip, particularly in and around Oporto and, to a lesser extent, in the valleys of the Ave, Tâmega and Cávado and between the Douro and the Vouga: these areas account for 93% of the region's employment (1981 census data).

More than one-quarter of the region's workers are self-employed, most of them in one-man businesses.

Female employment is higher than the average for mainland Portugal. The North is Portugal's most industrial region.

It should also be noted that the region specializes in textiles, which account for some 19% of all regional employment.

There is a considerable incidence of multiple activity in the region, associated with the textiles industry or some other traditional industry. These industries are located mainly in areas dominated by subsistence family agriculture, which frequently provides an additional source of income for the family unit.

Employment is not evenly distributed by sector across the region. Inland and in the north-west, agriculture is predominant; industry is confined mainly to the coastal strip. Services sector employment is mainly located in and around Oporto, though on a rather smaller scale than in Lisbon.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1986	1990	1986	1990
Men	23	61	16	71	1	1	10	15
Women	28	60	12	67	4	4	14	16
Total	25	61	14	69	2	2	12	15

Unemployment: tomorrow's problem

Between 1986 and 1990 the total unemployment rate, which was already below the national and Community averages, fell by a further half and has been stable for the past two years.

Unemployment is essentially a problem for the young and for women. While the female unemployment curve has always followed that for total unemployment, it has remained steadily higher, and over the past two years the gap has tended to widen. For young persons the unemployment rate was substantially higher than the total rate in 1986, but the gap has since closed somewhat.

Future trends in unemployment will depend on the success of development strategy. Along the coastal strip, where most of the country's population is located, even without major gains in productivity, only moderate population growth may well result in surplus labour on the market, with consequences for either unemployment or for the emigration which has been a constant factor in the region's history. Recent textiles factory closures in the Ave Valley, which is currently undergoing restructuring and industrial reconversion with Community financial support, certainly point that way.

Specialization in traditional industries and an exporting tradition

The main vitality of the North region comes from its industry, which comprises a vast number of small and medium-sized businesses and more recently constituted industrial and financial groups.

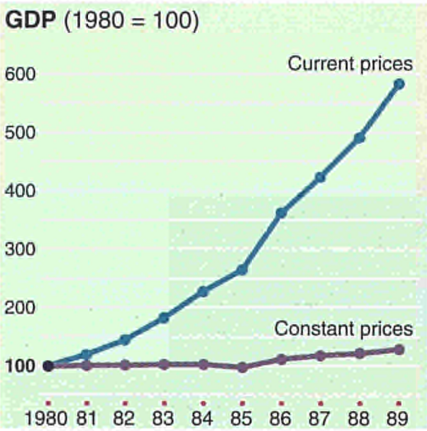
In many cases these businesses are very small indeed, suffering from organizational problems and are almost entirely dependent on spasmodic subcontracting work.

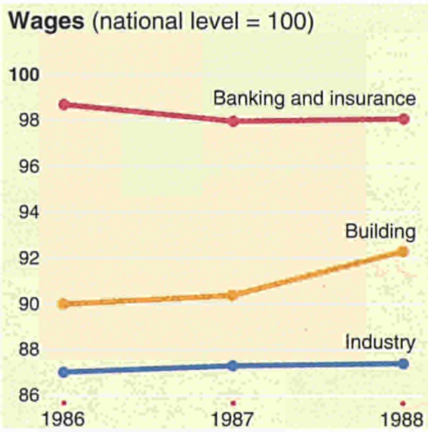
There is an excessive proportion of export-oriented industrial firms, and particularly companies whose products are competing on a shrinking world market with the products of the newly industrialized countries and in future may have to compete with those of Eastern Europe. In 1989 Oporto customs handled 41% of the country's imports and 66% of its exports by value.

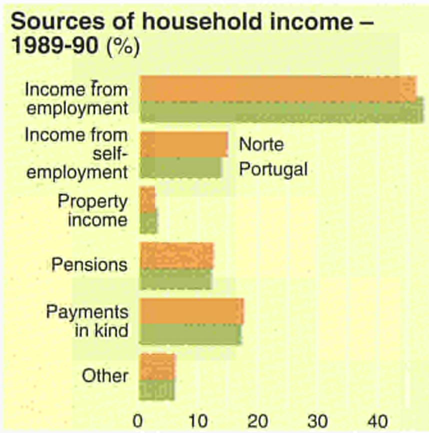
Most businesses are in commerce (46%), processing industries (20%) and building and civil engineering (12%). More than a third are located in Greater Oporto. Textiles have already been mentioned: together with clothing and the leather trade they account for 38% of the entire processing industry sector. Next come the timber and cork trades (22%) and light engineering (17.5%).

Apart from traditional industries, Greater Oporto is home to the graphic arts, the chemical industry, the information industries and the electrical equipment trade.

Although the traditional industries have created many jobs, they are essentially founded on low real wage costs. In such industries a high number of women and young persons are employed: they enter the labour market young, for jobs which require few skills and are usually associated with a deliberate family strategy of multiple employment.







Low incomes consistent with cheap and plentiful labour

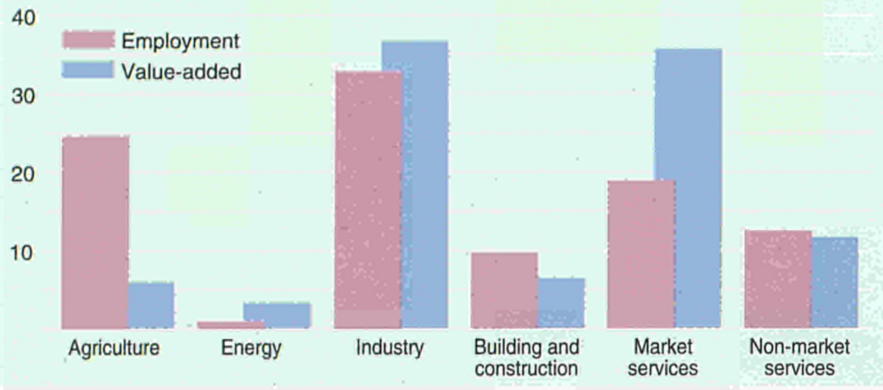
The region's economy is built around a plentiful supply of cheap labour. Overlaid on an economic structure which is even today dominated by small agriculture, industry can exploit the vulnerability of a family income from farming, and can operate profitably on the basis of a low payroll. It is hardly surprising, therefore, that average monthly income by activity in the region is lower than the mainland national average in every branch except agriculture and forestry, and electricity, gas and water supply.

The levels of comfort and equipment in the average home (running water, sanitary installations, domestic appliances) are generally below the mainland Portuguese average.

The pattern of consumer expenditure by households shows substantial spending on basic consumer items, with food, beverages and tobacco representing 39% of the total. Expenditure on housing, water and electricity, transport and communications and clothing and footwear also represents significant percentages, and all of these except transport account for a greater share of the family budget than the mainland average. Spending on health, education, the arts and entertainment is below average.

A less direct indicator of family income is holidays. 80% of families in mainland Portugal claim not to go on holiday; but in the North the figure is even higher (86%).

Employment and value-added: distribution by branch – 1986 (%)



Productivity: the heart of the matter

The industry and services sectors are of equal importance in the region. Commerce is the leading services sector branch, and banking and insurance, transport and communications services some considerable way behind.

The industry sector is led by the textiles and clothing trades, followed by construction. Within the textiles industry, the North region generates three-quarters of mainland Portugal's value-added. Tanning and leather goods, and timber and cork likewise account for more than half of the mainland Portuguese value-added contributed by these industries.

Agriculture is by far the principal component of the primary sector, with cereal, fodder crops and wine the main crops. Port wine is of particular importance not only for its amply deserved worldwide reputation, but for its contribution to exports. The wine is produced on the slopes of the upper Douro, and bottled and sold from Greater Oporto.

In terms of productivity (value-added per employee) the North is placed last of the Portuguese regions. Only in non-market services does the North's productivity reach the mainland Portuguese average.

Agriculture

Number of holdings	404 861
Labour force	668 121 AWU
Agricultural area	1 040 000 ha
Livestock	367 000 LU
Gross value-added	:

Main enterprises

Name		Activity
Soares Da Costa SA	> 2 500	Building and public works
Banco Português do Atlântico SA	> 2 500	Banking and finance
Banco Borges & Irmão SA	> 2 500	Banking and finance
Serviço de Transportes Colectivos do Porto	> 2 500	Urban transport
União de Bancos Portugueses SA	> 2 500	Banking and finance
Riopele SA	> 2 500	Textiles
Têxtil Manuel Gonçalves SA	> 2 500	Textiles
Coelima SA	> 2 500	Embroidery
Salvador Caetano SA	> 2 500	Car manufacturing
Mota & Ca. SA	> 2 500	Building and public works

Some pollution, but an essentially well-preserved environment

Two principal factors contribute to the environment of the North: industrial development still behind the rest of Europe, with correspondingly less harmful effects on the environment, but at the same time less awareness of urban planning and environmental protection, which are only now beginning to be considered important.

Air pollution varies according to the degree of urbanization and industrialization, with problems in districts where stone — particularly granite — are quarried, but levels are not a cause for concern.

Inadequate treatment of urban and industrial effluent causes some pollution of inland water (only 5% of the population is served by sewage plants).

Large-scale pollution by industrial effluents is caused by the cellulose, textiles and chemical industries, and pollution on a more local scale by tanneries and distilleries. It is beyond any doubt that environmental pollution is worst in the most heavily industrialized areas. The Ave Valley, for example, is home to the food and drink industries, textiles, cellulose and engineering, and suffers accordingly.

Water quality is generally acceptable, but there are critical cases of rivers flowing through densely populated areas near the coast, which receive large quantities of pollution, including raw or inadequately treated urban and industrial sewage.

PORTUGAL

CENTRO

The Centre region comprises 78 municipalities belonging to the counties of Aveiro, Castelo Branco, Coimbra, Guarda, Leiria, Santarém and Viseu.

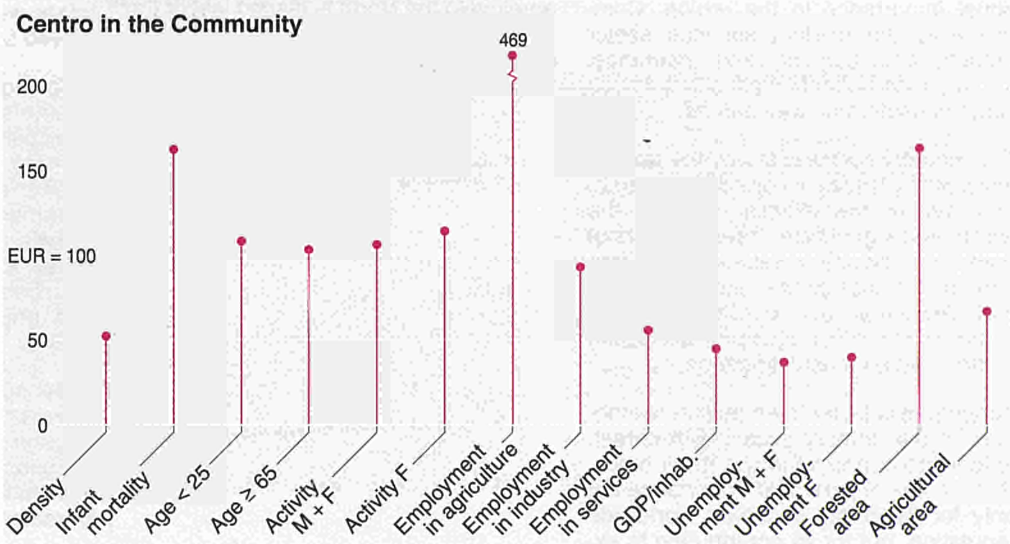
The region is crossed by the country's most important mountain range, the Serra da Estrela, which rises to an altitude of 1 991 m. Its western side, bordered by the Atlantic Ocean, has a fairly even terrain occasionally interrupted by limestone outcrops. There are two very distinct geological zones: the coastal strip consisting of sedimentary rocks, and the old massif in which schists and granites predominate.

The annual mean temperature fluctuates around 16°C. Rainfall is uneven over the year, with the highest precipitation in the most mountainous regions of the interior, sometimes in the form of snow.

Water resources are abundant since this region benefits from six hydrological basins. Nevertheless, these resources are rapidly drained by the coastal region because of the lack of sufficient water retention facilities in the interior zones.

The region's forestry area represents about one-third of the national total, the most representative species being the wild pine and the eucalyptus. Other species include the oak, chestnut, cork oak and holm oak.

The region has the greatest forest area in the country and therefore benefits from the forest resources, an important development factor.



An exceptional geographical location

The Centre region's potential in some fields is such that the future can be faced with optimism:

– its geographical location half-way between the country's two main urban centres (Lisbon and Oporto), its easy access to the rest of Europe via the frontier at Vilar Formoso and the availability of two seaports for shipping its various products (Aveiro and Figueira da Foz);

– its large forest area with a range of potential uses, together with other natural resources, such as the rivers, the sea and mineral and spa waters;

– the availability of large-scale educational and vocational training facilities, and in particular the University of Coimbra, which offers the full range of courses in its faculties;

– a historical and cultural heritage and tourist amenities generally in association with the long beaches along this region's coastline.

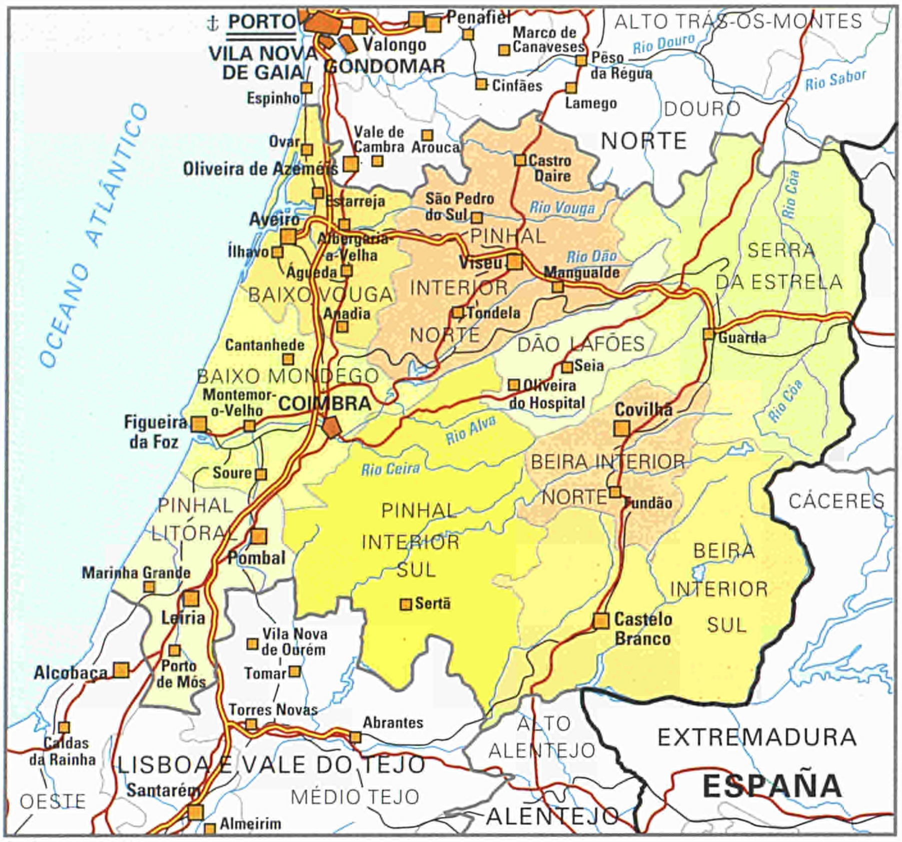
None the less, there are obstacles to development which need to be overcome urgently:

– the lack of an internal road network satisfying environmental needs and enabling goods to be transported easily to other regions;

– the extremely high risk of forest fires, which have destroyed a large part of the region's woodlands;

– a shortage of skilled labour, especially in certain areas;

– an ageing population in rural areas, which are gradually being abandoned.



Scale 1 : 2 000 000

Which EC regions are similar to the Centre?

Area:
24 000 km²
  Lombardia; Sardegna (I)
  South-West (UK)
  Lorraine (F)

Population:
1.8 million inhabitants
less than 100 inhabitants per km²
  Picardie (F)
  Kentriki Makedonia (GR)

Employment:
20-25% in agriculture
± 30% in industry
  Castilla y León (E)
  Basilicata; Calabria (I)

Land use:
± 40% forest
  Hessen; Rheinland-Pfalz (D)
  Toscana (I)

Imbalance between the coastal and interior areas

The Centre region is characterized by a deep divide between the coastal strip, with its ever-increasing population and large-scale industrial activity, and the interior, which is gradually losing its population and living mainly from farming and forestry activities. The coastal region is in fact where the main industrial areas are situated: around the townships of Aveiro and Leiria. Low productivity farming activities predominate in the region's interior, and this has led to a gradual depopulation of rural areas. Nevertheless, in the past few years, there has been an upsurge in industrial development in certain areas (Castelo Branco, Viseu) which would suggest a break with the past. Such an upsurge in development is no doubt partly related to a significant improvement in the national road system.

Coimbra specializes in services activities as a corollary of its important role in education, health, administration of justice and other political and administrative functions.

The non-stop exodus from the countryside has led to an expansion of the Centre region's coastal strip and an increase in the population of the main urban centres of the region's interior (Castelo Branco, Guarda, Viseu).

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Baixo Vouga	1.8	351	195	4.5	:	:	:	:	:	:
Baixo Mondego	2.1	329	157	−0.2	:	:	:	:	:	:
Pinhal Litoral	1.7	223	131	3.5	:	:	:	:	:	:
Pinhal Interior Norte	2.6	140	54	−8.0	:	:	:	:	:	:
Pinhal Interior Sul	1.9	51	27	−15.7	:	:	:	:	:	:
Dâo Lafôes	3.5	282	81	−4.3	:	:	:	:	:	:
Serra da Estrela	0.9	54	60	−5.1	:	:	:	:	:	:
Beira Interior Norte	4.1	119	29	−8.8	:	:	:	:	:	:
Beira Interior Sul	3.7	81	22	−5.7	:	:	:	:	:	:
Cova da Beira	1.4	93	67	−6.6	:	:	:	:	:	:
Centro	23.7	1 723	73	−2.2	57	3.1	36	31	33	45
Portugal	92.0	9 859	107	0.4	58	5.1	21	35	44	55
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

More people moving to the coast

The population is about 18% of the total for mainland Portugal, which represents a further decline (24% in 1950, 20% in 1970 and 19% in 1981).

The present situation is summed up by the following factors:

– a build-up of the population on the coast as a result of the exodus from the countryside;

– an ageing of the population, especially inland (15% of the population is over 65);

– a non-stop increase in urban expansion, which is still much slower than in the country as a whole;

– a halting of the emigration which characterized the 1960s and early 1970s.

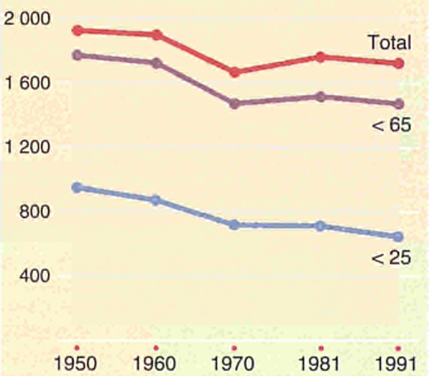
Recent population trends for this region can be divided into three separate periods. The first, up to 1973, was characterized by large-scale emigration (about 30% of official emigration from mainland Portugal in the 1960s was from this region). From 1973 to 1981 the population increased by about 8% partly owing to the return of Portuguese nationals from the former colonies. Since 1981 the population figures have stagnated somewhat, although there have been considerable population movements within the region resulting in the build-up of the Centre region's coastal population.

The demographic problem facing this region is connected with the inability to get people, especially the young, to settle in the inland areas.

Population by age — 1989

	M + F 1 000	M + F %	M %	F %
< 15	348.6	20.2	21.6	19.0
15-24	284.8	16.5	17.5	15.7
25-39	370.3	21.5	22.5	20.5
40-54	269.6	15.6	15.1	16.1
55-64	187.0	10.9	10.2	11.4
≥ 65	263.1	15.3	13.2	17.2
Total	1 723.2	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality

No data available

Demographic account — 1980-90 (1 000)

Population 1.1.1981	1 761.3
Births	221.8
Deaths	196.7
Net migration	– 63.2
Population 1.1.1991	1 723.2

Impressive educational facilities

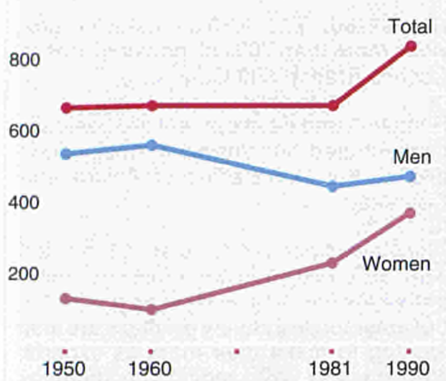
Higher education is provided by two types of institutions: universities and polytechnic institutes. In the Centre region there are four universities (Coimbra, Aveiro, Viseu and Covilha) and five polytechnic institutes, which provide the most varied courses (engineering, medicine, law, literature, economics and business studies, educational sciences, psychology, agriculture, etc.). Overall, higher education caters for about 31 000 students in this region.

Vocational and technical training are also available. The region has 16 technical courses provided by 42 secondary schools and attended by about 4 300 pupils. Vocational training, which is provided by 16 schools attended by about 1 100 students, is the responsibility of the Institute of Employment and Vocational Training, which prepares highly varied programmes and which in 1990 awarded 1 905 certificates in the following subjects: agri-foodstuffs, electronics, informatics, mechanical engineering and various services.

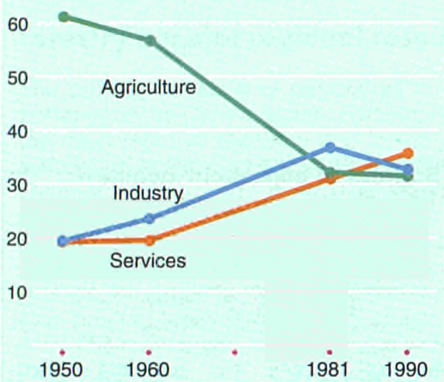
Number of pupils — 1988

	M + F 1 000	F %
Pre-school	20.0	48.8
Primary	134.9	47.4
Preparatory	65.1	47.7
Secondary	97.8	51.5
Secondary (technical)	2.5	26.2
Higher education	21.6	53.7
Total	341.9	49.0

Employment (1 000)



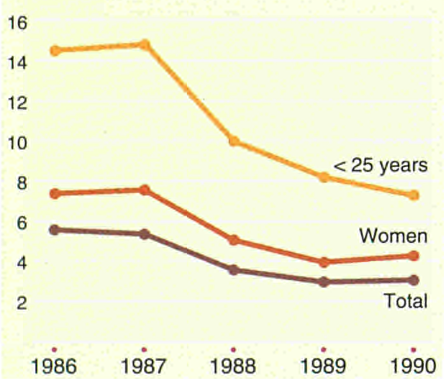
Employment structure (%)



Employment

No data available

Unemployment (%)



Strong presence of farm labour

In 1970 the sectoral distribution was as follows: 46% of the work-force was employed in agriculture, 28% in industry and 27% in the services sector. Despite the constant transfer of workers from agriculture to industry and the services sector, there is still a strong presence in agriculture and a certain weakness in the services sector.

As far as employment in the processing industry is concerned, the following should be noted:

– the main industries for manpower levels are the textiles and clothing industry, ceramics, mechanical engineering and food and beverages;

– industrial employment is concentrated along the coast but there is little specialization.

Guarda and Castelo Branco counties are highly dependent on the textiles industry.

With regard to job skills, compared with the national total, the situation is as follows for the Centre region:

– there are few senior management staff (2.8%);

– the working population has low educational qualifications;

– semi- or non-skilled workers make up a high percentage of the work-force (32.3%).

Moreover, the situation worsens with increasing distance from the coast towards the region's interior.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1986	1990	1986	1990
Men	17	64	20	64	1	1	9	11
Women	16	65	19	49	6	4	11	18
Total	17	64	19	58	3	2	10	14

Low unemployment mostly affecting young people

Over the past few years, as in the rest of the country, the Centre region has registered a sharp fall in the unemployment rate.

Unemployment especially affects women and young people seeking their first job more than others and it tends to be long-term.

The low unemployment rate in this region, as in the rest of the country, can largely be explained by the injection of Community funds which have been used to provide a large number of temporary jobs, especially for young people.

The private sector undergoing major change

The economic structure can be generally described by fairly low productivity levels and labour costs below the national average.

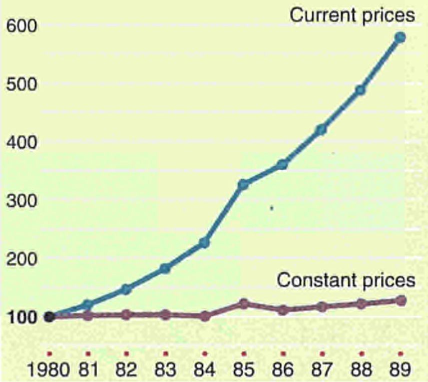
The primary sector's strong point is forestry production (36% of national total). In agriculture, farms are small and highly fragmented (between seven and eight tracts per farm). Livestock farming is important, especially beef and milk. Fishing activities should not be forgotten since the region contributes about 20% of the total value of fish landed in Portugal.

The region's processing industry has a considerable geographical concentration since 61% of companies are located in the region's coastal strip, and these account for 77% of value-added and over 90% of investment. The industrial structure is largely based on the processing of basic materials for the agri-foodstuffs industry, forestry (timber and pulp) and non-metallic minerals industry (for cement and pottery-making) and on the utilization of cheap labour (textiles, clothing, leather). However, less traditional industries associated with the automobile, electronics and mechanical engineering sectors, etc. are beginning to make their presence felt. Cooperation agreements are being established between companies, including those developed in the regions of Agueda (in the mechanical engineering industry) and Marinha Grande (in mould-making for the plastics sector). The main industrial centres inland are very highly specialized. The textiles industry provides more than 70% of industrial jobs in Castelo Branco and Guarda.

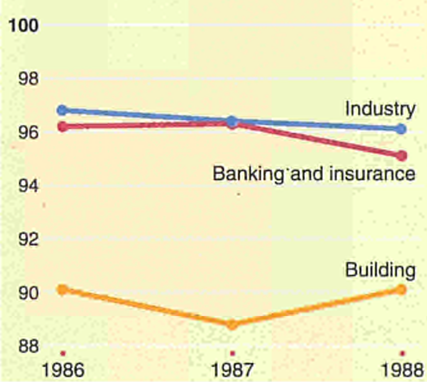
Research and development are basically concentrated in university institutions and at the Universities of Aveiro and Coimbra.

The main export products are associated with the forestry and non-metallic mineral industries (ceramic and glass products), but automobile industry products are also starting to make their mark as exports. Nevertheless, the region's companies provide support in meeting the internal market's requirements.

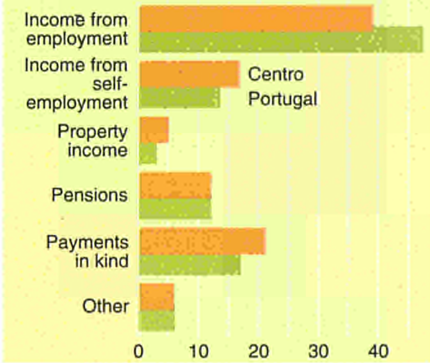
GDP (1980 = 100)



Wages (national level = 100)



Sources of household income – 1989-90 (%)



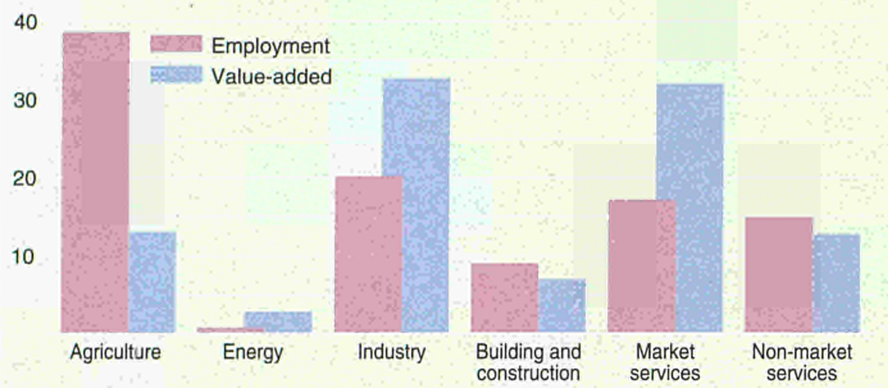
Payroll costs below the national average

Wages and salaries are on average about 88% of national rates. The only exception is the agriculture, forestry and fishing sector, where they exceed national levels.

In spite of the halt to the large-scale migratory movements of the 1960s and 1970s, migrants' remittances are still an important item in this region's income since they are estimated to account for approximately 20% of disposable income (about double the assumed value of migrants' remittances to mainland Portugal).

Finally, mention should be made of the importance of agriculture as a supplement to industrial employment in various parts of this region. Indeed, the income derived from part-time work in family-based subsistence farming makes up for the low wages earned in the region's industry and helps to explain this level of agricultural activity.

Employment and value-added: distribution by branch – 1986 (%)



Forestry a major regional resource

The primary sector is of paramount importance to the Centre region. Forestry is the main regional resource and forestry production represents about 36% of the national total. The main woodland species are the wild pine and the eucalyptus, an increasingly large area of the region being planted with this latter species. Crop and animal production are also present, mainly along the coastal strip. The main problems associated with these activities are caused by the smallness of the family-based farms, the lack of mechanization, and shortage of young farmers.

The main points regarding industry are the following:

– the strong presence of traditional industries (textiles and clothing, pottery, foodstuffs and beverages), lacking in technological development, using labour-intensive processes because wages are low;

– the low level of processing of forestry products since the main user is the pulping industry, which is well represented in the region and supplies its products to the paper industry;

– industrial units are concentrated along the coastal strip, especially in the counties of Aveiro and Leiria; nevertheless, important industry centres are beginning to emerge further inland (in Castelo Branco and Viseu), thanks largely to the efforts of local authorities.

There is a concentration of services in Coimbra county providing facilities for health, education, the administration of justice, etc. Tourism also plays an important role, despite the inadequate infrastructure.

Agriculture

Number of holdings	151 793
Labour force	193 799 AWU
Agricultural area	886 000 ha
Livestock	185 000 LU
Gross value-added	:

Main enterprises

Name	Employees	Activity
Ranhaconstroi, LDA	> 800	Construction
Visabeira, LDA	> 800	Specialized construction work
Fiação Estrela de Seia, LDA	> 800	Spinning, textile weaving
Sanebeira, LDA	> 800	Specialized construction work
F. Ramada, SA	> 800	Cold rolling and drawing of iron and steel
Fábricas Triunfo, SA	> 800	Manufacture of biscuits
Severo de Carvalho, SA	> 800	Building and public works
Sociedade da Água do Luso, SA	> 800	Mineral waters
Celulose da Beira Industrial (CELBI), SA	> 800	Manufacture of paper
Lacticoop	> 800	Manufacture of dairy products

Region of contrasts between the mountains and the sea

The Centre region is full of contrasts in its scenery. Inland, we find Portugal's highest mountains (in the Serra de Estrela range, the only place in the country where winter sports are practised), various watercourses and reservoirs, as well as extensive woodlands; along the coast, the landscape is characterized by vast beaches and estuaries. The region also has other natural resources (mineral and medicinal waters, and several spas), and fine limestone caves situated within the chalk hills. There is plenty of opportunity for hunting and fishing in this region.

The region's forestry resources have been seriously affected in the past few years by forest fires, with catastrophic results because of the lack of forestry organization. One of the consequences of these disasters is the increasing trend to plant the eucalyptus, which grows quickly and is now the predominant species in new plantations.

There are no problems of air quality except in some highly restricted industrial zones (Estarreja, Leirosa, Cacia, Souselas). The quality of the water, especially the sea water, explains why so many beaches in this region have been awarded the European Community's 'blue flag'.

The population's basic needs (water supply, refuse collection, a sewerage system and electricity supply) have gradually been met and a highly satisfactory situation achieved thanks to the efforts of the municipalities and contributions from the Community's regional development fund.

The Centre's historical and cultural heritage is vast and highly varied (the University of Coimbra, the Roman remains of Conimbriga and the Monastery of Batalha). The conditions are also right for the expansion of tourism in the rural environment, with the availability of tourist accommodation and various rural and agricultural tourist attractions.

PORTUGAL

LISBOA E VALE DO TEJO

A mainly coastal region, occupying an area of 13 184 km^2, Lisbon and the Tagus Valley comprises 51 municipalities grouped into five subregions (West, Greater Lisbon, Setúbal peninsula, Central Tagus and Lower Tagus).

The climate is generally temperate (average temperatures range from 11 to 23°C), with moderate rainfall, mild winters and hot, dry summers, and a maritime influence in the subregions of Greater Lisbon, the West and the Setúbal peninsula.

The area is virtually flat with low hills, except in the West with its varied landscape of coastal plateaux cut by deep valleys, sandy shorelines, cliffs and limestone escarpments.

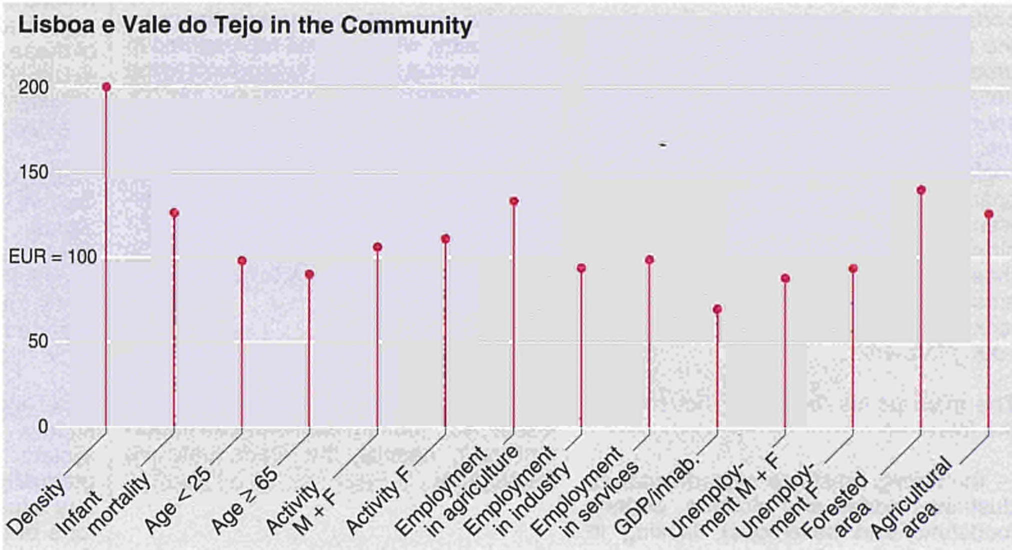
The terrain is generally fertile and highly suited to farming, the less fertile areas being more suitable for forestry use.

The region's main natural resources are limestone deposits for industrial and decorative applications, clay, special white sand, rock salt and mineral and table waters.

The main water resources are the Tagus, Sorraia, Alviela, Rio Maior, Zézere, Almonde and Nabão rivers.

Forests are largely of the coniferous type.

Lisbon, the centre for political and economic decision-making, and the Tagus Valley, with its economic diversity, give the region its identity.



Decision-making centre with uneven growth

Certain features of the Lisbon and Tagus Valley region highlight its special economic potential:

– it hosts the main political and economic decision-making bodies, the country's largest companies and a substantial part of the scientific and technological research institutions;

– its historical and environmental heritage is ideal for the development of tourist activities;

– it is crisscrossed by the main routes linking the north with the south and the coast with the interior and contains the main international communications facilities (ports, airport and road/rail terminals).

This region, however, also has its own serious problems:

– strained transport infrastructures, making access to the capital difficult for a large mass of daily commuters;

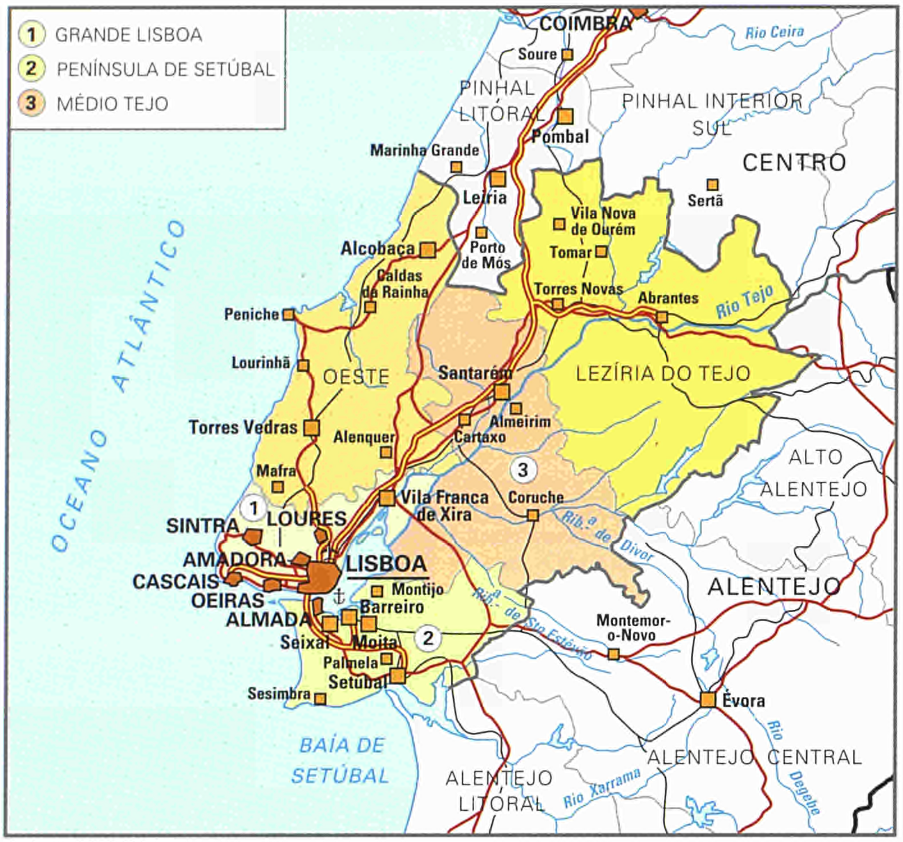
– saturated and obsolete telecommunications networks, especially in the west;

– unregulated land development, and the associated environmental problems and loss of tourist potential;

– rural areas lacking in drainage and water supply, transport, education, health and communications facilities, and incomplete trading networks;

– declining industrial fabric in the Setúbal peninsula with subsidization of crisis sectors.

LISBOA E VALE DO TEJO



Scale 1 : 2 000 000

A depopulated agricultural interior and a densely populated urban coastline

The region's characteristics are fairly diverse. The Lower Tagus, a predominantly agricultural area with fertile soil, stands in stark contrast to Greater Lisbon, whose population is mostly employed in the services sector and forms an enormous urban mass living in the vast residential suburbs around the capital, which suffers from the problems typical of large congested urban areas.

The Setúbal peninsula is densely populated and highly industrialized, with a mainly factory-worker population. High levels of unemployment are being reduced by industrial reconversion.

The West and Central Tagus, sparsely populated agricultural subregions affected by serious infrastructural shortcomings, are the region's most disadvantaged areas in terms of development opportunities.

Mention should also be made of the industrialization of areas along the Tagus and coast and adjoining the main lines of communication, for a large part the result of the development of transport and communications facilities. An example of this is the development which has taken place in the area between Santarém, Tomar and Torres Novas.

Which EC regions are similar to Lisbon and Tagus Valley?

Area:
12 000 km²
Île-de-France (F)

Population:
3.5 million inhabitants
Attiki (GR)
Stuttgart (D)
Ireland

Population density:
± 300 inhabitants per km²
Lazio (I)
Hessen (D)

Employment:
± 10% in agriculture
± 60% in services
Campania (I)
Lüneburg (D)

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1989	1989	1989	1989	1989	1989
Oeste	2.5	362	145	2.1	:	:	:	:	:	:
Grande Lisboa	1.0	1 848	1 848	−0.2	:	:	:	:	:	:
Península de Setúbal	1.6	640	400	9.7	:	:	:	:	:	:
Médio Tejo	2.6	227	87	−3.2	:	:	:	:	:	:
Lezíria do Tejo	4.2	232	55	−0.9	:	:	:	:	:	:
Lisboa e Vale do Tejo	12.0	3 309	276	1.5	58	7.4	10	31	59	70
Portugal	92.0	9 859	107	0.4	58	5.1	21	35	44	55
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

LISBOA E VALE DO TEJO

Increase in population as a result of the region's attractiveness

The region currently has a population of some 3.5 million, which is equivalent to about 35% of the population of mainland Portugal.

Greater Lisbon, which is the largest urban and industrial centre in the country, has about 75% of the region's population. Most of the people live in urban areas with over 10 000 inhabitants. By contrast, the region's interior has a sparse population living in small villages.

In spite of the fall in the birth-rate, high population growth rates are still recorded, especially in the subregions of Greater Lisbon and the Setúbal peninsula. This is because the region is highly attractive and is in fact the area upon which most internal migrants converge, as well as being the destination for foreign immigrants, 54% of whom are from Africa, and Cape Verde in particular.

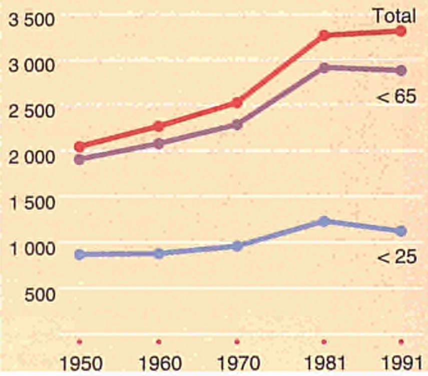
It should be mentioned that the foreign population of African origin is mainly young and active, working mostly in the building trade.

In the other subregions there is a clear trend towards an ageing population as a result of the fall in the birth-rate and migratory movements.

Population by age — 1989

	M + F 1 000	M + F %	M %	F %
< 15	633.8	19.2	20.5	17.9
15-24	502.4	15.2	16.1	14.3
25-39	705.8	21.3	21.7	21.0
40-54	665.7	20.1	20.1	20.1
55-64	382.6	11.6	11.1	12.0
≥ 65	418.4	12.6	10.5	14.7
Total	3 308.8	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality

No data available

Demographic account — 1980-90 (1 000)

Population 1.1.1981	3 258.6
Births	388.3
Deaths	305.1
Net migration	−33.1
Population 1.1.1991	3 308.8

High level of activity and job skills

The activity rate is above the national average and the rate for women is over 40%.

With regard to working time, there is a downward trend for the number of working hours of persons working full-time.

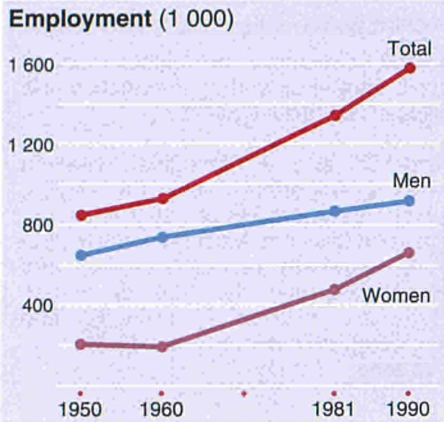
Training merits special mention because of the repercussions it will have on the labour market.

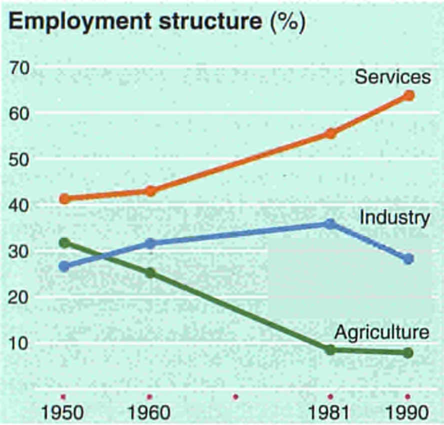
As far as academic training is concerned, the region contains a large number of State and private universities and university institutes covering all fields of knowledge.

Vocational training, which was restructured in the 1980s, together with the promotion of in-house training by companies, have provided the work-force with the means of acquiring the skills required by the market.

Number of pupils — 1988

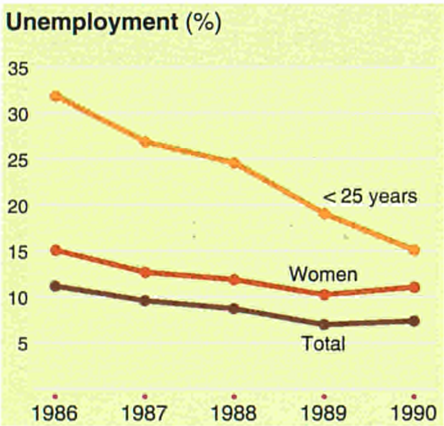
	M + F 1 000	F %
Pre-school	23.6	47.9
Primary	228.9	47.9
Preparatory	130.0	47.8
Secondary	235.9	51.4
Secondary (technical)	3.6	34.5
Higher education	56.3	50.9
Total	678.3	49.3





Employment

No data available



The job market dominated by the services sector

Employment in the region represents about 35% of the total for mainland Portugal and is mostly concentrated within Greater Lisbon.

The distribution of jobs over sectors is rather uneven. Agriculture is most important in the subregions of the West, Central and Lower Tagus, whereas industry predominates in the Setúbal peninsula. Greater Lisbon presents a job structure similar to the Community average, with a fairly low percentage in agriculture and the greater proportion represented by the services sector.

Employees represent three-quarters of the region's working population; most of them work in industrial activities and services. One-man businesses represent one-sixth of the total and are mainly to be found in the farming sector. In agriculture, unpaid family workers still play an important role.

Finally, mention should be made of the substantial increase in temporary full-time employment (short-term contracts), which rose from 14% in 1983 to 19% in 1989, representing a relative increase in the instability of employment in the region.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1986	1990	1986	1990
Men	15	67	19	78	2	2	14	18
Women	15	73	12	82	11	10	13	21
Total	15	70	16	80	5	5	14	19

Vocational training decisive in reducing unemployment

Basically, the categories most affected are the unskilled and young persons seeking their first job.

The Setúbal peninsula has been one of the regions most badly affected by unemployment mainly as a result of the decline of the existing industrial structure. Nevertheless, this situation is expected to be reversed with the introduction of industrial diversification.

Greater Lisbon currently accounts for about 19% of unemployment recorded in mainland Portugal. No improvement in that level seems likely since the region cannot absorb automatically all the labour which is continually attracted to the area.

LISBOA E VALE DO TEJO

Concentration of company decision-making

A high proportion of Portuguese companies, especially the larger ones, are based in the Lisbon and Tagus Valley region. Nevertheless, many of them only have their head offices there, and the bulk of their activities are performed in other parts of the country. Major economic groups and most companies under foreign shareholder control (about 87%) are concentrated in this region.

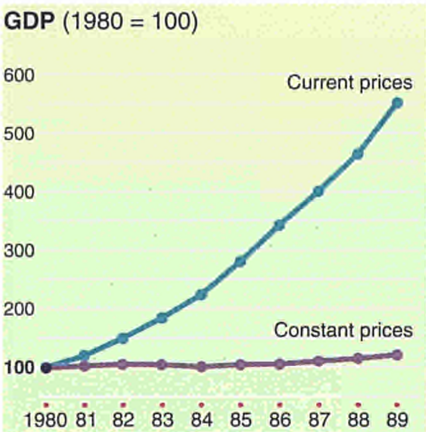
The region's industrial structure was for a long time dominated by shipbuilding and repairs, engineering, steelmaking and the chemical industry, whose industrial units are mainly concentrated in the Setúbal peninsula. Currently, this sub-region is going through a phase of industrial reconversion and diversification.

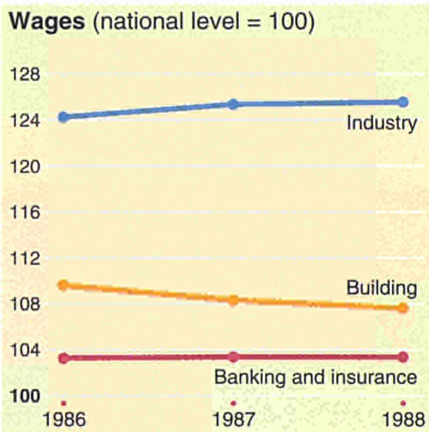
In the region as a whole, the main industries are the agri-food industry, engineering, chemicals, telecommunications and informatics, with most growth occurring in these latter sectors in recent years.

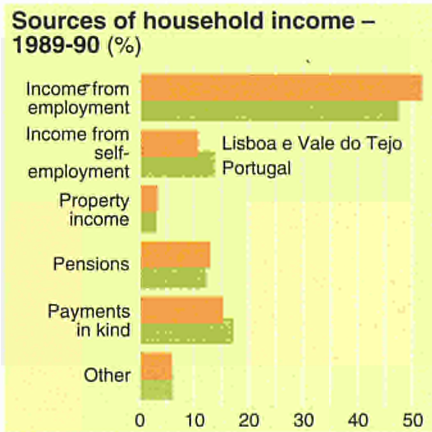
As elsewhere in the country, there are obstacles to the development and modernization of production structures. In fact, the age and level of education of the average Portuguese entrepreneur make it difficult for him to accept certain rules and ideas associated with vocational training and technological innovation.

None the less, there are some model companies operating with fairly acceptable quality levels and using high technology, especially in telecommunications, light engineering, informatics and parts of the textiles sector.

Scientific and technological research plays an important role in this region, which absorbs 50% of national expenditure on this item. Most research institutions, university research centres and companies, and the bulk of human resources involved in scientific and technological research are to be found in this area.







Productivity and income higher than the national average

The average monthly household income is substantially higher than the average for mainland Portugal in almost all sectors of activity. This is largely due to above-average levels of productivity and professional qualifications.

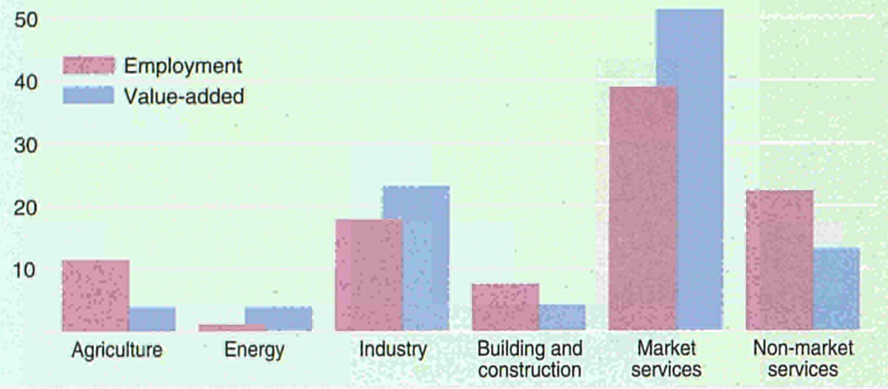
The main source of income is wages and salaries of employees. However, property income and the earnings of the self-employed also play their part in regional income. The latter are also all the more important since they tend to be extremely undervalued.

The following are the main expenditure sectors: food, beverages and tobacco (29.6%), transport and communications (17.6%), housing, heating and power (12%), expenditure in restaurants, cafés and hotels (11.5%) and clothing and footwear (8.9%).

Compared with the average for mainland Portugal, in the Lisbon and Tagus Valley region less money is spent on food, clothing and footwear and much more on transport and communications, amusements, entertainment, education and the arts, and on expenditure in restaurants, cafés and hotels.

Finally, it is the region in Portugal with the largest percentage of persons taking holidays. Those spending most on holidays are persons working in the liberal professions, managers, senior technical and scientific staff, followed by non-agricultural entrepreneurs.

Employment and value-added: distribution by branch – 1986 (%)



An economy characterized by diversity and services sector growth

The region's economy is rooted for the most part in the services sector. Trade, banking and insurance, transport and communications and general government are responsible for 64% of this region's value-added.

Agriculture accounts for about 4% of the region's value-added. Agricultural production mainly consists of wine, market garden produce and fruit.

Fishing is also important, the main ports being Nazaré and Peniche. 40% of Portugal's earnings from this sector are derived from this region.

Compared with the national average, the region has high productivity levels, especially in the energy, services and processing industries.

There is a clear concentration of the services sector and processing industries in Greater Lisbon. Most heavy industries, currently in decline, are concentrated in the Setúbal peninsula. Agricultural production is spread over the subregions of the West, Central and Lower Tagus.

Congested coastal region threatens ecological balance

From the ecological point of view, rural areas are better off than the Lisbon metropolitan zone. The population of rural areas may have lower incomes, but it enjoys a pleasant environment with less-polluted air and water, less noise and unspoilt surroundings.

All in all, the region's major environmental problems are typical for a densely populated coastal area. The rivers are highly polluted with household wastewater and the effluent of the industrial plants situated on the banks of the Tagus and its tributaries. Only a small percentage of industrial plants treat their effluent before discharging it into rivers. There are some cases of serious industrial pollution in the region, for example in the Alcanena and Barreiro/Seixal area, and the Nabão, Almonde and Alviela rivers in particular are badly affected.

As a result of the high levels of industrialization and urbanization, the region also has serious air pollution and noise problems.

Even if it is the region in Portugal with the highest percentage of urban solid waste treatment, and the largest number of waste treatment plants, it has not yet arrived at an optimum situation, especially regarding waste recycling.

Currently, a whole series of programmes and measures are under way which justify an optimistic outlook towards the solving of certain environmental problems facing the region.

Agriculture

Number of holdings	25 839
Labour force	31 127 AWU
Agricultural area	850 000 ha
Livestock	105 000 LU
Gross value-added	:

Main enterprises

Name	Employees	Activity
Correios e Telecomunicacões de Portugal EP	> 5 000	Post and telecommunications
Caminhos de Ferro Portugueses SA	> 5 000	Railways
EDP — Electricidade de Portugal EP	> 5 000	Production and distribution of electricity
Telefones de Lisboa e Porto EP	> 5 000	Telecommunications
Transportes Aéreos Portugueses SA	> 5 000	Air transport
Rodoviária Nacional SA	> 5 000	Land transport
Caixa General de Depósitos e Previdência	> 5 000	Banking and finance
Banco Espirito Santo e Comercial de Lisboa SA	> 5 000	Banking and finance
Banco Pinto & Sotto Mayor SA	> 5 000	Banking and finance
Companhia Carris de Ferro de Lisboa SA	> 5 000	Urban transport

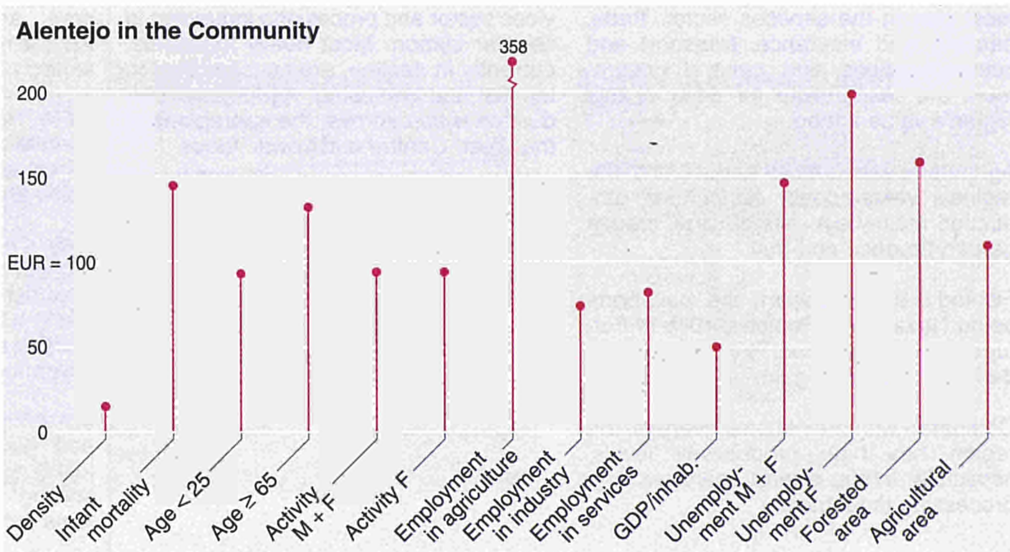
PORTUGAL

ALENTEJO

The Alentejo covers about a third of the country's total area, and comprises the counties of Évora, Beja and Portalegre as well as four municipalities of Setúbal county.

The region is uniform in character, its predominant features being its vast plains with an average altitude of about 200 m, interrupted by hills rising to just over 500 m. The climate has both Mediterranean and continental characteristics. Its hot, dry summers and short, rainy winters have left their mark on the fauna, flora, landscape, architecture and people. The Alentejo is predominantly a farming region with cereal-growing, livestock and forestry activities. The main crops grown are wheat and oats, livestock farming is chiefly devoted to sheepmeat and beef production, whilst cork and eucalyptus wood are the most important forestry products. The Alentejo is also very rich in ornamental stone.

A region of vast plains, Alentejo's agriculture is based on extensive cereal crop production.



Source of potential yet to be exploited

This region's overall potential, which can be summed up as follows, makes it attractive:

– large areas of land with good soil and rich in mineral resources;

– good infrastructure in the form of road and rail networks;

– a valuable cultural heritage by virtue of its history, monuments, regional culture, crafts, customs and traditions.

The region's economic development has been affected by various drawbacks, such as:

– its population density, which is the lowest in the country, and the high average age of the people;

– the lack of an industrial tradition or propensity for investment;

– underuse of the region's resources through a lack of links between the sectors.

Scale 1 : 2 000 000

Which EC regions are similar to Alentejo?

Area:
27 000 km²
Languedoc-Roussillon;
Bretagne (F)
South-East (UK)

Employment:
± 25% in agriculture
± 25% in industry
Molise (I)
Ellada
Castilla y León (E)

Population:
0.6 million inhabitants
less than 40 inhabitants per km²
Peloponnisos; Sterea Ellada (GR)

A population largely concentrated into small groupings

The Alentejo has the lowest population density in Portugal with most of its inhabitants living in small villages. The open landscape of this region is occasionally interrupted by small groups of dwellings housing the population working on the large estates.

Since the situation has worsened with the gradual abandonment of the smallest villages, the region's vast areas are slowly becoming depopulated. Indeed, since the 1940s, there has been a decline in the population of most municipal districts and a gradual lowering of the population density of rural areas.

At the same time, there have been population movements towards certain areas along the main motorways and on the coastline.

The main urban area is the township of Évora. With a population of some 50 000, Évora is the regional capital and has a reasonable range of facilities, services and trades. Classed as part of the 'World Heritage' since 1986, Évora has registered a significant increase in its tourist trade over the past few years.

The other larger towns are Beja, Portalegre and Elvas, with populations ranging from 10 000 to 20 000 inhabitants.

Beja and Portalegre function as county capitals. Elvas is a border town and, thanks to its location and good transport links, it has developed in trade and services activities which depend on visitor and goods traffic.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Alentejo Litoral	5.3	99	19	−4.2	:	:	:	:	:	:
Alto Alentejo	6.0	129	22	−5.2	:	:	:	:	:	:
Alentejo Central	7.2	173	24	−3.9	:	:	:	:	:	:
Baixo Alentejo	8.6	142	17	−10.7	:	:	:	:	:	:
Alentejo	27.0	543	20	−6.1	52	12.4	27	25	48	50
Portugal	92.0	9 859	107	0.4	58	5.1	21	35	44	55
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

ALENTEJO

A declining population

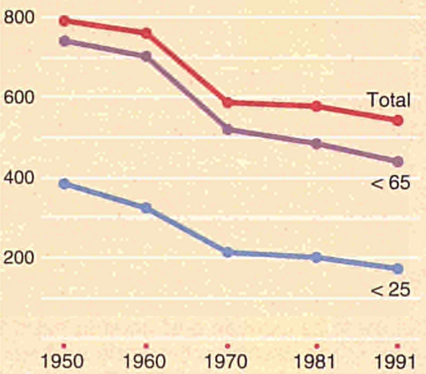
After experiencing a gradual, moderate growth in its population in the first half of the century, the Alentejo has since recorded a decline in population which sets it back to the level of the 1920s: half a million inhabitants, or approximately 5% of the country's population, and a population density of 20 inhabitants per km^2.

Extremely low fertility and marriage rates preventing normal renewal of the population, a regional production basis with little diversification, largely dependent on the agricultural sector and offering very few job opportunities, and emigration are the main reasons for this demographic trend.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	98.4	18.1	19.0	17.3
15-24	76.5	14.1	14.7	13.5
25-39	106.6	19.6	20.7	18.6
40-54	88.1	16.2	15.8	16.7
55-64	72.3	13.3	13.1	13.6
≥ 65	101.0	18.6	16.7	20.4
Total	543.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality

No data available

Demographic account — 1980-90 (1 000)

Population 1.1.1981	578.4
Births	63.2
Deaths	70.4
Net migration	−28.2
Population 1.1.1991	543.0

An ageing and unqualified working population

Emigration, affecting 20 to 35-year-olds in particular, and the region's economic characteristics have had a crucial influence on the profile of the Alentejo's working population: low activity rates; high average age; low level of education; fewer women in jobs; levels of unemployment above the national average.

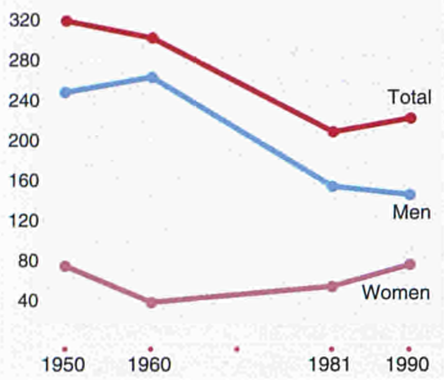
Although the working population is old with a low level of professional qualifications within only a few restricted fields, a growing number of young workers in the past few years have continued their education beyond compulsory schooling.

The extension of the school network and greater diversification in the types of courses on offer are definite reasons for this improvement in the educational situation. Currently, the Alentejo has one university (University of Évora), and three higher education establishments (the teacher-training colleges of Beja and Portalegre and the Beja Agricultural College). The range of educational institutions is rounded off with a number of vocational training centres.

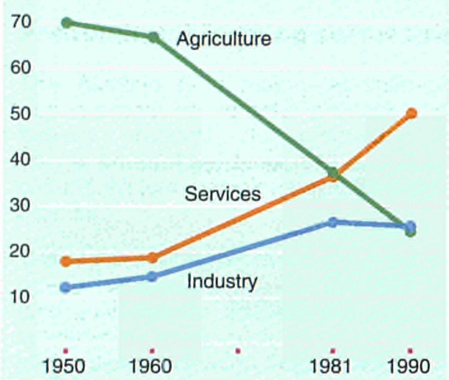
Number of pupils — 1988

	M + F 1 000	F %
Pre-school	5.4	48.7
Primary	36.5	47.6
Preparatory	18.9	47.7
Secondary	33.3	52.1
Secondary (technical)	1.0	35.6
Higher education	3.1	59.6
Total	98.2	49.4

Employment (1 000)



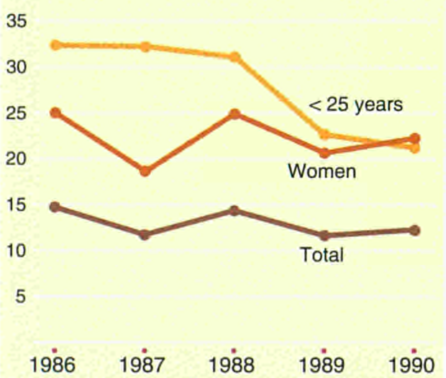
Employment structure (%)



Employment

No data available

Unemployment (%)



Predominance of agriculture and services

The region's economic base is dominated by agriculture and services. Agriculture's contribution to the job market is considerable and above the national average as a result of the large number of agricultural holdings.

Services also play a significant role in the region's employment structure as a result of the growth of two main subsectors in the urban centres: trade and public services. Agriculture and services each employ more than one-third of the working population.

The least representative sector in terms of employment of the working population is industry. The agri-food industries are the main industrial branch (38% of employment in the industry sector). The timber and cork as well as the textiles and clothing industries also constitute significant elements in the regional employment situation.

There has been a reduction in the percentage of workers in the primary sector, accompanied by an increase in the industry sector and more particularly in building and public works.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1986	1990	1986	1990
Men	14	61	25	74	:	3	:	22
Women	12	73	15	76	:	12	:	27
Total	13	65	21	75	:	6	:	24

Drop in the number of young workers — Increase in the non-working population

The progressive worsening of the demographic trend has had its effects on the profile of the region's working population. The ageing of the population means the prospect of a drastic decline in the availability of young labour and an increase in the non-working population at the top of the age structure. This situation will cause a decline in the working population at a considerably faster rate than the decline in the overall population.

The Alentejo has the highest unemployment rate in the country, a fairly low percentage of women in jobs, a low working population under 25 years of age and a high percentage of workers over 55 in employment (about 22.5%).

ALENTEJO

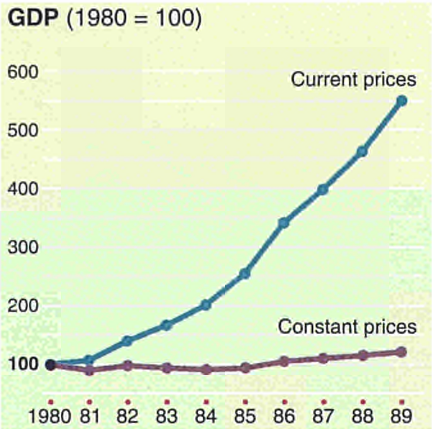
Low contribution to GDP

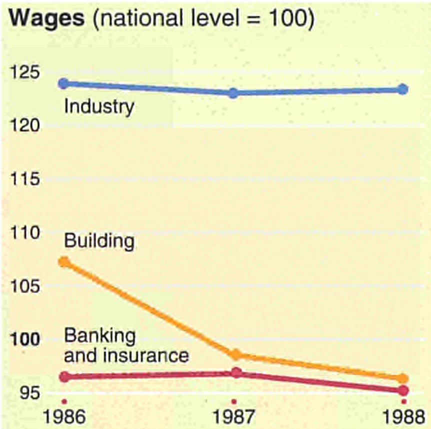
The Alentejo's gross domestic product is about 5% of that of the Portuguese mainland. Agriculture is the main activity of the primary sector. Cereals grown by large-scale unirrigated farming account for over 60% of the country's production. Oil seed also occupies a predominant position, the main crop being sunflowers. Substantial areas are devoted to olive groves and vineyards. Irrigated crops such as rice, tomatoes and maize are also important. In livestock production, the main items are sheep (providing meat, milk and wool), as well as Alentejo beef. Cork, which accounts for about 60% of national production, and eucalyptus wood are the main forestry products.

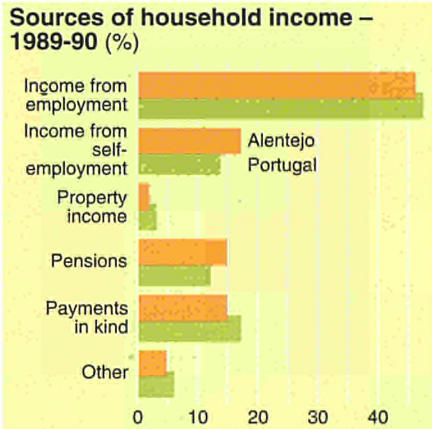
In the industry sector, the main branches are building and public works and non-metallic mineral mining and processing.

The Alentejo has important mineral deposits such as uranium, pyrites and copper, as well as natural stone and mineral water springs. Currently, this region produces 85% of Portugal's marble and 90% of its granite. The processing industry is undeveloped and rather unevenly distributed over the region, with the main companies concentrated in the municipalities of Sines, Vila Viçosa, Avis and Campo Maior.

Commerce and general government play a significant role in the services sector since they account for over 70% of it.



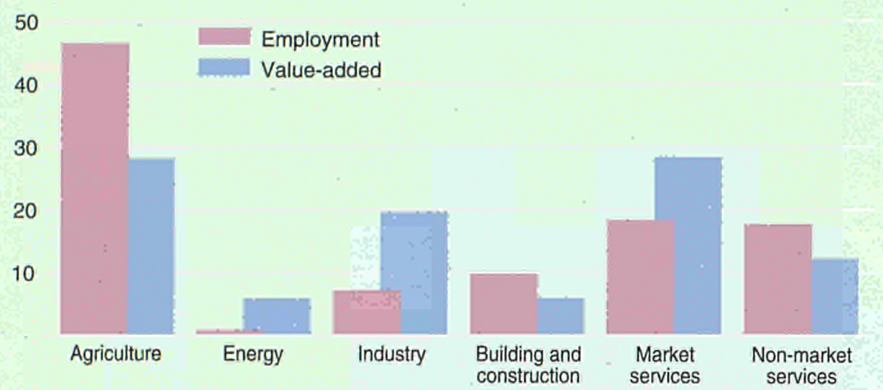




Average monthly income lower than the average for mainland Portugal

Average earnings are about 10% lower than for mainland Portugal, which can be explained either by the importance of the agricultural sector, the lower productivity of the work or the low level of skills of the work-force.

Employment and value-added: distribution by branch – 1986 (%)



Predominant farming sector and weak industrial presence

The Alentejo is a mainly agricultural region producing cereals, livestock and forestry products. Its agriculture is characterized by an extensive mono-cultural system with cereals as the main product.

The region has optimum potential for irrigation with about 200 000 hectares of land available for this purpose. By increasing the areas under irrigation it will be possible to develop the production of foodstuffs, market garden produce and fruit. The availability of the reservoirs scheduled under the Alentejo irrigation plan will also enable aquaculture to be developed in the right conditions.

The Alentejo's industrial environment is characterized by small-scale industries in which a large number of small firms operate. The units are unevenly distributed although there is a trend towards further development of the extractive industries producing ornamental stone and non-metallic mineral products, and specifically marble-working.

As far as services sector activities, such as public services, banking, insurance and commerce are concerned, the Alentejo has seen some development, particularly in the larger urban centres.

Agriculture

Number of holdings	25 359
Labour force	23 044 AWU
Agricultural area	1 649 000 ha
Livestock	160 000 LU
Gross value-added	:

Main enterprises

Name	Employees	Activity
Torralta, SA	> 300	Hotels
Fino's, SA	> 300	Spinning, textile weaving
Ilan, LDA	> 300	Motor vehicle parts
Manuel Rui Azinhais Nabeiro, LDA	> 300	Wholesale of food
Pirites Alentejanas, SA	> 300	Extraction of pyrites
Hoechst Fibras, SA	> 300	Manufacture of man-made fibres
Sociedade Corticeira Robinson Bros, SA	> 300	Manufacture of articles of cork

Region characterized by a rural environment

Being mainly farming-oriented, the Alentejo maintains its epithet 'Portugal's granary' since it is responsible for almost all wheat production.

This region has favourable conditions for developing the production of livestock, and sheep and goats in particular. The Alentejo also has two livestock breeds of its own: Alentejo cattle and the Iberian pig. The top quality of its livestock products, such as its ewe cheese, pork sausages and hams, has made them famous.

Olive groves are a predominant feature of the central part of the region, the Elvas area being famous for the quality of its pickled olives and the Moura area for its olive oil. The Alentejo is responsible for about 44% of the country's olive oil production.

Ecological conditions favouring wine production are the reason for the good quality of the Alentejo's wines. This region also has excellent conditions for bee-keeping: the variety and abundance of woodland, blossoms and flowers give the honey its own special flavour.

Crafts are one of the region's most valuable cultural assets. These activities, which are scattered more or less over the entire region, mainly come in the form of pottery, Arraiolos rugs, Portalegre tapestries and Niza embroidery and lace.

The Alentejo is rich in history and historical monuments, with traces of mankind from every age of history and pre-history in the form of innumerable dolmens, fortresses, castles, menhirs and cromlechs. There are very few townships without a castle symbolizing their origin. This has made the Alentejo Portugal's treasure trove of medieval history.

PORTUGAL

ALGARVE

The Algarve, the southernmost region of Portugal, has an area of approximately 5 000 km² and comprises 16 municipalities.

Its topography constitutes a vast amphitheatre facing the ocean, formed by a north-south succession of Palaeozoic metamorphic materials, Secondary sedimentary rock, and finally more recent, less consolidated Tertiary and Quaternary deposits.

The entire region is dominated by the Mediterranean climate, although considerable variations occur mainly as a result of altitude or distance from the sea. The mean temperature of the hottest month is approximately 25°C, that of the coldest month being about 11°C.

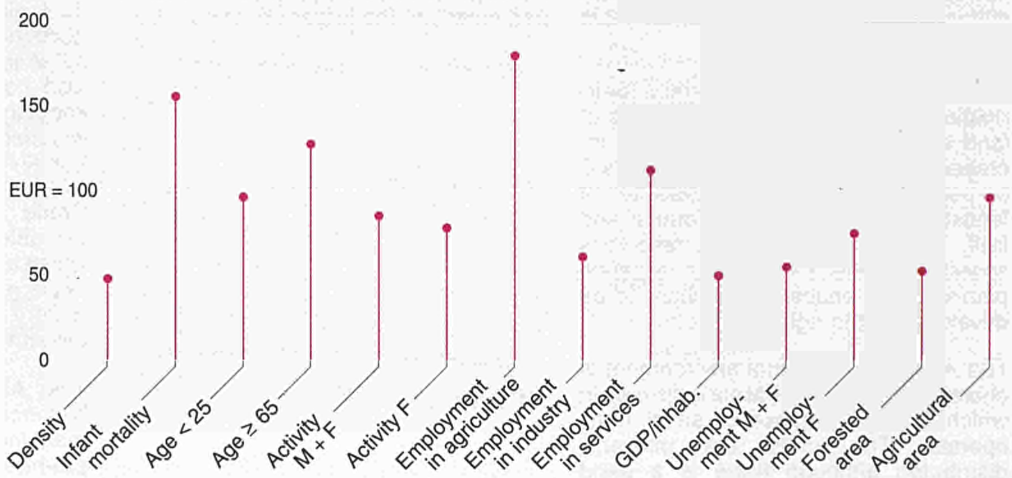
Most precipitation occurs in winter in the form of torrential rain. Only about 2.5% of the mean annual rainfall occurs in the three summer months (June, July and August).

The annual average number of sunshine hours is over 3 000.

The region's vegetation is characterized by species which are most typical of the Mediterranean landscape: *Quercus suber, Quercus rotundifolia, Ceratonia siliqua, Chamaerops humilis,* etc.

The creation of protected areas has halted the unchecked development of the coastline, and preserved some areas of ecological interest and beauty such as Sapal de Castro Marim.

Algarve in the Community



A Mediterranean region reaching out into the Atlantic

In spite of the strong trading and cultural links established in the past with the Mediterranean peoples, the Algarve remained relatively isolated up to the beginning of this century. In the 1960s, when its potential for tourism was discovered, a new chapter opened up in this region's development.

The construction of tourist accommodation over large areas of the coastal region, much of it high-density, led to unregulated urban expansion and an economic structure predominantly based on tourism.

Agriculture, too, in the coastal region has seen a shift to intensive farming based on early market-garden produce and irrigated fruit farming, involving the widespread use of non-agricultural factors. Nevertheless, it is still the marketing circuits that are blocking the independent development of this activity.

In the mountainous part of the region, emigration and the abandonment of large tracts of land formerly devoted to various kinds of crop and livestock production are jeopardizing the future existence of the mixed (arable/livestock/forestry) agricultural systems, where man's presence is indispensable.

The Algarve none the less has certain positive features which will strongly influence its future development. Its Mediterranean climate with mild winters is capable of attracting large numbers of immigrants who find access easy by air and road.

The current town and country planning measures formulated in the recently approved regional plan will allow the various activities to be adapted to the region's possibilities and thus ensure positive development for the Algarve.

Scale 1 : 1 000 000

Which EC regions are similar to the Algarve?

Area:
5 000 km²
La Rioja; Baleares (E)
Gelderland; Noord-Brabant (NL)

Population:
0.3 million inhabitants
± 70 inhabitants per km²
Molise (I)
La Rioja (E)

Employment:
± 10% in agriculture
± 65% in services
Canarias (E)
Languedoc-Roussillon (F)

Contrast between the upland and coastal regions

The problems of access to the upland areas, the sparsity of population and insufficient use of local resources had plunged this subregion into deep socio-economic decline, but the situation has improved slightly over the past few years. Although the upland region represents about 60% of the Algarve's area, little over 10% of the population lives there. The population density of the parishes varies from about 8 or 9 to several hundred inhabitants per km². The population density for the Algarve as a whole, however, is about 70 inhabitants per km².

Almost all economic activities are concentrated along the coast, leaving the upland regions just a few areas of agricultural production.

The contrast between the upland and coastal regions, is magnified in employment, which is concentrated in the coastal area, leading to large-scale daily commuting by the population living inland but working on the coast.

The upland subregion fulfils only a handful of functions to complement the coast's activities: provision of residential areas, rural tourism, leisure activities, and finally, management and conservation of certain natural resources (especially water).

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Algarve	5.0	340	68	5.1	52	3.3	14	20	66	50
Portugal	92.0	9 859	107	0.4	58	5.1	21	35	44	55
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

Immigration-induced population growth

The total population of the Algarve has increased by 30% over the past 20 years, during which the previous trend has been reversed. Indeed, up to the early 1970s, the outflow of population to the Portuguese regions offering industrial employment and to northern Europe led to a sharp decline in the resident population, which reached a minimum in 1970.

The proportion of young persons (under-15s) is close to the national average: about 20%. Nevertheless, over the past 10 years, this age category has had a relatively positive trend in contrast to the negative figures for all other Portuguese regions. This reflects a dynamic demographic situation resulting not only from natural growth but also from a positive result on the migration balance sheet: the highest for the past decade in Portugal.

The birth-rate is high on the coast and low in the uplands. The figure for the Algarve as a whole is lower than the national average.

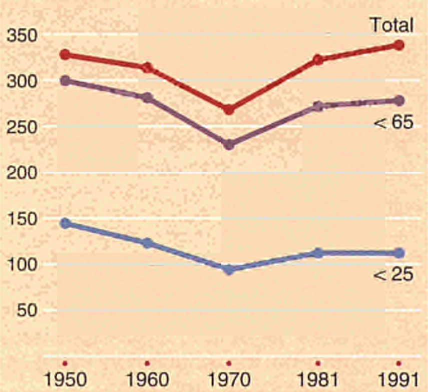
A substantial number of foreigners, with United Kingdom citizens in the forefront, choose to live in the Algarve.

Tourism brings over three million visitors to the Algarve each year, tripling the population at certain times of the year.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	65.1	19.2	19.9	18.4
15-24	47.2	13.9	14.4	13.4
25-39	67.4	19.8	20.7	19.0
40-54	59.1	17.4	17.6	17.2
55-64	40.2	11.8	11.5	12.1
≥ 65	61.0	18.0	15.9	20.0
Total	339.8	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality

No data available

Demographic account — 1980-90 (1 000)

Population 1.1.1981	323.3
Births	40.8
Deaths	39.7
Net migration	+ 15.4
Population 1.1.1991	339.8

Education and training: keys to development

Employment is subject to large seasonal variations and in the winter months, the number of persons employed is around 20% lower than the summer figure.

According to the 1981 census, only 9% of the working population had qualifications going beyond compulsory schooling.

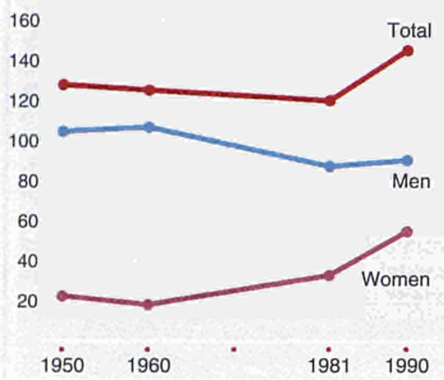
Various vocational training schools associated with tourism have helped to fill the ranks of the professionals in that sector. In agriculture, considerable efforts have been made over the past five years to increase vocational training in a campaign which has enjoyed substantial support from the Community.

Since its inception in 1983, the University of the Algarve (over 3 000 students) has developed areas of study of regional interest: marine biology and fisheries, market gardening and fruit growing, hotel-keeping and tourism, economics, engineering, informatics and teacher training. Its main activities are based in Faro but it also has premises in Vila Real de Santo António. It awards diplomas and degrees for three and five years of studies respectively.

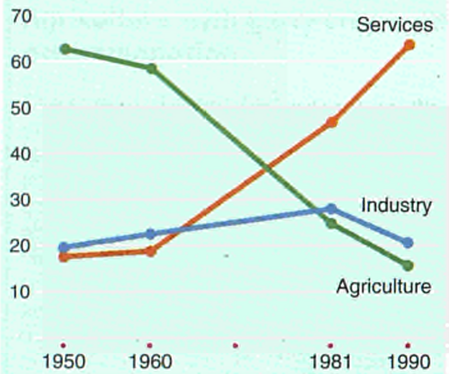
Number of pupils — 1988

	M + F 1 000	F %
Pre-school	2.3	50.9
Primary	24.8	47.7
Preparatory	11.8	47.7
Secondary	21.3	54.2
Secondary (technical)	0.6	44.0
Higher education	0.7	56.7
Total	61.5	50.1

Employment (1 000)



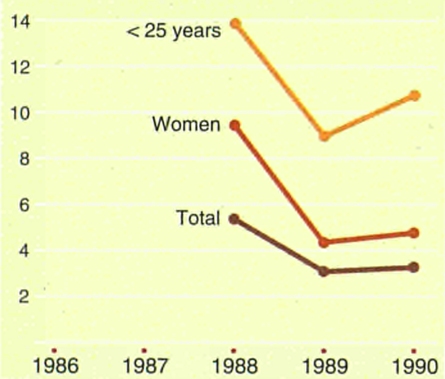
Employment structure (%)



Employment

No data available

Unemployment (%)



Very seasonal services sector employment

Employment in the region has a strong seasonal component mainly as a result of tourism and services activities. In the summer months, the labour market temporarily absorbs over 30 000 new workers.

The internal structure of employment has undergone a marked change over the past 30 years. Agricultural workers accounted for 59% of the total working population in 1960 whereas currently they are estimated to represent no more than 15%. The services sector, which employed 18% of the working population in 1960, now accounts for almost 50% of the region's employment (1991). The building sector continues to provide over 10% of jobs, whereas industrial employment is on the decline, at about 8%.

Catering, retail trading, the purchase and sale of property, social and personal services, services to companies, transport and construction are some of the activities which have been pulled along by the tourist sector. The employment situation is consequently highly dependent on activities connected with tourism.

Some of the jobs created in the Algarve are filled by workers coming in from other regions, as in the building industry and in intensive farming. In the main tourist season, young persons (especially students) also fill a large number of jobs, many of short duration.

There is also an informal component in employment in the form of the private renting of holiday homes and production of regional confectionery and crafts, none of which should be regarded as insignificant in view of the income they generate.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1986	1990	1986	1990
Men	15	63	22	64	:	2	:	20
Women	16	72	13	76	:	6	:	21
Total	15	66	19	68	:	4	:	20

Low unemployment, mainly affecting women

The level of unemployment is relatively low compared with the national and Community averages.

Seasonal fluctuations in unemployment figures, although substantial, are less pronounced than those for employment. Activities associated with the tourist sector are responsible for this situation.

Females account for 75% of the unemployed. They are also the category most affected by seasonal fluctuations in unemployment. The percentage of women with jobs is below the EC average.

Unemployment also especially affects the under-25 age-group.

Unemployment stems from the decline of certain branches of the processing industry (fish canning and cork) and where jobs are being cut back or completely eliminated.

Regional economy: highly dependent but poorly diversified

The Algarve generates about 3% of Portugal's GDP, which reflects the relative size of the region's population.

The region has about 40 000 small and medium-sized companies outside the agricultural sector and 27 000 agricultural holdings.

In the agricultural sector, family holdings predominate, with an average size of 6.7 ha. In general, they are made up of several tracts of land as a result of a system of inheritance of equal shares.

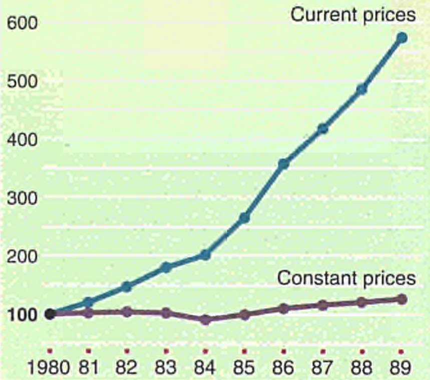
The non-agricultural sectors form a series of small units. Two-thirds of companies in this region have no workers on their pay-roll. A typical company is run by a self-employed person helped by members of the household. The trend now developing in the Algarve is for small companies to become enlarged.

The economic structure is unbalanced as far as area and sectoral distribution are concerned: 75% of the region's jobs are concentrated on the coast and 73% of the work-force are employed in only three branches: agriculture, commerce and hotels and services.

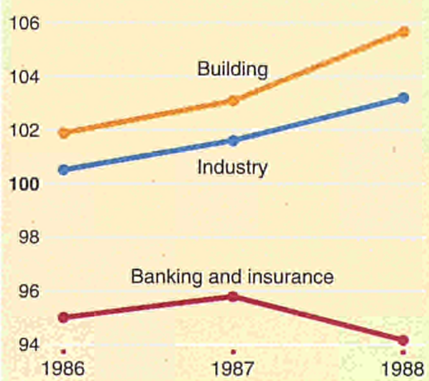
The restricted range of economic activities and strong dependence on the external market, i.e. the flow of tourists, make the Algarve's productive structure highly fragile.

A substantial part of value-added (two-thirds of the total) is generated by only four branches (the building industry, agriculture, commerce and hotels and services), investment is in practice concentrated in the building industry (mostly dependent on imports of energy, steel, etc.), the balance of trade with other regions is negative. All in all, the Algarve does not have a strong structure of sectoral interdependence capable of injecting vigour and diversification into the production sector, since it is obliged to import from elsewhere almost all consumer and capital goods required to satisfy the needs of the regional market.

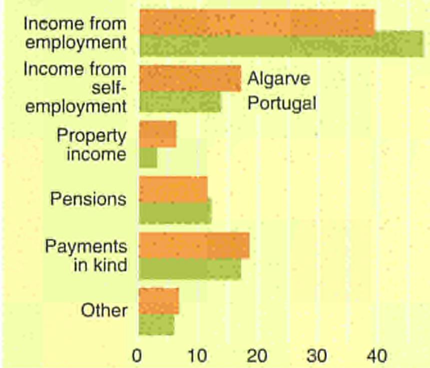
GDP (1980 = 100)



Wages (national level = 100)



Sources of household income – 1989-90 (%)



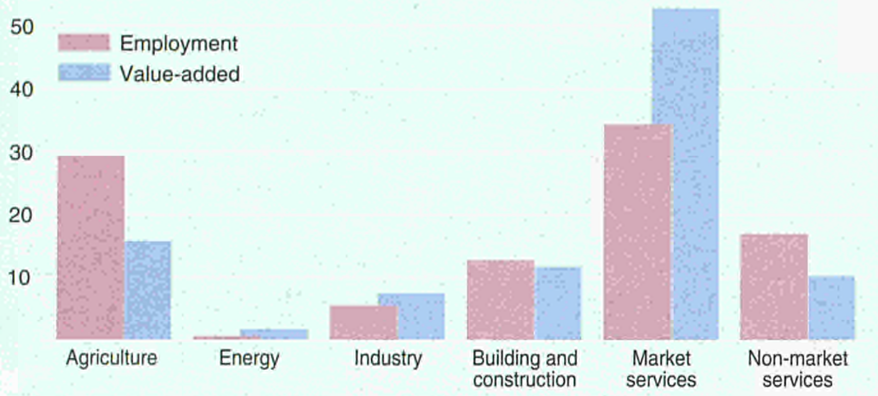
Competition between agriculture and tourism

Intensive farming (early fruit and vegetables) and the hotel trade are the sectors where wages and salaries in the Algarve are the highest of all regions in Portugal. Competition between these two sectors, in which the hotel trade has gained the advantage, is causing serious problems for the farming year. The period of greatest activity falls at the height of the tourist season, when it is even more difficult than usual for agricultural holdings to compete with tourism-associated activities for local and regional labour.

In industry, certain cork-processing companies and producers of building materials also offer better pay than other sectors.

Financial benefits paid out by the Portuguese social security system constitute an important item in family budgets, especially in rural communities. These may be supplemented by pension payments from the countries of northern Europe to workers who have returned to Portugal. Most families in this region were affected by emigration in the 1960s, which illustrates the importance of these payments.

Employment and value-added: distribution by branch – 1986 (%)



Agriculture with early crops, and high capacity hotel accommodation

The spread of intensified agricultural production and the abandonment of mountainous areas have caused a decline in traditional crops (figs, almonds and carobs). With intensive market gardening and irrigated orchards, of mostly citrus fruits, these horticultural and fruit products, normally marketed early in the season, dominate agriculture, benefiting from the advantages of early sales.

The fairly old fishing fleet represents 32% of the total Portuguese fleet. Overall fishery production accounts for 28% of the annual total for mainland Portugal, and the individual figures for shellfish and crustaceans are even higher (42% and 68% respectively).

Aquaculture has developed over the past few years. Apart from the traditional production of shellfish, there have been numerous highly successful experiments in fish farming involving the conversion of estuaries and salt marshes.

The canning industry, using the fishing industry's products, had managed to take first place for production volume nationally. It is now going through a serious crisis requiring radical reconversion.

The hotel sector has enjoyed unbridled expansion over the past 15 years (nine million overnight stays). In 1989, the rate of occupation of hotel establishments was 65%.

Agriculture

Number of holdings	23 540
Labour force	19 461 AWU
Agricultural area	270 000 ha
Livestock	17 000 LU
Gross value-added	:

Main enterprises

Name	Employees	Activity
Montechoro, SA	> 300	Hotels
Comalpe, SA	> 300	Preserving of fish
Marinoteis, SA	> 300	Hotels
Judice Fialho, SA	> 300	Preserving of fish

Natural diversity not yet under threat

A region of contrasts within the Mediterranean's bioclimatic sphere of influence and feeling the effects of human intervention, the Algarve still preserves great diversity within its natural systems.

The unplanned occupation of the coastal region which took place up to a few years ago may have disastrous effects on the line of dunes along the leeward (eastern) part and on the rocky cliffs of the windward (western) part of the south coast, as a result of the enormous pressure exerted by the population and land development on the functioning of these coastal systems.

A large part of the coast forms part of the network of protected areas. These include the Formosa Estuary Natural Park (60 km of coast), which comprises a wet zone of great commercial interest (fishing, shellfish gathering, shellfish farming, fish farming and salt production), and is still used by birds as part of the migratory route between northern Europe and Africa. At the same time, it is under considerable pressure from the approximately 150 000 persons living on its fringes.

The uncontrolled use of water could create major imbalances in groundwater availability in the region, as a result of over-use of some of the main aquifers. By protecting these systems and retaining more water from surface drainage, the balance may be restored between the availability and consumption of this scarce resource which is indispensable for the region's activities.

The use of the land, especially along the coastline, is a source of rivalry between agriculture and tourism, despite the characteristics of the Agricultural Reserve, in which the most suitable farming land is located and where there are strict limits with regard to its use.

Prospects for protecting and preserving the environment, especially the fragile or endangered natural systems, depend on the prevention of further development and unplanned building, the preservation of agricultural land, the protection of the aquifers and conservation of areas of ecological and environmental interest.

PORTUGAL

AÇORES

The Azores are a North Atlantic archipelago some 1 500 km from Lisbon. They lie 700 km beyond Madeira and 3 400 km from the coast of the United States of America.

The archipelago comprises nine islands stretching over some 600 km of ocean, ranging from 17 km² (Corvo) to 747 km² (São Miguel), and forming three groups: the eastern group, comprising Santa Maria and São Miguel; the central group, comprising Terceira, Graciosa, São Jorge, Pico and Faial; and the western group, comprising Flores and Corvo. The total area of the archipelago is 2 333 km².

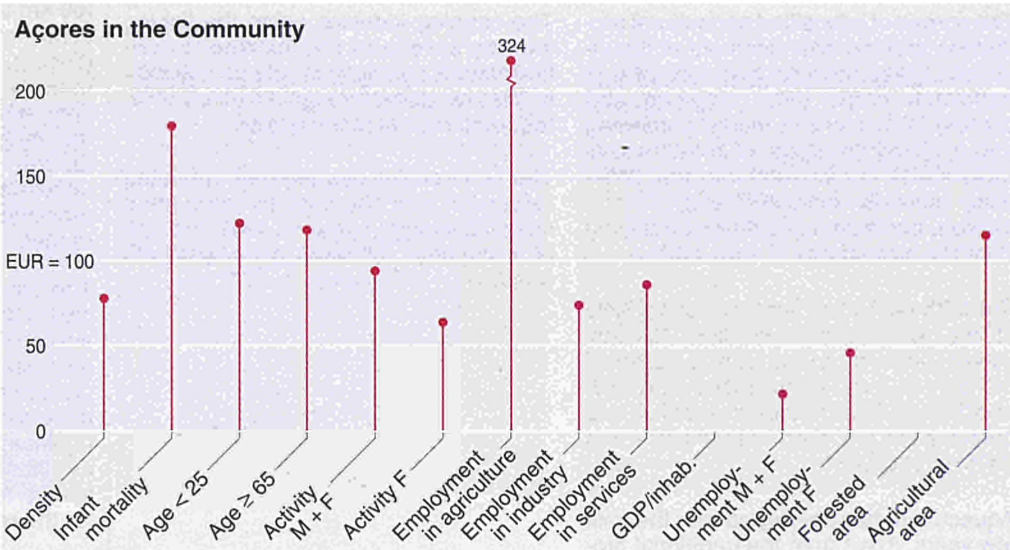
All nine islands are of volcanic origin, and the terrain is extremely rugged. Maximum heights range widely, from 402 m on Graciosa to 2 351 m on Pico.

The climate is mild and rainy, with a mean annual temperature of 17°C and an annual range of only 8.5°C; rainfall occurs evenly throughout the seasons.

The islands' vegetation is rich and varied, and includes many species now extinct in Europe. About 10% of the archipelago is under forest and woodland, more than half this area being under Cryptomeria.

Constitutionally the Azores have since 1976 been an autonomous region of the Portuguese Republic. The islands have their own parliamentary assembly and government. The Portuguese Republic is represented in the region by a Minister of the Republic.

The Azores, in the North Atlantic, are today seeking to give a new meaning to their position midway between the Old World and the New.



Nine islands in a balanced environment

The islands' greatest strengths are:

– the suitability of a fertile soil to certain crops, forage and grazing. This is why the dairy produce and meat produced in the Azores has such a high reputation;

– an environment of exceptional quality (low levels of pollution in the ocean, the islands' lakes and rivers, and the total absence of pollution-generating industry);

– the volcanic terrain, which provides not only a unique landscape but also geothermal resources capable of being harnessed for energy production;

– a maritime economic zone of almost one million km² (marine resources).

But the Azores also have weaknesses:

– their geographical distance from any mainland, which creates problems in trade with the outside world;

– the small land area of the archipelago, which is aggravated by the distance between the islands. This means multiple infrastructure works for communications (harbours and airports) and for basic social services, where the utilization rate cannot, as a rule, be high;

– problems with — and a lack of — transport between the islands and to the outside world;

– a farm structure based on smallholdings, in which the size of the holding can hamper the mechanization of agriculture.

Scale 1 : 4 000 000

Which EC regions are similar to the Azores?

Area:
± 2 300 km²
Ionia Nisia (GR)

Population:
1/4 million inhabitants
Corse (F)
Madeira (P)
La Rioja (E)
Notio Aigaio (GR)

Age:
± 43% aged less than 25
Canarias; Andalucía; Murcia (E)
Madeira (P)
Northern Ireland (UK)

Employment:
± 25% in agriculture
± 25% in industry
Ellada
Molise (I)
Alentejo (P)

Imbalances between the islands

The Azores are a region of dispersed islands which until recently were badly lacking in transport and communications facilities. Differences within the region boil down to imbalances between the islands.

The autonomous region was created in 1976 from three former counties: Ponta Delgada, covering the islands of São Miguel and Santa Maria; Angra do Heroísmo, covering Terceira, Gracioso and São Jorge, and Horta, covering Pico, Faial, Flores and Corvo. The three islands with the respective administrative centres of these counties, São Miguel, Terceira and Faial, are the best provided for in terms of the basic economic and social infrastructure — harbours, airports, motorways, education, health, etc. and are better developed economically.

A considerable effort has none the less been made in the other islands to meet the essential requirements of access, which are vital to the region. All the islands now in fact have a harbour and airport of at least the minimum size necessary.

The archipelago's principal urban centre, Ponta Delgada, lies on São Miguel, which is the largest island, and has a third of the population. The region's principal businesses, its university, and the presidency of the regional government are all located in the town.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Açores	2.2	237	108	– 2.5	52	2.8	25	25	51	:
Portugal	92.0	9 859	107	0.4	58	5.1	21	35	44	55
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

Emigration as a factor in demographic change

In 1960 the Azores had a resident population of 327 500; over the last 40 years they have lost around 80 000 inhabitants. The essential reason for this sharp decline is a strong flow of emigrants.

The very high birth-rate of the mid-1960s (in excess of 26 per 1 000 from 1965 to 1969) declined steadily to its present 15.7 per 1 000 in 1990, although this still exceeds the Portuguese national average.

The mortality rate has declined slightly from 11.8 per 1 000 in 1970 to 10.0 per 1 000 in 1989.

But the principal factor in demographic change has without any doubt been emigration, which was at its peak during the years 1966 to 1975. The annual migratory flow for the two five-year periods was 37.6 per 1 000 and 34.0 per 1 000. During the next five years the annual average dropped to 19.3 per 1 000, and in the 1980s reached its lowest level, 8.4 per 1 000.

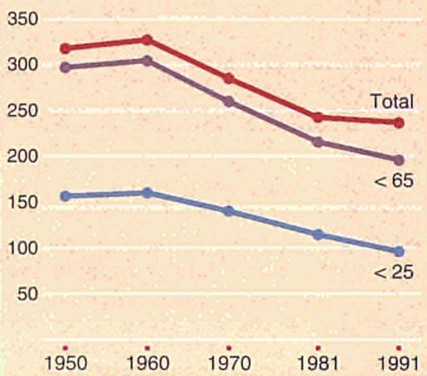
The proportion of older people rose from 20% in 1960 to 27% in 1970 and 38% in 1980; it is estimated that in 1990 it was around 46%. This is the result of the decline in the birth-rate and longer life-expectancy.

The population of working age (15 to 64 years) has remained virtually stable in percentage terms, although it has declined in absolute terms as a result of migration.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	61.5	25.9	27.0	24.9
15-24	38.4	16.2	16.7	15.7
25-39	46.4	19.6	20.2	18.9
40-54	30.4	12.8	12.7	13.0
55-64	20.9	8.8	8.6	9.1
≥ 65	39.7	16.7	14.9	18.6
Total	237.1	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality

No data available

Demographic account — 1980-90 (1 000)

Population 1.1.1981	243.1
Births	45.4
Deaths	27.4
Net migration	– 24.1
Population 1.1.1991	237.1

Female employment rising sharply

Employment fell by 30 000 between 1960 and 1981; males being the group most affected, with a net loss of about 35 000, whilst female employment increased by a little over 5 000. As a result the percentage of female jobs increased almost threefold.

The number of persons in employment increased significantly during the 1980s, due to the decline in the number of emigrants.

The activity rate has shown slight fluctuations in recent years, but has remained substantially lower than the national average.

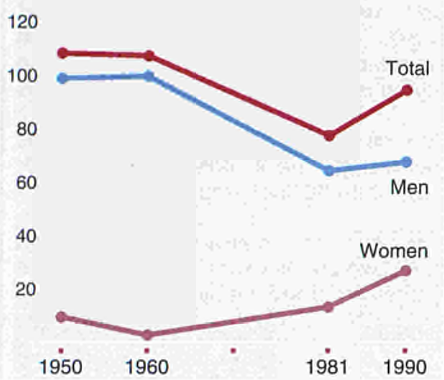
Secondary and higher education and vocational training are available in the Azores at two colleges of nursing, two teacher-training colleges, the university and a vocational training centre.

The region is badly short of skilled labour, and the resources available are very meagre. The vocational training centre is able to take only 15% of the young people arriving on the labour market each year.

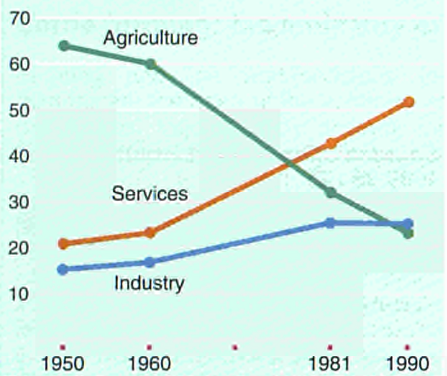
Number of pupils — 1988

	M + F 1 000	F %
Pre-school	3.9	50.6
Primary	26.7	46.8
Preparatory	9.6	48.5
Secondary	11.9	55.6
Secondary (technical)	0.2	53.3
Higher education	1.1	58.6
Total	53.4	49.6

Employment (1 000)



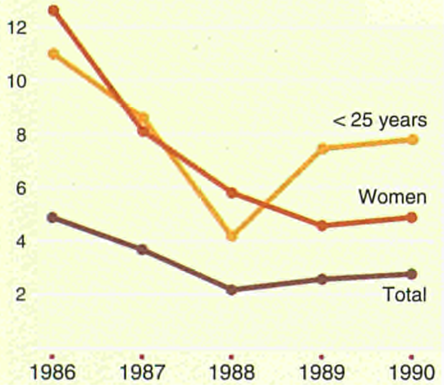
Employment structure (%)



Employment

No data available

Unemployment (%)



Services sector jobs doubled in 30 years

Between 1960 and 1981 the job market had shrunk by 28% — essentially the effect of high emigration.

This tendency was reversed in the 1980s, and the number of jobs grew strongly.

Only the primary sector declined seriously, both in absolute and relative terms. Despite these losses, agriculture remains the islands' leading economic sector.

During the same period the industrial sector grew moderately, in both absolute and percentage terms, but the most spectacular growth was in the services sector, which doubled in absolute terms, and increased its share of the regional employment market to over 50%. A good part of this growth was attributable to the setting-up of the regional government in 1976, and to the creation of new jobs in local authorities. However, retailing, transport and other services have also performed very well.

Industry is not very diversified, with most jobs in dairy processing, canning, beverages and tobacco. Construction is also beginning to assume some importance, after the region's heavy investments of recent years in infrastructure and basic drainage and water-supply works.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1986	1990	1986	1990
Men	26	59	15	73	2	2	27	32
Women	24	67	9	88	17	13	18	22
Total	25	62	13	78	6	6	24	28

Unemployment: low and short-term

During the past five years the unemployment rate has remained low and tended to fall. This means that, broadly speaking, job supply is enough to satisfy demand.

Male unemployment rates in particular have remained low enough to indicate almost full employment. Amongst males, the only age-group seeking employment is the 15 to 24-year-olds, who account for around 75% of all male unemployed. Unemployment in other age-groups is negligible.

Female unemployment has been higher than male throughout the period under review, indicating that no work has been available for some job-seekers. The pressure exercised by women on the labour market over recent years is probably the reflection of their wish to enter that market. It is hardly surprising that younger women make up the bulk of female unemployed: in 1990, 60% were aged 15 to 24, and nearly 30% more were aged 25 to 34.

Short-term unemployment is more usual than long-term, accounting for 70% of all unemployment in 1990. Women tend more to be long-term unemployed.

Small and medium-sized businesses the backbone of the economy

The primary sector, livestock farming in particular, makes a major contribution to the islands' value-added. Both soil and climate are ideal for agriculture, and over recent decades there has been an increasing tendency to specialize in beef and dairy farming, to the extent that the islands' agriculture is now on the brink of self-sufficiency.

The area under pasture has been increasing, and now accounts for 82% of all utilized agricultural land. But the average farm holding is small — around 5.3 hectares — and holdings are excessively parcelled out: the average holding comprises 6.3 separate pieces of land. This has a serious effect on the profitability of farming and on the spread of mechanization.

Only some 8.2% of farm holdings, accounting for about 13% of the land under agriculture, are farmed by the landowner. The bulk of farm holdings are in the hands of subsistence farmers relying principally on their own families for labour.

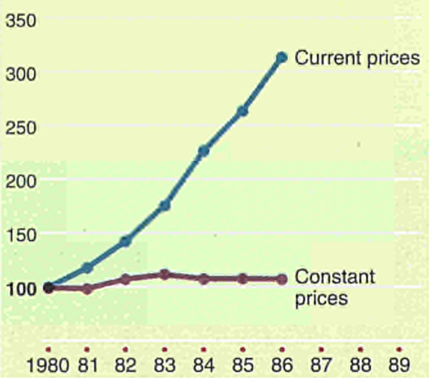
The backbone of the industrial sector is composed of small to medium-sized businesses. Their production is generally low, and as a rule they survive on low labour costs, protected by a lack of competition on both the domestic and the outside markets.

86% of all businesses have five or fewer employees. The one area where Azores industry has some weight is in the processing of primary products: dairy products, fish canning, tea, tobacco and sugar. The principal market for the manufacturers who sell outside the region is mainland Portugal.

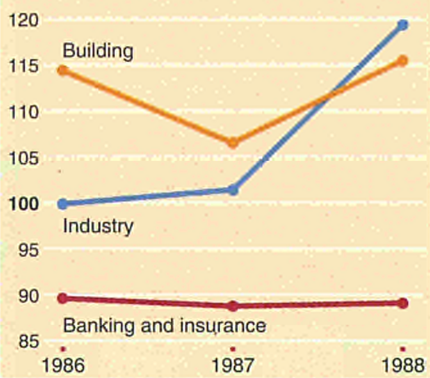
The importance of the services sector is increasing, and it already accounts for more than 50% of employment.

Virtually all the small amount of research and development work performed in the Azores is carried out by the public sector.

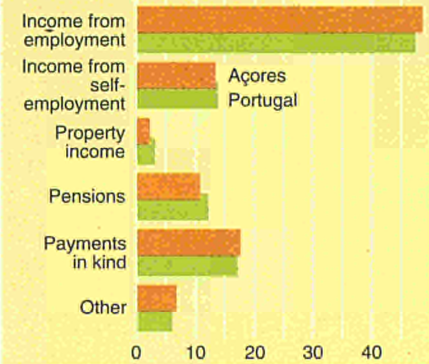
GDP (1980 = 100)



Wages (national level = 100)



Sources of household income – 1989-90 (%)



Low labour costs

The average annual cost of labour in 1988 was around ECU 5 841 per employee, 13% less than the Portuguese national average. For white-collar workers the cost was ECU 6 558; for blue-collar, ECU 5 094.

In the industrial sector, the highest annual average costs were recorded in beverages (ECU 6 605), tobacco (ECU 8 928) and electricity (ECU 7 823). The highest labour costs in the services sector were found in transport (ECU 6 752), banking (ECU 10 416) and insurance (ECU 12 305).

The activities in which labour costs were lowest were rubber (tyre re-moulding, ECU 2 641), textiles (mainly embroidery work, ECU 3 635) and timber (ECU 4 135) and, in the services sector, hotels and catering (ECU 4 100).

The structure of labour costs does not vary greatly across the economy. Direct costs account for some 76.8%, including 60.3% in wages and salaries. Of the indirect costs, the greatest part (21.3%) is social contributions.

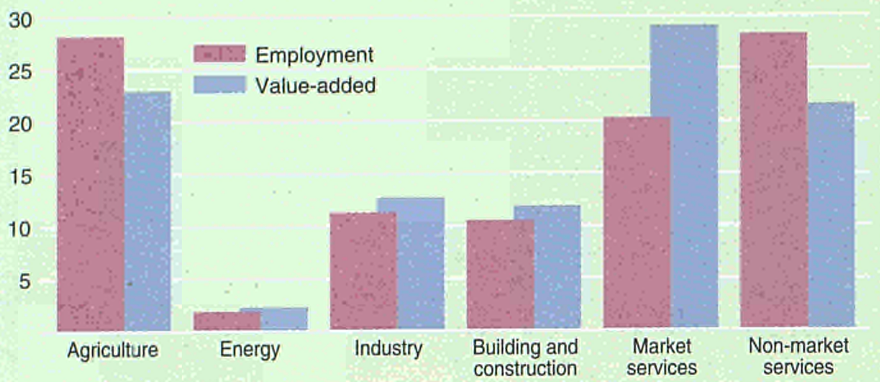
Average monthly earnings in 1989 stood at ECU 367. This was almost twice the region's statutory minimum wage for the year.

30% of net disposable income in savings

The net disposable income of the average household in the Azores in 1985 was about ECU 7 189. This may appear rather low, but households nevertheless had a strong urge to save (savings ratio over 30%).

45.5% of consumption expenditure went on food, clothing and footwear. Housing accounted for a further 19.8% (rent, water, power), and transport and communications 14.4%. Consumer durables took 7.8%, whilst entertainment, education and the arts took only 3.2%.

Employment and value-added: distribution by branch – 1986 (%)



Cattle farming: the mainstay of the regional economy

Farming and the agri-foodstuffs industries are the heart of the economy of the Azores: together they account for 37.4% of the islands' value-added.

Because of the predominance of cattle farming, pasture and forage occupy most of the land under agriculture. The total herd is some 180 000 head, of which 70 000 are dairy cattle. Milk production totals nearly 300 million litres, or around 3 500 litres per animal per year. Beef production, which is regarded as a secondary product, totals around 11 000 tonnes.

Fishing also contributes to the primary sector, and generates 2.1% of the region's value-added. The principal catch is tuna.

The processing industries deal principally in dairy produce and canned fish. With regard to dairy produce, in 1990, 22 million litres of milk were processed for consumption, and 15 000 tonnes of powdered milk produced; other dairy production included 4 000 tonnes of butter and 9 000 tonnes of cheese.

The tuna-canning industry produced some 4 500 tonnes in 1987, of which around 40% was exported abroad.

In the market services branch, tourism stands out for its promising growth, on which a good many hopes for the future are pinned.

Agriculture

Number of holdings	26 663
Labour force	:
Agricultural area	145 000 ha
Livestock	129 000 LU
Gross value-added	:

Main enterprises

Name	Employees	Activity
Empresa de Electricidade dos Açores, EP	> 500	Production and distribution of electricity
Sata Air Açores, EP	> 500	Air transport
Banco Comercial dos Açores, EP	> 500	Banking and finance

Rich and varied natural environment

The vegetation of the Azores is astonishingly rich and varied, with approximately 850 species of which 56 are indigenous to the islands. Five strata of vegetation are usually recognized: halophytic coastal vegetation; lowland beech wood and heath; laurel shrubland and coppice; juniperus forest; and high mountain (over 1 500 m, on Pico only).

The economic expansion of recent years has meant an extension of the areas under pasture and the introduction of exotic species; this has caused some deterioration and regression of the native vegetation, and may even have threatened the survival of rare species.

Compared with the flora of the Azores, the fauna are disappointing. A small number of mammals are present; there are no reptiles.

The water supply of the Azores is extremely precariously balanced, vulnerable to human activity and susceptible to pollution. Fresh-water springs are rare for a number of reasons, principally the permeability of the soil. This allows rain-water to permeate in large quantities, but prevents the formation of aquifers of any size.

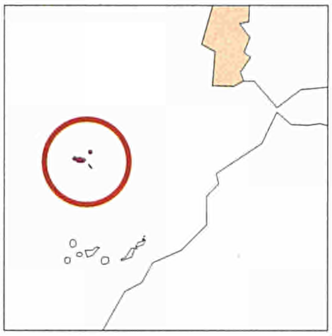
The constantly increasing use of chemicals in farming could well lead to contamination of the underground water supply.

Coastal water is generally of good quality. The region has no polluting industry, and the main pollution threats to the coast are from the discharge of untreated sewage, and shipping in the harbour areas.

The soil is shallow, and is beginning to show a number of problems. These are the result of certain poor farming practices and urban development in areas of good agricultural land.

PORTUGAL

MADEIRA



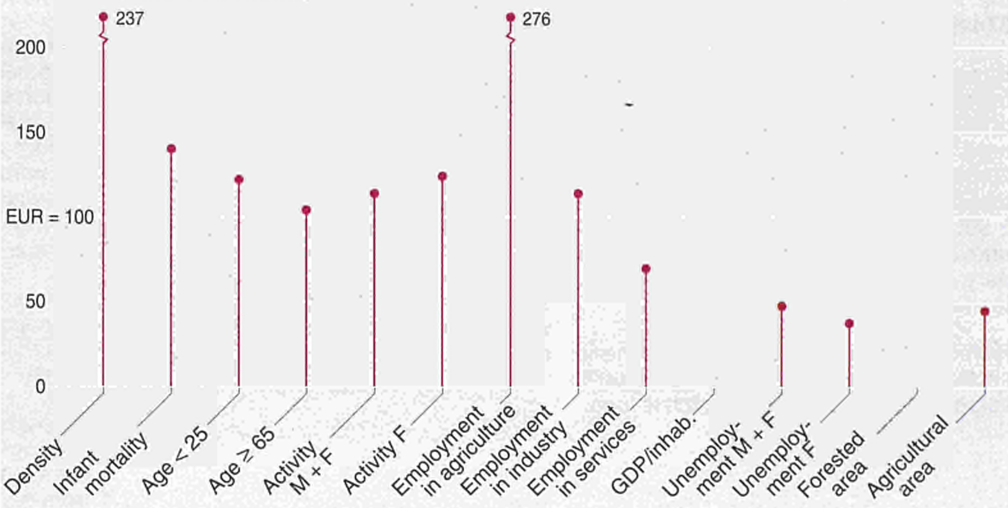
The Madeira archipelago is an autonomous region of the Portuguese Republic, with its own government institutions and legislative and executive powers. Administratively the region is divided into 11 municipalities and 53 parishes. The archipelago comprises four groups of islands, of which two are inhabited (Madeira, 737 km² and Porto Santo, 42 km²) and two are not (Desertas, 14 km² and the Selvagens, 4 km²). The islands lie in the North Atlantic, close to the coasts of north-west Africa and western Europe. The archipelago's only city, Funchal, which is also the region's main centre of development, lies on Madeira, the principal island.

Although the islands are reputed for their temperate climate — there is little temperature variation over the day or even the year — there exist a large number of microclimates, which are mainly the result of altitude and orientation. At lower altitudes the mean temperature ranges from 15 to 22°C.

The relief, with deep valleys, high mountains and sheer cliffs, its luxuriant vegetation, natural flora and fauna is of extraordinary value from the scientific, ecological, economic, and touristic points of view.

Madeira: a region of contrasts with high mountains and deep valleys, a mild climate and rich vegetation.

Madeira in the Community



The natural beauty of the islands

The limited size of the islands and their isolation from each other have created problems and constraints which affect the balanced development of the regional economy. Madeira's remoteness from the mainland imposes a substantial surcharge on costs and acts as a barrier, not only to imports to the islands, but also to exports of their traditional products — bananas, wickerwork, Madeira wine and embroidery.

The islands' relief also has its effects. First, on population, which is dispersed mainly through small communities, thus depressing the potential of the market since no economies of scale due to urbanization are possible; secondly, on agricultural development, since mechanization is ruled out — as, indeed, is any easy internal access — by the nature and condition of the road network.

The region's potential lies in its geographical position, its climate, soil, countryside, sea and, above all, its population, which is remarkably young.

The climate and soil are ideal for specialized cultivation of subtropical fruits and exotic flowers.

The fact that the islands lie on the main sea routes, their experience in contacts with foreigners, and the expansion of hotel resources all point to the establishment of international support services such as the development of the Industrial Free Zone, the Offshore Financial Centre and the International Shipping Registration Centre.

Tourism, which benefits from the region's specific advantages, must continue its development and maintain or even improve its competitiveness.

Scale 1 : 1 000 000

Population and economic activity concentrated on the south coast

Madeira's already high density of population is aggravated by the fact that the quarter of the island lying above 1 000 m altitude is practically uninhabited and there is strong tendency to live in the areas below 200 m altitude. Add a very uneven population distribution, and the overall effect is that some 75% of the population is concentrated in the south coast municipalities, under the economic shadow of Funchal, where the principal economic activities and the most significant services and infrastructure for the industry and services sectors are all located.

This lopsided population distribution has given rise to problems of urbanization, housing and water supply and drainage. This is mainly the result of the gradual abandonment of the municipalities on the north and south-west coasts, because of their lesser ability to attract population, their lower level of development and their domination by traditional, essentially agricultural, activities.

The island of Porto Santo is fairly sparsely populated by the region's standards; its activity is essentially in the services sector.

Current regional policy is to create development centres outside the already densely populated areas in order to restore some balance to development.

Which EC regions are similar to Madeira?

Area:
± 800 km²
Hamburg (D)
West Midlands (county) (UK)

Population:
0.3 million inhabitants
± 300 inhabitants per km²
Martinique (F)

Age:
± 45% aged less than 25
Ireland
Canarias (E)
Açores (P)

Activity rate:
higher than 60%
South-East; East Anglia (UK)
Île-de-France (F)

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Madeira	0.8	253	317	0.5	61	5.9	21	38	41	:
Portugal	92.0	9 859	107	0.4	58	5.1	21	35	44	55
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

Young population; emigration decreasing

The resident population has fluctuated erratically over recent decades. Migration has been an important component in the trend.

A strong migratory current affected the region's population until the 1970s. The mean annual negative net migration was around 2.7% of the population, and the total number of residents fell by almost 7%. During the 1970s the reversal of the flow seen elsewhere in the country did not entirely materialize on Madeira. But the numbers of emigrants did decrease, and new residents arrived in appreciable numbers: arrivals from the former colonies and emigrants returning from elsewhere.

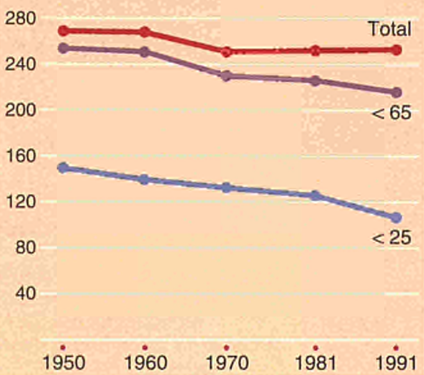
This tendency towards lower emigration and more returning migrants was maintained during the 1980s, and from 1981 to 1986 the islands' population increased at an average annual rate of more than 1%. The total resident population today is around 260 000, to which may be added over 8 000 tourists.

Structurally the population is extremely young, although there are signs that the structure itself is changing. This is the explanation for the region's low mortality rate. The birth-rate is around 12 per 1 000, although this is beginning to decline.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	58.9	23.3	25.7	21.1
15-24	48.2	19.0	20.6	17.7
25-39	54.2	21.4	21.2	21.6
40-54	32.2	12.7	11.5	13.7
55-64	22.1	8.7	7.9	9.5
≥ 65	37.3	14.7	12.7	16.5
Total	253.2	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality

No data available

Demographic account — 1980-90 (1 000)

Population 1.1.1981	252.0
Births	40.5
Deaths	25.1
Net migration	–14.1
Population 1.1.1991	253.2

Availability of work-force

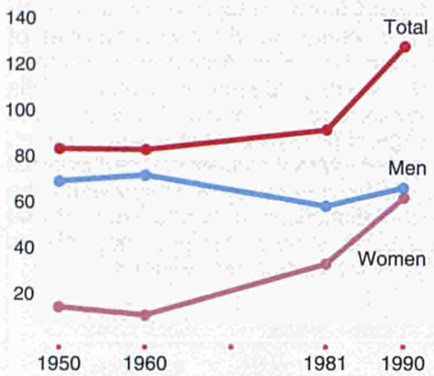
The working population is very young, with more than 60% aged under 40 and almost a third under 25; with the growth of the working-age population, an increase in labour supply can be expected.

Education and job-skill levels are low (below the national average). Excluding agriculture, some 35.3% of workers were semi-skilled or unskilled, and only 3.9% were middle or senior management. This situation has been tending to improve since the recent establishment of Madeira University and the Catholic university. Most vocational training schemes have been provided by the Vocational Training Centre, by the Madeira Hotel and Tourist School, and by the Regional Directorates of Agriculture and Fisheries.

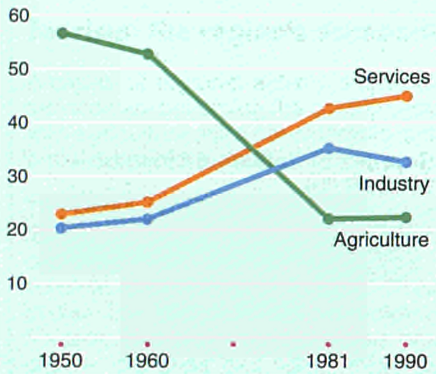
Number of pupils — 1988

	M + F 1 000	F %
Pre-school	3.5	48.7
Primary	25.9	46.4
Preparatory	11.9	46.9
Secondary	16.8	56.3
Secondary (technical)	0.1	50.0
Higher education	0.1	68.0
Total	58.3	49.7

Employment (1 000)



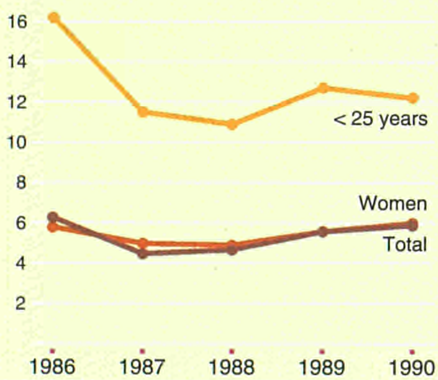
Employment structure (%)



Employment

No data available

Unemployment (%)



Employment concentrated in the services sector

Regionally, the working population is mainly aged between 25 and 54. The activity rates have shown a tendency to increase over the years.

Underemployment is more frequent in agriculture and the craft trades, and particularly amongst women.

The sector-by-sector analysis of employment shows an increasing tendency towards the services sector, due mainly to the expansion of the tourist industry and associated activities, and of the government, health and education services. Employment is decreasing in agriculture and stable in the industrial sector, although it has expanded considerably in the construction industry.

Continued growth in employment is one of the main objectives which will have to be met, in view of the nature of the islands' unemployment, and the growth of the active population as young people enter the employment market.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1986	1990	1986	1990
Men	24	56	21	74	3	2	7	11
Women	17	61	22	76	25	15	3	7
Total	21	58	21	75	14	8	5	9

Low unemployment

The unemployment rate is relatively low compared with more developed countries and regions.

Unemployment does not affect all sectors of the population equally, females being the worst affected. Long-term unemployment is substantial, and also affects females more than males.

It is the least qualified workers who have the biggest share of unemployment and there is a structural mismatch between employers' needs and the qualifications of the work-force.

Unemployment in the region could become worse, given the present underemployment and the rapid growth of the working-age population. The activity rate must keep pace with this.

A new climate for development of a restructured economy in the Industrial Free Zone

The economy of the Madeira region is to a certain extent the trade-off between the difficult conditions under which agriculture is practised and its produce exported, and the benefits of factors derived from the development of a quite different but similarly outward-looking activity: tourism.

Notwithstanding their good performance, the region's leading activities — tourism, banana growing, embroidery, wickerwork, Madeira wines and construction — have had no knock-on effect on industry and agriculture.

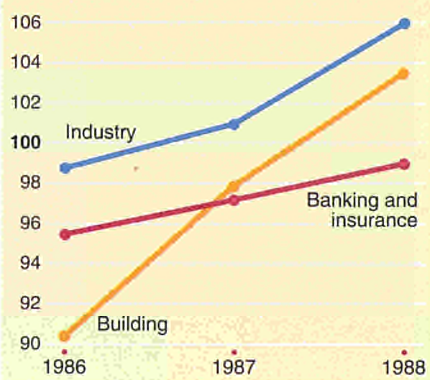
Madeira's industry is short on diversity, consisting of traditional craft trades (embroidery, tapestry and wickerwork) aimed at the export market and providing around 80% of employment whilst producing only 41% of industrial output. These are essentially hand crafts, and this accounts for the low productivity and the large number of small enterprises concerned. The islands possess some 645 industrial establishments, of which 64% have fewer than five employees. The average of the remaining 36% is 22 employees, with food, beverages, tobacco, paper, graphic arts and publications registering above-average numbers of employees. Production of this sector is aimed mainly at the domestic market.

Industry is highly concentrated in and around Funchal, with more than 50% of businesses and around three-quarters of all jobs. The other municipalities have mainly very small businesses from the most traditional sectors.

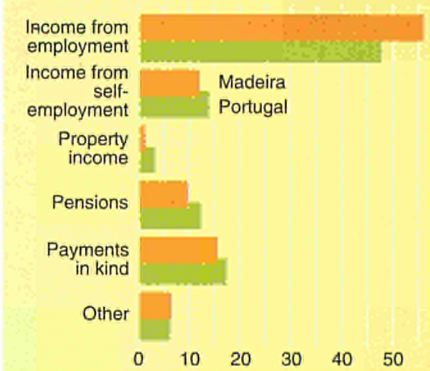
Industry has become more attractive with the inauguration of the new facilities of the Industrial Free Zone and the Madeira International Business Centre. This should lead to greater diversity in the range of products, a more open market, greater internal competition and external competitiveness, and a move towards the internationalization of business. At that point, it should become possible to capitalize on business synergy.

GDP (1980 = 100)

Wages (national level = 100)



Sources of household income – 1989-90 (%)



Services sector and emigrants' remittances critical to disposable income

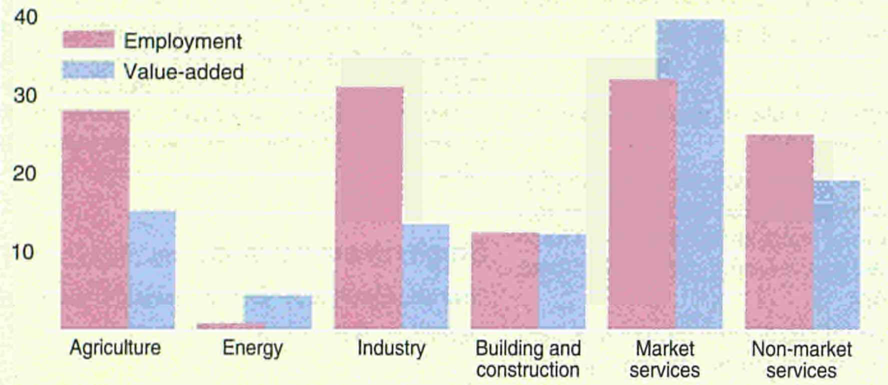
Pay trends in the Madeira region have kept pace with national levels. Generally speaking, there have been substantial rises in basic wage and salary rates in every sector of activity.

Average earnings in the services sector have risen more than in other sectors. Overall average earnings are highest in banking and insurance. The sector best established in the region, i.e. hotels and tourism, offers higher wages and salaries than in mainland Portugal. The shortage of skilled labour in some branches of the construction industry has led to accelerating wage differentials. By contrast, in spite of a favourable trend in agriculture, earnings are still very low.

The region's productivity and output are low; public consumption accounts for a relatively high proportion of consumption, and private consumption is low.

Salaries account for the largest share of regional gross disposable income. As regards transfers, emigrants' remittances are crucially important for the formation of net disposable income, and the regional economy is for this reason highly vulnerable to changes in the economic situations and exchange rates of its emigrants' countries of adoption.

Employment and value-added: distribution by branch – 1986 (%)



Tourism: the region's economic spearhead

Analysis of regional activity shows that services are becoming the central sector, with agriculture still a considerable factor and industry very weak.

The agricultural sector is nevertheless losing its importance in the region's economy. The islands' agriculture is dominated by physical factors, in particular the reduced size of holdings. Madeira has two export-oriented products — bananas and wine, which between them account for about a third of gross agricultural product — plus a wide variety of crops and livestock produced for the local market, now being augmented by new products aimed at the export market, including exotic flowers, tropical fruit and market garden produce.

The industrial sector, which occupies some 20% of the working population, is based essentially on hand crafts: embroidery, wickerwork, etc. It should be noted, however, that the building and civil engineering industry has expanded rapidly as a result of the increased impetus of the public sector.

It is the services sector which is showing the greatest upsurge. Tourism occupies a major role in the islands' economy, both for the jobs it provides and foreign currencies it earns, and for its spin-off on other sectors of the economy, such as the distributive trades and transport.

Transport, communications and public and social services have considerable importance in an outlying, island region such as Madeira.

Ecological balance

Three main aspects of the islands' environment require mention: flora, fauna and landscape.

Some 780 of the higher plant species are found in Madeira, of which around 30% are native to the four Atlantic archipelagos of Madeira, the Azores, Cape Verde and the Canaries, and 18.5 % are exclusive to Madeira.

Of the original forest some 100 000 hectares remain, situated between 600 and 1 300 m altitude. Because of Madeira's immense scientific interest, the Madeira Natural Park has been created, embracing almost half the island.

The islands' fauna comprises some 4 000 species. The only mammals exclusive to the region are a species of seal known locally as the *lobo marinho* — the sea wolf — and a number of bats. The most interesting local species are certain types of birds and fish.

Natural habitats have been safeguarded by the creation of nature reserves in the Selvagens and underwater platforms at Puerta de São Lourenço.

Man's contribution to the islands is the thousands of terraces which rise from sea-level up the mountain side, and the countless irrigation channels which now form part of the island's landscape.

A small number of environmental indicators are beginning to give cause for concern, especially noise and air pollution from the traffic in Funchal, and some pollution of offshore and coastal waters due to external factors.

Agriculture

Number of holdings	23 748
Labour force	:
Agricultural area	20 000 ha
Livestock	9 000 LU
Gross value-added	:

Main enterprises

Name	Employees	Activity
Empresa de Electricidade da Madeira, EP	> 400	Production and distribution of electricity
ITI, SA	> 400	Recreational activities
Horários do Funchal, LDA	> 400	Road passenger transport
Savoi, SA	> 400	Hotels
M. & J. Pestana, SA	> 400	Hotels
Empresa Madeirense de Tabacos, SA	> 400	Manufacture of tobacco products
Banif — Banco Internacional do Funchal, SA	> 400	Banking and finance
Saviotti, SA	> 400	Hotels

Explanatory notes — Portugal

The statistical data presented here have been compiled by either the national statistical institutes themselves or in collaboration with Eurostat. Despite the efforts which have been made, the comparability of the data between regions in different Member States cannot always be guaranteed.

In addition, the date at which the data were sent varied between Member States, so that the Community totals may not always correspond exactly with the sum of the national totals.

Graph: The region in the Community

Source: Eurostat — Regional databank, Regio

Reference period: 1988 (1989 for GDP)

Definitions:

– Infant mortality: Ratio of deaths before the age of one to live births.

– Activity rates: The activity rate is the ratio between the active population (labour force) and the population of more than 14 years. These data are based on the Community labour force sample survey.

– Employment: Employment structure by sector of activity is measured at the place of residence.

– Gross domestic product: The GDPs are converted to purchasing power standards (PPS) and related to average population.

– Unemployment rates: The unemployment rate is the ratio between the number of unemployed and the labour force.

In accordance with International Labour Organization recommendations,

– the unemployed are those persons who have no job, are looking for a job, have made serious efforts towards finding one and are immediately available for work;

– the labour force includes those persons who have a job and the unemployed.

Unit: The indicators are expressed as indices related to the Community average (this excludes the five new *Länder* of Germany and the French overseas departments).

Table: The subregions

Unemployment rates

Source: Eurostat — Regio

Definition: See above

GDP per inhabitant

Source: Eurostat — Regio

Definition: See above

Graphs and tables: Population

The data are taken from the population censuses of 1950, 1960, 1970 and 1981 and the population estimates of 31 December 1980 and 31 December 1990.

Graphs: Employment — Employment structure

The data on total employment according to sex and distribution by sectors of activity in 1950, 1960 and 1981 are taken from the population censuses, while the estimates obtained from the quarterly employment survey were used for 1990.

Graph: Unemployment

Source: Eurostat — Regio

Definition: See above

Table: Characteristics of resident employment

Source: Community labour force sample survey

Definitions:

– Employees are defined as persons who work for a public or private employer and who receive compensation; non-conscript members of the armed forces are also included.

– The distinction between full-time and part-time work is generally made on the basis of a spontaneous answer given by the person interviewed.

– A job is regarded as temporary if the termination of the job is determined by objective conditions such as reaching a certain date, completion of an assignment or the return of an employee who has been temporarily replaced.

Graph: GDP (1980 = 100)

Source: Eurostat — Regio

Statistical note: Regional GDPs at current prices were deflated using the national GDP deflator.

Graph: Wages

The information refers to administrative figures from the Ministry of Employment for employee's average monthly pay.

Graph: Disposable household incomes

Source: 1989-90 family budget survey

Graph: Employment and value-added: distribution by branch

Source: Eurostat — Regio

Table: Agriculture

Sources: Survey on structure of agricultural holdings, 1987
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Agricultural census, 1989, for the overseas departments

Table: Main enterprises

Sources: Central register of enterprises and local units

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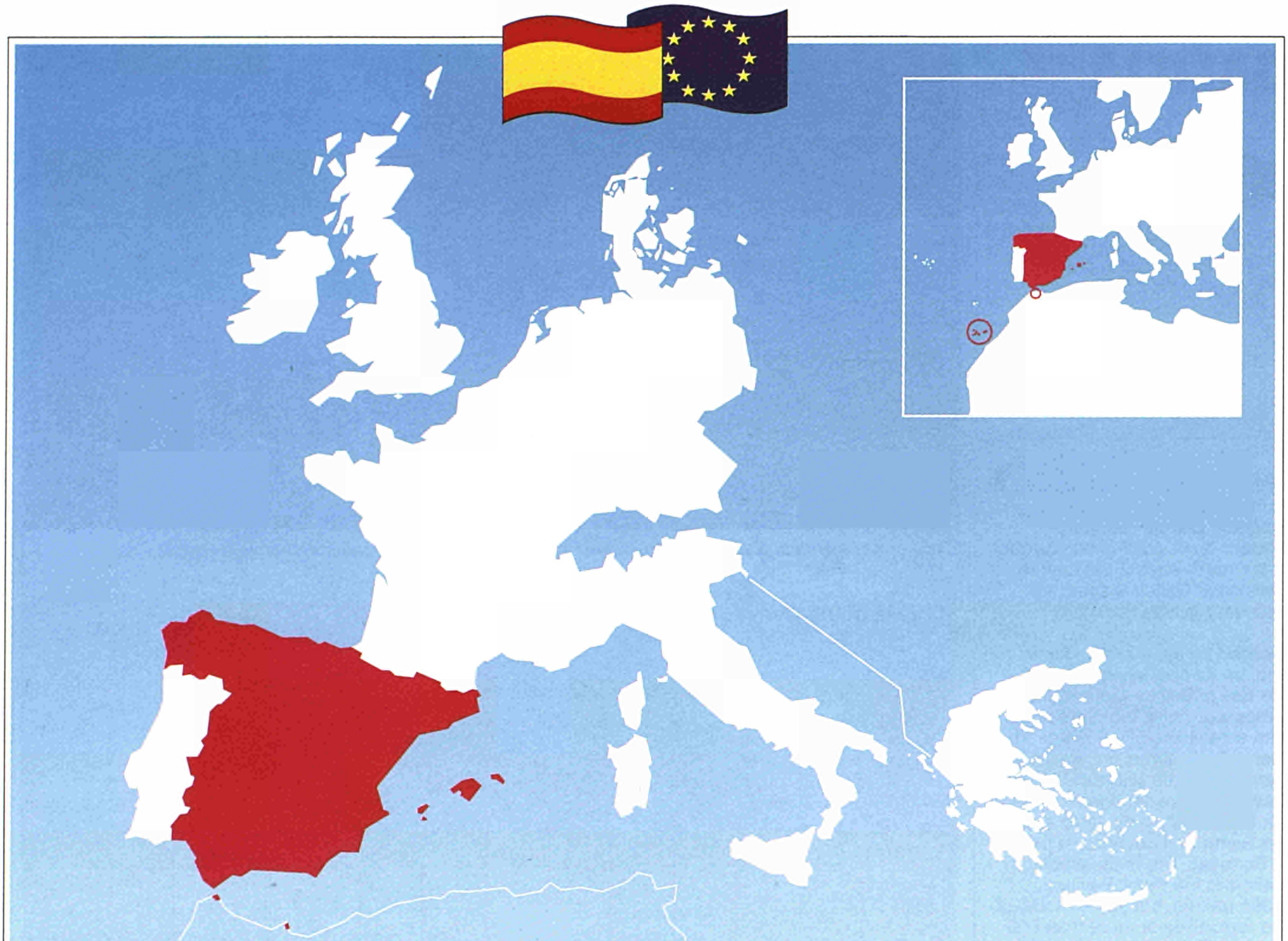
SPAIN



By virtue of its relief (average altitude of 600 m and one-sixth of its area above 1 000 m), the variety of its climate, the length of its coastline (more than 4 000 km, with many beaches) and its historical and cultural heritage, Spain is a micro-continent where virtually all types of crops can be found. All these factors, together with an intermediate level of economic development and an acceptable network of infrastructures and amenities, have turned the country into a prime destination for tourists (55 million a year).

After going through a period of pre-eminence in the sixteenth and seventeenth centuries (unification of its kingdoms, discovery and colonization of America, and expansion in Europe), and a long process of decline and isolation, Spain has experienced considerable industrial development in certain areas and a high degree of urbanization (more than half the population lives in towns with over 50 000 inhabitants).

Since the democratic system was restored by the 1978 Constitution, Spain has comprised 17 autonomous communities, plus the enclaves of Ceuta and Melilla in North Africa. In the Catalonian Pyrenees lies the Principality of Andorra, which is jointly governed by the President of the French Republic and the Bishop of the Catalan city of Seo de Urgel (Lérida) but has its own institutions. Also on the mainland is the Rock of Gibraltar, which comes under British sovereignty.

The traditional communities (Catalonia, Galicia and the Basque country) together with Andalusia, the Canaries and the Community of Valencia quickly assumed fully all the wide powers devolved to them by the Spanish and their own constitutions, but the others have not yet followed suit.

Catalan, Basque, Galician and Valencian are the official languages (alongside Castilian) in the autonomous communities of Catalonia and the Balearic Islands, the Basque country and the Community of Valencia.

ESPAÑA

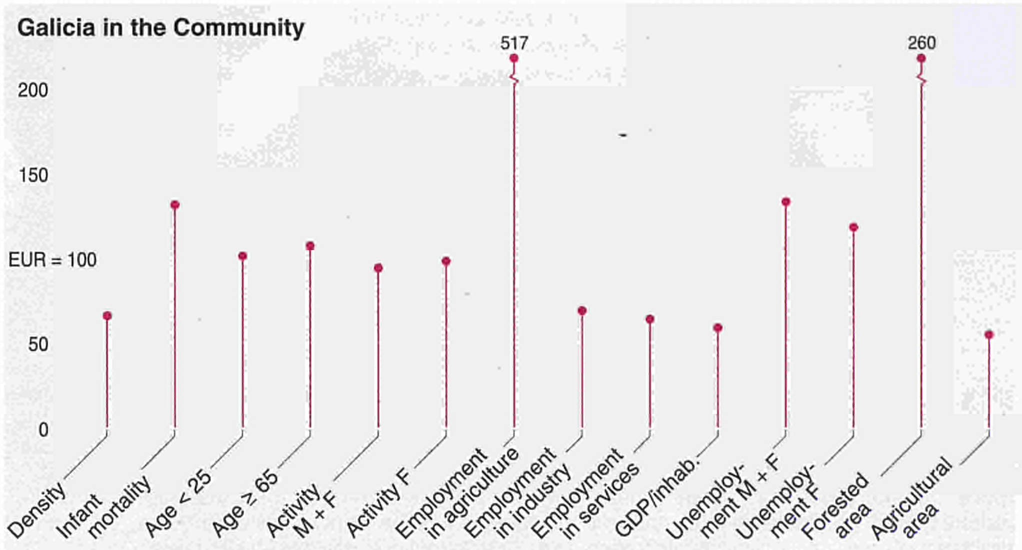
GALICIA

With an area of 29 434 km², approximately the size of Belgium, Galicia lies at the western tip of continental Europe, in the north-west of the Iberian Peninsula. Galicia's southern boundary is with Portugal.

Washed by the Atlantic Ocean and, on its north-eastern coast, the Bay of Biscay, Galicia is a temperate, rainy, maritime region, with a coastline of 1 309 km. The Sierra de Ancares, the Sierra de Caurel, and the Manzaneda and Trevinca hills extend from north to south; the Sierra de Jerez and the Sierra de Laboreiro lie partly in Portugal. The highest point in Galicia is the Peña Trevinca, 2 095 metres, but some 31.4% of the region lies at more than 600 metres; 60% is woodland, with abundant stands of pine, oak, chestnut and eucalyptus, found mainly in inland areas. The region's two principal rivers are the Miño and the Sil, and amongst its many ports and harbours, Vigo and La Coruña are the largest. Galicia is also accessible by air, with airports at Santiago de Compostela and La Coruña, the former taking the bulk of international traffic.

The region's administrative capital is the historic city of Santiago de Compostela. Galicia is bilingual, with Galician an official language alongside Castilian Spanish.

The 'horreo', a typical Galician country building, is the symbol of a rural and maritime Galicia.



Substantial resources, but lack of infrastructure

Galicia's geographical position means that it has traditionally been out of the mainstream of Spanish industrialization and modernization, but the region's considerable potential for development nowadays has a greater chance of being exploited, with its abundant natural energy resources, substantial fisheries reserves, and the tourist potential of both coastal and inland areas. Twenty years of industrial development in a few major centres (Vigo, Ferrol and La Coruña) offer a real possibility for regional development.

The still considerable problem of access by road and rail is at least now being solved. Other disadvantages are the geographical dispersal of the population — 76% live in municipalities of fewer than 2 000 inhabitants — and the fact that a substantial proportion of that population is engaged in small-scale, low-production agriculture, specializing in precisely the products which have been hardest hit by Spain's joining the Community. At the same time, the industrial enclaves already mentioned are insufficiently diversified and concentrated on sectors in which demand is weak or at best middling, several of which were hit by the recession of the 1980s — essentially shipbuilding, metalworking and textiles.

Scale 1 : 2 000 000

Which EC regions are similar to Galicia?

Area:
± 30 000 km²
Belgique/België
Province-Alpes-Côte d'Azur;
Languedoc-Roussillon (F)
Brandenburg (D)

Population:
2.8 million inhabitants
± 100 inhabitants per km²
Bretagne (F)
Wales (UK)

Employment:
± 40% in agriculture
± 40% in services
Ipeiros; Thessalia; Ionia Nisia (GR)

Land use:
± 60% forest
País Vasco (E)
Liguria (I)

Contrasts between the Atlantic coast and inland areas

Any classification entails some simplification, but Galicia can nevertheless be divided into two distinct areas: coastal and inland.

The two coastal provinces of La Coruña and Pontevedra account for some 70% of the region's population, and demographic trends there have been towards growth over recent years. These two provinces contain, as enclaves along the coast, the principal industrial areas: La Coruña/Ferrol and Vigo/Pontevedra. The already substantial industrial structure, considerable fishing activities and an increasing flow of tourists put average per capita income in these areas close to the national average.

On the other hand, inland Galicia (provinces of Lugo and Orense) is being depopulated at an accelerating pace, particularly in its extensive rural areas. Inland, Galicia is predominantly agricultural, its farm-holdings small and specialized in dairy and beef cattle. They are too small and too poorly-equipped to be competitive and to generate the work and the wealth needed to retain the population. The wide dispersal of the population and the small number of towns of any size are a hindrance to communications and rational production in most inland areas of Galicia, and add substantially to the cost of efforts to improve infrastructure and facilities.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
La Coruña	7.9	1 143	145	4.5	47	12.2	24	25	51	63
Lugo	9.8	409	42	0.8	52	9.1	51	18	32	60
Orense	7.3	436	60	1.3	54	9.1	50	17	33	51
Pontevedra	4.5	928	206	5.1	50	13.9	24	31	45	57
Galicia	29.4	2 915	99	3.7	50	11.8	32	25	43	59
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

Emigration and internal migration

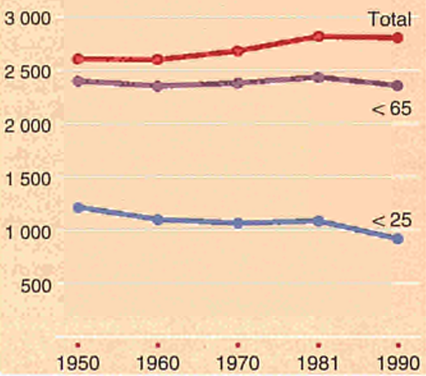
Population growth has been low in Galicia (7.5% from 1950 to 1990). A low birth rate and emigration have been the causes. The population pyramid reflects ageing and shows it to be particularly acute in the rural areas.

Galicia has traditionally been a region of emigration, particularly during the late nineteenth and early twentieth century, when large sections of the population emigrated to Latin America, principally to Venezuela, Colombia, Cuba, Argentina, Uruguay and Brazil. During the 1950s and 1960s emigration, still on a fairly large scale, was principally towards other countries of Europe (Germany, France, Switzerland, Belgium and the Netherlands) and more industrialized regions of Spain (the Basque country, Catalonia, Madrid). At present emigration from the region is practically nil, but there is still movement from the less developed inland areas towards the coast and towards the larger, more industrialized urban areas.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	487.0	17.4	18.4	16.4
15-24	439.0	15.7	16.5	14.9
25-39	596.0	21.3	22.3	20.3
40-54	502.0	17.9	18.2	17.6
55-64	333.0	11.9	11.5	12.3
≥ 65	444.0	15.8	13.1	18.5
Total	2 802.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	15.0	0.5
of which EC countries	9.7	0.3
of which non-EC countries	5.3	0.2
Portugal	8.1	0.3
Argentina	1.2	0.0
Venezuela	1.0	0.0
USA	0.7	0.0
United Kingdom	0.4	0.0
Italy	^.3	0.0

Demographic account — 1980-90 (1 000)

Population 1.1.1980	2 931.0
Births	300.0
Deaths	258.0
Net migration	−58.0
Population 1.1.1990	2 915.0

A dual society revealed by apparently high activity rates and job skills

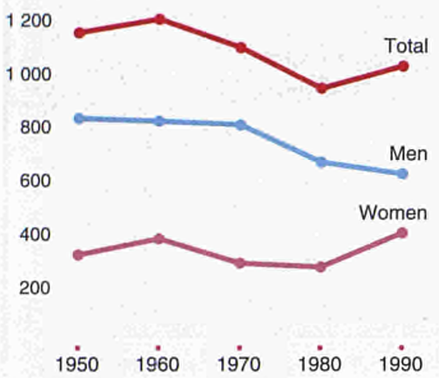
The high activity rate and the high female activity rate are due to the considerable weight of agriculture in the region, and the large number of very small, mostly family-run, agricultural holdings which tend to under-employ most members of the family.

Job skills are also indicative of the region's dual nature, with a reasonably skilled labour force in the more industrial areas, a remarkably high number of university-trained professionals in the cities, and few skills at all in the extensive rural areas. In all events, enrolment ratios are slightly below the national average in vocational training and at university level. Galicia has two universities: Santiago de Compostela (32 461 students in 1990) and La Coruña (10 050).

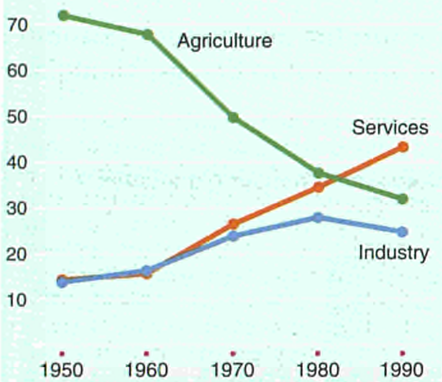
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	60.5	49.3
Primary	201.9	48.1
Lower secondary	147.9	48.5
Higher secondary	176.3	50.9
Higher education	54.7	:
Total	641.3	49.1

Employment (1 000)



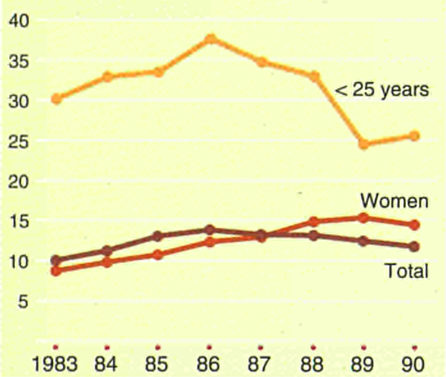
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	1 009.5
+ Non-residents having a job in the region	2.2
− Residents having a job outside the region	19.7
= Internal employment	992.0

Unemployment (%)



Major difficulties in creating jobs

Galicia lost 40 000 jobs during the first five years of the 1980s, mainly as a result of the recession and the restructuring of some of its major industries, shipbuilding in particular. Although in percentage terms this loss of jobs was less than the Spanish average, economic recovery was less strong in Galicia than in Spain generally, and some job losses continued until 1989 — some 2 000 in all. Geographically, the job losses were concentrated in the most heavily industrialized areas: Vigo and Ferrol.

The sectoral pattern of employment changed during the 1980s. Industry's share of jobs dwindled, and agriculture's fell more sharply, whilst the services sector saw its share rise. Despite this rise, and the fact that the jobs shed by agriculture were channelled mainly into services, this sector's share of jobs remains relatively low in Galicia.

At the same time, and essentially because of the scale and characteristics of the region's agriculture, the percentage of wage and salary earners is particularly low.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	13	68	19	62	2	1	8	25
Women	11	63	26	39	9	7	7	26
Total	12	66	22	53	3	2	8	25

Low unemployment, but much under-employment in agriculture

Unemployment in Galicia in 1990 was considerably lower than the national average, but under-employment in agriculture means that care should be taken in making comparisons with other regions. Unemployment is much higher in the two coastal provinces, Pontevedra and La Coruña, than in the two inland provinces, Lugo and Orense.

The unemployment rate rose considerably between 1976 and 1986. The most industrialized areas of the region affected the unemployment figures severely, since most of those areas were heavily engaged in industries hit by the recession such as shipbuilding, metalworking and vehicle construction. With the slight recovery in economic activity which began in 1986, the unemployment rate has declined steadily though very gradually.

Female unemployment remains one of the lowest in Spain. This, again, is essentially because of the widescale involvement of women in traditional agriculture. The same reason lies behind Galicia's relatively low unemployment rate for the under-25s. Long-term unemployment, 39% of the total, is also below the national average.

Large employers few in number but essential to the economy

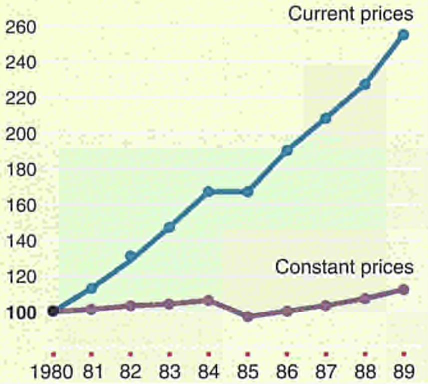
Per capita GDP in Galicia is well below the Community average. Low-productivity agriculture is a critical factor in this result, given its considerable weight in the region's economy and the under-developed state of the services sector.

Small and medium-sized businesses predominate in Galicia, but there are a handful of very large firms (Citroën Hispania, Astilleros del Noroeste, Pescanova, Industrias de Diseño Textil, etc.) with great influence on the region's industry. Whilst small to medium-sized businesses account for 98%, and 55% of the labour force, the fewer than 1% of businesses employing more than 500 account for 17% of the labour force, as well as generating a considerable number of jobs indirectly.

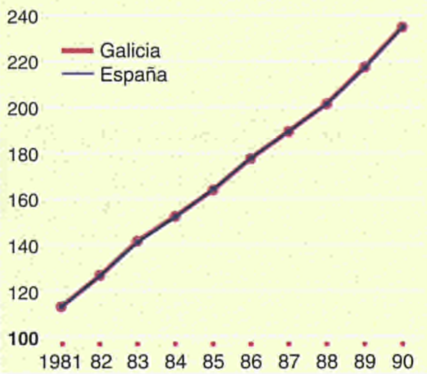
One of the obvious consequences of this industrial pattern is the lack of attention paid to research in the region. This is illustrated by the fact that, despite all the efforts over recent years by public establishments, the total expenditure on research and development in the region comes to only 0.2% of value-added.

Galicia produces 5% of Spain's exports. Apart from fisheries and agricultural produce, these include in particular motor cars (14.2% of the total), goods vehicles, aluminium, bituminous minerals and petroleum products.

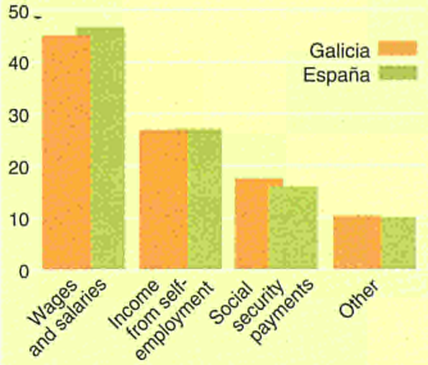
GDP (1980 = 100)



Wages (1980 = 100)



Disposable household income – 1987 (%)



Wages competitive but moving in step with national trends

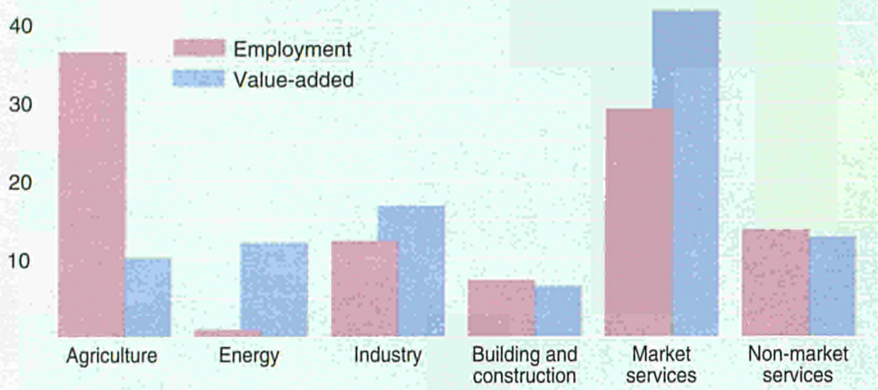
In 1990, average hourly earnings in Galicia were below the national average. This is one of the lowest regional rates in Spain, comparable to those of Murcia, Castile-La Mancha and La Rioja. White-collar workers earn some 17% less than the national average, blue-collar some 15.5% less. Trends over the last 10 years have followed the national pattern, but the lower starting-points, the secondary effects of the powerful presence of farming in the region's economy, and the low productivity of the services sector have contributed to comparatively low current earnings.

Low disposable incomes partially compensated by transfers

Households' per capita disposable incomes in Galicia are some 23% below the national average. Gross operating surplus and compensation of employment contribute a proportionally smaller share than in Spain as a whole, and social benefits a larger share. Growth in households' income has been faster than the national average in recent years, but it remains in the group of regions with the lowest level of households' disposable income.

Along with the other less developed regions of Spain, Galicia receives substantial transfers of income, and these go some way towards correcting the imbalances. Pensions are the most important type of transfer into the region, because of the large number of residents aged over 65, together with transfers of income from abroad, principally remittances by migrants.

Employment and value-added: distribution by branch – 1987 (%)



Industry founded on natural resources and heavily reliant on shipbuilding and automobile engineering

Agriculture in Galicia has considerable importance in the region's economy, but is essentially oriented towards subsistence farming. Of the various types of farming found, stock-raising is the greatest contributor to the region's income, principally beef cattle and poultry farming, which account for 13.5% and 11.3% of their respective Spanish totals. Galicia is in fact Spain's leading producer of milk and eggs. Fishing employs 36 220 persons (3.6% of total employment), and provides a solid base for the region's sizeable canning industry.

Predominant among the industries represented on any scale in the region are those built on natural resources and those which transform locally-available primary materials. Sub-sectors better represented than the national average include in particular energy: in 1987 Galicia's gross production was 13.2% of total national energy production. Manufacture of transport equipment is important, the result of the presence of shipyards in Vigo and Ferrol (Astano and Empresa Nacional Bazan in particular) and of the Citroën vehicle plant at Vigo.

Services are badly represented in Galicia (43% of employment) and have a poor record of productivity.

Agriculture

Number of holdings	227 336
Labour force	321 311 AWU
Agricultural area	914 000 ha
Livestock	1 088 000 LU
Gross value-added	3 108 ECU/AWU

Main products	
Milk	24%
Cattle	17%
Poultry — eggs	12%

Main enterprises

Name	Employees	Activity
Citroën Hispania	7 606	Car manufacturing
Industria Diseño Textil	2 500	Textiles
Astano	1 900	Shipbuilding
Pescanova	1 300	Food industry
Coren	1 113	Food industry

An unspoilt environment which must be preserved

Few Spanish regions have an environment as unspoilt as Galicia's: the reason is mainly that most of Galicia's population lives in small towns with little industrial activity. Many areas, particularly those inland, despite being economically backward and lacking facilities, have rivers, forests and countryside which are scarcely capable of improvement. Galicia has two natural parks, the Islas Cíes and the Monte Miñoto de Aloia, extensive areas of high mountain, a wide variety of wild bird life, and countless rivers.

More than 60% of Galicia is woodland (11.6% nationally), and the region is rich in forest resources: pine, oak, chestnut, eucalyptus, etc. The vast oceanic forest has none the less suffered in recent years from forest fires which pose a serious threat to the ecological balance of large areas.

Meanwhile, Galicia's splendid coast, more than 1 300 km in length, remains largely untouched. In the south the Rías Bajas offer excellent beaches of fine sand, and further north the Costa de la Muerte has taken its name from the massive cliffs and fjords of the Rías Altas. There are pockets of environmental contamination in a few estuaries and beaches, the result of uncontrolled discharge of industrial waste.

Galicia is crossed from east to west by the Camino de Santiago — the pilgrims' road to Compostela in the Middle Ages. The region also has some 5 000 Romanesque churches, and at least as many pre-Roman remains, whilst in Piornedo and O Cebreiro (Sierra de los Ancares) there survive the last remaining Celtic style rural dwellings in Europe.

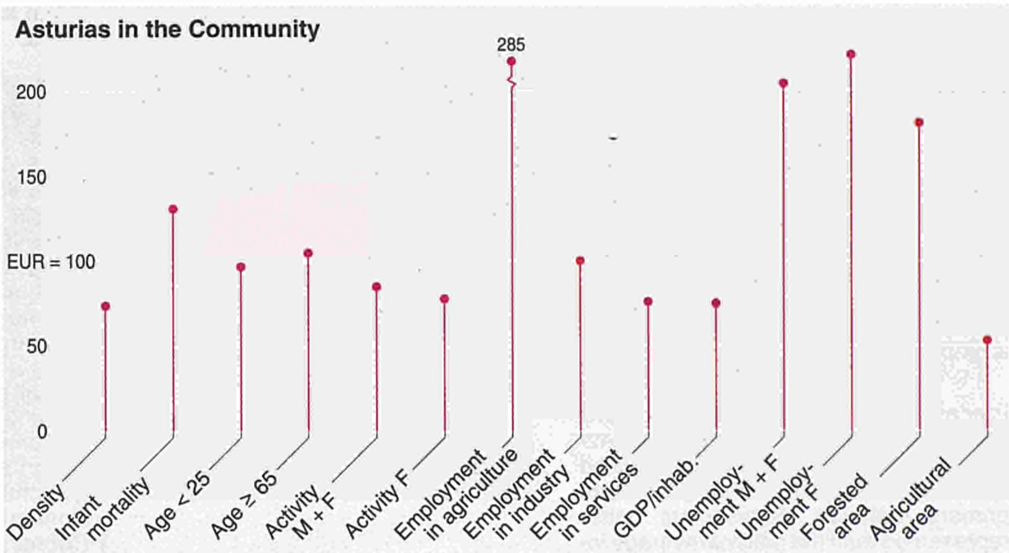
ESPAÑA

ASTURIAS

Fronting the Bay of Biscay, the autonomous community of Asturias is composed of a single province. Its coastline, which is 334 km long, is high and rocky, with major promontories, and the Tina Mayor and Eo estuaries form natural boundaries with the neighbouring regions of Cantabria and Galicia. Its humid climate is noted for moderate temperatures in both winter and summer.

There is no shortage of mountainous areas (more than a fifth of the land is situated above 1 000 metres), the most outstanding being the huge massif of the Picos de Europa, which borders the province of León and boasts as its highest peak the Torrecerredo (2 648 metres). The region's hilly terrain explains why only a third of the land is used for agriculture, with 85% devoted to meadows and pastureland for livestock. Trees which traditionally flourish are the oak, the chestnut and the beech, although in recent years there has been a trend towards reforestation with eucalyptus and various varieties of fast-growing pine. The mineral wealth of the region is considerable; it is the country's foremost producer of hard coal and ranks second in the production of anthracite and mercury.

Luarca, one of the little fishing villages dotted along the northern coast of Asturias.



Scope for tourism and the siting of new industries

Asturias has great tourist potential: climate, hunting and fishing, cliffs and small beaches, mountains, gorges such as that of the Cares, and a rich heritage which includes important examples of ninth-century Asturian art, in particular the churches of Santa María del Naranco and San Miguel de Lillo. Its industrial tradition and skilled workforce are persuasive reasons for deciding to site new businesses there.

The agricultural sector, which has felt the impact of Spain's entry into the EEC due to its specialization in milk and dairy products, is faced with the need to restructure in order to raise the productivity intrinsic to its small livestock holdings.

Traffic congestion on many roads, together with poor communications to the Basque Country and Cantabria, have traditionally proved major obstacles to establishing satisfactory internal and external links, although these problems are on the way to being solved.

Industry in the region, centred on steel and metalworking, is marked by the presence of two major concerns, which coexist with many smaller firms in a financially precarious situation. Finally, there are considerable environmental problems in some areas, especially in the urban centres of Avilés and Langreo, which have been declared air-pollution zones.

Scale 1 : 2 000 000

Which EC regions are similar to Asturias?

Area:
± 10 000 km²
Abruzzi (I)
Stuttgart; Niederbayern (D)

Population:
slightly more than one million inhabitants
± 100 inhabitants per km²
Niederbayern; Oberpfalz (D)

Employment:
± 20% in agriculture
± 30% in industry
Portugal

Unemployment rate:
± 20%
Basilicata; Calabria (I)
Cantabria; País Vasco (E)

A concentration of activity in the central area

The mountainous relief and the poor communications with the region's outlying districts have given rise to a dual society, industrial and urban at the centre, agricultural and sparsely populated at the edges, with the former failing to have any dynamic effect on the latter. The region can therefore be divided into three areas: western, central and eastern. The central area, which covers 29% of the total surface area and accounts for 80% of the population, is marked by the steel basin around the urban centres of Gijón and Avilés, and the mining basin, which is situated around Mieres and Langreo. The city of Oviedo is geared towards the services sector, and both its role of administrative capital and its geographical situation help to make it a link between the mining and steel areas.

The eastern and western areas, where the agricultural sector predominates, are the poorest towns to be found, with per capita income in some cases being less than half that in the larger urban centres. Farmland covers an estimated 877 000 hectares and is divided up into 811 000 different plots, of which only 7% are larger than 1 hectare. By far the commonest form of holding is the family farm, which provides a poor living and generally has fewer than 15 head of dairy cattle.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Asturias	10.6	1 124	107	−0.1	46	17.0	16	34	50	75
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

ASTURIAS

An ageing population

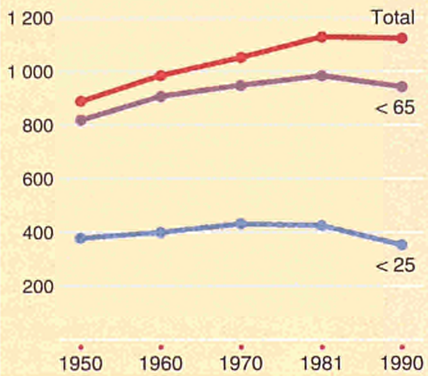
The moderate population growth of the region since 1860, with a rate less than half that of the national average, was to a large extent due to the great numbers who emigrated to Latin America (Cuba and Argentina), Europe (Belgium) and other Spanish regions (Madrid). It was only between 1950 and 1957 that, thanks to mining and the steelworks in Avilés, people began to move to Asturias itself, mainly from Galicia, Extremadura and Andalusia. The main urban centres are Oviedo (pop. 186 000), which is the capital of the region, and Gijón (pop. 258 000) and Avilés (pop. 86 000), both important steel manufacturing centres. The average density is 106 inhabitants/km², but in almost 40% of the region the density is under 20 inhabitants/km².

The birth rate was 7.1 per 1 000 in 1989, the lowest rate ever recorded, with the lowest figures being found in towns in rural areas. The lack of population growth is reflected in the fact that in 1970 the region accounted for 3.1% of the Spanish population, whereas in 1990 it only accounted for 2.8%. The proportion of people above 65 is higher than the national average and is indicative of the ageing of the population.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	183.0	16.3	17.4	15.3
15-24	169.0	15.1	15.9	14.4
25-39	251.0	22.3	23.0	21.7
40-54	195.0	17.4	17.6	17.1
55-64	144.0	12.8	12.7	13.0
≥ 65	180.0	16.1	13.4	18.6
Total	1 124.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	4.1	0.4
of which EC countries	2.3	0.2
of which non-EC countries	1.8	0.2
Portugal	1.7	0.2
Argentina	0.2	0.0
Venezuela	0.2	0.0
USA	0.2	0.0
Cuba	0.2	0.0
United Kingdom	0.1	0.0

Demographic account — 1980-90 (1 000)

Population 1.1.1980	1 179.0
Births	110.0
Deaths	105.0
Net migration	– 56.0
Population 1.1.1990	1 128.0

A well-educated population and increasing emphasis on technical training

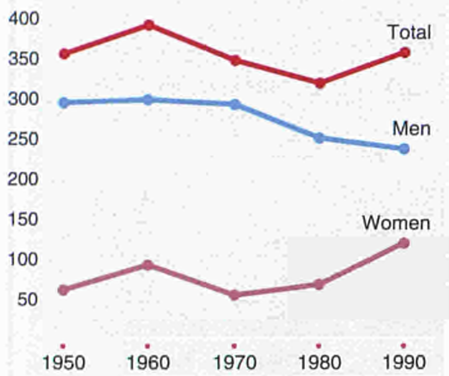
The industrial recession of the 1980s has led to a fall in the activity rate, with the figure dropping by more than three percentage points during the decade. There was a large gap between the activity rate for men and women.

With attendance rates traditionally higher than the national average for all levels and types of education (attendance amongst those aged between 6 and 24 is currently 10% greater than the average, which places Asturias in second place behind Madrid). Oviedo University, founded in the sixteenth century, has over 32 000 students, of whom approximately one-third are studying economics/business studies and law, although a growing number are opting for information technology, chemistry, geology, nautical studies and industrial engineering and mining, as opposed to the humanities and medicine.

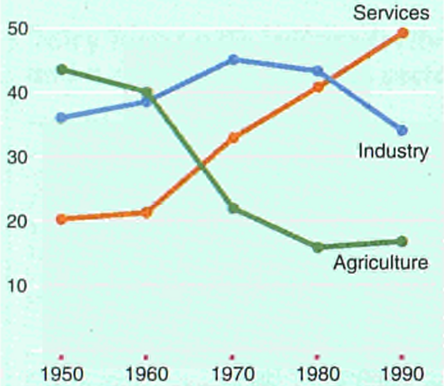
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	21.7	49.1
Primary	70.9	48.2
Lower secondary	55.1	47.9
Higher secondary	86.2	45.2
Higher education	34.0	:
Total	267.9	47.0

Employment (1 000)



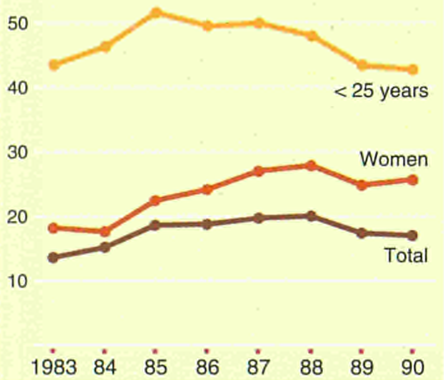
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	352.6
+ Non-residents having a job in the region	1.2
− Residents having a job outside the region	2.6
= Internal employment	351.2

Unemployment (%)



Employment still below the 1980 figures

In spite of the recent recovery in employment, the number of those with jobs in 1990 was still below the 1980 figure. This is in contrast to the national trend and reflects the difficulties which have been encountered by the Asturian economy in attempting to overcome the recession. The fall in employment is attributable both to the decline in agricultural jobs as a result of the crisis in the dairy sector, and to the major restructuring and redundancies in the steel and mining industries.

The sectoral structure of employment shows a clear reduction in the agricultural sector, which is none the less still above the national average. Industry has declined in importance and now accounts for a third of employment if construction is included, whilst there has been a marked shift to the services sector which accounts for half of the workforce.

In some districts, such as Nava and Grado, employment in the agricultural sector remains predominant, whereas in Langreo and Mieres industry is the main employer, and in Oviedo the services sector is responsible for more than two-thirds of total jobs. These facts clearly illustrate the specialization in the different districts of Asturias, which gives rise to a different life-style and an unequal distribution of incomes, to the detriment of the agricultural areas. The self-employed represent a third of employment in construction and services.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	11	72	17	72	1	1	8	22
Women	12	69	19	55	16	16	11	18
Total	12	71	18	66	5	6	9	21

Recession and high unemployment

Given the type of industry in which the region specializes, the recession of the 1980s had a considerable effect on employment. The unemployment rate rose to its highest point in 1988, then fell in 1990 at the start of the economic recovery. Although the Asturian economy has got over the worst of the recession, it has done so at a later point and to a lesser extent than the other regions of Spain. In 1990, the number of unemployed was more than double what it was in 1980, of which half were looking for their first job. Two groups have been identified as being particularly vulnerable: women, and the under-25s, of whom half are unemployed.

The irregularities and the steep incline of the coal seams in the central basin inflates the cost of extracting hard coal, and yields are therefore below those of some mines in the EC which have already been closed. The outlook is by no means promising for the next few years, during which the mining industry will have to be restructured. It employs more than 25 000 people, of whom approximately three-quarters work for the State-owned company Hunosa, which is planning further redundancies.

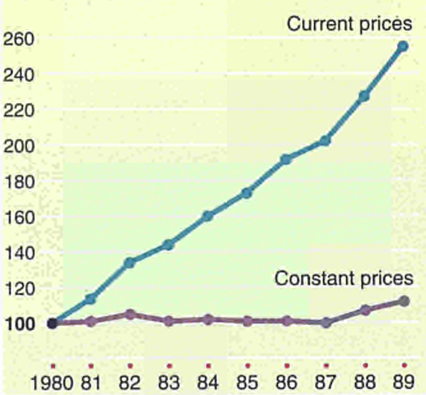
Small firms overshadowed by two large State companies

The former agricultural and pastoral character of the region was transformed by the arrival of industry and the intense working of the mines. At present, the Asturian economy is noted for the importance of the industrial sector. As a whole, the industrial structure is unbalanced, lacks diversity and is highly concentrated in basic industries (steel, mining and metalworking), with two large State-owned enterprises — Empresa Nacional Siderúrgica (Ensidesa) for steel, and Hulleras Del Norte (Hunosa) for coal — overshadowing a small number of medium-sized firms, whilst the remainder of the industrial sector is made up of small businesses.

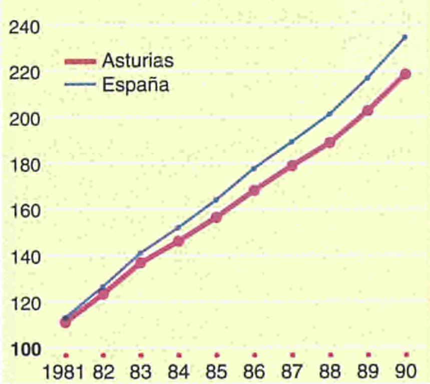
The extractive industries are centred on hard coal, anthracite and, to a lesser extent, kaolin and fluorspar. Coal production in 1989 reached 6.3 million tonnes, of which 4.9 million was hard coal and 1.4 million anthracite. Open-cast mining plays a minor role, accounting for around 4% of the total produced.

Production of basic metals comprises the integrated steel works at Avilés and Gijón, together with the production of aluminium and zinc. Metalworking is concentrated on boilermaking, shipyards and metal assemblies. Hydroelectric and thermal power generation is also important.

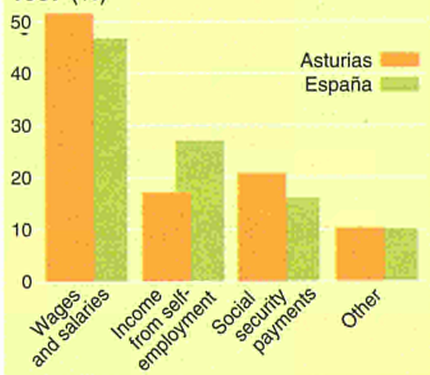
The region's volume of foreign trade is small. The main exports are minerals, steel products, milk, cheese, cider, and fresh and preserved fish.



GDP (1980 = 100)



Wages (1980 = 100)



Disposable household income – 1987 (%)

High labour costs compared with the national average

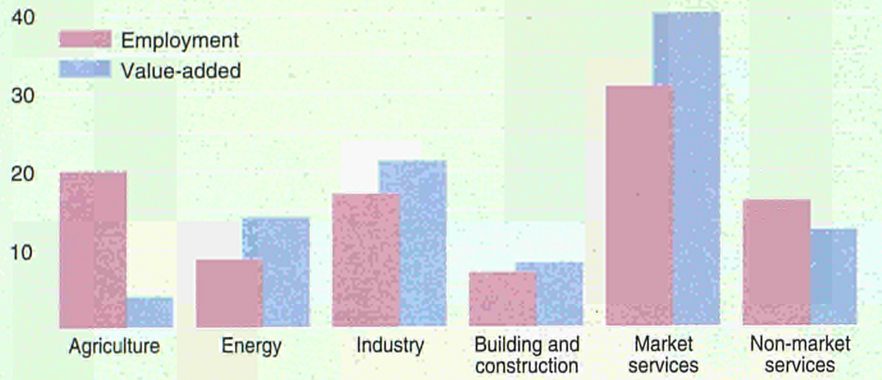
Labour costs in Asturias are amongst the highest in Spain, being exceeded only by those in the Basque country and Madrid. Average hourly earnings are 12% above the national average. The pay of white-collar workers exceeds the national average by 5%, whilst manual workers' wages are 23% higher than elsewhere in Spain. By sex, the average pay of men is 29% higher than that of women. These differences with respect to national averages are largely explained by the wage levels in the steel plants and, to a greater degree, in the mines (which provide 69% of employment in industry), as these are the highest-paid economic activities, paying more than twice as well as, for example, the footwear, clothing and food industries or the distributive and catering trades. However, throughout the 1980s growth in labour costs in Asturias has been somewhat below the national average. In 1990, the average collectively negotiated pay rise in the region — 7.78% as opposed to 8.12% for Spain as a whole — continued that trend.

Major transfers in recent years

Social benefits make up an important part of households' disposable income in Asturias. The percentage figure is five percentage points above the Spanish average, reflecting the efforts made by the national and regional authorities to cushion the social repercussions of the restructuring of the sectors in crisis.

Households' per capita disposable income grew by 1.5% per year in real terms between 1983 and 1987, which is slightly below the national average. In terms of per capita disposable income, this puts Asturias in eleventh place in the Spanish regional league table, with an index of 95.8% (where Spain = 100).

Employment and value-added: distribution by branch – 1987 (%)



Dairy farms with low productivity, an industry lacking diversity and a developing services sector

High rainfall means that the region's cattle are the main producers of milk in the country, although yields are low due to the small size of farms. The best and most extensive apple orchards are to be found in the Valle del Sella, and the fruit is used for making cider, of which Asturias is Spain's main producer. Income from fishing is low, but it is worth mentioning the catches of hake, sea bass, sardine and bream.

Although industrial development in Asturias was diversified during the second half of the nineteenth century (textiles, glass, leather and chinaware), there is at present a marked specialization in mining and steel: production of metals and metalworking accounted for approximately 40% of industrial employment in the region, and the extractive industries 30%, with other branches — food, drinks and tobacco (9.1%), ceramics, glass and cements (4.8%), wood, cork and furniture (4.4%), and electricity, water and gas (4%) — far behind.

The services sector, which contributes half of gross value-added and employs 50% of the Asturian work force, offers major opportunities for job creation, especially in tourism, given the wide potential yet to be exploited in that area. The expansion and diversification of services to industry is another line of development vital to the modernization of Asturian industry.

Agriculture

Number of holdings	56 040
Labour force	72 870 AWU
Agricultural area	316 000 ha
Livestock	349 000 LU
Gross value-added	3 294 ECU/AWU

Main products	
Milk	39%
Cattle	25%
Main crops	8%

Main enterprises

Name	Employees	Activity
Hunosa	18 700	Mining and quarrying
Ensidesa	15 266	Iron and steel industry
Asturiana de Zinc	1 733	Mining and quarrying
Duro Feiguera	1 499	Production of investment goods
Hidrocantábrico	1 090	Production and distribution of electricity

Beautiful landscape, pollution in the mining areas

In 1918 the first Spanish National Park was set up in the mountains above Covadonga with a view to preserving both the natural landscape and the special fauna and flora, and these objectives have largely been attained (eagles, the brown bear and the chamois). Of its rivers, the Sella is renowned for the abundance of its trout and excellent salmon. The favourite peak of mountain climbers is the Uriellu or Naranjo de Bulnes, which has an exceptional shape, rising sheer for more than 500 metres.

However, the central part of Asturias has traditionally suffered from problems of environmental pollution caused by the mining and steel industries, and Langreo and Avilés have both been declared air-pollution zones. The coal-washing process and the waste from industry and urban centres have caused the pollution of the rivers Nalón, Turón and Caudal, among others. The reduction in the consumption of coking coal for steelmaking, modern combustion techniques in conventional power stations enabling the use of coal with a high ash content, the installation of waste-water processing equipment at coal-washing plants and the biological treatment of water at purification plants will make it possible in the near future to clean up a significant amount of the waste produced and will enable the rivers to be used once more for tourism and water sports.

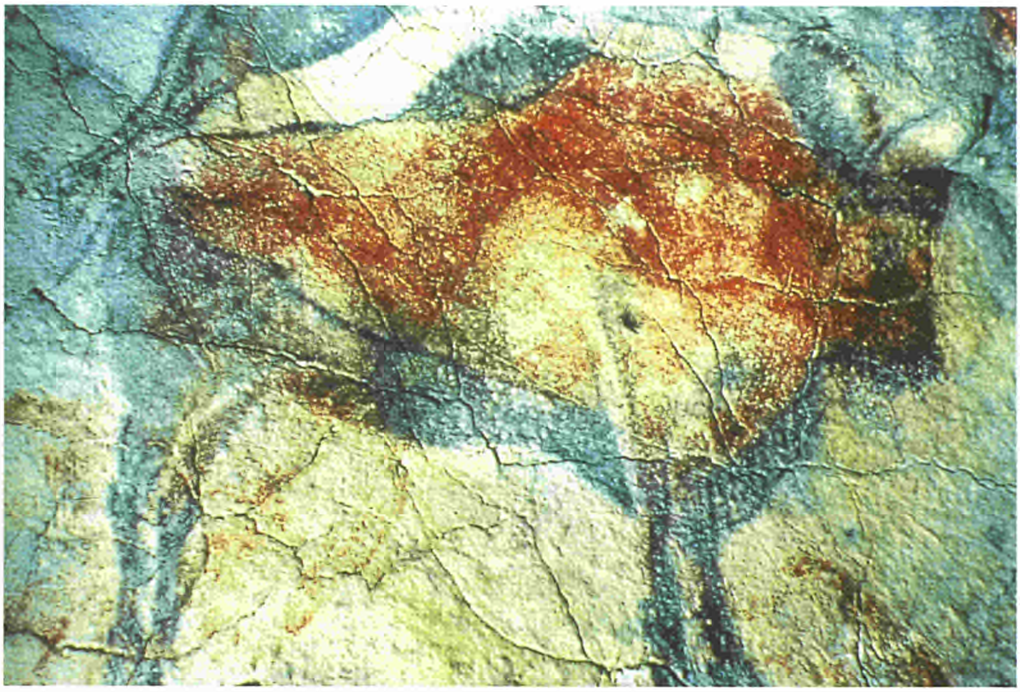
ESPAÑA

CANTABRIA

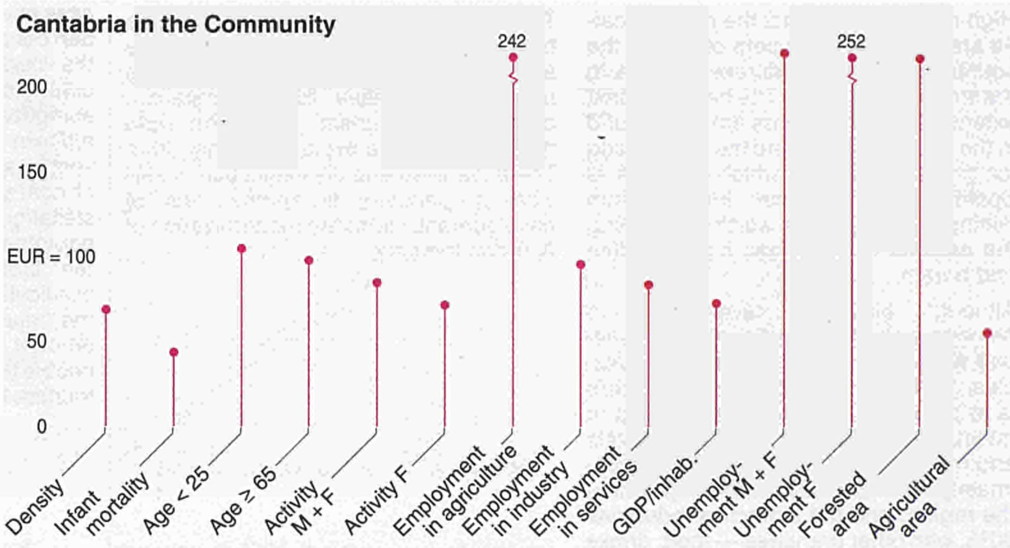
The Cantabrian region comprises the single province of Cantabria, and in an area of 5 289 km² it is, with La Rioja and the Balearic Islands, one of the three smallest regions in Spain.

The climate is temperate, with little seasonal variation in temperature and abundant rainfall which fosters dense year-round vegetation. The region faces the Bay of Biscay on the north coast of Spain, and straddles the Iberian and Cantabrian ranges of mountains.

The region's climate and relief mean that it has been inhabited since prehistoric times, as is attested by the cave paintings at Altamira. At the same time, Cantabria has always been relatively isolated. Although heavily influenced by the sea, the region has always looked to the south, providing the ports through which Castile reached the sea, and through which the inland kingdoms exported their cereals and wool. Cantabria's peculiar relief has had a critical effect on the distribution of population and economic activity: a coastal strip at an average of less than 500 m altitude, and mountain ranges in the south and south-west culminating at more than 2 500 m in the Picos de Europa. From these mountains a number of valleys extend north-south, drained by short, fast-flowing rivers including the Deva, the Pas and the Asón.



The cave paintings at Altamira (Santander), proof of man's presence since prehistoric times.



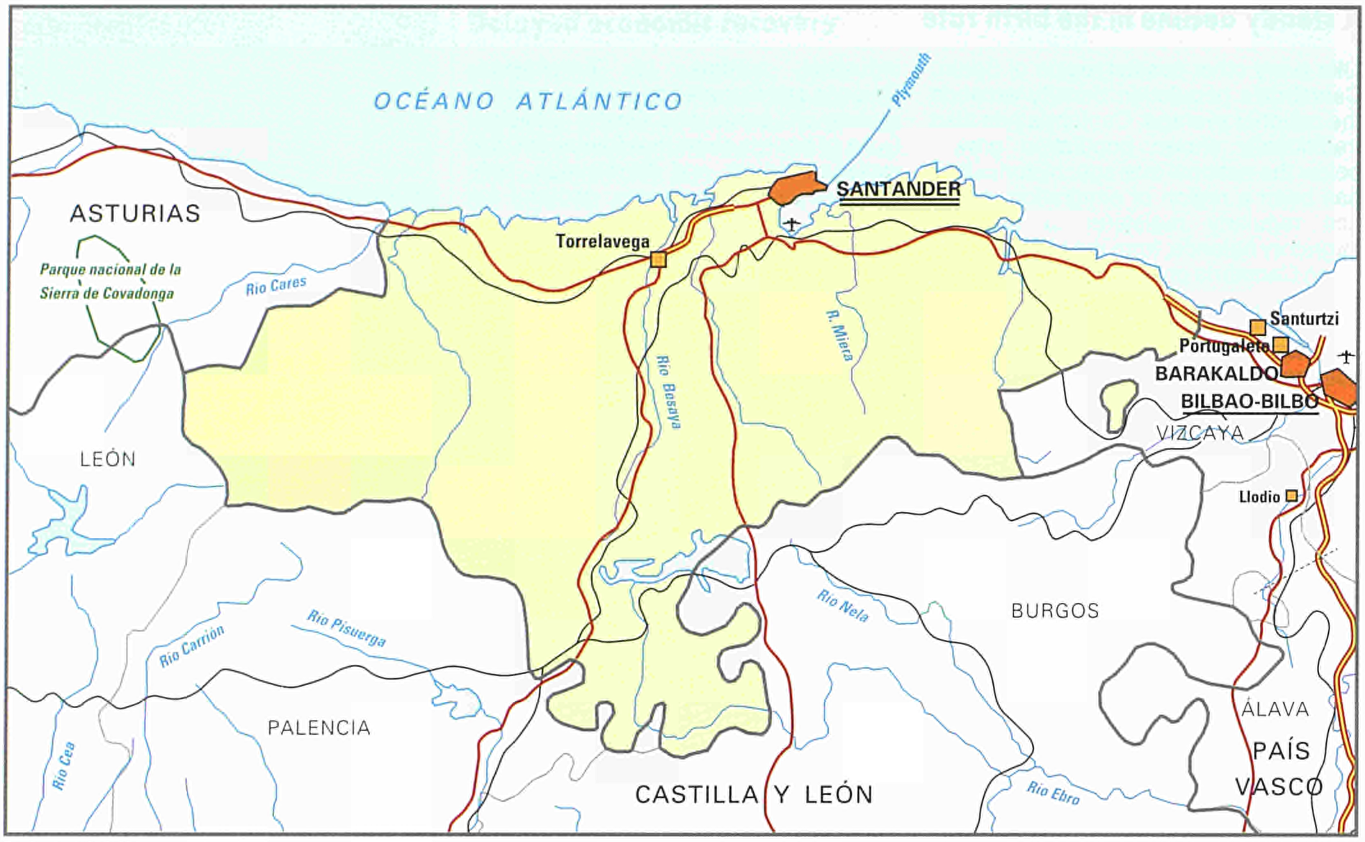
Advantageous situation; economy in the throes of restructuring

Notwithstanding its problems of accessibility — now at last being solved — Cantabria has a number of advantages, in particular its situation between two densely populated regions (Asturias and the Basque country) which provide natural scope for expansion. Its relative closeness to the French frontier at Hendaye (240 km, half of them by motorway), and its seaboard which, apart from offering substantial fishing resources, provides through its ports a gateway to the north of the Community: regular freight and car-ferry services operate to Plymouth, in the United Kingdom, carrying substantial quantities of traffic.

The existence of a university, the good general level of education and high-quality cultural and scientific resources have facilitated Cantabria's opening to the exterior and the exchange of ideas, and this has augmented the region's tourist potential. Finally, its forest resources, and substantial mineral resources (zinc and lead ores, and industrial quarrying) combined with a relatively stable social climate offer a range of prospects for development.

On the other hand the geographic and demographic structure hampers access to the inland valleys from the wealthier coastal area. Other disadvantages are the weakness of the industrial fabric, which was hit very hard by the recession, due to its specialization in low-demand sectors (shipbuilding, steelmaking and metalworking) confronted by excess capacity, while agriculture suffers from small-sized holdings, an absence of diversification, and poor marketing.

CANTABRIA



Scale 1 : 1 000 000

Which EC regions are similar to Cantabria?

Area:
5 300 km²
Gießen; Düsseldorf (D)
Friesland (NL)

Population:
0.5 million inhabitants
± 100 inhabitants per km²
Lincolnshire (UK)
Trier (D)
Friesland (NL)

Employment:
15-20% in agriculture
± 30% in industry
Murcia (E)
Limousin (F)
Ireland
Abruzzi (I)

Land use:
± 50% forest
Liguria (I)
Luxembourg (B)

The attraction of the coast

There is an industrial Cantabria and a rural one. Both have problems: the first suffers from sectoral restructuring; the second is economically under-developed.

The population and industrial activity are concentrated along the two main corridors of communications: east-west along the coast, and north-south up the Besaya valley as far as the plateau of Castile. These two join to form a 'T' at the twin towns of Santander and Torrelavega. The tourist industry is located along the coast line, the chemical industry in Torrelavega, and the engineering and electrical industries around the bay of Santander and in Reinosa. This leaves the rest of the region isolated, sparsely populated, occupied mainly on the land, and largely dependent on dairy production.

This shows Cantabria to be a region in which Santander can attract artistic and scientific activities of international calibre (including those organized by the Menéndez Pelayo International University), whilst in closed, inaccessible valleys barely 50 km away there are rural communities tending their flocks with inadequate facilities.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Cantabria	5.3	535	101	4,2	47	16.6	16	32	53	73
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

CANTABRIA

A steady decline in the birth rate

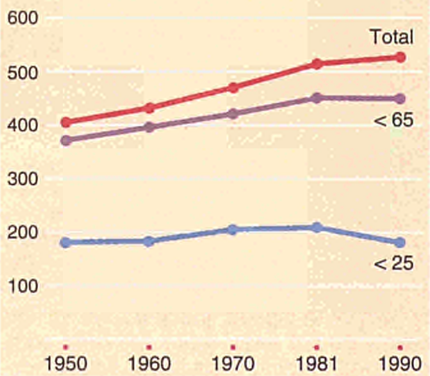
Like every other coastal region of Spain, Cantabria's population density exceeds the national average. Cantabria has also traditionally shown population growth below the national average: historically it has been a region of emigration, and it has regularly registered a negative migratory balance, from the Middle Ages, when Cantabria provided the first settlers to occupy land reconquered from the Moors, to the waves of migration to Latin America during the first part of the twentieth century.

More recently the dwindling birth rate has led to the population being older than the national average. The geographical distribution of population growth has been very uneven, with the rural areas losing population whilst gains were being made around the bay of Santander, in the industrial centres of Torrelavega, Reinosa and Corrales de Buelna, and the resorts of Laredo and Castro Urdiales. Current figures show that Santander, the regional capital, and Torrelavega, only 26 km away by motorway, account for 45.8% of the region's population. Nevertheless, urbanization has slowed down over the past 10 years, in that the population resident in centres of fewer than 10 000 inhabitants has risen (36.9%), although this has been at the expense of intermediate-sized centres; the population of Santander has continued to expand.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	98.0	18.6	19.6	17.7
15-24	82.0	15.7	16.7	14.7
25-39	120.0	22.9	23.5	22.3
40-54	87.0	16.6	16.8	16.3
55-64	60.0	11.4	11.4	11.5
≥ 65	77.0	14.8	12.0	17.5
Total	527.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	1.8	0.3
of which EC countries	0.6	0.1
of which non-EC countries	1.2	0.2
USA	0.2	0.0
Mexico	0.2	0.0
Portugal	0.2	0.0
United Kingdom	0.1	0.0
France	0.1	0.0
Philippines	0.1	0.0

Demographic account — 1980-90 (1 000)

Population 1.1.1980	520.0
Births	60.0
Deaths	43.0
Net migration	−2.0
Population 1.1.1990	535.0

Stagnating activity rate, and a high level of education

Until the early 1980s the activity rate had slightly exceeded the national average, but with the recession (which was slow to reach the region, compared with the remainder of the country) the situation was reversed in 1983. The female activity rate is close to the national average.

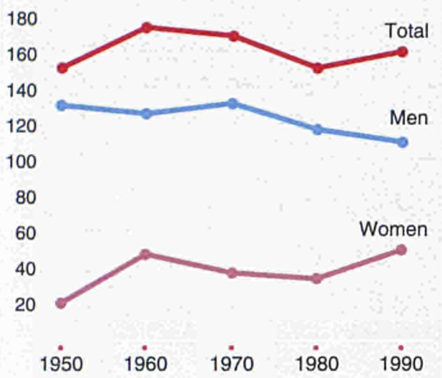
There is daily commuting to the Basque country from the areas nearest its border, particularly around Castro Urdiales, due to the increasing numbers who work in the Basque country but choose to live in Cantabria.

The workforce is skilled, as a result of the industrial specialization in the region. The national average is exceeded in the enrolment ratios for the university's preliminary course, for senior secondary education, for vocational training and university courses. The university had 11 500 students in 1990, registered in its seven faculties, eight university schools and three higher technical schools.

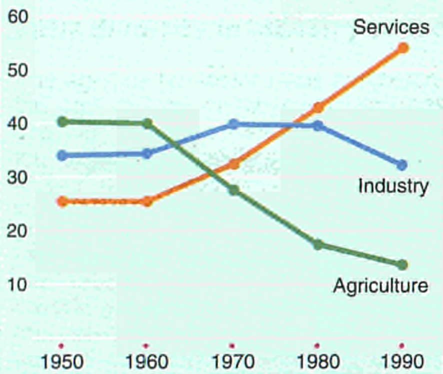
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	12.7	48.8
Primary	39.0	48.0
Lower secondary	28.3	48.4
Higher secondary	42.8	49.0
Higher education	11.5	:
Total	134.3	48.4

Employment (1 000)



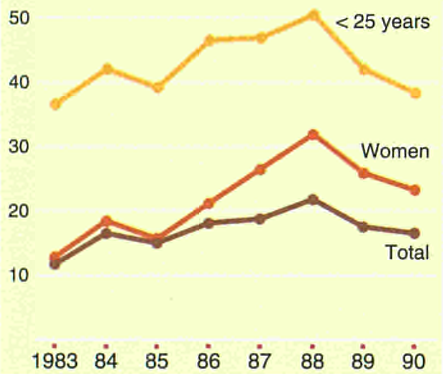
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	162.7
+ Non-residents having a job in the region	1.6
− Residents having a job outside the region	2.9
= Internal employment	161.4

Unemployment (%)



Delayed economic recovery

In Cantabria the economic cycle, including the recession, is out of phase with the general pattern, and the result has been that employment not only began to pick up somewhat later than elsewhere, but also did so less vigorously than in other Spanish regions. There has been a net loss of over 10 000 jobs or 5.7%, more than half of them in the industrial sector. This makes Cantabria, together with Asturias, one of the regions worst affected by the recession.

Substantial changes took place in the sectoral structure of employment between 1980 and 1989. Job losses in agriculture and industry — substantial losses in the latter case — were in part offset by gains in the services sector, in particular in the hotel and restaurant trade and in distribution. Short-term and part-time working (19 and 3%) are less significant than at national level.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	9	76	15	69	1	1	10	23
Women	18	64	19	62	10	11	13	24
Total	12	72	16	66	3	4	11	23

Unemployment high but beginning to fall

Sections of the population most affected by unemployment are the under-25s and females.

The unemployment trend shows two distinct features. Although unemployment rose between 1976 and 1987, it remained below the national average. The Cantabrian figure exceeded the national average for the first time in 1988, as a result of the recession. Since 1989 the trend has been for the differential to narrow.

Female unemployment virtually doubled during the 1980s, and unemployment amongst young people increased substantially. Analysed sectorally, unemployment affects principally the services sector, mainly in the hotel and catering trades, and secondly industry. Those seeking their first job total 12 900, and this is a considerable figure compared with total unemployment, reflecting the serious difficulties still facing the industrial sector, which create problems for the absorption not only of the surplus labour from the agricultural sector, but also of school-leavers joining the labour market.

CANTABRIA

A restructuring of the industrial sector

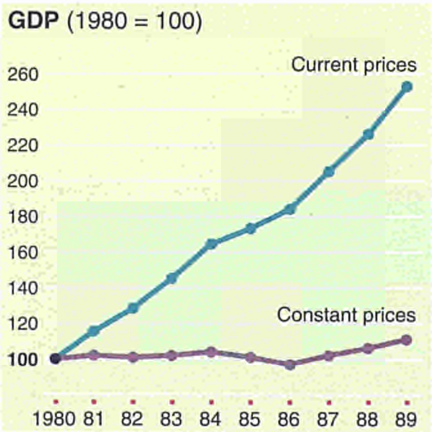
Cantabria's industrial sector had for years had a greater weight than the national average, but the region's industrial weight fell below the Spanish average in 1987. Some signs of recovery began to appear in 1989.

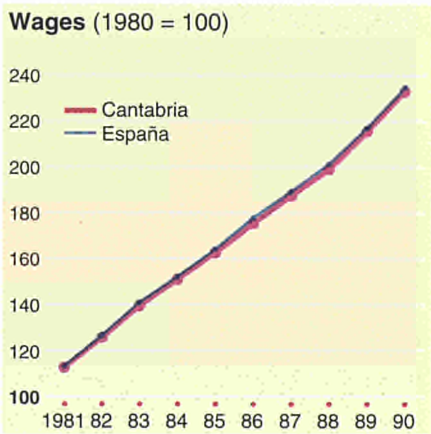
The agricultural sector is centred on stock raising, and is of substantial social importance. But the small scale of the holdings, and their specialization in beef and dairy farming, means that some radical restructuring is going to be necessary.

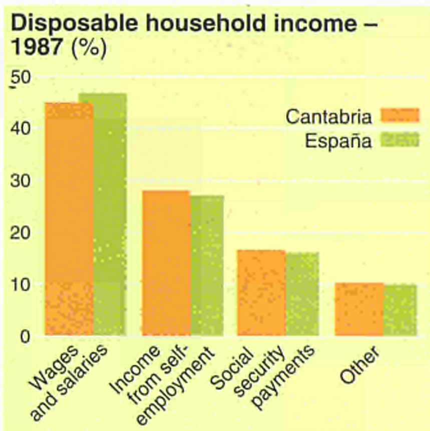
The services sector showed modest growth between 1980 and 1985, and slightly faster growth during 1986-87.

The relative weight of each of these three sectors is close to the Spanish average, but total productivity is only 91% of the national average. This is the result of low productivity in the agricultural sector and especially in industry, which is still hampered by shrinking markets and obsolete production plant and equipment. Most industrial activity is found around Santander bay and in the districts of Torrelavega, Reinosa, and Los Corrales de Buelna.

In 1989, Cantabria's exports accounted for only 1.2% of the Spanish total. Foundry products, iron and steel accounted for some 20% of these, followed by electrical equipment and machinery, rubber and rubber products, chemical products, and electrical parts for vehicles.







Moderate wages, rising gradually

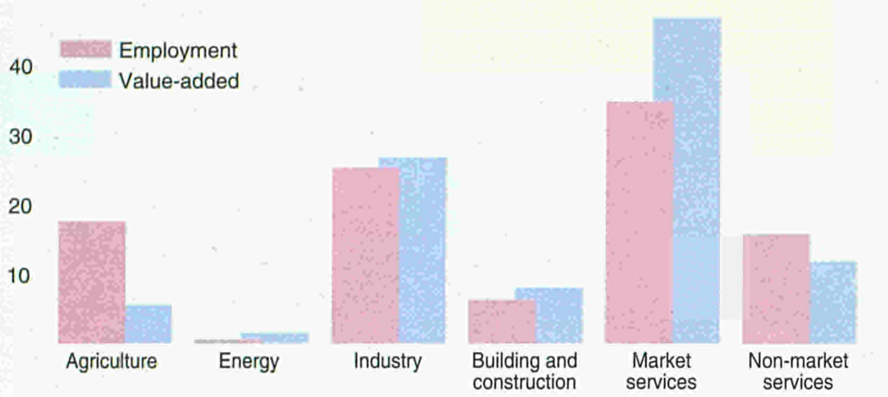
Average hourly earnings in Cantabria are around the Spanish average for 1989. Increases over recent years have been at a slightly faster than average rate. In 1989 the increases negotiated collectively in the region averaged 8.31%, and in 1990, 8.07% (national average 7.78% and 8.12%). Growth in wages between 1981 and 1990 shows increases in Cantabria to have been lower than the Spanish average in every year except 1984 and 1987, when they exceeded it. This modest growth in wages may be due to the low increases negotiated in certain lower-skilled industrial branches and in agriculture.

A high standard of living despite economic stagnation

In 1986, gross per capita disposable income exceeded the national average by 9.2%. This may be because the flow of transfers is in the region's favour and allows it a fairly high standard of living. Total taxes on income and wealth, and social contributions, amount to only 19.5% of household income in Cantabria, compared with a national average of 21.1%. 87.6% of net household disposable income is spent on consumption, including 29.5% on food.

On the income side, wages and salaries made up 45%, below the national average.

Employment and value-added: distribution by branch – 1987 (%)



Little diversity in industry or the services sector

The agricultural sector takes a substantial part of total employment, and has gradually changed from traditional farming, based on a variety of crops and collective management of pastures and woodlands, towards a system structured around the family small-holding, dairy cattle and milk production.

Certain industrial subsectors are heavily represented in the region: metal products, food products, beverages and tobacco, ferrous and non-ferrous minerals and metals, and chemicals.

The branches still suffering the effects of the recession, and still in the process of restructuring with job losses in view, include wire mills, basic iron and steel processes, drop forging, and shipbuilding.

In geographical terms the worst affected districts are Reinosa, Torrelavega and Los Corrales de Buelna.

The services sector is averagely represented. Transport, banks and insurance stand out as better represented than the national average.

An environment with a few problem areas

Its relative smallness does not prevent Cantabria offering a wide variety of natural environments, greater even than the variety in neighbouring regions. With altitudes ranging from sea-level to higher than 2 500 m in the Picos de Europa, the variety of ecosystems ranges from maritime (beaches, dunes, salt marshes) to high mountain, with year-round snows; in between lie distinct bands of pasture, native deciduous forest, and scrub. The variety of habitats gives rise to variety of wildlife, including in the mountains the European bear, the wolf, and the golden eagle, and many varieties of salt- and fresh-water fish (salmon and trout). Birds abound in the marshes and on the Ebro reservoir, both of which are of major importance to migrating birds. With its wealth of natural resources, the region has apparently always been attractive to man, since its caves were inhabited by Magdalenian man.

The reverse of this idyllic medal is shown in a few black spots: the pressure of human habitation on the coastline (although the coast has, thankfully, not fallen victim to mass tourism as in other parts of Spain). Likewise a cause for concern is the gradual disappearance of the native deciduous woodland and its replacement by quicker-growing species — eucalyptus in particular. But the most critical area is the elimination of industrial waste, particularly from the chemical industry, currently dumped in rivers once full of fish. This is especially critical in the Besaya valley.

Agriculture

Number of holdings	27 507
Labour force	32 218 AWU
Agricultural area	168 000 ha
Livestock	289 000 LU
Gross value-added	4 642 ECU/AWU
Main products	
Milk	41%
Cattle	37%
Poultry — eggs	4%

Main enterprises

Name	Employees	Activity
Foarsa	1 250	Metalworking
Sniace	1 204	Paper and paper products
Femsa	1 200	Automobile electronics
Banco de Santander	1 200	Banking and finance
Firestone	1 100	Tyres
Alcatel-Standard	1 047	Electrical equipment
Solvay	1 000	Manufacture of basic chemicals

ESPAÑA

PAÍS VASCO

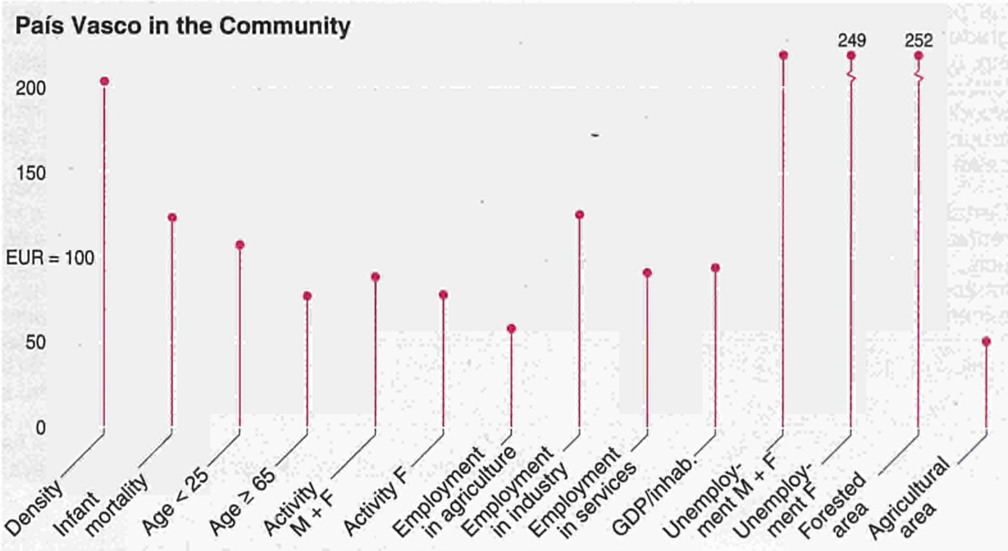
The Basque country is one of the most distinctive regions of Spain in terms of traditions, culture and language. At the same time, together with Catalonia, it was the cradle of the industrial revolution in Spain and is one of the main centres of private banking in the country. Washed by the Bay of Biscay, it adjoins France and Navarre to the east, Rioja to the south, and Castile and Leon and Cantabria to the west.

Its main rivers, the Nervion, Urumea, Bidasoa and Orio, do not carry much water, since in orographic terms the region lies at the edge of the Cantabrian range to the west and the Pyrenees to the east.

Its climate is moist and temperate. Forests cover 60% of the total area, and there is a substantial proportion of pasture land.

Communications with the rest of Europe, through France via Irun, and with the centre and south of the country and the Ebro valley, are adequate, but they are still inadequate with the rest of the Cantabrian coast, although the construction of the expressway between Santander and Vizcaya will soon go some way towards resolving this problem. The official languages are Spanish and Basque, the latter a non-Indo-European language and one of the oldest in Europe.

Bilbao: its dynamic entrepreneurial and industrial tradition makes the Basque country one of the most developed regions in Spain.



Industrial tradition and geographical situation — two advantages for the development of the region

The geographic situation of the Basque country and its pioneering role in the industrialization of Spain placed the region amongst the most industrialized regions and amongst the most developed in the country. However, the economic crisis and social and political problems in the region have caused it to slip down the league table of Spanish regions over the last 20 years.

Factors in favour of growth are the strategic position as a bridge to the rest of Europe and its situation at the western end of the growth belt of the Ebro Valley, an established and diversified industrial fabric, a dynamic entrepreneurial tradition and a skilled labour force, and an adequate level of services. Also worthy of mention is the development of tourism, already well established, in view of the natural resources, the beaches and the scenery.

The main obstacles to the sustained growth of the Basque economy are the relative dearth of natural resources — particularly energy — the serious damage to the environment in certain areas with a high concentration of industry and population, the excessive proportion of industry in sectors of low demand, and the persistence of outdated industrial and commercial structures which hamper the industrial changes which are needed to adapt to the single market.

Scale 1 : 1 000 000

Which EC regions are similar to the País Vasco?

Area:
slightly more than 7 000 km²
Oberfranken; Mittelfranken;
Köln (D)
North-West (UK)

Population:
± 2 million inhabitants
± 300 inhabitants per km²
Avon, Gloucestershire,
Wiltshire (UK)
Noord-Brabant (NL)

Employment:
4-5% in agriculture
± 40% in industry
Franche-Comté (F)
Cataluña (E)
Rheinland-Pfalz (D)

Land use:
± 60% forest
Galicia (E)
Liguria (I)

An economically unimportant rural area, and major industrial and urban conurbations afflicted by recession

Although, in overall terms, the Basque country is a highly industrialized and urbanized region (more than 40% of the population lives in Greater Bilbao), there are sparsely populated rural areas dependent on agriculture, livestock rearing and forestry (more than 75% of the municipalities have less than 3 000 inhabitants).

In general terms, there are two distinct areas:

– a large industrialized area containing more than 75% of the population of the region and comprising the districts of Plentzia-Munguía, Llanada Alavesa, Greater Bilbao, Bajo Bidasoa, Greater San Sebastián, Goierri, Greater Tolosa, Urola-Costa, Alto Deba, Cantábrica Alavesa, the Durango area;

– a smaller area comprising the districts of Arratia-Nervión and the foothills of Gorbea, and the mountains and valleys of Alava, with a low level of industry and services, sparsely-populated and lacking in technical infrastructure and social facilities.

Within the more industrialized area, there are differences of emphasis, since while some districts have proved more dynamic in the last few years in terms of economy and population (particularly as a result of the expansion of the capital, Vitoria), the large area which became industrialized at an early stage, has proved less flexible.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Álava	3.0	278	93	7.7	49	18.6	6	48	46	109
Guipúzcoa	2.0	698	349	0.5	50	19.6	3	43	54	96
Vizcaya	2.2	1 184	538	− 0.4	47	18.7	4	38	58	88
País Vasco	7.3	2 160	297	0.9	48	19.0	4	42	55	94
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

Sharp downturn in population growth after the 1960s and 1970s

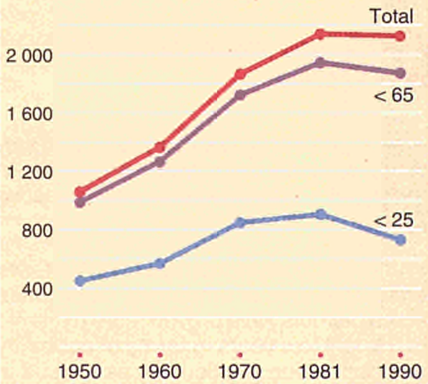
The population of the Basque country grew particularly rapidly from 1960 onwards, rising by nearly 700 000 persons by 1981. However, in the first half of the 1980s there was even a net decline in the population, which began to pick up again very slowly only in the last years of the decade. These changes in demographic behaviour are due more to population movements, rather than to structural changes in the natural increase of the population. In the 1960s, the region received more than 260 000 immigrants, the net migration loss in the years 1980-90 was 117 000.

The population structure by age groups shows a lower percentage of persons over 65 than either the Spanish or the Community average, while in the under-25 age group the proportion is higher than the Community average but slightly lower than the Spanish average. The population is strongly concentrated in a limited area, with 55% of the population living in the nine municipalities with more than 50 000 inhabitants, the largest of which are the three provincial capitals Bilbao (about 400 000), Vitoria (200 000) and San Sebastián (175 000), to which must be added the conurbation of Baracaldo, with more than 100 000 inhabitants.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	368.0	17.3	18.1	16.5
15-24	363.0	17.0	17.7	16.4
25-39	496.0	23.3	23.6	23.0
40-54	398.0	18.7	19.1	18.3
55-64	249.0	11.7	11.7	11.7
≥ 65	256.0	12.0	9.8	14.2
Total	2 130.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	13.1	0.6
of which EC countries	7.5	0.3
of which non-EC countries	5.6	0.3
Portugal	3.6	0.2
United Kingdom	1.1	0.1
France	1.0	0.0
USA	0.8	0.0
Germany	0.8	0.0
Venezuela	0.7	0.0

Demographic account — 1980-90 (1 000)

Population 1.1.1980	2 204.0
Births	223.0
Deaths	150.0
Net migration	−117.0
Population 1.1.1990	2 160.0

A high level of education and a skilled work-force

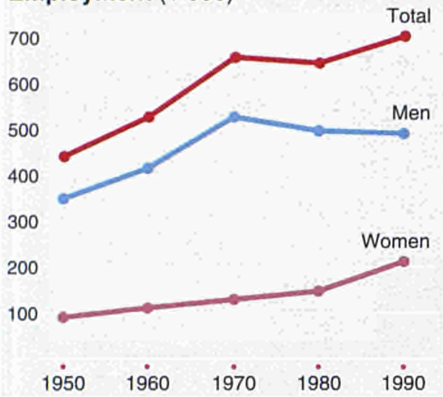
The activity rate in the region is somewhat higher than the national average, especially in the case of women. In general terms, the work-force in industry and services is highly skilled, thanks to a long experience of industry and a tradition of tourism. The total attendance rates in education are higher than the national average, especially vocational training and university education.

The Public University of the Basque country, which has establishments in all three provinces, currently has more than 45 000 students. Apart from the main faculties for science, technology and the arts, there are 13 university colleges and two university centres. In addition there is the Private University of Deusto in Bilbao, specializing in economics, business studies and law.

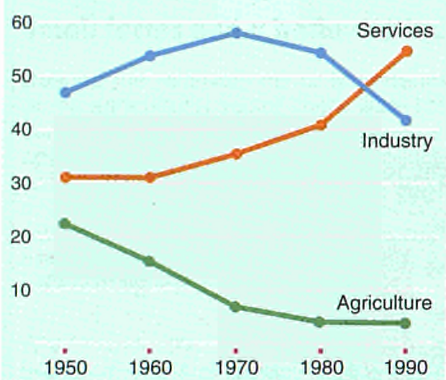
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	64.9	48.4
Primary	150.8	48.2
Lower secondary	116.0	47.8
Higher secondary	205.1	56.2
Higher education	64.5	:
Total	601.3	51.1

Employment (1 000)



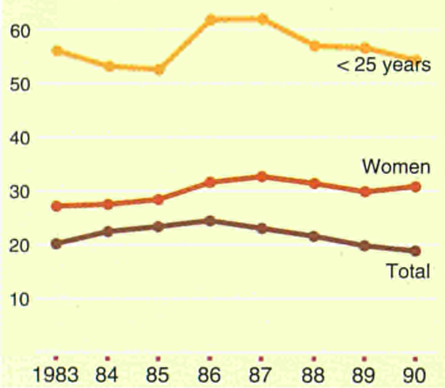
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	696.2
+ Non-residents having a job in the region	6.1
– Residents having a job outside the region	4.8
= Internal employment	697.5

Unemployment (%)



Towards re-establishing the pre-crisis employment levels

In the first half of the 1980s there was a net loss of jobs in the Basque country, since the region was one of the hardest hit by the recession, while 92 000 jobs were created in the second half of the 1980s. The recovery was less marked in the region than the national average (lower rate of growth of regional GDP) as a result of restructuring difficulties.

The employment structure shows that the region is the most industrialized in Spain. Of the branches of industry, metal products and minerals provide the most employment, followed by construction, vehicles, paper and foodstuffs. From 1985 onwards it was above all the energy sector, food, drinks and tobacco, and construction which started to make up for the jobs lost in the previous years. Employment in services has increased substantially — particularly in the distributive trades, hotels and catering. Wage and salary earners accounted for 77% of employment in 1989, whereas short-term work played a relatively minor role (except for Madrid and Cantabria, the proportion of short-term work is higher in the other regions of Spain).

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	10	75	15	79	1	1	8	19
Women	14	76	10	77	14	14	11	25
Total	11	75	14	79	4	5	9	21

Youth and female unemployment high and rising

Although the unemployment rate in the Basque country has fallen steadily since the mid-1980s, it is still very high. Unemployment is distributed unequally over the region, being particularly high in the industrial belts of Bilbao and San Sebastián, and in the areas most affected by the branches undergoing restructuring (steel, construction, shipbuilding, white goods, textiles and footwear).

The unemployment rate for young people under 25 is especially high (more than three times the Community average). In the case of female unemployment, the Basque Country is again the worst affected of the regions of Spain.

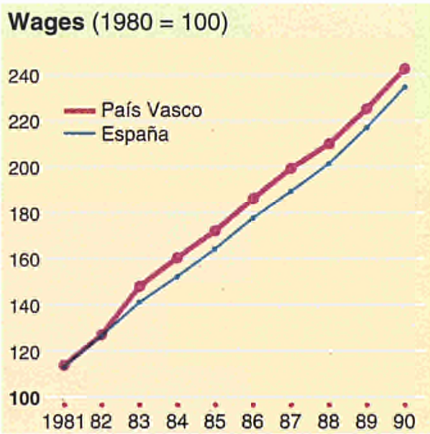
Unemployment is worst in the services sector, but it also affects industry, while in agriculture it is negligible.

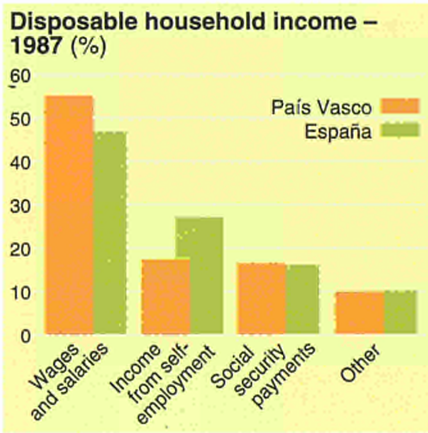
Another feature is the high proportion of unemployed seeking their first employment (43% in the Basque country, compared with the national average of 28.7%).

Industry concentrated in the basic branches and growing investment in R&D

The Basque country is the Spanish region in which industry has the greatest relative importance, in terms of both the contribution to regional output and the proportion of employment. This strong presence of industry — concentrated in the basic branches (steel, shipbuilding, mechanical engineering, chemicals, rubber and plastics) which produce about 50% of the industrial value-added of the region — has made it particularly vulnerable to the effects of the industrial recession. The policy of industrial restructuring implemented by the central government throughout Spain has had a particularly negative effect in this region, which contained more than a third of the workers laid off as a result of the restructuring.

The services sector also plays a major role in the Basque economy, although it has less strategic importance in the economic structure. After the Balearic Islands the Basque economy leads the regions of Spain in terms of overall productivity, as well as coming second in industrial and agricultural productivity. One aspect which should be stressed is the major importance in the region of technological research for development and the central role attached to this field, by both central government and the autonomous community, in regional policy (between 1982 and 1989, investment in R&D in the region increased eightfold).





Relatively high labour costs

Earnings in the Basque country have traditionally been amongst the highest in Spain, and average earnings per hour worked are currently 22.5% above the national average. This is essentially a result of the economic structure of the region, in which industry and the services predominate, and where, within industry, there are many branches and undertakings which require specialized and skilled labour.

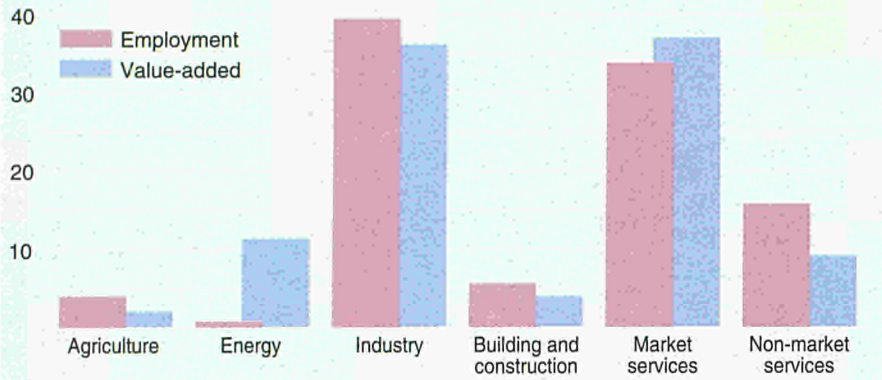
The trend in labour costs during the 1980s in the Basque country was different from that in Spain as a whole. Whereas they increased more rapidly than for Spain as a whole in the first half of the decade, the increase was slower in the second half — probably as a result of high unemployment and the slow recovery of the economy.

Relative downward trend in households' disposable income

Households' per capita disposable income is slightly above the national average, but it lost ground in the 1980s. This downward trend is the result of the lower growth of value-added in the region and an increase in transfers to other regions which benefit from current tax measures to promote redistribution (taxes and social security contributions). After Madrid, the Basque country is the region in which there is most tax pressure on disposable incomes.

The importance of wages and salaries (55.7%) is mainly as a result of higher wage and salary levels and the greater proportion of wage and salary earners in the working population.

Employment and value-added: distribution by branch – 1987 (%)



Small farms and a balanced industrial structure

Despite the relatively minor importance of the agricultural sector, there were still some 30 000 persons employed in agriculture in 1990. The main products are foodstuffs, vegetables, timber, meat and milk, as well as the wines of the Rioja Alavesa. Fishing is also important because of its long-term contribution to the canning industry in the region.

Within industry, the most important branch in terms of employment is metal products (some 120 000 or 40% of total employment in industry), followed by minerals and metals and construction. These branches suffered most of the job losses in the recession of the 1970s and the early 1980s (shipbuilding, steel, chemicals, etc.) and comprise most of the large businesses in the region.

In the services sector the main features are the importance of banking and insurance, and the growth of business services.

The size breakdown of production units shows the extreme fragmentation of agricultural holdings (82% of which comprise 5 hectares or less), whereas in industry 13% of businesses employ between 50 and 500 people and 43% of industrial labour, while about one-third of employment in industry is in businesses with more than 500 workers.

Agriculture

Number of holdings	27 592
Labour force	37 310 AWU
Agricultural area	206 000 ha
Livestock	189 000 LU
Gross value-added	5 313 ECU/AWU

Main products	
Milk	20%
Vegetables	15%
Cattle	9%

Main enterprises

Name	Employees	Activity
Altos Hornos de Bizkaia (AHV)	7 884	Iron and steel industry
Iberduero	6 477	Production and distribution of energy
Firestone Hispania	5 582	Rubber and tyres industry
Babcock and Wilcox Española	3 065	Production of investment goods
Ulgor	2 330	Electronics industry

Worrying levels of pollution in the most industrialized urban areas

The moderate climate, the abundance of forests, the quaintness of many of its villages and customs, the gastronomy, and the beauty of its beaches (those of San Sebastián, Fuenterrabia and Zarauz are well-known) make this region attractive both for living in and for tourism.

The high level of industrialization, the very nature of its industrial structure — with a large proportion of branches with especially high pollution levels (steel, shipbuilding, chemicals, paper) — the urbanization of some areas (Greater Bilbao and San Sebastián), and the fact that its industrial development took place over a long period of time in which hardly any consideration was given to problems of pollution and environmental protection, have resulted in a situation in which, in some areas and urban zones, the damage to the environment has reached serious proportions.

A number of measures have been taken to this end, amongst others in the valley of the Nervión (Sestao, Baracaldo and Portugalete), where green belts have been created to separate the urban and industrial areas; the restoration of derelict industrial buildings in Rentería (Guipuzcoa) and measures to reinstate the landscape at former mines and quarries in the area of Trapagarán (Vizcaya); the environmental restoration of some areas between San Sebastián and Rentería and an improvement of water quality in the Nervión and the San Sebastián area. Moreover, wide-scale substitution of natural gas for the fuels causing most pollution, which has already begun, will lead to a drastic reduction in atmospheric pollution.

ESPAÑA

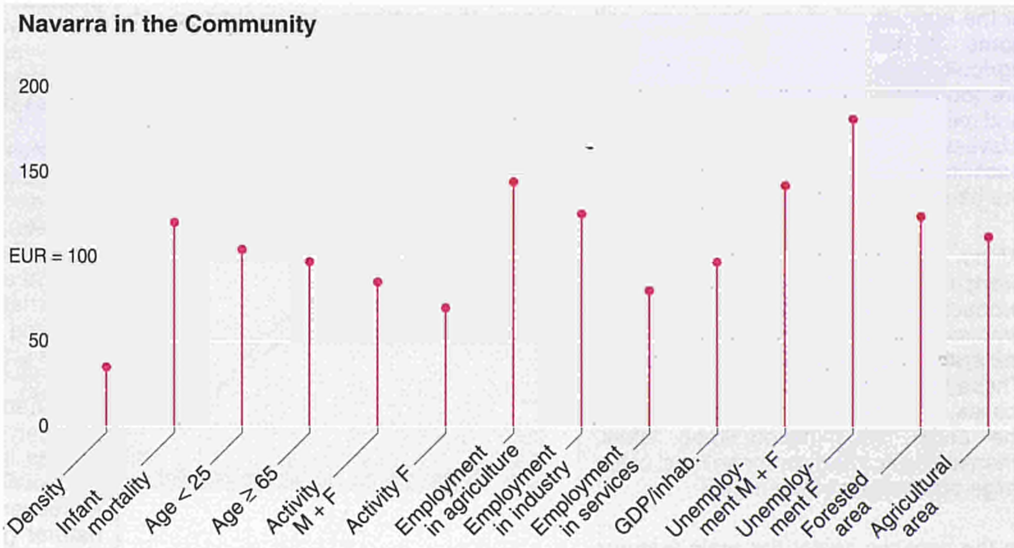
NAVARRA

Situated in the north-east of the Iberian peninsula, Navarre is an autonomous community comprising a single province. The western Pyrenees form a natural frontier with France, in the region's north. The river Ebro crosses Navarre in the south, and provides it with an extensive system of canals. Like the countryside, the climate is one of contrasts, snow-covered mountains, cool mountain valleys, rain forest in the north-west, temperate green in the centre of the region, and fertile market gardening country in the south, where the climate already verges on the continental.

Navarre lies at the crossroads between the Cantabrian coast, the Mediterranean and the heart of the Iberian peninsula, but access has traditionally been difficult because of poor communications. Efforts are now being made to improve the situation, in particular by the construction of motorways and expressways linking the regional capital, Pamplona, with Saragossa, Madrid and San Sebastian. The region is linked to the main continental traffic routes via Irun.

An independent kingdom for many centuries, Navarre has traditionally enjoyed a good measure of independent authority, as is witnessed by its local laws. The region's official language is Castilian Spanish, though Basque is spoken in the areas bordering the Basque country.

In addition to its solid industrial base, Navarre has a productive and diverse agriculture in the Ebro valley, as well as a tradition of forestry.



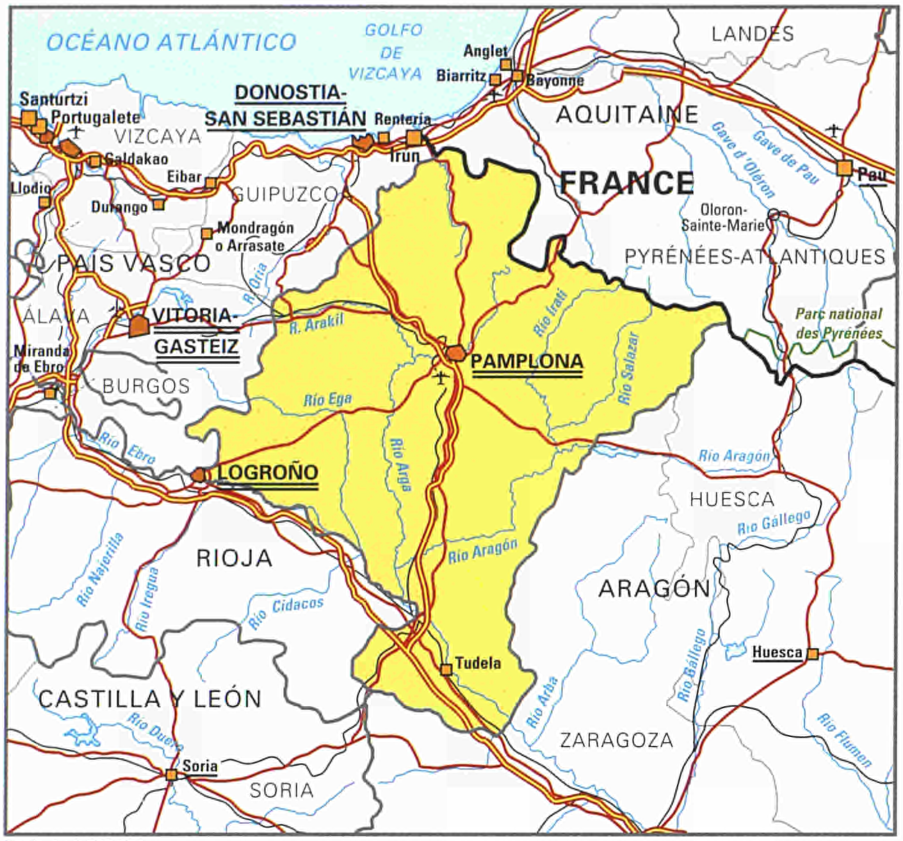
A solid base for development, with local problems of access

Most of the Navarre region lies in the broad valley of the Ebro, and for this reason its economic future seems assured. Its geographical position allows access from the Atlantic seaboard to the Ebro corridor, fronting directly on to the single market.

The region's chief assets lie in its superb countryside, its wealth of forests and rivers, and its agriculture; a reasonably skilled work-force and substantial industrial base; together with a cultural heritage, particularly in Romanesque art, which grew up with the streams of pilgrims crossing the region on their way to Santiago de Compostela. These assets, taken together with lengthy experience of administrative and economic independence, put Navarre at an advantage compared with other Spanish regions.

Amongst the weaknesses and barriers to development, the most important remain the problems in road and rail communications. These are particularly difficult in transport within the region, because of the difficulties of access to the region's north. The lack of an industrial base is the only weak card in an otherwise excellent capacity for generating and attracting investments. And the small average size of Navarre's businesses means that, from the points of view of production, marketing and finance, they are ill-equipped to challenge their larger rivals in the single market.

NAVARRA



Scale 1 : 2 000 000

Which EC regions are similar to Navarre?

Area:
± 10 000 km²
Abruzzi (I)
Stuttgart; Niederbayern (D)

Population:
0.5 million inhabitants
± 50 inhabitants per km²
Kriti (GR)
Grampian (UK)

Employment:
± 10% in agriculture
± 40% in industry
Tübingen; Niederbayern;
Oberpfalz (D)
Marche (I)

Female activity rate:
< 30%
Liguria; Sicilia (I)
Açores (P)

Polarization in settlement patterns, and considerable geographical contrasts

Population density is substantially below the national average, although the distribution is somewhat uneven. Pamplona and its metropolitan area account for virtually half the region's population, at a density of around 320 per km². The capital is the most important centre for services in Navarre and also accounts for most of the industrial workforce. At the other end of the scale are the Pyrenean areas, where hamlets predominate and employment is in animal husbandry and forestry, and population density is around 7 per km². In the south there are some towns of considerable size, including Tudela, Estella and Tafalla.

There are socio-economic differences between the different areas of Navarre, and each has its own problems. The regional capital and its surroundings suffer the typical problems of a large urban centre; the Pyrenean areas lack social facilities and infrastructures, and given the wide dispersal of the population, providing them is going to be very expensive. Meanwhile, the Ebro valley is fairly well-served, and of considerable agricultural importance, with a widespread system of irrigation canals which facilitate the cultivation of vegetables, cereal crops and vines.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Navarra	10.4	527	51	3.7	47	10.8	9	42	50	97
España	504.7	39 887	79	5.9	47	16.3	12	33	54	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

NAVARRA

Slow population growth in the urban areas

The high urban concentration of the population is the result of a process which began in the 1970s. In the late 1960s towns of more than 10 000 accounted for around 28.4% of the region's population; by the mid-eighties it was over 60%.

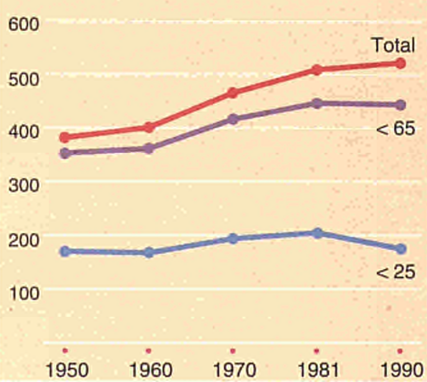
At the same time as a discernible movement of the population towards the centre of the region, there is also a tendency to ageing and even depopulation in certain areas, particularly the districts of Aoiz, Tierra de Estella, Sangüesa and Pirineo.

The steep decline in the birth rate in Navarre has not been compensated by the decline in mortality or the slight excess on the balance of migration. As a consequence, the 15% population increase of the 1960s (well in excess of the national average) fell to 9.1% in the 1970s and only 3.3% in the 1980s. Nevertheless, because of the high birth rates of the 1960s and early 1970s, the 16-25 age group in Navarre has grown 50% faster than the Spanish national average during the past five years. There is a direct relationship between negative population growth and a low proportion of females in the population, and this is a notable problem in the most depopulated areas.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	92.0	17.6	18.4	16.9
15-24	84.0	16.1	16.5	15.6
25-39	120.0	22.9	23.5	22.3
40-54	92.0	17.7	18.2	17.2
55-64	57.0	11.0	10.9	11.1
≥ 65	77.0	14.7	12.5	16.9
Total	521.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	1.9	0.4
of which EC countries	0.9	0.2
of which non-EC countries	1.0	0.2
Portugal	0.4	0.1
France	0.2	0.0
United Kingdom	0.1	0.0
USA	0.1	0.0
Argentina	0.1	0.0
Germany	0.1	0.0

Demographic account — 1980-90 (1 000)

Population 1.1.1980	516.0
Births	57.0
Deaths	42.0
Net migration	−4.0
Population 1.1.1990	527.0

A traditionally skilled labour force facing the challenge of new technologies

The activity rate in Navarre has gone down slightly since 1985. This trend points to the slower demographic growth in Navarre, the limited extent to which women have entered the labour market, and a possible tendency for the young people of Navarre to defer their entry onto the labour market.

Navarre has educational establishments of good quality at the lower levels of education, and the enrolment rate for under-15s is virtually 100%.

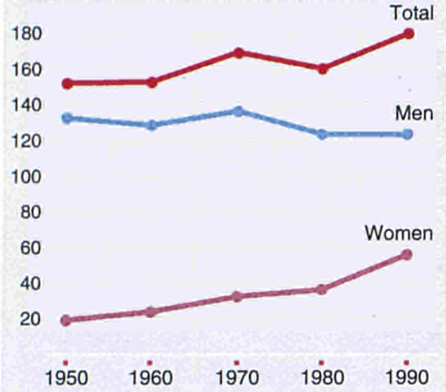
Vocational training is expanding, particularly in the fields most in demand in the region — agriculture, graphic arts, hotels and catering, chemical and electrical engineering — but there is a considerable gap between the average level of qualifications and that demanded by the introduction of new technologies.

In higher education, the ratio of university places to population is amongst the highest in Spain.

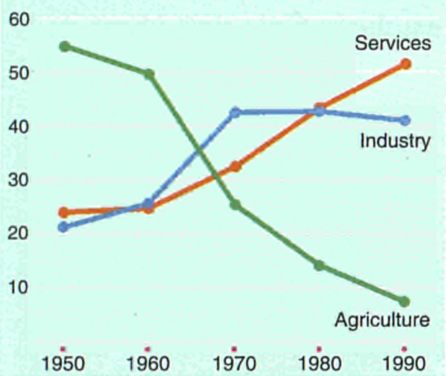
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	14.8	48.0
Primary	33.6	48.8
Lower secondary	25.4	47.8
Higher secondary	48.3	54.8
Higher education	15.8	:
Total	137.9	50.5

Employment (1 000)



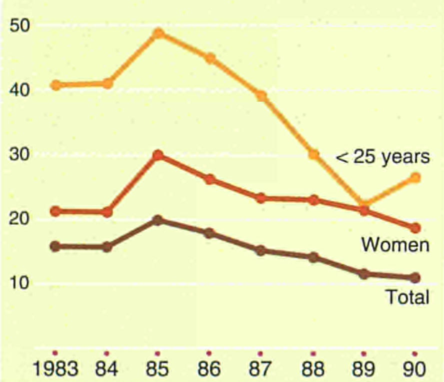
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	177.2
+ Non-residents having a job in the region	3.4
− Residents having a job outside the region	1.8
= Internal employment	178.8

Unemployment (%)



Employment trends better recently; short-term employment on the increase

The working population has grown considerably in recent years. The agricultural sector has, for nearly the last 30 years, been steadily and rapidly losing its share of the region's employment.

The industrial decline of the period 1976-85, which particularly affected the metal products and white goods industries, resulted in a drop in employment in this sector. A recovery began in 1986, but employment has not yet recovered to its pre-recession level.

The services sector is less well-represented in Navarre than in Spain as a whole. However, growth in jobs in the sector has been sustained over the past 20 years at a rate slightly higher than the national average.

Navarre has not ignored the flexible approach now being observed on the Spanish labour market. There has been a sharp increase in short-term employment in industry, as against open-ended contracts of employment. The region has one of the Community's highest rates for work of this kind.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	10	75	14	72	2	1	9	22
Women	21	69	10	80	13	14	15	31
Total	14	73	13	75	5	5	11	25

Industrial recovery brings down unemployment

The year 1985 was the year in which Navarre turned the corner in unemployment. Figures had been rising since the mid-1970s, the result as much of the region's demography as of the crisis in industry. From 1985, the economic recovery started to bring the unemployment rate down. It should be noted that, throughout the recession, Navarre was amongst the regions of Spain least affected by unemployment.

The unemployment rates for women and the under-25s are below the national average.

NAVARRA

Export-oriented industry, and increasing numbers of foreign companies

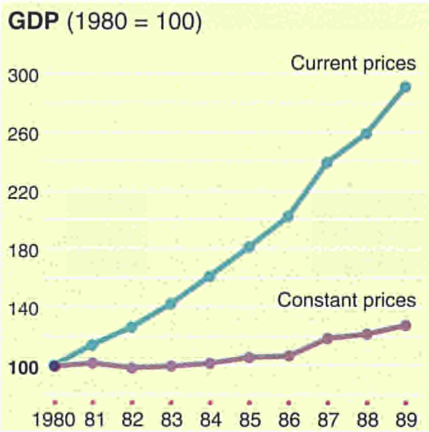
Navarre's per capita GDP is higher than most of the Spanish regions. Production grew at an annual rate of almost 5% between 1985 and 1989, and this led to a 1.3% increase in the region's contribution to the national economy during the same period.

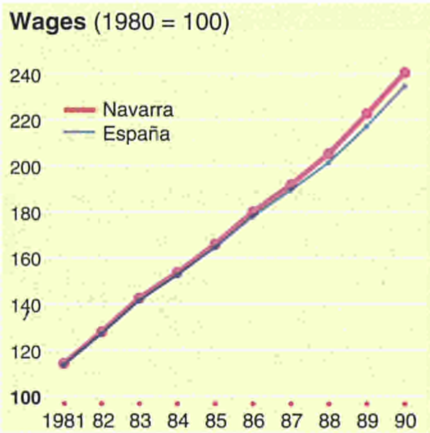
The main feature of Navarre's economy is the preponderance of industry. The part of services, although growing, is still below the national average.

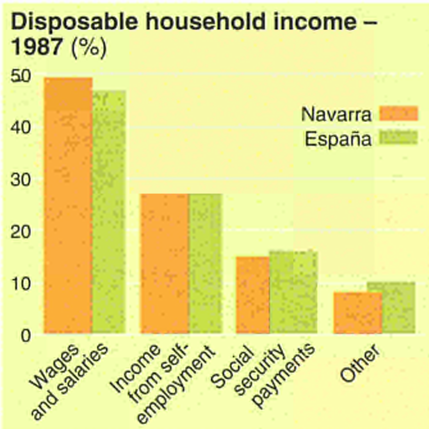
The principal branches of industry in the region are metal goods, transport equipment and food production. The backbone of the region's industry is its small and medium-sized businesses, which account for 74% of the region's industrial jobs, with a particularly high number of businesses with fewer than 25 employees in the metal, food, footwear, clothing and timber trades.

The region's industry nevertheless contains a solid basis of activities where the need for substantial economies of scale results in larger production units; these are essentially the chemical industry, and the manufacture of transport equipment and electronic components. It is here that foreign investment is best able to contribute to the restructuring of Navarre's industry. At present, some 25% of industrial jobs are in businesses with a foreign controlling interest.

The region's industry is, however, still not diversified enough, being substantially specialized in automobile engineering and the food and paper industries, which are sectors of average demand. Navarre's exports amount to one-quarter of production, mainly involving medium-to-high technology products.







Contained growth in wage costs

Navarre was fifth-ranked region of Spain in hourly earnings in 1989. Social contributions associated with employment account for 30% of the gross wage of each employee in Navarre.

The region's annual negotiated wage increases declined from 14.1% in 1981 to 6.27% in 1989, in line with the Spanish national average. The average wage is now steady at the same relative level as at the beginning of the 1980s, at 3 percentage points above the national average.

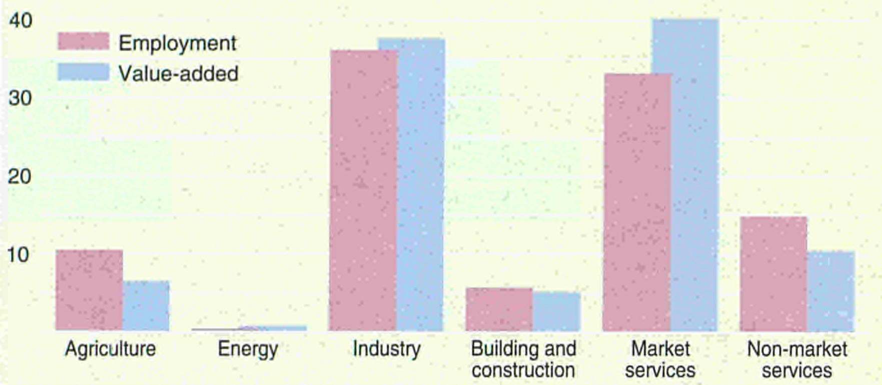
Purchasing power and taxation both high

In 1987 (last available data) the average Navarran household's disposable income was four points clear of the national average.

Between 1983 and 1987 households' disposable income rose by 1.2% in real terms, compared with 1.9% in Spain as a whole. This has pushed Navarre from fifth to seventh place in the regional rankings. The reason for this is probably the high level of taxation (31%).

In the average household's disposable income, more than half is from salary or wages, and nearly one-third is wholly or partly investment income. These figures are both higher than the national average. Social benefits, on the other hand, are a smaller proportion than the national average.

Employment and value-added: distribution by branch – 1987 (%)



High productivity in agriculture and a good geographical spread of industry

The weight of industry, especially manufacturing, remains substantial in Navarre, in terms of value-added and employment, despite the general movement towards the services sector.

Agriculture has gradually lost importance in the region's economic structure, whilst continuing to provide a solid basis for the agri-food industry, which is expanding with a high level of productivity. Cereals, wine and market garden produce, together with beef and dairy produce, account for 70% of the agricultural sector's production. Most agricultural activity is in the upper Ebro valley and shows a level of productivity far superior to the national average.

Industrial production is distributed fairly evenly across the region. The main industries are automobile engineering in Pamplona; metal goods in Pamplona, Tafalla and Tudela, and ferrous and non-ferrous metals in the Cantabrian district and the north-west of the region. Productivity growth has been somewhat lower than the national average over recent years, and businesses' financial structure is excessively dependent on outside capital.

The distributive trades and hotels and catering are particularly well-represented in the services sector.

Agriculture

Number of holdings	33 169
Labour force	26 177 AWU
Agricultural area	658 000 ha
Livestock	223 000 LU
Gross value-added	10 294 ECU/AWU
Main products	
Cereals	28%
Vegetables	15%
Pigs	12%

Main enterprises

Name	Employees	Activity
Sociedad Española de Automóviles de Turismo SA (SEAT)	3 361	Car manufacturing
Laminaciones de Lesaca SA	1 909	Steel industry
Safel SA	1 051	Electric domestic appliances
Victorio Luzuriaga SA	1 042	Motor vehicle parts
Industria Navarra del Aluminio SA	827	Aluminium production

The environment: unspoiled, but threatened by the effects of growth

Navarre is one of the regions of Spain where the environment has been least damaged, even in its urban areas. Evidence of this is the large expanses of forest, which occupy 27% of the region's area, including the Irati, which is one of Europe's greatest beech forest reserves. Navarre's other virgin forest is the Belagua valley, a 1 000-year-old beech and pine forest in which the wildcat, the boar, chamois, pine marten and stoat thrive under the watchful eye of the vulture and the golden eagle.

Problems of deforestation do exist in a few areas, together with the consequent problems of soil erosion. The Bárdenas Reales, covering more than 400 km^2, were for centuries the winter pastures for Pyrenean flocks, but are now so dry that they count as one of the most typical sub-desert areas of the entire peninsula.

Some sections of the region's rivers are polluted by urban and solid waste, itself the result of insufficient provision of treatment plants for urban and industrial effluent. The worst of the black spots are the River Arga downstream of Pamplona, the River Ega downstream of Estella, and the lowermost sections of the right-bank tributaries of the Ebro.

ESPAÑA

LA RIOJA

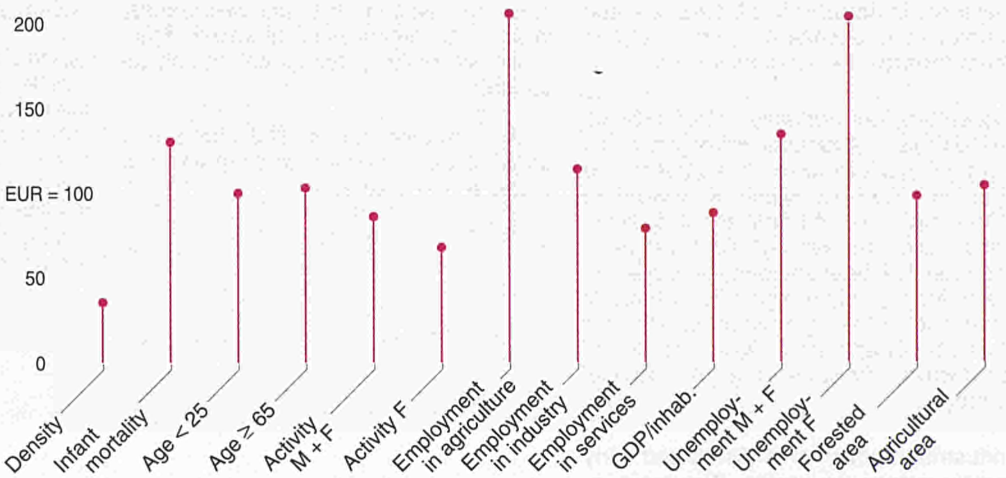
Rioja, an autonomous community comprising a single province, is the smallest region of Spain in terms of both population and area. Lying between the industrialized north and the agricultural regions of Castile to the south and Aragon to the east, Rioja extends along the middle valley of the River Ebro. Some 44% of the region's total population lives in the capital, Logroño, which has about 117 000 inhabitants.

The north of the region, which is a major producer of wine, has an average altitude of around 385 metres with rich soil suitable for fruit and vegetables, and is linked by motorway with the ports of Bilbao and Barcelona (150 and 470 km, respectively from Logroño). The south, which has poorer communications, has a wide variety of woodland and is fairly mountainous, rising to more than 2 100 m with the peaks of San Lorenzo and Cebollera. The climate is continental, with mild temperatures and an average rainfall of 427 mm at Logroño.

Rioja is crossed by the Camino de Santiago, a medieval pilgrimage route. The monastery of San Millán, near Logroño, is the cradle of written Castilian.

Crossed by the River Ebro, Rioja produces some famous wines and has superb mountain scenery.

La Rioja in the Community

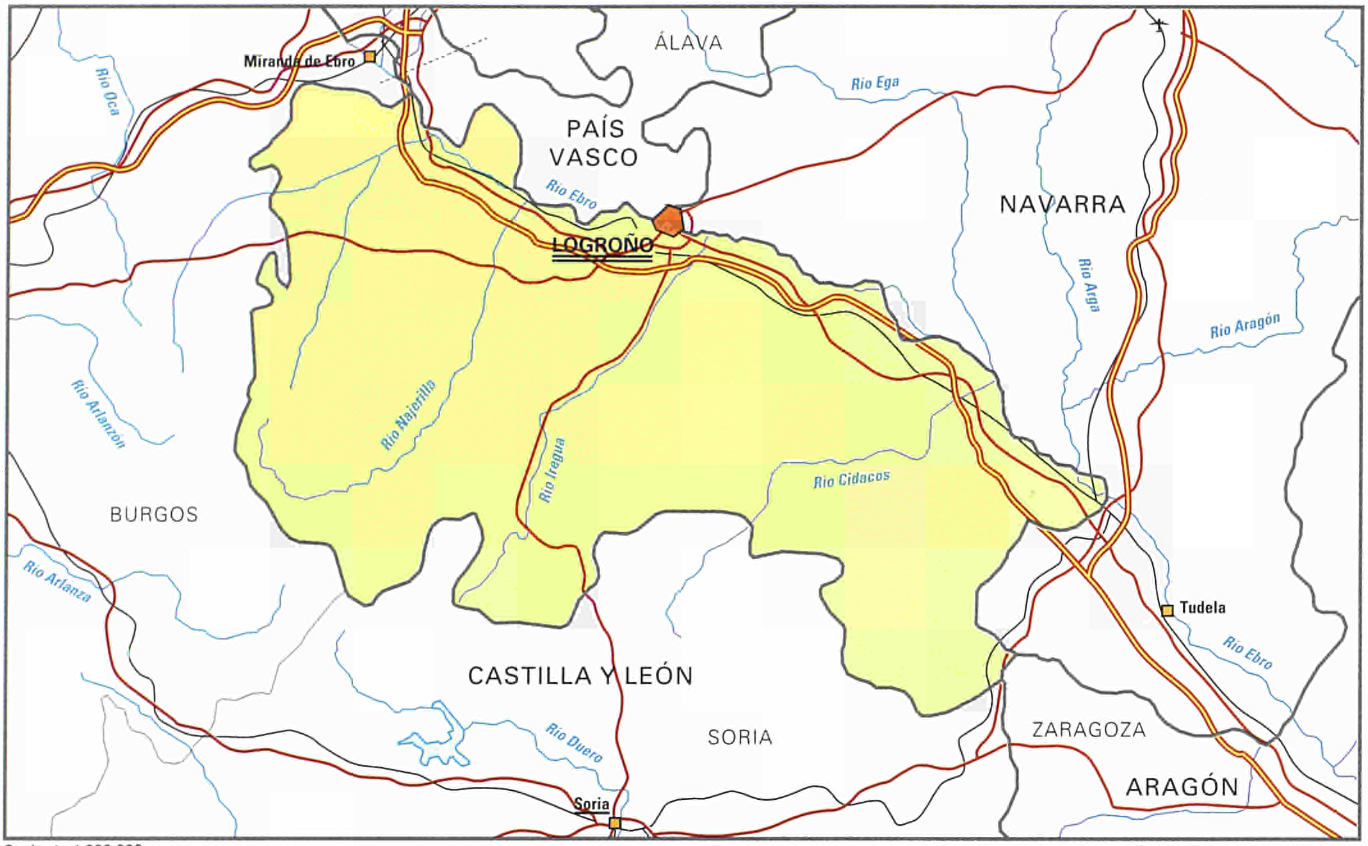


An area famous for its wines with a diversified industrial sector

Rioja is one of the higher-income regions of Spain, this income being very evenly distributed. It has a well-balanced production structure, with a highly competitive agricultural sector producing mainly vegetables and quality wines, and a diversified industrial sector dominated by the vehicle components, metal products, food, textiles and footwear subsectors. However, the future competitiveness of the more well-established subsectors will require great efforts in terms of technological adjustment, research and development of high-tech services.

The Ebro valley, with the towns of Logroño, Haro, Calahorra and Arnedo, has a harmonious territorial structure, the population being concentrated in a number of medium-sized urban areas. The mountain area, which has few towns of any note and is suffering from a population exodus, nevertheless has a high tourist potential on account of the wealth of its natural environment.

Although it has good links with the north and north-east of the Iberian Peninsula, Rioja's communications with the centre and south leave a lot to be desired. The scarcity of higher education establishments in the region means there is a shortage of qualified managerial and research staff. The small size of firms makes it difficult to set up suitable marketing networks and, in some cases, restricts the range of products on offer.



Scale 1 : 1 000 000

Which EC regions are similar to Rioja?

Area:
±5 000 km²
Gelderland; Noord-Brabant (NL)
Algarve (P)

Population:
0.3 million inhabitants
±50 inhabitants per km²
Ipeiros; Dytiki Makedonia (GR)
Algarve (P)
Molise (I)

Employment:
±15% in agriculture
35-40% in industry
Aragón (E)

Activity rates:
<30%
Liguria; Sicilia (I)
Açores (P)

Considerable disparities between the valley and the mountains

The region's topography divides it into two distinct areas. The south, the Sierra and the Cameros, which with 42% of the region's total area contains only 3.6% of its population, is a rural area classified almost entirely as mountainous. The valley, in the north, where 73% of the region's municipalities are situated, is a more densely populated area with better communications and amenities and contains the only three towns, Logroño, Calahorra and Arnedo, with a population over 10 000, which together account for 56.3% of the region's population.

The bulk of production is concentrated in the capital, Logroño, and in two complexes comprising the urban centres of Haro, Nájera and Santo Domingo on the one hand, and Calahorra, Alfaro and Arnedo on the other. The mountain area, Demanda and Cameros, with its tradition of wool production and its many forests, is given over to transhumant livestock farming on land owned mainly by the State or local authorities and is poorer than the north. Despite the size of the mountain area, the forestry and livestock sectors do not account for even 25% of the region's agricultural production.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
La Rioja	5.0	266	53	4.7	45	7.3	14	40	46	88
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

LA RIOJA

A low birth rate and rising immigration

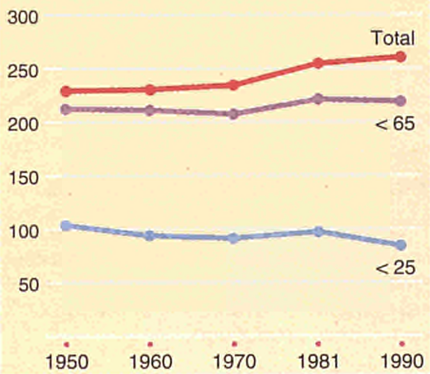
The population of Rioja represents an ever-decreasing proportion of the Spanish population, owing mainly to the low birth rate (9‰). From the 1970s onwards, however, the difference from the national average growth rate has been narrowing as a result of the rise in immigration. This influx was quite marked in the period between 1970 and 1981 and has continued since, although not on quite the same scale, as a result of the demand for labour from the motor vehicle, metal products and food, drink and tobacco industries.

In the last 20 years the age pyramid shows sizeable increases in the 25-64 stratum, probably due to the pattern of migration.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	45.0	17.6	18.2	16.9
15-24	39.0	14.9	15.1	14.6
25-39	58.0	22.3	23.2	21.4
40-54	45.0	17.3	17.9	16.7
55-64	32.0	12.1	11.9	12.3
≥ 65	41.0	15.9	13.7	18.1
Total	261.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	0.6	0.2
of which EC countries	0.2	0.1
of which non-EC countries	0.4	0.1
Portugal	0.1	0.0
Morocco	0.1	0.0
France	0.1	0.0
Argentina	0.0	0.0
United Kingdom	0.0	0.0
Chile	0.0	0.0

Demographic account — 1980-90 (1 000)

-	
Population 1.1.1980	255.0
Births	28.0
Deaths	22.0
Net migration	+ 5.0
Population 1.1.1990	266.0

Good level of training

The activity rate is below the national average. In view of the traditional social structures and the predominance of family-run farms and businesses, this gap is even more pronounced in the case of the female population.

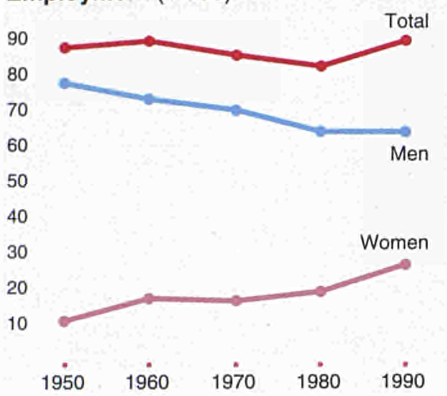
There are few higher education establishments (which tend to concentrate on business studies, industrial and agricultural technology and teacher training), which means that there are not very many holders of higher academic qualifications. On the other hand, the numbers of students in vocational education are some 50% higher than the national average, not counting those studying management and technical subjects such as electrical engineering, mechanical engineering, agricultural science and draughtsmanship.

Between 1970 and 1981 the increase in demand for labour from industry led to concentration of the population in the capital, Logroño, thereby making it easier for workers to have access to the large number of training facilities in this town.

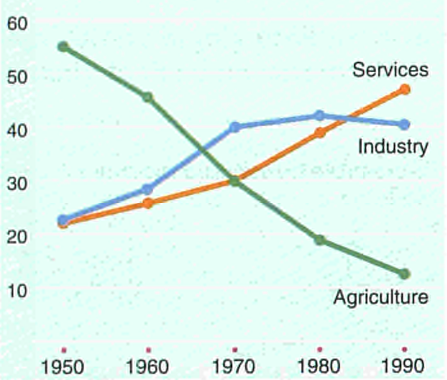
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	6.1	48.4
Primary	17.6	48.4
Lower secondary	12.9	49.2
Higher secondary	20.7	50.8
Higher education	2.7	:
Total	60.0	49.5

Employment (1 000)



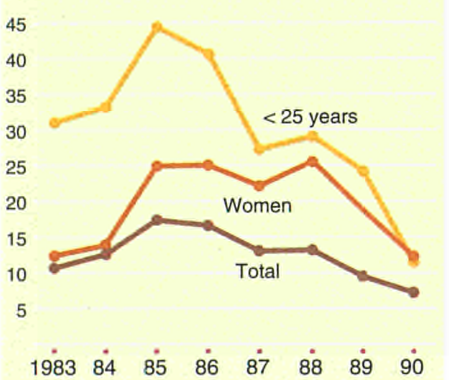
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	86.7
+ Non-residents having a job in the region	1.1
− Residents having a job outside the region	2.4
= Internal employment	85.4

Unemployment (%)



Rising employment and low numbers of wage and salary earners

Wage and salary earners accounted for less than 70% of total employment, reflecting the predominance of family-run farms and businesses in agriculture and industry.

In the last few years the employment situation has improved considerably; whereas between 1980 and 1985 job losses totalled 15 000, equivalent to 17% of the number available at the end of the 1970s, 14 000 jobs were created in the period from 1985 to 1989, 3.5% more than the average figure for the country as a whole.

There is a high proportion of employment in agriculture, although it fell by about 10% between 1980 and 1990 as a result of the drop in the number of small farms. Over the same period, employment in the services sector increased considerably.

Employment in industry has been falling since 1980. The main sources of employment are the food, drink and tobacco, footwear, textiles and timber industries, which together account for more than 60% of jobs in industry.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	14	71	16	64	1	1	24	26
Women	22	70	8	75	13	8	21	29
Total	16	71	14	67	5	3	23	27

Production system standing up well to unemployment

In 1990 the unemployment rate in Rioja was the lowest in the country and below the Community average. The low proportion of wage and salary earners, the high percentage of self-employment in agriculture, and a fairly moderate activity rate, have combined to cushion the figures for unemployment in this sector.

Female unemployment in Rioja reached a peak in 1988. The substantial upturn in recent years in industries which employ a high proportion of female labour (textiles, footwear, tobacco, etc.) has led to a sharp drop in female unemployment, which in 1990 stood at less than half the national average. A similar trend is to be found in the level of unemployment for the under-25s. In 1990, the unemployment rate for this group was lower than the Community average. This is a considerable improvement on the figures for 1985 and 1986 and reflects the strong recovery of the region's economy.

LA RIOJA

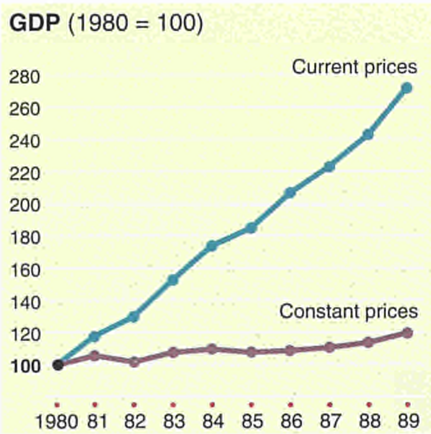
Winegrowing and light industry

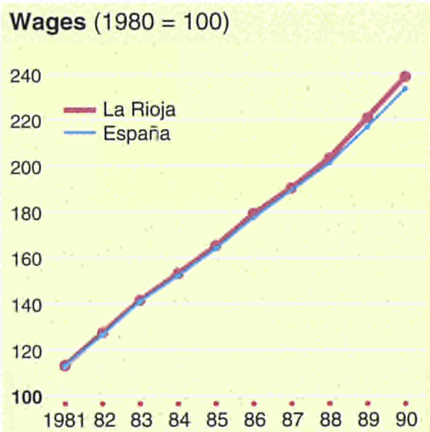
In agriculture, whose share of the region's value-added is 3 percentage points higher than the national average, production is concentrated mainly on fruit and vegetables, both fresh and for canning, and wine, some of the country's finest wines being produced in Rioja.

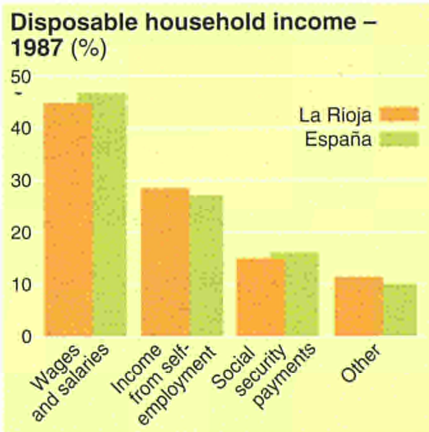
Industry is dominated by small and medium-sized firms, often family-run. The main branches, in addition to food processing, which accounts for about 26% of industrial output, are textiles, leather and footwear (15%), metal products and machinery (15%), cork and wooden furniture (6%), plastics and other manufactured goods (6%). However, its marketing structures are highly traditional and, with one or two exceptions, not very export-oriented. The growth of the services sector in Rioja's economy has not been as marked as in the rest of the country, especially in the case of business services.

It is almost twice the national average in agriculture, the highest in the country in industry, and just above the national average in the services sector.

The small size of firms is an obstacle to research and development.







Labour costs much lower than in the neighbouring regions

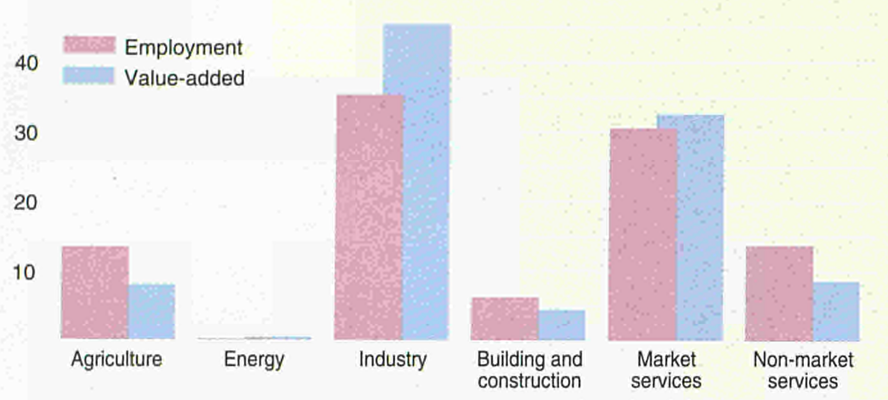
In 1989, average earnings per hour worked were 15% lower than the national average, putting the region alongside the Canaries, Castile-La Mancha and Murcia at the bottom of the scale. Although the differences between Rioja's labour costs and those of the three neighbouring autonomous communities are narrowing, in 1989 they were some 20% lower than in Castile-Leon and Navarre and almost 35% lower than in the Basque country, reflecting the high proportion of highly labour-intensive sectors and activities in the region (building, distributive trades and manufacturing industry) and of employment in agriculture, where wages tend to go up more slowly.

The trends in wages in the last few years is about the same as the national average.

High income with a low proportion of wages and salaries

Households' per capita disposable income is among the highest in the country, putting Rioja in a group with the regions of the Balearic Islands, Catalonia and Madrid. After deduction of taxes and social security contributions from households' income, their real consumption and saving capacity is about 10% higher than the national average.

Employment and value-added: distribution by branch – 1987 (%)



Agriculture highly productive and industrial production geared mainly to the domestic market

In the highly productive agricultural sector, more than 80% of farms have irrigation, for 26% of their land. The sector is highly mechanized, with a preponderance of small farms; 75% of them have less than 10 hectares, covering almost 23% of the utilized agricultural area. Woods and forests make up 23% of the region's total area. There are some 32 700 hectares of vineyards, protected by the designation of origin label. High-quality Rioja wine accounts for about 14% of the volume of exports by all Spain's wine-producing areas which have this label.

Rioja's industry, which is also highly productive, specializes to a large extent in drink and tobacco, metal products, chemicals, leather, footwear and clothing, paper, textiles and wood. In general, the firms are quite small, 94.5% of them having fewer than 50 employees and accounting for half of the jobs in industry. Obviously, this makes it difficult to adapt sales to the requirements of international markets.

The main services are wholesale and retail distribution, education and health, transport and financial services, with relatively little emphasis on hotels, tourism and business services.

Agriculture

Number of holdings	21 175
Labour force	20 477 AWU
Agricultural area	295 000 ha
Livestock	88 000 LU
Gross value-added	9 718 ECU/AWU

Main products	
Vegetables	21%
Wine	17%
Main crops	12%

Main enterprises

Name	Employees	Activity
Permolca	754	Rubber industry
Albilux	748	Electrical goods
Tabacalera	743	Manufacture of tobacco products
General Motors	733	Manufacture of transport equipment
Industrias Fibras Textiles	278	Clothing industry

Attractive environment

Rioja has a pleasant environment. In the mountainous south it is attractive and unspoilt, and with a very sparse population the damage caused by industrialization is virtually non-existent. The forests contain a wide variety of species, and are made up of vast areas of conifers, mainly spruce, alternating with massive stands of oak and beech, together with ilex and quercus. The Cameros national game reserve has an area of close on 93 000 hectares. The water courses, which have little or no pollution in the mountains, suffer from the effects of low water resulting from highly irregular drainage areas and little regulation infrastructure. The heavier rainfall and cool climate in the mountains in summer tend to attenuate these effects, which are more intense in the valley.

On the whole, the valley has a similarly pleasant environment, with a low level of gaseous emissions compared with the other regions of Spain. Nevertheless, the greater population density, concentrated in small towns, and more intensive industrialization give rise to problems of regulation and treatment of waste water and disposal of solid urban waste and industrial effluent produced by the chemical, metal or mineral products industries among others. Outdated and unsuitable forestry and stockbreeding methods, together with intensive cultivation, have led to problems of soil erosion in certain parts of the region.

ESPAÑA

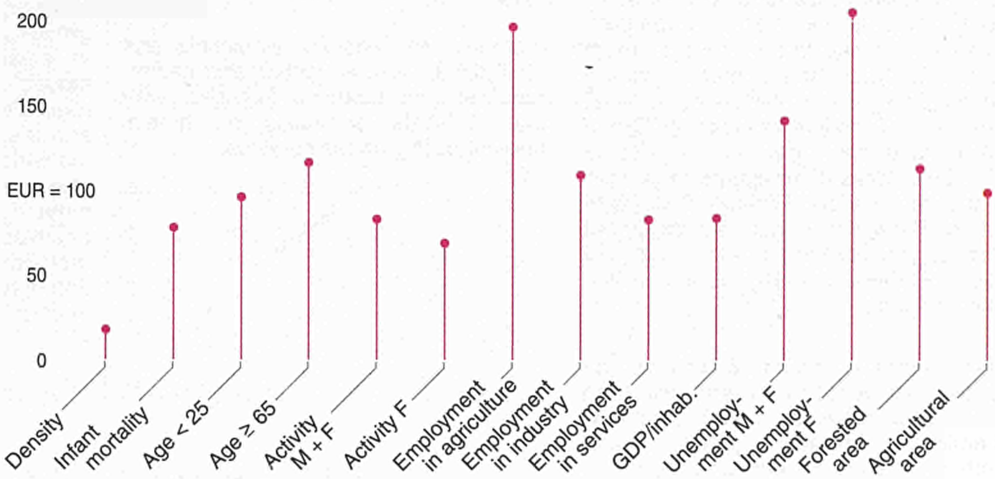
ARAGÓN

Seat of one of the kingdoms on which modern Spain was founded and which held sway over a large part of the western Mediterranean, the region of Aragon is geographically well placed at the exact intersection of two of the most important communication routes in Spain (Madrid-Catalonia and Cantabria-Mediterranean), to which could be added in future the route between the east of Spain and the south of France.

Aragon comprises three provinces (Saragossa, Huesca and Teruel) similar in size, but very different in population. The presence of mountain chains in the north (the Pyrenees, rising to above 3 000 metres) and in the south (the Iberian system) has concentrated the population and economic activity into a fertile strip of land running from east to west along the river Ebro. In the mountainous areas of Teruel and the Pyrenees, winters are severe, with extremely low temperatures which can reach -20°C, and summers are dry, whereas in the Ebro depression the climate is mild in winter and hot and humid during the summer.

The river Ebro at Saragossa: most of the region's population and economic activity is concentrated along the Ebro valley.

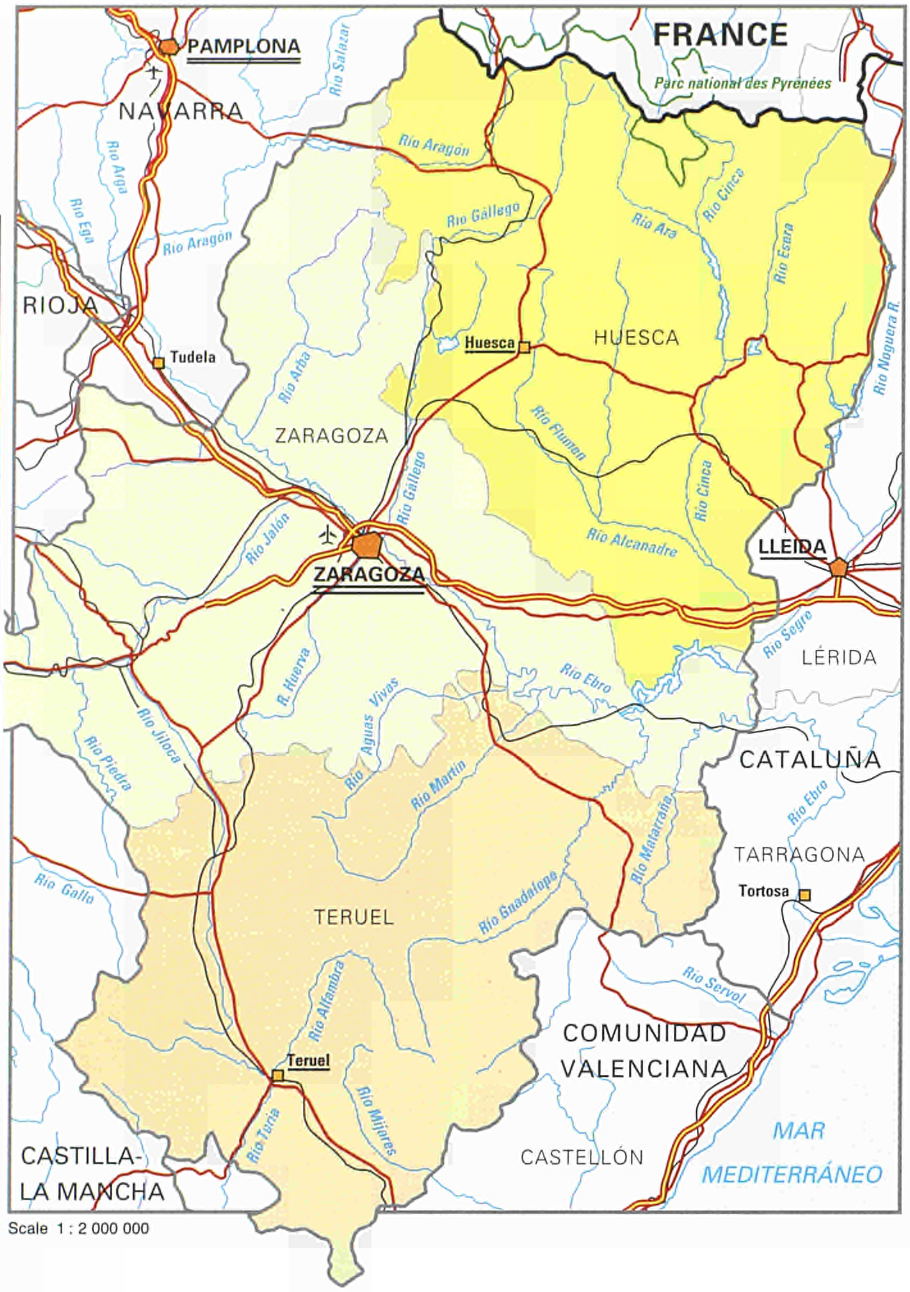
Aragón in the Community



An exceptional geographical location

The region in general, and the Saragossa area in particular, is located at the centre of gravity of the triangular north-eastern corner of Spain (the most economically dynamic area). This advantage could grow if the effects of the frontier on the northern part of the region were reduced, by the building of a tunnel under the Pyrenees to link Saragossa with Pau. There is huge tourist potential, with ski slopes and nature parks and reserves in the north, and centres of major historical and cultural value, spas and great mountain chains in the south. The region's energy resources (hydroelectricity and conventional power stations) account for 6.5% of total Spanish capacity, and two-thirds of production is exported to the national grid. They thus make a significant contribution to the diversification of the production sector, within which the agri-food industry has excellent prospects. At the same time, the sizeable car and railway equipment firms form a solid industrial framework for the improvement of the region's manufacturing fabric.

On the other hand, the excessive dominance of the Saragossa area gives rise to an imbalance in regional growth and diseconomies of scale. Moreover, there are restructuring problems in the subsectors of metalworking, textiles, footwear and clothing, in which the factories are located in possible alternatives for expansion to the Saragossa area.



Scale 1 : 2 000 000

The pull of Saragossa

Aragon's favourable geographical situation and good economic performance have not prevented socio-economic imbalances which, even by Spanish standards (which vary considerably), are pronounced. Geographical conditions have favoured the central strip watered by the river Ebro and endowed with excellent communications to the detriment of a strong north-south axis.

Half of the population, and two-thirds of employment, are concentrated in the central strip. This concentration has caused a drop in the population of the provinces of Huesca and Teruel, giving them densities of around 10 inhabitants per km², which is amongst the lowest in Spain, and means that they are seriously threatened by an irreversible depopulation, turning them into nothing more than nature reserves. The overwhelming dominance of the Saragossa area is reflected not only in the concentration of industry and services, but also in the existence of large-scale irrigated farming of cereals and fruits. For their part, Huesca is important in pig rearing and also has one or two small centres specializing in chemicals, whilst Teruel is noted for iron and coal mining and the generation of electricity.

Which EC regions are similar to Aragon?

Area:
47 000 km²
Niedersachsen (D)

Population:
1.2 million inhabitants
Abruzzi; Friuli-Venezia Giulia (I)
Unterfranken; Kassel (D)

Population density:
20-30 inhabitants/km²
Corse (F)
Alentejo (P)
Castilla y León; Castilla-La Mancha;
Extremadura (E)

Employment:
± 15% in agriculture
± 35% in industry
La Rioja (E)

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Huesca	15.6	211	14	− 2.0	42	9.0	23	30	48	82
Teruel	14.8	148	10	− 3.4	41	8.7	20	35	45	75
Zaragoza	17.3	842	49	1.7	46	9.3	10	35	55	86
Aragón	47.7	1 201	25	0.4	45	9.2	13	35	52	84
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

ARAGÓN

Concentration in the regional capital and rural depopulation

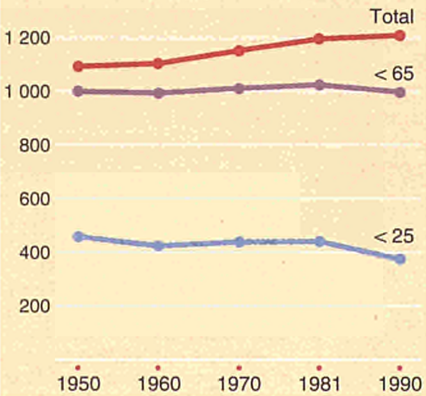
Within a general context of growth lower than the national average, population trends have been influenced by two forces which have combined to depopulate rural areas: emigration outside the region (mainly to Catalonia) and the pull of the Saragossa area. As a result, Teruel and Huesca have suffered a net fall in population since 1950, whilst Saragossa has experienced an increase, although the rises have been confined to the capital, since the rest of the province has also seen a drop in population. Since emigration has involved mainly young people, the population in the areas affected has gradually aged, with a consequent decline in the birth rate and, in many districts of Huesca and Teruel, densities reach only 5 inhabitants per km².

Saragossa is the region's most populated city, with 586 574 inhabitants, followed far behind by Huesca and Teruel with 42 214 and 28 272, respectively. The trend towards urbanization and rural depopulation has been reinforced in the last few decades, with the result that 64% of the total population currently lives in centres of more than 10 000 inhabitants, whereas in 1960 40% of the population lived in small villages.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	196.0	16.3	17.0	15.5
15-24	179.0	14.8	15.4	14.2
25-39	262.0	21.6	22.2	21.1
40-54	206.0	17.1	17.5	16.7
55-64	154.0	12.7	12.6	12.9
≥ 65	211.0	17.5	15.3	19.7
Total	1 208.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	25.4	2.1
of which EC countries	1.6	0.1
of which non-EC countries	23.8	2.0
France	0.5	0.0
USA	0.4	0.0
United Kingdom	0.3	0.0
Portugal	0.3	0.0
Germany	0.2	0.0
Morocco	0.2	0.0

Demographic account — 1980-90 (1 000)

Population 1.1.1980	1 211.0
Births	121.0
Deaths	110.0
Net migration	−21.0
Population 1.1.1990	1 201.0

Sluggishness of the labour market

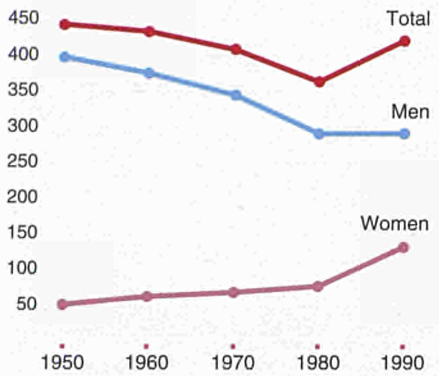
The lethargy of the labour market is a major socio-economic feature of the region, and one which also affects the potential for future development. Of the developed regions, Aragon recorded one of the lowest growths in working population between 1980 and 1989. The activity rate is lower than in the rest of the country, especially in Teruel and Huesca, which have amongst the lowest rates in Spain. This discouragement, together with the number of young people between the ages of 16 and 19 forced into staying on at school and of over-55s taking early retirement, could be at the heart of the labour market's sluggishness.

This situation is aggravated by a lack of skills in the workforce, creating an imbalance between the supply of skilled workers and the needs of companies, which affects principally women and young people seeking their first job, and is reflected in a lack of specialists in industrial automation, robotics, electronics, industrial design, etc.

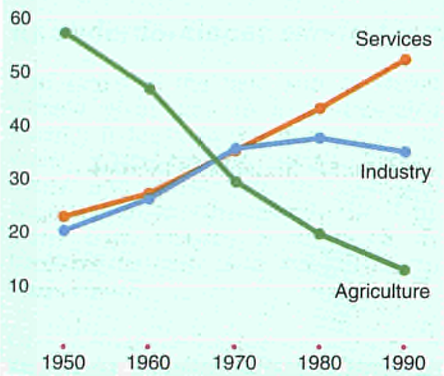
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	27.8	49.1
Primary	73.2	48.4
Lower secondary	54.5	48.7
Higher secondary	94.3	50.3
Higher education	32.9	:
Total	282.7	49.1

Employment (1 000)



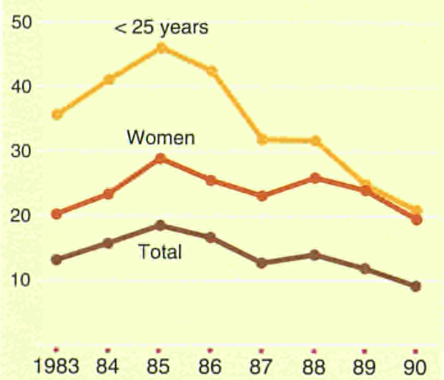
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	415.3
+ Non-residents having a job in the region	2.8
− Residents having a job outside the region	3.1
= Internal employment	415.0

Unemployment (%)



Employment very sensitive to the general economic climate

During the recession, the rate by which employment fell (43 000 jobs lost) was more marked than for Spain as a whole (10.8% as opposed to 7.9%), with industry being particularly hard hit and only services managing to continue to create jobs. However, with the subsequent revival of demand, the rise in employment was higher than the Spanish average, with services and industry playing a prominent role and more than making up for the persistent fall in agricultural employment. For the last 10 years as a whole (1980-90), the net rise in the region's employment has been considerable (56 900 jobs), especially in services.

The changes in the sectoral structure of employment over the last decade may be summed up as follows: the strong presence of the agricultural sector, which is of major importance in Huesca and Teruel; a slight fall in industry, which continues to employ many workers in Saragossa and Teruel, mainly in branches such as energy and water, metalworking and precision engineering; and finally, the growth of employment in services, which only in Saragossa reaches a level comparable to the national average, while those in Huesca and above all Teruel are well below. This sectoral structure in which agriculture remains strong results in a proportion of wage and salary earners lower than the national average.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	13	68	19	66	3	1	15	24
Women	22	67	11	76	19	19	12	19
Total	16	68	17	69	8	7	14	22

The limited impact of unemployment

The relatively weak demographic base, together with the delay in young people entering the labour market due to a longer time spent at school, and the major impact of early retirement has created a market which is largely tension-free, and in some ways sluggish. In fact, although there were many job losses, the unemployment rate has always remained below the national average, and the differential even increased during the worst years of the recession. In this respect, it is worth mentioning that, in spite of the fact that the number of unemployed doubled between 1980 and 1985, subsequent growth in employment up to 1990 was 17.5%, and the unemployment rate fell to become the lowest in Spain with the exception of that for La Rioja.

The above situation must be differentiated according to location since more than three-quarters of regional unemployment is concentrated in the province of Saragossa, and more than half in Saragossa city. This is the result of the incidence of high unemployment in industry (especially in the manufacturing industry), and of the preponderance of that sector in the province. Teruel and Huesca were less affected by the recession, and unemployment rates there are amongst the lowest in Spain.

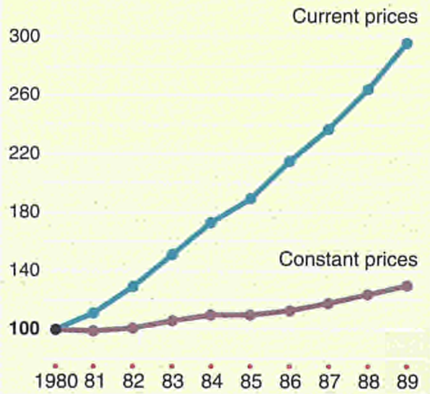
Industrial imbalances

The regional economy of Aragon is plagued by the excessive concentration of activity around the city of Saragossa and is consequently marked by major imbalances which the depopulation of extensive areas has done nothing to help. Overall productivity in recent years has fluctuated around the Spanish average, with the agricultural sector showing the best results.

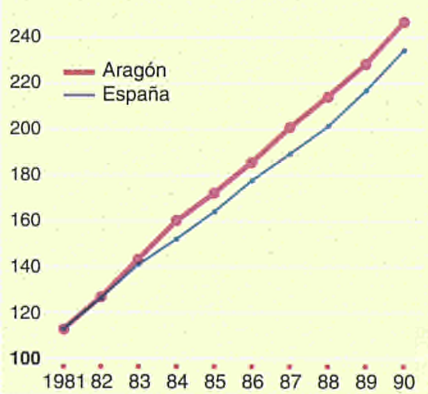
The by no means negligible importance of the agricultural sector stands out, not only because of its share of regional value-added, but also because of its productivity, which exceeded the Spanish average by 11% in 1987. Huesca is noted for livestock farming and Saragossa for its cereals, the growth of which is helped by a wide irrigation network in areas subjected to severe periods of drought.

In the industrial sector there are two prominent features: on the one hand, the strong concentration of manufacturing industry in the area of Saragossa city and of iron and lignite mining in the south of Teruel; and, on the other, the marked dualistic nature of the industrial fabric, in the sense that large or multinational companies exist alongside small, often family-run businesses in branches undergoing restructuring. The former are involved in car manufacturing, railway equipment and generation of electricity, while the latter comprise a whole host of small companies with antiquated equipment and little business capacity in textiles, footwear, leather and clothing, which are having difficulty in surviving in an increasingly competitive market and are situated in areas in which they constitute the principal economic base.

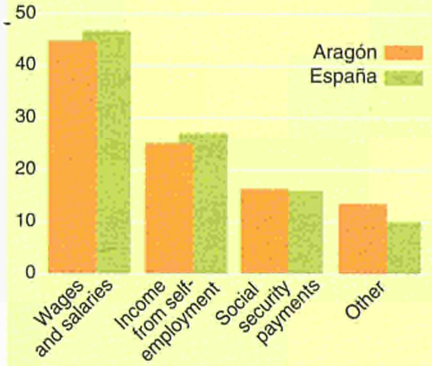
GDP (1980 = 100)



Wages (1980 = 100)



Disposable household income – 1987 (%)



High agricultural productivity boosts general pay levels

With productivity levels around the national average, average hourly earnings in Aragon are amongst the highest in Spain, being bettered only by the Basque country, Asturias and Madrid. The considerable size of the industrial sector, which includes some multinational companies, and the high productivity of its agriculture, could well be part of the explanation for this phenomenon.

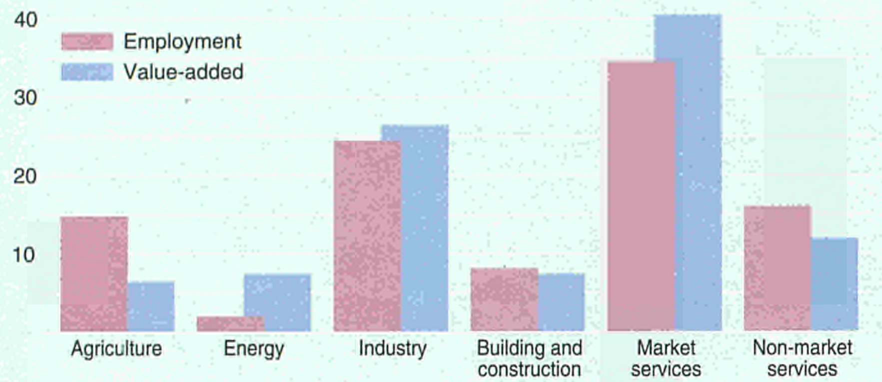
Current high pay levels are the result of a tendency over the last decade for pay deals to be worth slightly more than the national average. Between 1983 and 1986, when the recession was at its worst, pay rises in Aragon were lower than the average, whereas when demand later picked up they were notably higher, only to fall again in 1990.

Considerable growth in households' per capita disposable income

Aragon experienced one of the highest rates of growth in gross per capita disposable income between 1983 and 1986, ending up in 1986 with a figure 10% higher than the national average.

As regards the breakdown of household income, noticeable are the relatively greater share of social security benefits, and the smaller contribution made by gross operating surplus and wages and salaries. In the utilization of income, the relatively high taxes on income and wealth are counterbalanced in part by relatively low social security contributions.

Employment and value-added: distribution by branch – 1987 (%)



An underdeveloped services sector

The extent of the land and its varied climate gives rise to a considerable forestry industry in the north, and the major cereal-growing areas (barley, maize and wheat) and the fruit and vegetable crops of the central area. At the same time, Huesca is noted for its livestock farming, and especially pig breeding.

One of Aragon's outstanding features is its energy potential, which it owes to significant hydroelectric and conventional power resources. The region accounts for 14.4% of national production, two-thirds of which is exported to the national grid.

Although industry's contribution to value-added is five points higher than the national average, its excessive geographical concentration and dualistic nature mean that there is no sound industrial fabric for improving technology and future prospects. On the one hand, the average number of workers per firm is 11, and 98% of firms have less than 50 employees; on the other, there are a few large manufacturing companies, such as General Motors (11% of industrial employment in Saragossa), and some companies involved in transport equipment, which together account for one-quarter of industrial value-added in the province of Saragossa. In the case of small businesses, their specialization in textiles, footwear and clothing, and their structure and obsolete technology, mean that they will face enormous difficulties in the single European market.

An environment not unduly at risk

Aragon's environmental resources are considerable, since the lie of the land from north to south makes for a wide variety of climatic zones, ranging from the mountain climate of the Pyrenean summits and the high plateaus of Teruel to the fertile sedimentary lands of the Ebro valley. In addition, and as a curious counterbalance to the concentration of population and industry in Saragossa, the rest of the region is composed of vast, sparsely populated expanses of virtually unspoiled nature. In this respect, the Ordesa National Park and Monte Perdido, one of the best examples of mountain relief in Spain, together with various national reserves dotted around the Pyrenees and the Montes Universales, are worthy of note, as are the areas alongside the pilgrims' route of the Camino de Santiago, one of whose branches enters Spain through the mountain pass of the Puerto del Somport in Jaca. The abundant water reserves of the Pyrenees feed the rivers on the northern slopes of the Ebro valley, whose waters serve both as a source of energy and for irrigation, so that there are a number of large joint-purpose reservoirs.

The ecological problems are varied in nature. To begin with, the massive concentration of industry in Saragossa city is causing diseconomies of scale and congestion; at the same time, something will have to be done about restoring the land affected by the open-cast mining of lignite and the possible transregional air pollution from the fossil-fuel power station in the south of Teruel.

Agriculture

Number of holdings	97 027
Labour force	80 302 AWU
Agricultural area	2 655 000 ha
Livestock	935 000 LU
Gross value-added	7 519 ECU/AWU
Main products	
Cereals	26%
Pigs	19%
Poultry — eggs	10%

Main enterprises

Name	Employees	Activity
General Motors de España	9 076	Manufacture of transport equipment
Balay	1 820	Electrical goods
Caja de Ahorros de Aragón y Rioja	1 782	Banking and finance
El Corte Inglés	1 342	Retail trade
Nurel	1 052	Manufacture of basic chemicals
CAF	946	Low-voltage industrial equipment

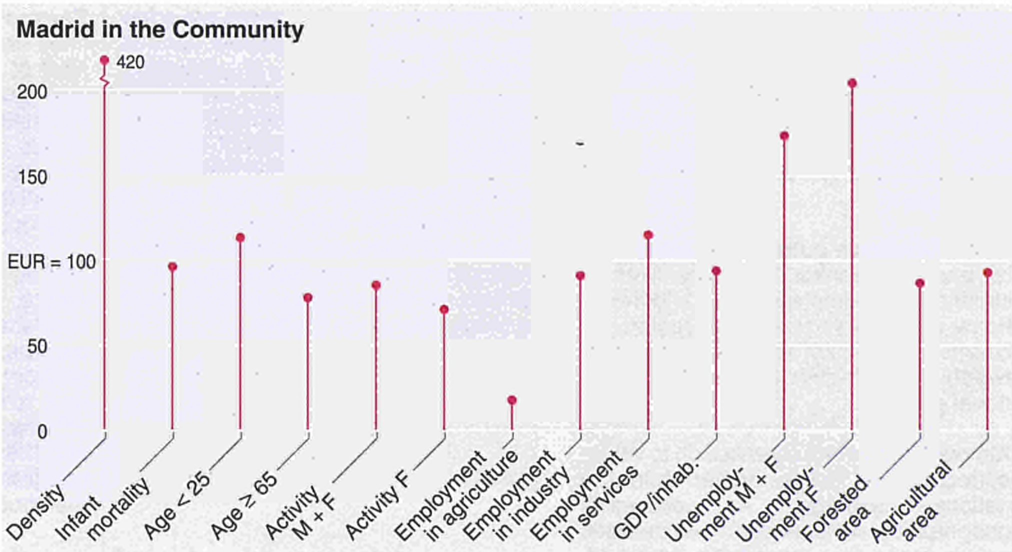
ESPAÑA

MADRID

The autonomous community of Madrid is composed of a single province and is the capital of the country. It may be divided into four areas: the (highly urbanized) metropolitan area; the Sierra in the north; the heavily industrialized Corredor del Henares in the east; and the basically agricultural area in the south. 84% of the land lies at an altitude of over 600 metres, and heights of more than 2 000 metres are reached, giving rise to a dry, continental climate with major variations in seasonal temperatures.

Its central location places Madrid in a privileged position in terms of accessibility from anywhere in Spain and also makes it an important centre for international air traffic, Barajas Airport being an important gateway to Europe for Latin America. The Madrid region thus lies between the most developed regions on the Ebro and Mediterranean axes, forming a small island of economic power at the heart of inland Spain.

Thanks to its industry and important financial sector, Madrid has become Spain's main business centre.



Madrid: nerve centre of the Iberian Peninsula

Its central position and the role of the city of Madrid as the political and administrative capital, enables the region to act as a linchpin between the underdeveloped regions and the more developed areas of the country. This pivotal role also holds true in relations with abroad, acting as it does as a centre for the reception and retransmission of innovative ideas from the rest of Europe. Madrid is a part of the global system of cities which, thanks to air travel and information technology, is increasingly less concerned by physical distances. Moreover, the Madrid region is not only strong in advanced services, but is also the second most important industrial area in Spain (or the first in the case of high technology), the result of which is a combination allowing a sounder development than that based on services alone.

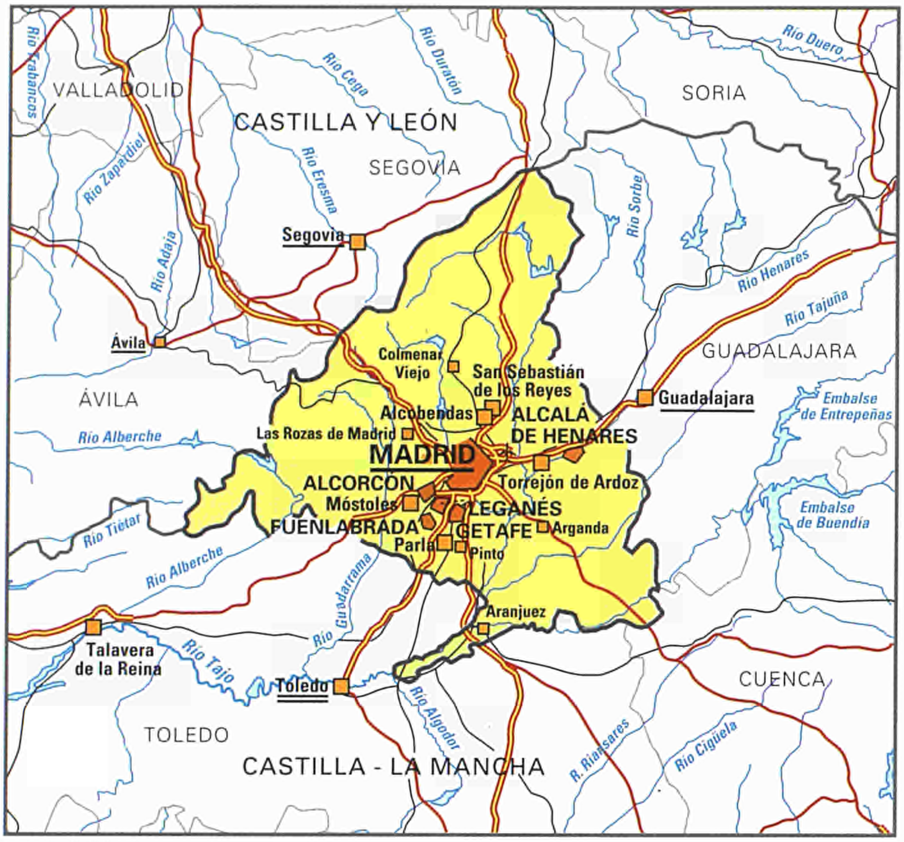
These positive aspects are counterbalanced by:

– inadequate infrastructure for transport to and within the metropolitan area;

– the industry of the south/south-east, which was severely hit by the recession and requires adequate land and communications if it is to be restructured and revived;

– the deterioration of the natural environment due to pollution and the production of enormous quantities of industrial and urban waste;

– the existence of marginalized groups resulting from the high unemployment rate in some areas.



Scale 1 : 2 000 000

Which EC regions are similar to Madrid?

Area:
± 8 000 km²
Braunschweig; Koblenz;
Arnsberg (D)
Friuli-Venezia Giulia (I)

Population:
± 5 million inhabitants
high density
West Midlands;
Yorkshire and Humberside (UK)
Lazio (I)
Düsseldorf; Sachsen (D)

Employment:
2/3 in services
Luxembourg (grand-duché)
Danmark
Bremen (D)
Attiki (GR)

Strong concentration of economic activity and population

93% of the region's population is concentrated on only 24% of its surface area. This fact, which is common to all the capital regions in Europe, is particularly striking in Madrid, where the fall-off in population density is very pronounced (15 000 inhabitants per km² in the centre of the city, whilst 20 km away there are some communities with less than 10 inhabitants per km²). The imbalances affect the siting of businesses in relation to residential areas, which leads to a great deal of commuting. The specialization in the services sector of the so-called 'central core' has led to 45% of all jobs being concentrated in this area, the figure rising to 75% for financial services and 60% for public administration.

On the other hand, the recession caused job losses in the industrial areas of the south and east of the metropolitan area, with its large young population, and a deterioration in the socio-economic climate. This situation has been aggravated by the lack of social facilities in vast areas of the industrial belt, a feature which is shared by some parts of the Sierra Norte area. In contrast, the 'central core' of the city has recorded a sharp growth in advanced services, resulting in sizeable increases in income and employment.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Madrid	8.0	5 028	629	7.3	47	12.4	1	30	69	94
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

MADRID

A stable population on the move

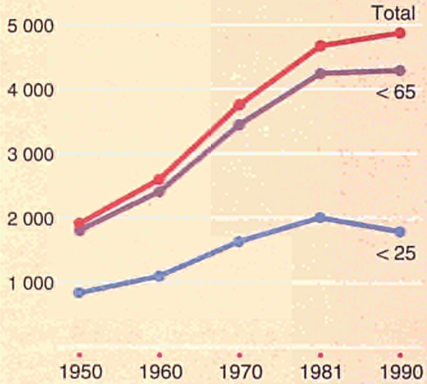
The average annual population growth, slightly higher than the national average since 1980, was well below that in previous decades, due to the fall in the birth rate and the decline in the positive migration balance. However, the percentage of under-15s is still higher than the national and Community averages, whilst there are fewer over-65s than in Spain and the EC as a whole.

The drop in the fertility rate, which is amongst the lowest in the EC, and the fall in immigration will mean small rises in numbers and the relative ageing of the population. In the medium term, there will be a geographical redistribution of the population rather than any significant increases. As a result, the pressure on today's labour market, a consequence of the 'baby boom' of the 1960s, will be reduced; in fact, there is already a spectacular decline in the numbers of children of pre-school age, which is a portent of things to come in this respect. It should be added that an increasing number of the region's inhabitants work in neighbouring regions, mainly in Castile-La Mancha, where businesses are setting up due to lower land prices.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	956.0	19.6	20.9	18.4
15-24	841.0	17.2	18.3	16.2
25-39	1 080.0	22.1	22.5	21.8
40-54	903.0	18.5	18.5	18.5
55-64	519.0	10.6	10.3	11.0
≥ 65	586.0	12.0	9.6	14.2
Total	4 887.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	60.9	1.2
of which EC countries	26.4	0.5
of which non-EC countries	34.5	0.7
France	5.4	0.1
Germany	5.3	0.1
United Kingdom	4.9	0.1
Portugal	4.8	0.1
Argentina	4.1	0.1
USA	3.8	0.1

Demographic account — 1980-90 (1 000)

Population 1.1.1980	4 738.0
Births	596.0
Deaths	307.0
Net migration	+ 1.0
Population 1.1.1990	5 028.0

More women working

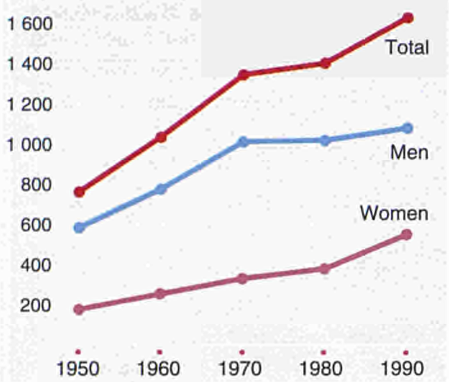
The activity rate which had fallen to very low levels during the recession, is slightly higher than the national average due, for the most part, to the increasing numbers of women entering the labour market. In the medium term, an increase in the activity rate is predicted, bearing in mind regional population trends and the rapid changes in society's attitude towards the role of women.

The Madrid region is endowed with an education system which covers the entire spectrum of disciplines from the sciences to the humanities. Thanks to the existence of five universities (Complutense, Autónoma, Alcalá de Henares, Carlos III and Polytechnic), the proportion of students is almost double the national average; however, the numbers in vocational training are comparatively low, which can lead to imbalances between the skills offered by the workforce and the demands of companies, which are at present largely determined by the new technologies and new forms of production and management.

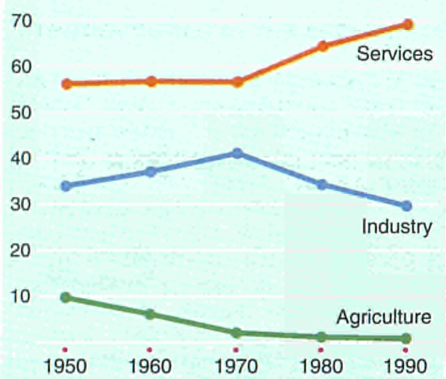
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	122.5	49.3
Primary	363.4	48.6
Lower secondary	275.9	48.5
Higher secondary	427.9	49.8
Higher education	302.3	:
Total	1 492.0	48.7

Employment (1 000)



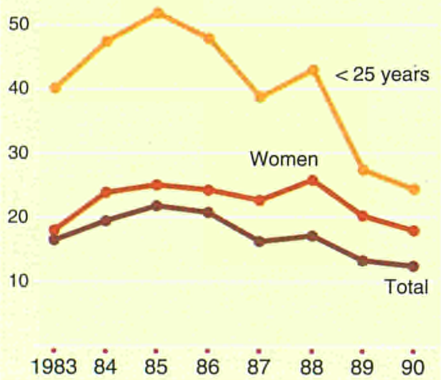
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	1 617.7
+ Non-residents having a job in the region	35.8
– Residents having a job outside the region	6.5
= Internal employment	1 647.0

Unemployment (%)



Job creation buoyant

The recession of the 1980s had less of an impact than in most other Spanish regions, with 65 000 jobs (4.7%) being lost during the worst period (1980 to 1985). The recovery experienced from 1985 to 1990 was quite substantial, with the number of jobs increasing by 23.5%, or 309 000 posts, as opposed to 18.2% for Spain as a whole. As a result, the rise in employment between 1980 and 1990 was almost double the Spanish rate, which is indicative of the immense capacity for job creation within the Madrid economy.

To some extent influenced by the recession, there has been a redistribution of employment between sectors, with the result that, between 1980 and 1990, there has been a redistribution especially towards services. The proportion of agricultural and industrial employment in the Madrid region is lower than is the EC average, whilst employment in the services sector is higher. Another interesting feature is that the percentage of wage and salary earners as a proportion of total employment is the highest in Spain, also exceeding the figures for France and Italy and approaching those of Germany. On the other hand, due to the predominance of services in the economy, the ratio of full-time short-term workers to total wage and salary earners in the Madrid region is the lowest in Spain.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	13	71	16	86	1	1	4	12
Women	23	69	9	90	5	4	5	18
Total	17	70	13	88	2	2	4	14

Unemployment mainly amongst the young

Unemployment trends have been less negative than for the nation as a whole, the unemployment rate having fallen more sharply than the national average since 1985. Those most affected by unemployment are the least qualified (the young and people with a poor or inadequate vocational training ill-suited to new production methods). The gender factor is also decisive when considering the regional unemployment rate, since the unemployment rate for women is double that of men, this gap having widened in recent years as more women have entered the labour market.

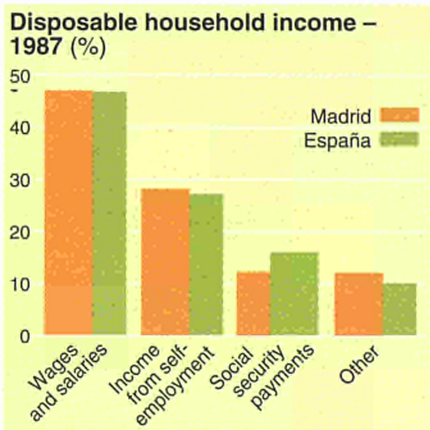
Unemployment affects construction the most and services the least.

Growing importance of business services

The Madrid region's gross value-added made it the second largest contributor to Spanish GDP (exceeded only by Catalonia). Looking at the sectoral structure of gross value-added, services (and more particularly market services) are prominent, contributing more than 70% of the total.

In recent years, manufacturing equipment and business management techniques have been modernized, resulting in greater quality and competitiveness in production and a more internationalized economy. The industrial sector has moved towards specialization in advanced fields such as telecommunications, electronics, pharmaceuticals, defence and aeronautics. At the same time, there has sprung up an ancillary industry of small and medium-sized enterprises which could greatly help future industrial growth. As regards services, business services such as software, telecommunications, auditing and consultancy services, and marketing are very much in evidence. It is also important to point out the enormous potential of the public and private R&D network, which accounts for more than 50% of Spanish investment in R&D and is substantially involved in large Community projects.

The presence of government offices and of the head offices of important national and international companies should be mentioned, a fact which confirms the Madrid region as a prime decision-making and logistical centre, favoured by a highly advantageous geostrategic situation. As a result, the Madrid region accounts for 29% of Spanish exports and 46% of direct investment from abroad.



Labour costs comparatively high with moderate growth

The economic structure of the Madrid region, which is dominated by the services sector and more particularly market services, together with the minor role played by the agricultural sector, means that this region has high productivity levels reflected in high average wages. Thus, average hourly earnings in 1989 for all employment categories were 19.7% higher than the national average, being bettered only by the Basque Country.

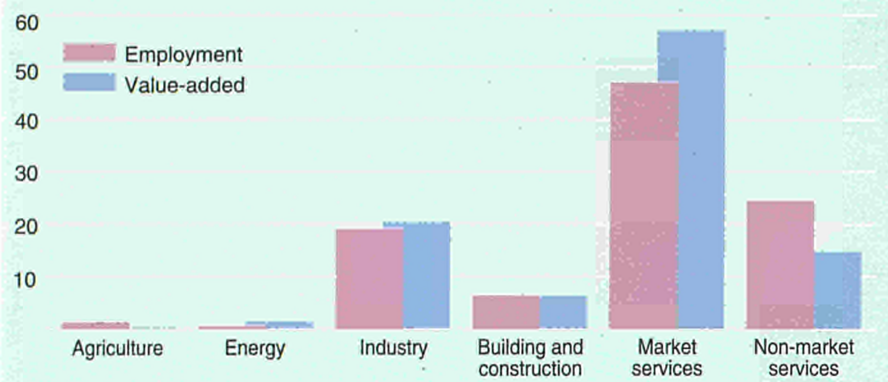
On the other hand, pay deals since 1981 have generally been settled at around the average national rate of increase, except between 1983 and 1986, the years of the recession, when rises were modest and lower than the average, although they recovered subsequently.

Substantial income from property counterbalanced by a high tax burden

The Madrid region enjoys one of the highest household per capita disposable incomes in the country, although increases in recent years have been lower than the national average due to the high tax burden shouldered by this region, 8.4% of resources being set aside for the payment of taxes on income and wealth (24.8% if social security contributions are included), as opposed to 6.2% for Spain as a whole. At the same time, as might be expected of a developed region, the amount received in social security benefits is 70% that of contributions paid, whilst property and entrepreneurial income is much higher than the national average.

Thanks to an economy dominated by services and industry, wages and salaries and gross operating surplus make an important contribution to income, both of them exceeding the Spanish average.

Employment and value-added: distribution by branch – 1987 (%)



Predominance of the services sector

Although the most striking aspect of the Madrid region is the enormous size of the services sector, it is the second most important industrial area in Spain (after Catalonia). In recent years certain manufacturing industries in the southern industrial belt of the capital have suffered badly, enabling companies involved in high-tech processes in the north and north-east to prosper considerably. At present, basic industry is overshadowed by the manufacturing industry, there being a high technological level which has been facilitated by the presence of many R&D centres. At the same time, it is noticeable that industry is increasingly specialized in high-demand sectors (aircraft, electronics, pharmaceuticals, precision instruments and electrical engineering) or medium-demand (paper, transport and mechanical engineering).

The services sector contributes more than 70% of gross value-added and shows great dynamism thanks to the internationalization of the economy promoted by entry into the EC. Within that sector, the distributive trades, hotels and catering, transport, banking and insurance are prominent. 10% of bank offices are to be found in the Madrid region and Spain's main stock exchange is located there.

Agriculture

Number of holdings	18 365
Labour force	13 532 AWU
Agricultural area	420 000 ha
Livestock	129 000 LU
Gross value-added	7 132 ECU/AWU
Main products	
Poultry — eggs	37%
Cereals	14%
Vegetables	14%

Main enterprises

Name	Employees	Activity
Telefónica	19 069	National telephone service
Iberia	17 700	Air transport
Renfe	11 000	State railways
El Corte Inglés	10 000	Retail distribution
Empresa Municipal de Trasportes de Madrid	6 800	Urban transport
PSA (Peugeot-Talbot)	6 500	Car manufacturing
RTVE	6 300	Television station
Metro	6 000	Urban transport
Caja Madrid	5 300	Banking and finance
Banesto	4 700	Banking and finance

Scenic resources endangered by population pressure

The Madrid region is blessed with substantial scenic resources, with plenty of nature spots just a few kilometres from the centre of the city, and there is even the opportunity of skiing in the Sierra de Guadarrama. There are extensive Mediterranean woodlands which have been virtually untouched since ancient times, as well as mountain terrain with glacial lakes, all in an area covering more than 25% of the region's land surface. In this respect, the following stand out: the Monte del Pardo, with its important species of Mediterranean flora and wildlife (particularly deer); the park of Cuenca Alta del Manzanares (an interesting example of granite relief); the Hayedo de Montejo Natural Park; and the Casa de Campo, which is probably amongst the largest 'urban parks' in Europe. The problem, therefore, is not so much a shortage of resources, but their efficient administration in the face of the pressure exerted by a population of five million people.

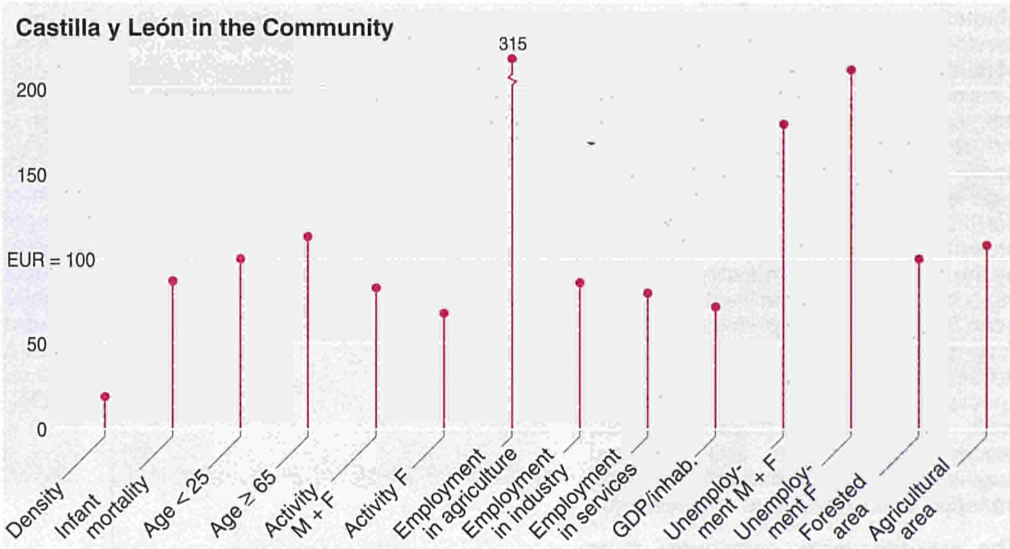
The Madrid region shares the same environmental problems as other large metropolitan areas where population and economic activity are concentrated: the production of urban and industrial waste, the pollution of rivers and the dangers of the eutrophication of reservoirs; the emission of air pollutants; the proliferation of waste dumps; and the failure to refill sites used for extraction.

ESPAÑA

CASTILLA Y LEÓN

Castile and Leon, historically the nucleus around which the modern Spanish state has been formed, is the largest region in Spain, occupying most of the central Meseta and bounded to the west by Portugal. The region's area is greater than that of several Community countries, but it has one of the lowest population densities. Most of its territory consists of a vast plateau flanked by mountainous terrain (over 98% of its area is at an altitude of over 600 m) and is situated in the Douro catchment area. With its cold continental climate providing it with more rainfall than the rest of the country's central regions, a large part of its expanse is covered by forests, grasslands and pastures (40%). The region is easily accessible from Madrid and there are satisfactory connections with the Basque country and Galicia, but links with Portugal, Cantabria and the south and east in general are imperfect or poor. The region is made up of nine provinces: Leon, Burgos, Salamanca, Palencia, Soria, Valladolid, Zamora, Segovia and Avila.

The agricultural sector is still important for the local population and is the foundation of the region's agri-food industry.

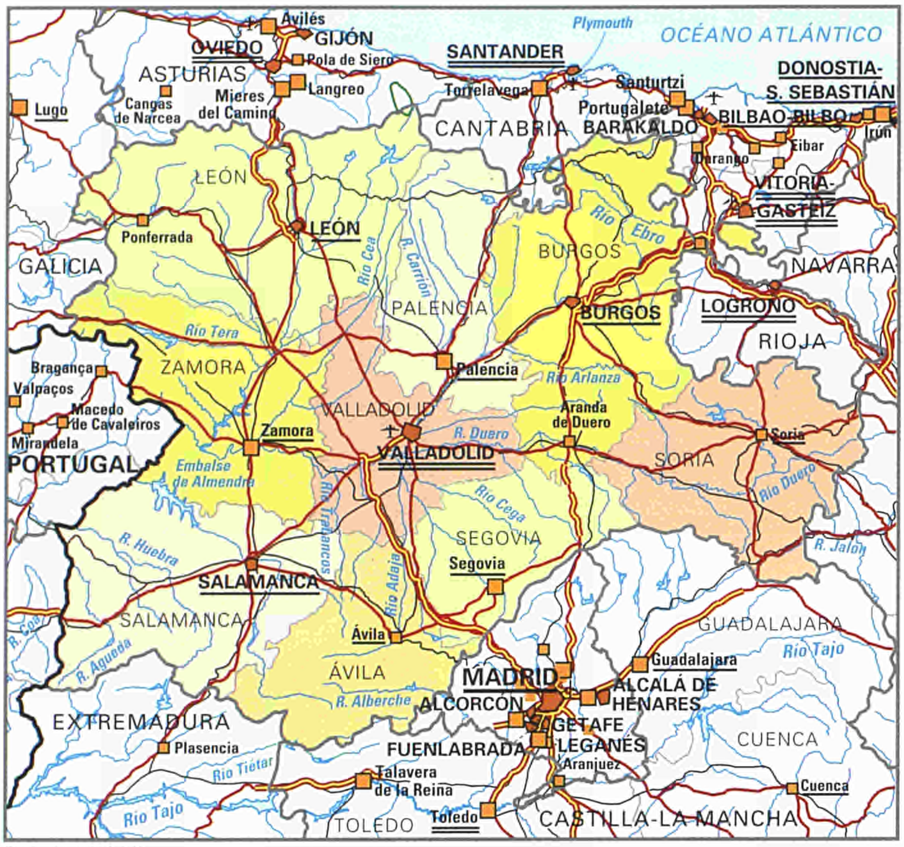


Potential for development in agriculture, energy, mining and tourism

Its geographical position, which makes it an obligatory route between the country's more dynamic north and north-eastern regions and the centre and south of the peninsula, as well as between the centre-north of Portugal and the rest of Europe, is obviously one of the key factors for its development potential. In addition, the region has substantial natural resources in agriculture and forestry, energy, especially hydro-electricity (over 70% of the electricity produced in the region is consumed outside it), as well as mining and a whole range of attractions for tourists and residents: the environment, a rich and varied landscape, resources for winter sports and hunting, and a rich historical and artistic heritage.

The most obvious obstacles in the way of the region's development are the intra-regional imbalances between the provinces of Valladolid, Burgos, Leon and Salamanca on the one hand, where 70% of the population is concentrated and some three-quarters of the region's GDP is generated, and the rest, especially the more peripheral provinces of Avila, Segovia and Soria, which have very low population densities, a rapidly declining population, limited industrial development and large rural areas. Attention should also be drawn to the regional industry's overdependence on the agricultural sector, as well as major deficiencies in intra-regional transport and communications.

CASTILLA Y LEÓN



Scale 1 : 4 000 000

An imbalanced economic and social structure

The vast region of Castile and Leon contains a series of more dynamic areas in which there is a concentration of industrial activities, specialized services and population. In contrast to these, most of the territory is devoted to agriculture, with a low population scattered over small townships and with inadequate services. The former comprises the built-up areas lining the routes between Valladolid and Palencia, between Burgos, Miranda de Ebro and Aranda de Duero, and between Leon and Ponferrada. The latter comprises the rest of the region, with the exception of the provincial capitals, which are dynamic centres whose influence spreads into the surrounding areas and of which Salamanca is worthy of particular note. In this second category of areas, the mountainous regions (a large part of Leon, the areas north of Palencia, south of Salamanca, Avila and Segovia, and east of Soria), have poor accessibility and a lack of infrastructure, and their economic and social advancement largely depends on whether accessibility is improved or not.

The ageing of the population of these vast less-developed areas is much more evident than in the rest of the region, and the trend towards a decline in population of the 1960s and 1970s is continuing, though at a slower pace.

Which EC regions are similar to Castile and Leon?

Area:
more than 90 000 km²
- Portugal
- Guyane (F)

Population:
± 2.5 million inhabitants
- Midi-Pyrénées (F)

Population density:
20-30 inhabitants/km²
- Corse (F)
- Alentejo (P)
- Castilla-La Mancha; Extremadura; Aragón (E)

Employment:
20-25% in agriculture
± 30% in industry
- Portugal
- Castilla-La Mancha; Asturias (E)

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1980-90	1990	1990	1990	1990	1990	1989
Ávila	8.0	183	23	−0.5	42	13.3	23	26	51	57
Burgos	14.3	363	25	−0.2	47	14.5	16	37	47	85
León	15.5	536	35	2.4	47	14.6	29	26	45	64
Palencia	8.0	190	24	0.6	45	16.3	15	32	53	74
Salamanca	12.3	368	30	1.0	44	17.8	19	26	55	65
Segovia	6.9	151	22	1.2	46	8.3	21	28	51	74
Soria	10.3	97	9	−3.4	44	9.3	23	28	49	78
Valladolid	8.2	501	61	3.9	48	16.0	9	39	52	78
Zamora	10.6	222	21	−2.6	40	21.3	36	18	46	61
Castilla y León	94.2	2 610	28	1.1	46	15.3	19	30	50	71
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

CASTILLA Y LEÓN

Concentration and ageing of the population

The population of Castile and Leon remained practically unchanged during the 1980s (with a moderate increase towards the end of the decade) following a long period of decline (between 1960 and 1981, the region lost over 11% of its population). Obviously these changes did not affect the different parts of the region in the same way; there were net gains in the province of Valladolid and in the more urbanized areas in general, with large-scale depopulation of the rural areas.

Natural growth was high in the 1960s and 1970s, and therefore the demographic decline can be ascribed to emigration. During the 1980s, birth rates fell below the national and even the Community average, and at the same time natural growth and migrational movements levelled off.

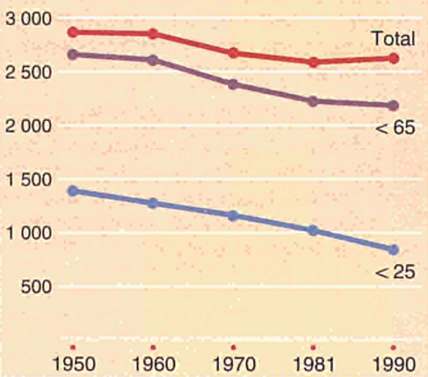
The proportion of young persons (under-25s) within the population is lower than the national average, but still much higher than that of the Community; a further notable feature is the high percentage of persons over 65. Emigration of the working population and a sharp fall in the mortality rate explain the current demographic structure.

About a third of the population lives in the four main urban centres: Valladolid (about 350 000 inhabitants), Burgos and Salamanca (200 000), and Leon (150 000).

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	432.0	16.5	17.2	15.8
15-24	402.0	15.3	15.9	14.8
25-39	602.0	22.9	24.0	21.9
40-54	412.0	15.7	16.1	15.4
55-64	321.0	12.2	11.9	12.6
≥ 65	452.0	17.3	14.9	19.6
Total	2 623.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	10.0	0.4
of which EC countries	6.1	0.2
of which non-EC countries	3.9	0.1
Portugal	4.0	0.2
Cape Verde	0.8	0.0
France	0.5	0.0
Italy	0.4	0.0
United Kingdom	0.4	0.0
Argentina	0.3	0.0

Demographic account — 1980-1990 (1 000)

Population 1.1.1980	2 669.0
Births	269.0
Deaths	213.0
Net migration	– 115.0
Population 1.1.1990	2 610.0

Emigration halted and adequate educational facilities for a skilled workforce

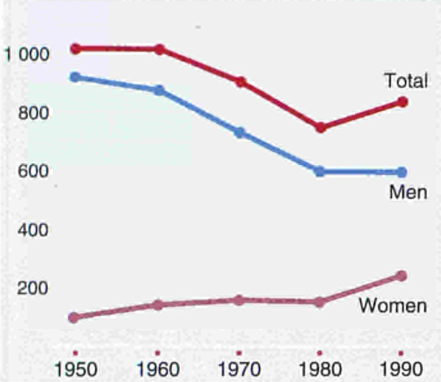
The activity rate in the region is lower than both the Community and Spanish averages. The emigration of large numbers of people to other regions, and in particular Madrid, the Basque country and Catalonia as well as abroad, meant that over 750 000 persons left the region between 1960 and 1986, and it was only a strong natural population growth that prevented an even more drastic demographic decline than the one experienced. Large numbers of workers have also moved within the region to the main growth areas: Burgos, Valladolid and, to a lesser extent, Leon, Salamanca and Palencia. However, there was a decline in these large-scale movements towards the end of the 1980s.

Attendance rates for primary and secondary schools, as well as for vocational training and university courses are above average. In this respect, the cultural impact of such institutions as the University of Valladolid or that of Salamanca should be pointed out.

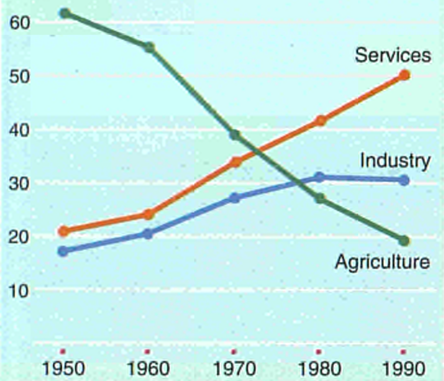
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	62.2	48.6
Primary	166.9	48.4
Lower secondary	123.0	48.3
Higher secondary	195.1	51.4
Higher education	75.4	:
Total	622.6	49.3

Employment (1 000)



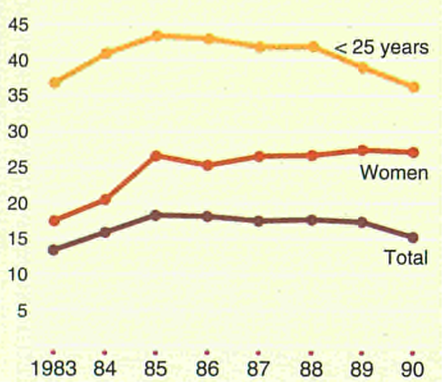
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	830.4
+ Non-residents having a job in the region	5.5
− Residents having a job outside the region	11.6
= Internal employment	824.3

Unemployment (%)



High proportion of self-employed and farm workers

In the constantly spiralling process of job losses endured by the Spanish economy throughout the recession, during which Castile and Leon was hit particularly badly: between 1980 and 1985, about 100 000 jobs were lost in the region. This process, however, was reversed in the second half of the decade, with a net increase of over 90 000 new jobs, especially in the last two years.

The percentage of wage- and salary-earners in this region is the lowest in Spain, except for Galicia, reflecting the vast number of self-employed persons, especially in the agricultural sector. This predominance of small self-employed farmers, together with a tourist industry which is still largely underdeveloped, also explains the low relative importance of short-term employment.

Agricultural employment's share in the region's economy is still very high. By contrast, the percentage of industrial employment is low and has remained constant for the past 10 years, since most employment created in that period has been in the services sector.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	12	69	19	60	2	1	14	28
Women	15	68	17	60	13	16	12	27
Total	13	68	19	60	4	5	14	27

Stark contrasts in unemployment rates within the region

The regional unemployment rate is somewhat lower than the national average and has remained so over the past 10 years.

The difference in unemployment rates among the provinces forming such a large region full of contrasts are considerable: the highest rate, in Valladolid, is more than three times higher than the lowest, in Segovia. Although, taken as a whole, the regional labour market situation is comparatively favourable, the same is not true of its individual sectors.

For female unemployment, the rate is several percentage points higher than the national average, and for youth employment the difference is much greater still.

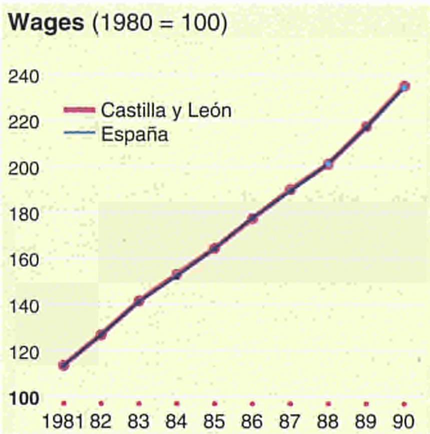
None the less, there has been a slow improvement since the middle of the 1980s as a result of the general economic recovery and resultant creation of jobs, especially in the services sector, where some 130 000 jobs were created between 1985 and 1990, but also in industry, where the net increase in jobs totalled about 80 000 (including the building trade, which accounted for about half of newly created jobs).

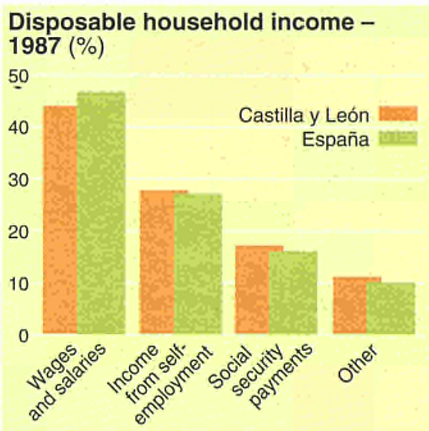
CASTILLA Y LEÓN

Loss of importance of agriculture and rapid growth in services

Castile and Leon is one of the Spanish (and Community) regions in which the agricultural sector makes a major contribution to GDP, and in which employment in that sector reaches a high level. Industry, by contrast, has the same importance as in the national economy. It is in services, therefore, that the differences become more evident, since the region has a relatively low level of services sector development. None the less, large numbers of the working population moved to the services sector in the 1980s, and this had an effect on both the distributive trades and tourism, as well as on financial services.

The trend in overall regional productivity provides evidence of slow progress throughout the 1980s to reach just over 90% of the national average at the end of the period. As regards the structure of trade, the region's exports are concentrated in transport equipment, thanks to the presence of the automobile industry (FASA-Renault), but there are also significant contributions from electrical machinery and equipment and the chemicals industry (plastics). Without playing down the importance of these industrial activities, regional development in Castile and Leon depends on a build-up of the agri-food industries by exploiting the region's comparative advantages and, of course, on the development of tourism to exploit the potential of its natural environment and cultural heritage.





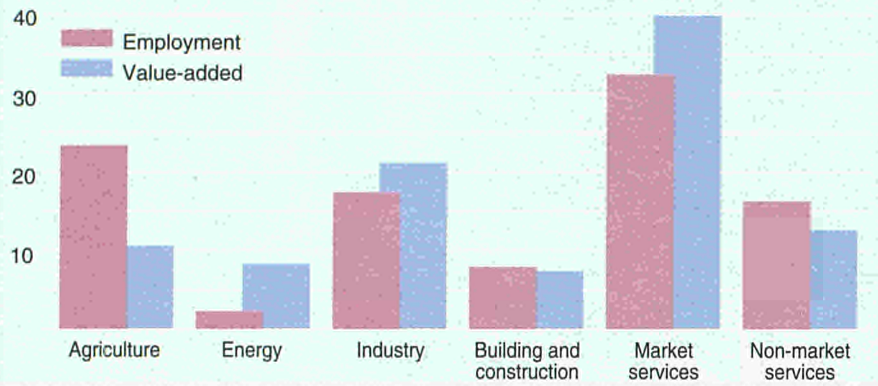
Relatively low pay-roll costs

The average hourly wage rate in Castile and Leon is 2% lower than the national average despite the fairly low regional unemployment rate. A determining factor in this is the importance of agriculture in overall economic activity, even though the wage-earning agricultural workforce is not very large. During the 1980s the increase in remuneration in this region under collective agreements was similar to the national average (about 9%). The future trend of wages and salaries in Castile and Leon is dependent on the shift of its economic structure towards more advanced technology and business services.

Greater relative importance of non-employee income

Households' per capita disposable income in Castile and Leon is slightly below the national average. Nevertheless, over the past few years, its increase in real terms has been higher than the national average. Wages and salaries account for a relatively low percentage of disposable income when compared with the national average, which shows the importance for the economy of small agricultural holdings and companies with hardly any paid employees. In the past few years there has been a net inflow of transfers of income to the region from the more developed regions by way of tax mechanisms and social benefits.

Employment and value-added: distribution by branch – 1987 (%)



An agricultural sector sensitive to CAP reform and an expanding tourist trade

Agriculture remains a key sector in the production structure. Most of the cultivated area is devoted to cereals, especially barley, although maize and sunflowers are becoming more and more important. Wine production is also very widespread, especially in the Valladolid-Palencia area (Vega Sicilia, Rueda) and near Leon (the Bierzo area).

With regard to the region's industry, the importance of the following sectors should be emphasized: thermal energy and the closely related mining industry, transport equipment centred around the Renault company, with plants in Valladolid and Palencia, and the agri-food industry — sugar-making, dairy products, wine-growing and canning. The region's industry is highly concentrated, the main centres being located at Valladolid, Leon, Burgos, Aranda de Duero, Miranda de Ebro and Ponferrada.

In the services sector, where both the size and workforce have grown substantially over the past few years, the main activities are in the distributive trades, administration, tourism and the financial sector.

As far as production structures are concerned, the overriding features are the small, almost minute agricultural holding, the small industrial company — with rare exceptions — and, in services, the family business.

Agriculture

Number of holdings	228 454
Labour force	209 690 AWU
Agricultural area	5 689 000 ha
Livestock	2 168 000 LU
Gross value-added	8 786 ECU/AWU

Main products	
Cereals	27%
Main crops	14%
Cattle	12%

Main enterprises

Name	Employees	Activity
FASA-Renault	19 772	Car manufacturing
Elosua	2 932	Production of vegetable oils
Campofrio	1 932	Food industry
Azucarera Acord	800	Food industry
Fontaneda	750	Food industry
Peñagrande	650	Food industry

Nature, art, history: Castile and Leon — birthplace of the Spanish nation

Its low population density and absence of large industrial agglomerations and conurbations (none has over 500 000 inhabitants) all make Castile and Leon one of the least polluted regions in Europe.

Surrounded by large mountain chains, its special geographical structure, with a large plateau on which the River Douro and its tributaries play an integrating role in the region's geography, endows it with a rich variety of scenery, climate and ecology.

The mountains surrounding the vast 'Meseta' — the Leon mountains and Cantabrian range to the north, the Iberian system to the east and the Central system (Guadarrama, Gredos and Peña de Francia ranges) to the south, containing large areas of forest — are crisscrossed by streams and provide an immense variety of landscapes in which natural features (gorges, forests, lakes) are supplemented by artificial lakes serving as reservoirs.

None the less, certain factors (erosion and forest fires) threaten the region's environment. In order to deal with these problems, the regional and national authorities have planned a series of measures for the control of erosion processes, forest fires and solid urban waste and the improvement of environmental management, as well as a clean-up programme to reduce river pollution and improve water quality.

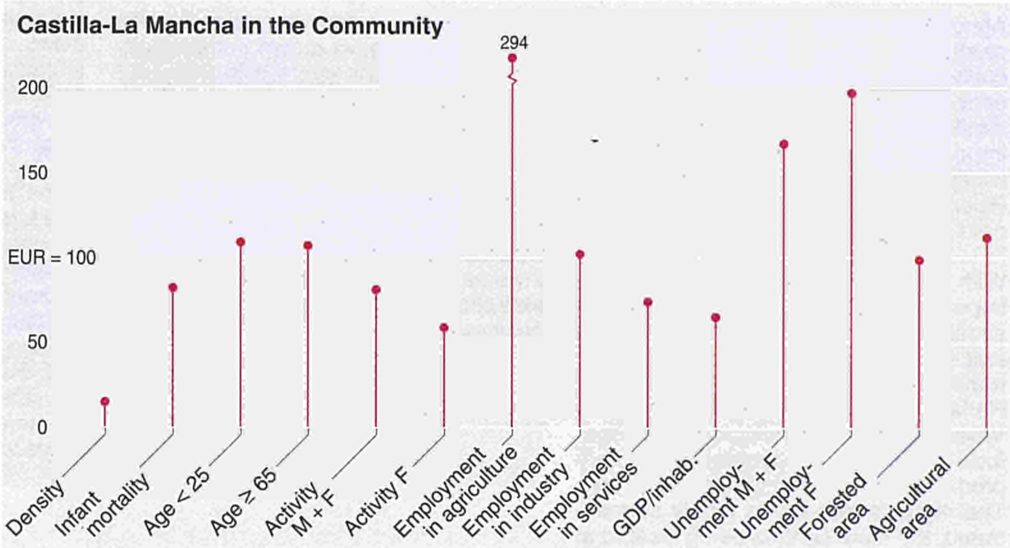
ESPAÑA

CASTILLA-LA MANCHA

The autonomous community of Castile-La Mancha covers the southern part of the Meseta, with an average altitude of between 500 and 600 metres. In the interior lie the Toledo hills, which divide the territory into two large river basins — the Tagus basin to the north and the Guadiana basin to the south. The region has a continental climate with low rainfall and a sharp contrast between severe winters and hot summers. As a result, agricultural activities are largely restricted to dry farming and the use of pasture land.

Castile-La Mancha is the third-largest autonomous community in Spain, as big as some Community countries. However, it is one of the least densely populated regions in the European Community. The lines of communication between Madrid and southern and eastern Spain cross the region. However, it is difficult to get from one part of the region to another, essentially as a result of the serious lack of internal communications. Castile-La Mancha comprises five provinces: Albacete, Ciudad Real, Cuenca, Guadalajara and Toledo.

Relics from the past and from the story of Don Quixote, the windmills are a symbol of a traditional and rural Castile, whose economy has changed rapidly.

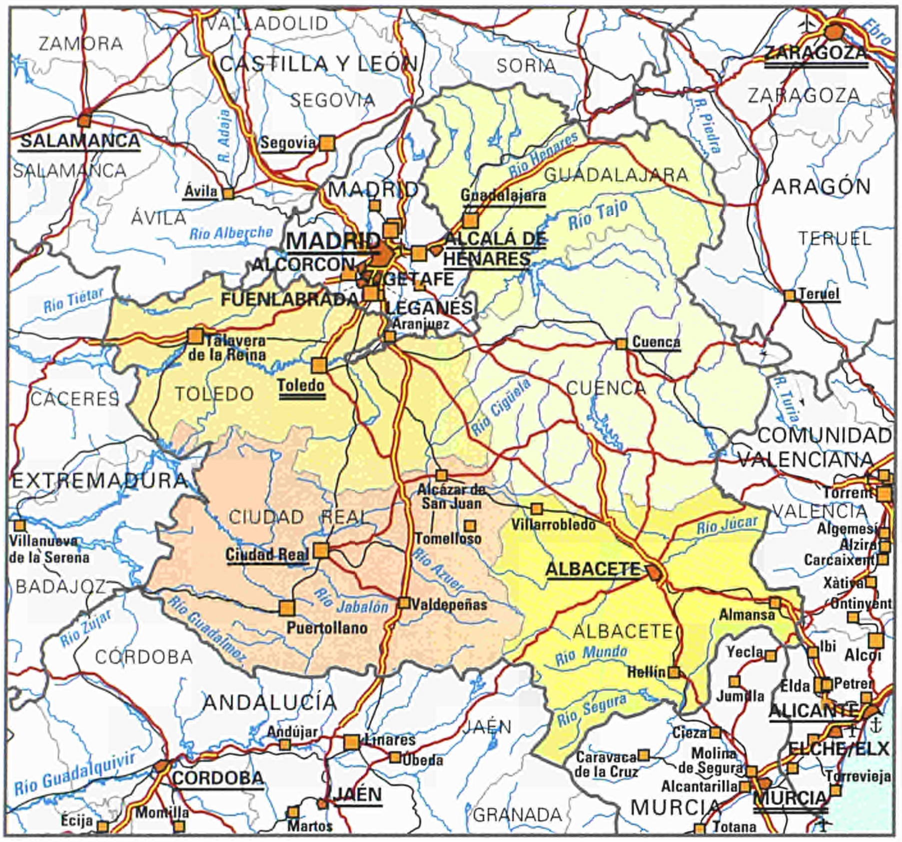


Abundant natural resources, a rich cultural heritage, largely under-exploited

Castile-La Mancha has abundant agricultural resources, and opportunities exist to replace certain traditional crops with market gardening and industrial crops by extending irrigation. The extensive stock rearing of local breeds could also be improved by making full use of the rich pasture land. There is also scope for expanding the region's sizeable agri-food industry by increasing and diversifying traditional regional products.

Castile-La Mancha also has a rich cultural and natural heritage, major features of which are the historic cities of Cuenca and Toledo and a number of nature reserves, in particular the Daimiel Marshes. The region enjoys an advantageous location as a result of the two industrial corridors that start in Madrid and run as far as the cities of Toledo and Guadalajara, respectively. Another advantage is the region's closeness and easy access to the autonomous community of Valencia, which is a big potential market for its raw materials processing industries.

A barrier to the development of the region's economy is the serious lack of basic infrastructure. Insufficient hydraulic structures mean that the region's major rivers are not put to good use, and this has led to a worrying depletion of underground water resources. The scarcity of roads within the region is a major reason for the dearth of socio-economic relations among its five component provinces. Other major barriers are the region's low population density and underskilled labour force.



Scale 1 : 4 000 000

Which EC regions are similar to Castile-La Mancha?

Area:
almost 80 000 km²
Scotland (UK)
Belgique/België + Nederland + Luxembourg (grand-duché)

Population:
± 1.7 million inhabitants
Bourgogne; Poitou-Charentes (F)

Population density:
20-30 inhabitants/km²
Corse (F);
Alentejo (P)
Castilla y León; Extremadura; Aragón (E)

Employment:
± 20-25% in agriculture
± 30% in industry
Castilla y León; Asturias (E)
Portugal

Some industrial centres and extensive depopulated areas

The five provinces in the autonomous community are not homogeneous territorial units. On the contrary, each one contains a small number of towns with a high density of industry and an extensive, under-developed hinterland marked by an ageing population. Moreover, there are a number of well-defined depressed areas: the Sierra de Ayllón and the Sierra de Alcaraz, the Cuenca hills and the south-western part of the province of Ciudad Real.

The province of Cuenca stands out as the most economically backward, whereas Guadalajara, an expanding industrial outpost of Madrid, stands out in having a per capita income above the national average. The other three provinces have very similar social and economic characteristics.

In the province of Albacete industrial activity is concentrated in the towns close to the railway line, whereas in the province of Ciudad Real it is located on the Alcázar de San Juan-Manzanares-Valdepeñas axis and within the Daimiel-Tomelloso-Valdepeñas triangle, with the addition of the petrochemical complex in Puertollano. In the provinces of Toledo and Guadalajara, most of the activity is concentrated in towns close to Madrid, while in the province of Cuenca, industry is to be found only in the capital.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Albacete	14.9	350	3	3.2	47	17.2	19	32	50	52
Ciudad Real	19.7	489	25	3.0	42	15.7	17	33	50	70
Cuenca	17.1	212	12	−1.9	40	8.5	37	23	41	57
Guadalajara	12.2	149	12	3.8	43	8.9	10	38	51	96
Toledo	15.4	495	32	4.2	44	10.6	16	43	41	65
Castilla-La Mancha	79.2	1 695	21	2.8	43	13.1	18	36	46	65
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

CASTILLA-LA MANCHA

A slowdown in depopulation

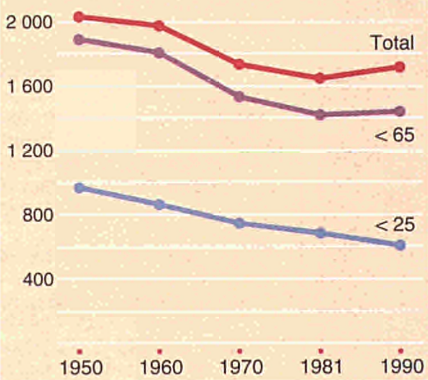
The region's population began to decline steadily in the 1950s (depopulation of rural areas). In the last 10 years this downward trend has been reversed, though population increases have been very small, tending towards zero growth. Large numbers of young people from Castile-La Mancha emigrated to Madrid and other industrial areas during the 1970s; at about the same time, however, the recession triggered a significant drift of population back to the region.

A look at the age profile of the population shows a significant decrease in the number of under-15s over the past 10 years, and a marked increase in the number of over-65s. Nevertheless, the region's birth rate is still higher than the national average, and exceeds the death rate; this generates a natural increase in population, though at a declining rate which contrasts with the vigorous growth of the previous decades.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	329.0	19.2	20.1	18.3
15-24	276.0	16.1	16.7	15.6
25-39	377.0	22.1	22.8	21.3
40-54	253.0	14.8	14.8	14.8
55-64	202.0	11.8	11.6	12.0
≥ 65	274.0	16.0	14.1	17.9
Total	1 714.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	1.9	0.1
of which EC countries	0.9	0.1
of which non-EC countries	1.0	0.1
Portugal	0.2	0.0
France	0.2	0.0
Argentina	0.2	0.0
Italy	0.1	0.0
USA	0.1	0.0
Germany	0.1	0.0

Demographic account — 1980-90
(1 000)

Population 1.1.1980	1 705.0
Births	211.0
Deaths	152.0
Net migration	– 69.0
Population 1.1.1990	1 695.0

Low rates of activity and school attendance

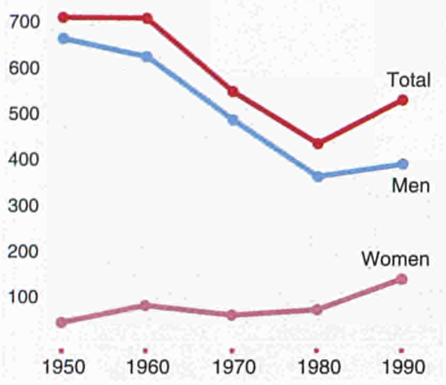
In the years following the recession of 1973, many people in Castile-La Mancha lost hope of ever finding work and withdrew from the labour market. The working population thus declined until the beginning of the 1980s. The activity rate continued to fall through the early 1980s and, despite a recovery in recent years, has still not attained its 1976 level.

The overall school attendance rate in Castile-La Mancha (82% of school age children) is lower than the Spanish average, as is the proportion of the population completing secondary education. There are five university faculties and nine university-level educational establishments, though the number of students in higher education is much lower than the Spanish average. In secondary education and vocational training, attendance rates are also lower than in other regions of Spain.

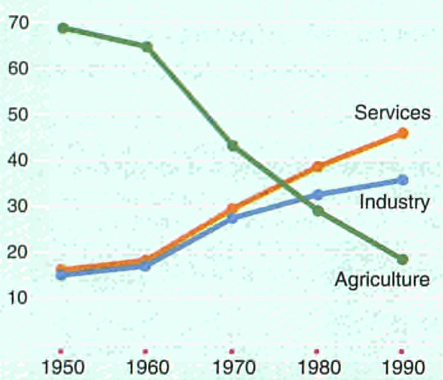
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	45.7	49.2
Primary	122.9	48.0
Lower secondary	84.2	48.1
Higher secondary	91.2	49.9
Higher education	13.3	:
Total	357.3	48.7

Employment (1 000)



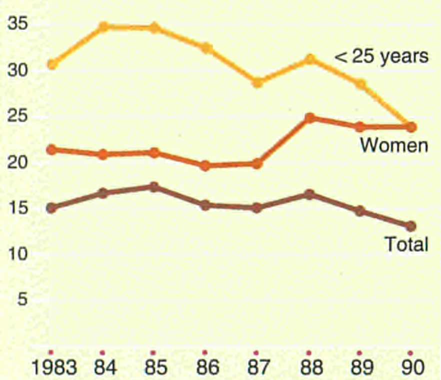
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	501.3
+ Non-residents having a job in the region	6.2
– Residents having a job outside the region	24.7
= Internal employment	482.8

Unemployment (%)



Significant job creation since 1985

Labour market trends in the region were marked by the steady fall in the number of persons in work in the years following the recession (1973-85). Only since 1985 has there been significant growth in job creation, in line with trends in Spain as a whole. This applies particularly to the services sector. In contrast, agricultural employment has been in steady decline in recent decades, although it is still a disproportionately large sector. A significant feature of recent years has been the marked growth in building and civil engineering, mainly as a result of increased public investment in roads and other infrastructure projects.

A breakdown of employment shows that wage and salary earners make up 64% of the total, a figure lower than the national average reflecting to a certain extent the higher levels of self-employment in traditional activities. Two further consequences of this situation are the low level of female employment compared with the national average and — given the importance of agriculture — the high level of short-term employment.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	16	68	17	64	1	1	14	37
Women	31	59	10	70	14	12	12	37
Total	20	65	15	65	5	4	14	37

Unemployment rate below the national average, but a high level of concealed unemployment

In 1990, the region's unemployed was significantly lower than the national average. However, within the region's working population, there is a degree of under-employment, which is difficult to measure but can be inferred from the importance in the region of short-term employment, and the high level of self-employment in agriculture. The categories most affected by unemployment are women and young people under the age of 25.

In the last 20 years the unemployment rate has followed three distinct trends. From 1976 to 1981 it tripled as a result of the decline in the flow of emigrants and the effects of the recession. Between 1981 and 1985 it rose at a slower rate. From then on, as the economic recovery got under way, it fell significantly.

Emigration, which until the recession of the 1970s siphoned off the surplus agricultural labour force, has stopped acting as a safety valve. The construction and, to a lesser extent, services sectors now absorb a proportion of the labour force shed by agriculture.

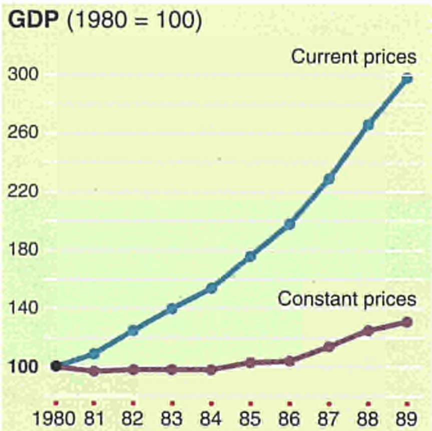
CASTILLA-LA MANCHA

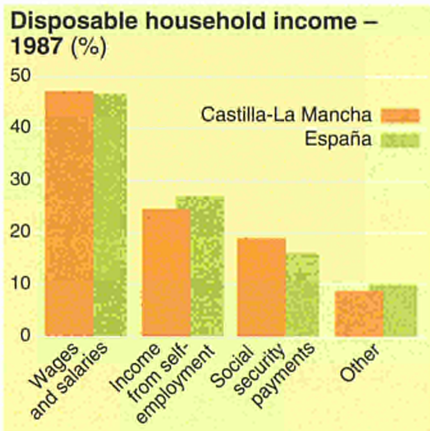
A traditional economy in the process of transformation

The region's economy is undergoing a major transformation in the relative importance of the various sectors. Agriculture is shrinking, in terms of both output and employment, narrowing the gap between Castile-La Mancha and the rest of Spain. What is more, the region's economy is increasingly dominated by the services sector in line with trends in Spain as a whole.

In contrast, the size distribution of firms has hardly changed. In industry the predominant form is the small firm, a large proportion of which are craft firms, representing 93% of production units. The services sector is very traditional and not particularly efficient. The region's industrial specialization in traditional activities and its production of consumer goods go hand in hand with its lack of diversification and technological sophistication. The region's contribution to the country's total R&D expenditure is amongst the lowest in Spain.

The productivity of the region's economy is lower than the national average and reflects the low efficiency of its industrial base. Competitiveness is also low, as producers of the region's characteristic products have yet to take advantage of Castile-La Mancha's advantageous location. Nevertheless, in the last 10 years the region's foreign exports have doubled, with sales by the industrial sector. In descending order of importance the major export industries are: footwear, ethylene polymers, furniture, wine and grape juice, machinery, polypropylenes, engine components and electrical accumulators.





Labour costs low but rising

In terms of average hourly earnings Castile-La Mancha is, after Murcia, the Spanish region with the lowest average labour costs (77% of the national average).

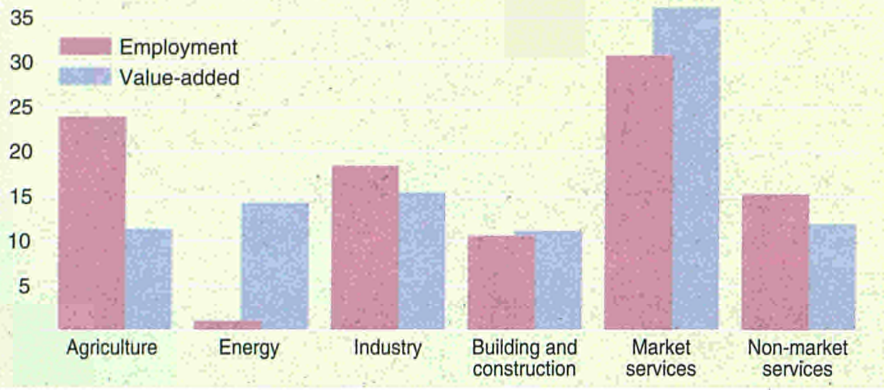
Well into the 1980s, labour costs in the region grew at a lower rate than the national average. Only since 1988, with the advent of the construction boom, has there been a reversal in the trend, and wages in the region are now rising faster than the national average. In 1989 and 1990 the average wage increases based on all wage agreements concluded in Castile-La Mancha were 8.98% and 8.62%, respectively, as against national figures of 7.78% and 8.12%.

Castile-La Mancha, a major recipient of transfer payments

Castile-La Mancha is, after Andalusia and Murcia, one of the regions in Spain where incomes are lowest, although in recent years, disposable household income has grown faster than the national average.

The increase in the region's household disposable income is attributable not only to the growth in regional GDP but also — and to a greater extent — to the fact that Castile-La Mancha's sizeable elderly population attracts one of the highest percentages of state payments. Indeed, social benefits represent 19.1% of disposable income as against 16.1% nationally, while wages and salaries represent approximately 50% and investment income one-quarter.

Employment and value-added: distribution by branch – 1987 (%)



Excessive concentration on crops and insufficient diversification in industry

Agriculture continues to be an important factor in the region's economy, though its relative position has declined in recent years. The region's agriculture is marked by an excessive concentration on crops, in particular Mediterranean crops (vines and olives), cereals and industrial crops.

The region's industry is insufficiently diversified and specializes in activities typical of an unadvanced economy — ceramics, glass, cement, mining, leather, footwear, clothing, foodstuffs, beverages and tobacco, wood and cork — this being responsible for the low level of productivity. Building and civil engineering has been a growth area in recent years, expanding faster than in Spain as a whole, mainly as a result of widespread road-building.

Growth in the services sector is fuelled by traditional activities that have the lowest levels of productivity: public services, administration and distribution. In contrast, the low level of tourist development does not do justice to the region's rich natural and cultural resources.

Agriculture

Number of holdings	167 174
Labour force	111 742 AWU
Agricultural area	4 995 000 ha
Livestock	906 000 LU
Gross value-added	10 374 ECU/AWU
Main products	
Cereals	21%
Wine	16%
Vegetables	11%

Main enterprises

Name	Employees	Activity
Glasurit SA	565	Manufacture of paints, varnishes and printing inks
Frimancha Industrias Cárnicas SA	200	General abattoirs and preserving of meat
Navidul SA	160	Food industry
Weber España SA	80	Manufacture of parts of motor vehicles
Oleaginosas del Centro SA	50	Extraction of petroleum

An unspoilt environment

A low density of population in an extensive territory rich in scenery and natural resources makes for an unspoilt environment which is one of the region's biggest assets. Its historic cities (Toledo, Cuenca, Sigüenza and many others) are remarkable for their well-conserved settings, and there are many areas of great natural beauty, such as the Upper Tagus valley, Hayedo de Tejada and the Cuenca and Cabañeros hills, which have remained beyond the reach of environmental change. However, two areas of great environmental importance (the Ruidera lakes and the Daimiel marshes) are in danger of drying up and require a major conservation effort.

Most of the region's environmental problems are of recent origin. This applies to the incipient pollution of a number of rivers in the north of the region (the Tagus and its tributaries the Henares and the Jarama) caused by industrial effluents mainly discharged outside the region. Other environmental problems in Castile-La Mancha are of a more permanent nature, as the region suffers from the same high level of soil erosion as affects all the regions in the centre and on the Mediterranean coast of Spain. Such erosion brings with it the particular dangers of deterioration of the biological properties and fertility of the soil, the silting up of reservoirs and an increase in the number of forest fires.

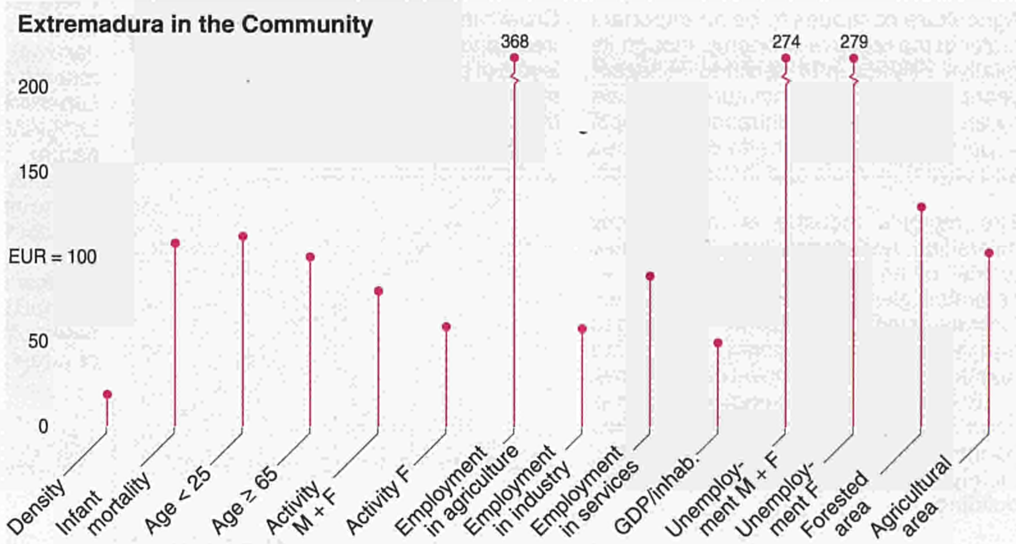
ESPAÑA

EXTREMADURA

Predominantly agricultural, Extremadura is one of the least-developed regions in Spain and has a very low population density. Administratively, the region is divided into two provinces, Cáceres and Badajoz, the latter being the larger and more densely populated of the two.

In western central Spain, Extremadura is bounded to the west by Portugal, to the north by the limestone uplands of the Sierra de Gredos and the Sierra de Gata, and to the south by the foothills of the Sierra Morena. In hydrographical terms the region lies in the basins of the River Tagus and the River Guadiana. With a continental climate and low rainfall, the region is extremely hot in summer but mild in winter owing to the influence of the Atlantic. The landscape is wild and rugged in the mountain areas, which occupy a small part of the territory, and gentler in the broad plains planted with cereals, vines and olives and on the tablelands over 400 m where migrating flocks of sheep graze. Typical of Extremadura are the woods of cork oak, which provide one of the region's major resources.

Agriculture remains a key factor in the region's economic development and is the basis of a large agri-food industry.



An abundance of natural resources but poor communications within the region

The development of Extremadura is largely dependent on better integration with the national economy and better access to other regions. The creation of the single European market could be of great benefit to the region: as an important gateway between Spain and Portugal, it will be greatly helped by the improvement of the roads linking Lisbon and Madrid and connection with the major European transport networks. The region's potential lies mainly in its abundant agricultural, water, energy and mineral resources, its landscape and its artistic and cultural heritage. The modernization of its agriculture, its livestock rearing and its food-processing industries are one of the pillars of the region's development, given the comparative advantage that certain of its major products enjoy in the European market.

Extremadura's main weaknesses and the obstacles to its economic development are poor communications within the region (owing to the inadequate road network and the difficulty of getting from one part of the region to another), the fragmented nature of its industrial base (especially its agri-industries), the embryonic state of its business fabric and the low level of skills in its workforce.

EXTREMADURA

Scale 1 : 2 000 000

Which EC regions are similar to Extremadura?

Area:
± 40 000 km²
Nederland
Aquitaine (F)

Population:
1.1 million inhabitants
Franche-Comté (F)
Clwyd, Dyfed, Gwynedd, Powys (UK)

Population density:
20-30 inhabitants/km²
Corse (F)
Alentejo (P)
Castilla y León;
Castilla-La Mancha; Aragón (E)

Employment:
± 25% in agriculture
± 20% in industry
Alentejo (P)
Molise (I)
Ellada

The gap between the countryside and the town

There are considerable differences between the region's provinces. Badajoz, the more densely populated of the two, has experienced a higher rate of population growth in recent years, while in the last 10 years Cáceres has grown much faster economically and has a significantly higher per capita GDP and lower unemployment.

Looking beyond administrative divisions, areas with very different social and economic characteristics may be identified. The areas surrounding the two provincial capitals and other major towns (Mérida, Don Benito and Villanueva de la Serena), which are linked by an adequate communications network, are the main centres of growth. Other expanding centres are certain areas in the north of the province of Cáceres and the southern part of the province of Badajoz. Outside these growth areas, a significant portion of the region has suffered depopulation and economic and social stagnation and decline, mainly the mountain and pastoral areas and those largely dominated by cereal growing.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1980-90	1990	1990	1990	1990	1990	1989
Badajoz	21.7	677	31	5.2	43	27.8	24	26	51	41
Cáceres	19.9	425	21	0.9	44	20.7	29	23	49	62
Extremadura	41.6	1 102	27	3.5	44	24.8	25	24	51	49
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

An age pyramid narrow in the middle

In the 1960s and 1970s the population of Extremadura was unmistakably declining, but in the 1980s there was a reversal of this trend, with the population growing by approximately 6% between 1980 and 1990. This change is due to a drop in emigration, as a result of the economic recession and the sharp rise in unemployment in the centres that traditionally attracted the region's workforce. Nevertheless, in the period 1980-90 there was a net emigration from Extremadura of 61 000 people. The birth rate is slightly higher than both the national and the European Community average (1.2%). However, infant mortality is higher than the Spanish and Community averages largely as a result of backwardness and inadequate health services in the more rural and underdeveloped areas.

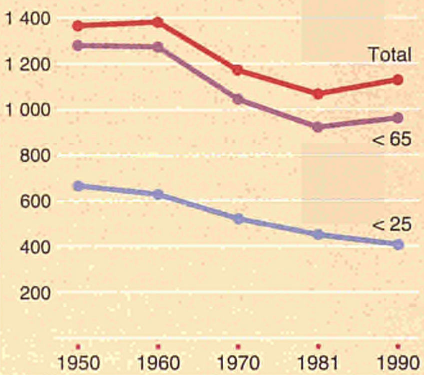
In the last 20 years there has been an increase in the proportion of the population over 65 years of age, currently close to the Community average. In addition, the proportion of young people under 25 is higher than both the Spanish and Community averages. The age pyramid is thus relatively narrow in the middle age groups (population between 25 and 65 years of age).

Most of the region consists of small villages scattered over vast uninhabited areas. Of the region's 380 municipalities, only the two provincial capitals have more than 50 000 inhabitants (Badajoz has over 120 000).

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	225.0	19.9	20.8	19.0
15-24	186.0	16.5	17.1	15.8
25-39	258.0	22.9	23.9	21.9
40-54	163.0	14.4	14.5	14.3
55-64	131.0	11.6	11.4	11.8
≥ 65	166.0	14.7	12.2	17.2
Total	1 128.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	2.3	0.2
of which EC countries	1.6	0.2
of which non-EC countries	0.6	0.1
Portugal	1.4	0.1
Morocco	0.2	0.0
France	0.1	0.0
United Kingdom	0.1	0.0
Germany	0.1	0.0
USA	0.1	0.0

Demographic account — 1980-90
(1 000)

Population 1.1.1980	1 118.0
Births	145.0
Deaths	100.0
Net migration	−61.0
Population 1.1.1990	1 102.0

A low activity rate and the slowing down of emigration

The activity rate in Extremadura is amongst the lowest of the Spanish regions. The female activity rate is even lower.

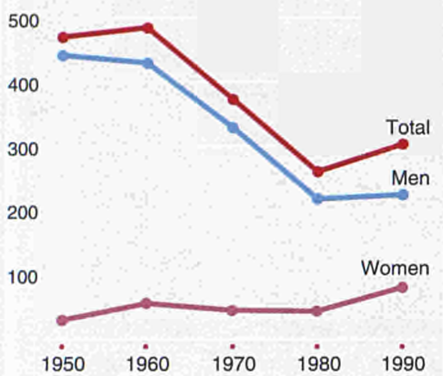
The supply of labour in Extremadura has largely been determined by the flow of emigration. Despite a high birth rate and substantial natural growth, the population declined by 300 000 between 1960 and 1981 as a result of emigration. A significant portion of the workforce, mainly young people, left Extremadura for the country's more thriving industrial centres (especially Madrid and the Basque country).

The level of skills in the workforce is generally low and school attendance rates are among the lowest of the Spanish regions, but the situation is improving rapidly. In the last 10 years many higher education centres have been set up, and there are now 11 university faculties in addition to a number of university institutes.

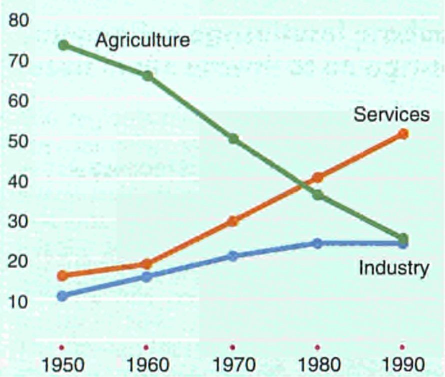
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	29.1	48.9
Primary	82.8	48.1
Lower secondary	54.4	48.5
Higher secondary	55.9	52.7
Higher education	16.2	:
Total	238.4	49.3

Employment (1 000)



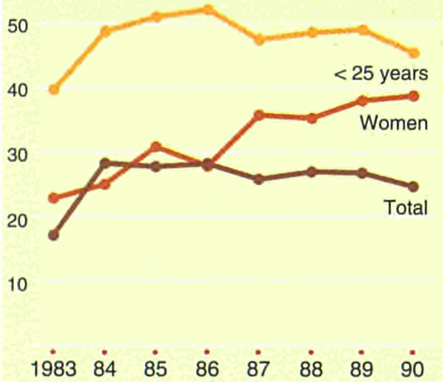
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	294.8
+ Non-residents having a job in the region	1.7
− Residents having a job outside the region	6.0
= Internal employment	290.5

Unemployment (%)



Decline of employment in agriculture and job creation in services

Since the late 1970s, employment fell steadily until 1986. Since then there has been a marked recovery.

Salary-earners represent only 63% of the workforce in Extremadura, and short-term work plays a significant role in view of the predominantly seasonal nature of agriculture, an important activity in the region.

In the course of the 1980s, the proportion of the working population employed in agriculture declined by 10%. Though there was a certain growth in employment in industry (some 20 000 jobs), it was the services sector that replaced the greater part of the jobs shed by agriculture and absorbed part of the increase in the working population (especially distribution, the public sector and tourism).

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	13	70	17	64	2	1	25	36
Women	27	61	12	68	18	13	21	34
Total	16	68	16	65	6	4	24	35

High unemployment, especially among women and young people

The region's unemployment rate is the highest in Spain after Andalusia and one of the highest in the European Community. In the course of the 1980s, the gap between the regional unemployment rate and the national average increased, despite the fact that activity rates in general remained low.

Of particular significance is the trend in female and youth unemployment in comparison with the national and especially the Community average. Whereas the female unemployment rate fell in the European Community as a whole between 1983 and 1990, it increased considerably in Spain and rose even more sharply in Extremadura. Worse still has been the trend in unemployment among the under-25s starting from what was already a high level at the beginning of the decade.

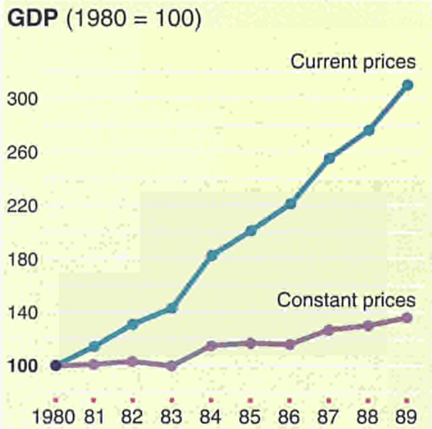
EXTREMADURA

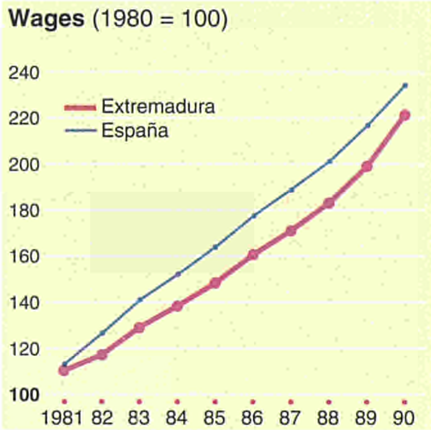
An economy based on agriculture

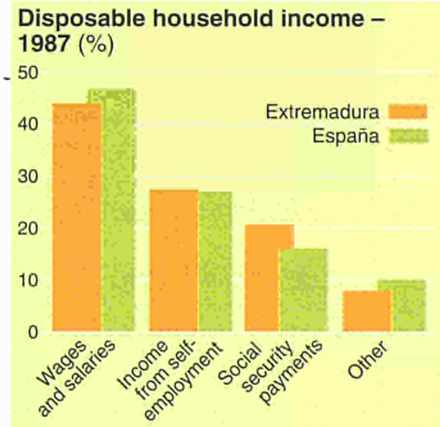
The principal feature of the region's economy is the important role played by agriculture. Services play a smaller role in the region's economy, though in the 1980s this sector grew faster than the other two sectors.

In the course of the 1980s the productivity of the region's economy generally rose faster than the national rate, but it is still approximately 20% lower than the Spanish average. This low productivity highlights the low level of efficiency in the region's economy as a whole and, in general terms, its low level of competitiveness. Nevertheless, a good proportion of its agricultural products have appreciable comparative advantages. The region's main exports are produced by the agricultural sector and the agri-industries, principally the canning and the cork industries. Another major export is electricity, of which Extremadura produces a considerable surplus. The potential for future development in the region lies mainly in increasing and exploiting better its comparative advantage in these fields.

To realize its potential and develop a more competitive economic base, the region needs to overcome the technological underdevelopment of its economy. An indication of this is the low level of investment in research and development among the region's firms.







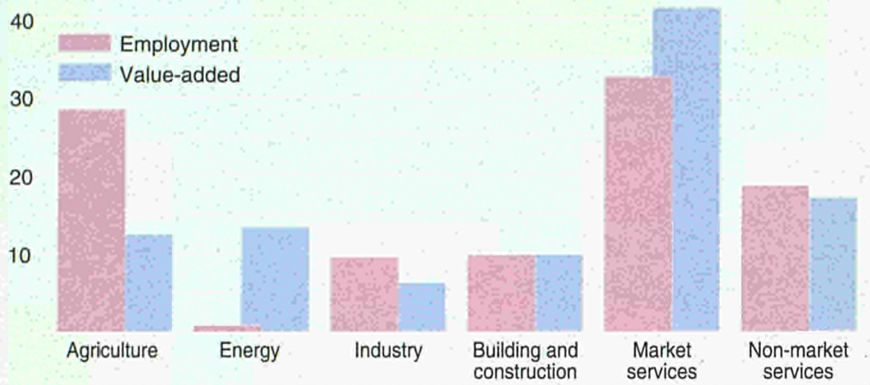
Low labour costs favour non-capital-intensive industries

Extremadura has amongst the lowest average hourly earnings in Spain after the regions of Castile-La Mancha, the Canary Islands, the Valencian community and La Rioja, where wages are significantly below the national average. This highlights the predominance in the region of labour-intensive industries. The low level of skills in the workforce is another reason for the region's low labour costs. In the course of the 1980s unit labour costs in Extremadura have on average risen more slowly than in the national economy (8.7 as against 8.9%). The higher unemployment rate and the fact that agricultural work — in which wage rises have been slower — still provides a significant proportion of employment are the basic reasons for this trend.

Household incomes low but rising fast

Extremadura is the region with the lowest per capita household disposable income in Spain (approximately 70% of the national average). The region has nevertheless experienced a significant increase in recent years generated partly by the growth in GDP and partly by the increase in transfers, which also benefited other less-developed regions such as Andalusia, Castile-La Mancha and Galicia. In 1987, income transfers to Extremadura provided approximately one-quarter of household disposable incomes in the region, though this did nothing to change Extremadura's place at the bottom of the table, a position it has held since the beginning of the decade.

Employment and value-added: distribution by branch – 1987 (%)



Competitive agricultural products and abundant energy supplies result in the growth of an agri-food industry

The region's main agricultural products are cereals, oils, wines, fruit and vegetables, as well as pigmeat and sheepmeat, mostly raised by extensive methods. An important feature of the forestry sector is cork production and the use of forestry products as animal fodder. Industry has productivity levels in the region of 70% of the national average. The agri-food sector provides 40% of jobs and produces between 50 and 60% of the region's exports. The only other industries are hydroelectricity, textiles and footwear.

About half the region's agricultural land belongs to large estates, which despite their size are in many cases undercapitalized. Latifundia — the precise term used to define these huge underworked land areas owned by a single landlord — are a characteristic of the social and economic landscape of Extremadura, though they are also found in Andalusia and in parts of Castile-La Mancha. In contrast, the small firm is the rule in industry and the same may be said of services.

Agriculture

Number of holdings	94 103
Labour force	77 243 AWU
Agricultural area	2 413 000 ha
Livestock	1 057 000 LU
Gross value-added	8 126 ECU/AWU
Main products	
Cereals	18%
Main crops	12%
Vegetables	10%

Main enterprises

Name	Employees	Activity
Industria del vestido SA	662	Textiles
Extremeña de conservas	511	Food industry
Conservas Jarcha SA	360	Food industry
Finalima SA	293	Food industry
Máximo Moreno SA	280	Food industry
Azucarera de Sevilla SA	257	Food industry
Carcesa	231	Food industry

One of the least polluted regions in Europe

Extremadura has a number of real environmental problems:

– the deforestation of pastoral areas, the replanting of mountain areas with conifers and eucalyptus to the detriment of deciduous species;

– the pollution of the river basins, the Tagus (industrial waste mostly produced outside the region), and the Guadiana (urban and industrial waste produced in Extremadura itself affecting the stretch from Don Benito-Villanueva de la Serena to Badajoz).

Nevertheless, Extremadura is one of the regions in Europe where the environment is the least spoilt, thanks partly to the region's low population density, but above all to the nature of its economy and to the lack of major conurbations. Yet both the central government and the regional authorities are making considerable efforts to halt the deterioration of the region's environment and its historical and artistic heritage. And indeed it should be stressed that the region has significant historical and artistic resources, from the Roman theatre in Mérida, one of the best preserved in the world, to the late Gothic monastery of Guadaloupe and the churches and patricians' houses of Cáceres.

ESPAÑA

CATALUÑA

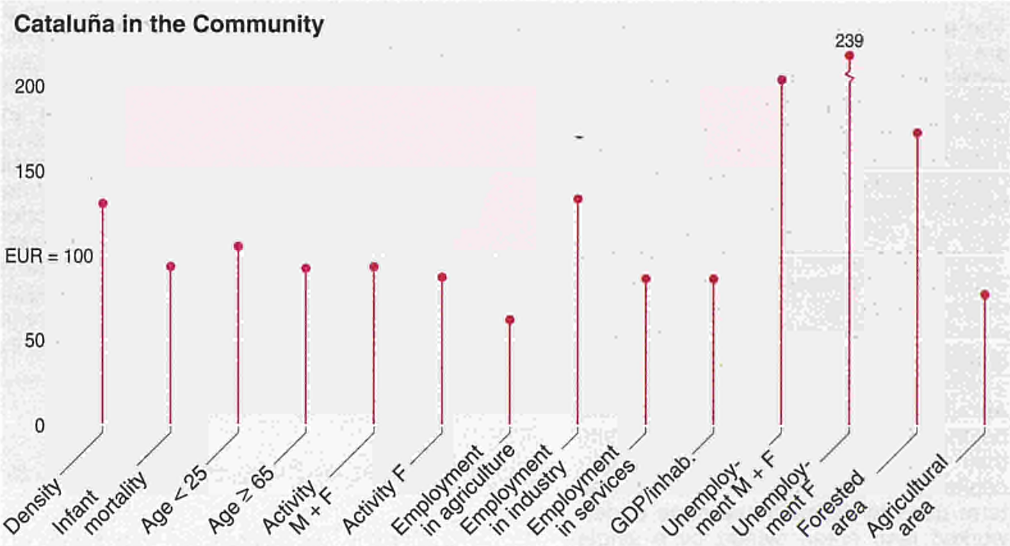
Catalonia is situated in the north-east corner of the Iberian peninsula, bordered by France and Andorra to the north and the Mediterranean to the east.

One of the main topographical features is the massif of the Pyrenees, whose highest peaks are found in Lérida province. The region lies in the Ebro basin, the other main rivers being the Llobregat and the Ter. Both the Costa Brava (Gerona), with its jagged, rocky and very picturesque coastline, and the Costa Dorada (Barcelona and Tarragona) in the south with its endless beaches of fine sand enjoy a dry, sunny Mediterranean climate, whereas inland the climate is harsher and in the mountain areas it is similar to that of other Mediterranean alpine areas.

In general, the region has good communications with central Spain via Aragon and with south and south-east Spain via the Mediterranean motorway, which links up with the southern French motorway system. It also has good air and sea links, the latter mainly via the port of Barcelona being one of the largest in the Mediterranean.

The region comprises four provinces (Gerona, Tarragona, Lérida and Barcelona), and its official languages are Castilian and Catalan.

Barcelona is the centre of one of Spain's most developed industrial regions, and one of the main growth areas of the European economy.



A strategic position for the extension of European development to the south

Catalonia's main advantages lie in its strategic location in the western Mediterranean, its good communications with the rest of the Iberian peninsula and its position along one of the vectors of growth from the countries of central and western Europe to the south of France and the Mediterranean.

Other factors in its favour are its long-standing industrial tradition, the wide diversification of its production structure, the development and soundness of its services sector, and the relatively high quality of its social infrastructure and amenities. Its universities put the region in a good position to join the mainstream of European technological progress and to act as a major driving force in the country's development.

Its main problems include the great divide between highly developed areas and disadvantaged areas which have difficulties of access and poor infrastructure; the technological backwardness of some of its traditional industries (textiles, non-electrical machinery, footwear, leather goods and furs, metal products); the relatively few innovative industries; the deterioration of some of its rivers and coasts and of some urban areas (especially air pollution); and the constraints imposed on industrial and urban development by the scarcity of water resources.

Scale 1 : 2 000 000

Which EC regions are similar to Catalonia?

Area:
± 32 000 km²

Pays de la Loire; Bourgogne (F)
Highlands, Islands (UK)

Population:
± 6 million inhabitants
± 200 inhabitants per km²

Hessen (D)
Piemonte; Liguria (I)

Employment:
± 45% in industry
4-5% in agriculture

Baden-Württemberg (D)
Lombardia (I)

Highly industrialized areas alongside rural farming

The province of Lérida is twice the size of the others, covering 37.7% of the region. On the other hand, 78% of the population lives in the province of Barcelona, which has a population density of 609 inhabitants per km², compared with the 29.6 of Lérida. The city of Barcelona has a population of 1.7 million, and there are eight other towns with more than 100 000 inhabitants (Hospitalet de Llobregat, Badalona, Sabadell, Tarrasa, Sta Coloma de Gramenet, Mataró and the two provincial capitals, Lérida and Tarragona).

Disregarding the administrative districts, the region is divided into industrialized areas which, although they were the hardest hit by the crisis in the 1980s, can be regarded as developed (the Llobregat valley, the Ripoll-Vic complex and the Barcelona metropolitan area), and the depressed areas of the interior (districts of Garrigues, Priorato, Tierras Altas and part of Ribera del Ebro), which are sparsely populated and underdeveloped and have an older population and a desperate shortage of infrastructure and social amenities. To this group can be added the mountain areas, which have the additional handicaps of natural obstacles to agricultural and industrial activities and a lack of towns of sufficient size for proper development.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Barcelona	7.7	4 738	615	2.5	51	12.9	1	47	53	88
Gerona	5.9	522	88	11.7	56	9.8	8	41	52	105
Lérida	12.0	357	30	1.1	46	7.6	21	29	50	102
Tarragona	6.3	549	87	7.0	51	14.2	12	37	51	130
Cataluña	31.9	6 166	193	3.5	51	12.5	3	44	53	94
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

CATALUÑA

Urban concentration and rural depopulation

During the 1980s the population rose by just over 200 000, a modest increase compared with the previous decades (1.2 million in the 1960s and 848 500 in the 1970s).

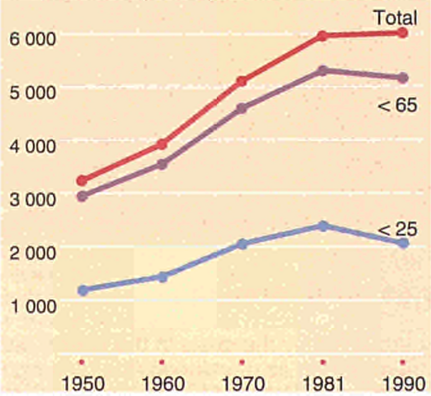
The birth rate is below both the national and the Community average, as is the infant mortality rate. The proportion of the population over 65 is around the national average but below the Community average, while the percentage under 25 is below the national average but above the Community average.

The population is very unevenly distributed: in the coastal area — especially the Barcelona conurbation, which has about 4 million inhabitants — the population density is one of the highest in the Community, but in the interior and the mountain areas it is very low. What is more, this concentration is becoming even more pronounced as people continue to leave the villages in the interior and the Pyrenees.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	1 071.0	17.8	18.8	16.9
15-24	992.0	16.5	17.3	15.7
25-39	1 304.0	21.7	22.1	21.3
40-54	1 106.0	18.4	18.8	18.7
55-64	690.0	11.5	11.2	11.7
≥ 65	845.0	14.1	11.8	16.2
Total	6 010.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	65.9	1.1
of which EC countries	31.0	0.5
of which non-EC countries	34.9	0.6
Germany	6.8	0.1
France	5.8	0.1
United Kingdom	5.8	0.1
Morocco	5.2	0.1
Italy	4.3	0.1
Argentina	3.6	0.1

Demographic account — 1980-90 (1 000)

Population 1.1.1980	6 139.0
Births	641.0
Deaths	455.0
Net migration	– 159.0
Population 1.1.1990	6 166.0

Large-scale migration slowing down

The activity rate of the total population of Catalonia is the highest in the country and, in the case of the female population, the difference from the national average is even greater.

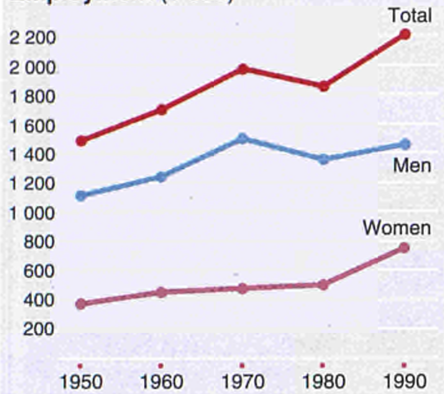
The rapid increase in Catalonia's population, especially in the 1960s and 1970s was due primarily to a huge influx of immigrants. Some 750 000 people moved to Catalonia in the 1960s and around 300 000 in the 1970s, but the figure fell sharply in the 1980s. Although there was considerable internal migration from the underdeveloped areas to the Barcelona metropolitan area and other industrial areas (which slowed down or was even reversed during the crisis years), the bulk of immigration came from the regions of Andalusia, Murcia and Castile-La Mancha.

Its universities and the good standard of its general education and vocational training infrastructure mean that Catalonia can count on a generally well-qualified labour force.

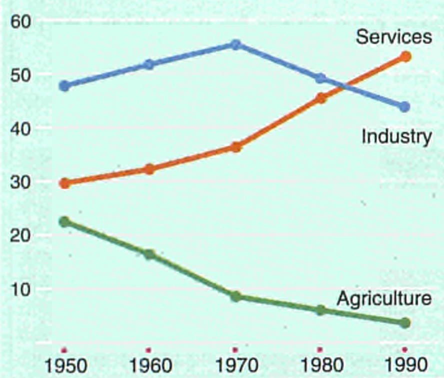
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	150.4	49.0
Primary	422.3	48.4
Lower secondary	313.8	48.7
Higher secondary	340.9	58.2
Higher education	158.0	:
Total	1 385.4	51.1

Employment (1 000)



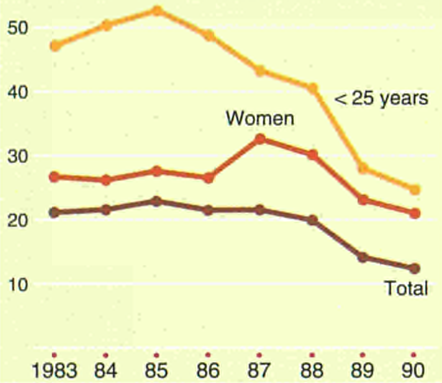
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	2 184.7
+ Non-residents having a job in the region	12.2
− Residents having a job outside the region	7.4
= Internal employment	2 189.5

Unemployment (%)



Rising employment and growth of the services sector

During the first half of the 1980s employment in Catalonia fell, in line with the general trend of the Spanish economy, which between 1980 and 1985 lost about a million jobs, one-fifth of them in Catalonia. In the second half of the decade the trend was reversed, and from 1986 onwards employment picked up again, resulting in the creation of around 470 000 jobs in Catalonia between 1985 and 1990, the highest figure for any of the regions. There is very little part-time work compared with the national average. The proportion of temporary jobs (23%) is very close to the national average and therefore lower than in the predominantly agricultural regions, where this type of work accounts for more than 30% of total employment (Andalusia, Murcia, Castile-La Mancha). The sectoral distribution of employment in Catalonia highlights the importance of industry.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	15	69	15	79	2	1	13	28
Women	22	69	10	82	14	11	15	30
Total	18	69	13	80	6	4	14	29

Sharp drop in the unemployment rate, especially among young people

The unemployment rate is around the national average and higher than the Community average. In particular, in the Catalan districts of Baix Llobregat, Maresme, Vallés Occidental and Vallés Oriental, all in the Barcelona industrial area, the unemployment rates reached very high levels (more than five points above the national and Community averages). The situation in Catalonia has improved since the second half of the 1980s in comparison with both the national and the Community averages. While the national unemployment rate peaked in 1985 and then fell by around five percentage points by 1990, in Catalonia it dropped by more than 10 percentage points over the same period.

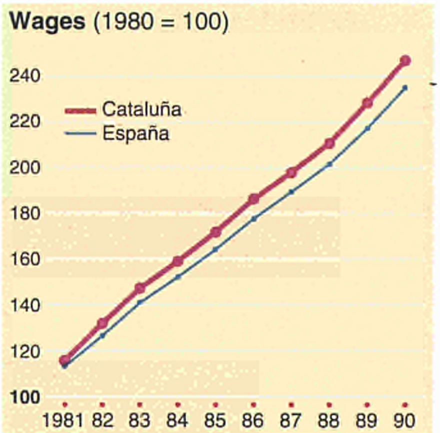
The improvement in the labour market situation in Catalonia was influenced by the reversal of the migratory flows but was due mainly to an increase in the economic growth rate, especially in the second half of the decade, with a considerable number of jobs being created, particularly in the services sector.

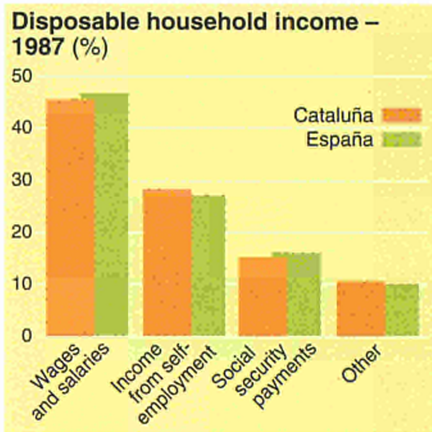
A sound and diversified industrial structure

The region's per capita GDP is one of the highest in Spain, but is below the Community average. The structure of Catalonia's GDP shows the importance of the industrial sector. In contrast, the agricultural sector is much less important, while the main subsectors in the thriving services sector are tourism and the distributive trades. The overall productivity of the Catalan economy is above the national average, although the region dropped steadily down the national league table throughout the 1980s.

The region's external trade, both with the rest of Spain and with other countries, shows a good export performance. Since Spain joined the EEC there has been a significant increase in the volume of exports by the leading industries, i.e. chemicals, electrical machinery and transport equipment, textiles, agriculture (especially wine) and furs. The relatively high level of productivity of the Catalan economy and its importance in the national economy show that its production system is very competitive and will probably become even more so with the development of its full potential and in view of the relative advantages it enjoys as a result of its geographically strategic position along one of the main lines of European development.

After Madrid, Catalonia has the highest concentration of research and development activities, both public- and private-sector.





Wide range of labour costs with a skilled workforce

Hourly wage costs in Catalonia are around the national average but lower than those in other industrial regions (Basque country, Madrid) or regions with sizeable industrial areas, such as Aragon or Asturias.

Nevertheless, given the vast diversity of its industrial fabric and services sector, there is a clear divide between the more traditional branches and subsectors (textiles, leather and footwear, furs and clothing, certain types of capital goods), which have generally low wages and little or no organization of the workforce, and the more modern sectors and activities, which recruit specialized labour at higher rates of pay.

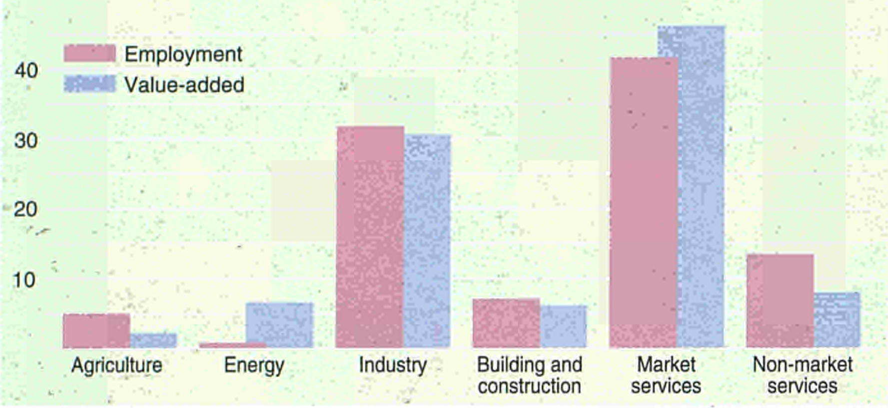
Trends in wage levels during the 1980s show that they outstripped the national average in Catalonia.

Households' disposable income high and rising

In 1987 Catalonia was second only to the Balearic Islands in the table of per capita disposable income, which was some 17% higher than the national average, although during the 1980s the increase was somewhat lower than the national average in real terms.

The main features of the structure of household income in the region are the lower proportion of wages and salaries and, consequently, the higher proportion of property and entrepreneurial income compared with the national average.

Employment and value-added: distribution by branch – 1987 (%)



Predominance of small and medium-sized enterprises (SMEs)

The agricultural sector in Catalonia has a comparatively high productivity owing to the fact that, although there is a clear preponderance of small farms, it is quite highly mechanized and uses modern cultivation techniques. Stock-farming accounts for more than 60% of agricultural production, the most important being pigs, then cattle, and then poultry. The main crop products are fruit, vegetables, cereals and, above all, wine, production of which is a very flourishing activity with high value added and extensive national and international markets. The industrial sector is reasonably well diversified, the main branches being textiles, leather and footwear, chemicals, metal products and machinery. Of particular importance is the location in Barcelona of the SEAT car factory, which is part of the Volkswagen multinational group and also the region's leading exporter. In the services sector, which accounts for an ever-increasing proportion of the region's value added and employment, the most important branches are wholesale and retail distribution, public services and banking, while those connected with tourism are particularly important in the coastal areas (Costa Brava and Costa Dorada).

In industry, although small firms predominate, there are a fair number of medium-sized ones and some 300 with more than 250 employees. In the services sector, the majority of firms are again on the small side, with an increasing proportion specializing in business services.

Agriculture

Number of holdings	107 924
Labour force	110 788 AWU
Agricultural area	1 374 000 ha
Livestock	1 624 000 LU
Gross value-added	8 512 ECU/AWU
Main products	
Pigs	26%
Poultry — eggs	15%
Fruits — citrus	14%

Main enterprises

Name	Employees	Activity
SEAT-Volkswagen	23 847	Car manufacturing
Fomento de Obras y Construcciones (Focsa)	15 303	Construction and property
Caixa de Pensions de Barcelona (La Caixa)	9 444	Banking and finance
Nissan Motor Ibérica	6 649	Car manufacturing
Encros	6 360	Manufacture of basic chemicals
Ramel (Grupo)	5 760	Cleaning and security services
Roca Radiadores	5 125	Building materials
Hostelería Unida (HUSA)	5 100	Hotels and restaurants
Nestlé	5 006	Food industry

Environment on the road to recovery

Catalonia possesses a wealth of natural attractions and a varied landscape: in addition to its famous coasts and the beauty of the Pyrenees it has a nature reserve of more than 100 km² (Parque Nacional de Aigües Tortes) and a rich architectural heritage, especially romanesque and Gothic buildings.

However, the rapid, intensive expansion of industry and services (especially tourism) and the haphazard urban growth which took place during the 1960s and 1970s resulted in considerable deterioration of the environment, mainly contamination of the rivers by industrial and urban effluent, air pollution in the city of Barcelona and other highly industrialized areas, and damage to certain coastal areas and parts of the countryside.

Consequently, a number of important measures are now being taken to preserve and improve the environment. Their aims are to provide the region with the infrastructure and resources needed to control and reduce atmospheric pollution and cut down on industrial waste, and to encourage the use of non-polluting production processes. Priority is also given to the preservation and recycling of the region's water resources, an issue crucial to the continued expansion of industry and to ensuring a better quality of life in both the main urban centres and the tourist areas.

ESPAÑA

COMUNIDAD VALENCIANA

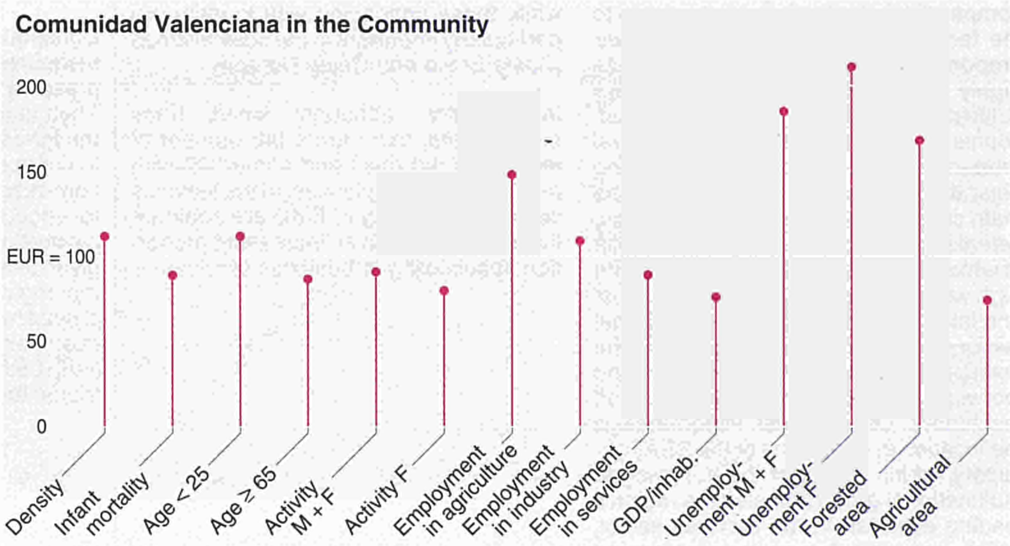
A Mediterranean region, the Commune of Valencia is situated on the eastern seaboard of the Iberian Peninsula. Some 39% of the region lies at an altitude of more than 600 m, and the relief comprises a chain of mountains, the highest of which are Aitana (1 558 m) in the south of the region and Peñagolosa (1 831 m) in the north. The principal rivers are the Júcar, the Segura and the Turia. All have irregular flows, with large volumes after the spring and autumn rains, and practically nothing in summer.

About a third of its area is irrigated ('Huertas'). Orange-groves, green all year round, cover 135 000 ha. The region's forests are composed mainly of cork oak, holm oak, pine and common oak.

International and domestic access to the region is excellent by road, rail, air and sea. The region has Category 1 airports at Manises (Valencia) and Altet (Alicante).

Valencian, a dialect of Catalan, is spoken almost throughout the region, and many of the inhabitants are bilingual.

The Commune of Valencia, by tradition a fruit exporter, benefits from a favourable climate throughout the year.



An export-oriented economy; holiday beaches and a threatened environment

The Commune of Valencia is a Mediterranean region with a flourishing economy, a mild climate, a remarkable artistic heritage, and it forms the southern extension of Catalonia's dynamic economic development along the Mediterranean coast. Traditionally open to the outside world as a result of its considerable record in the export of manufactured goods, fruit and market garden produce, Valencia is also in the top class of tourist regions, specializing in beach holidays.

Industry has a considerable share of the region's economy, and over recent years it has undergone substantial diversification and technological renewal. A considerable part of the industrial base is nevertheless still centred on sectors such as footwear, textiles, furniture and toys, with traditional manufacturing and marketing methods, in which small businesses predominate. These sectors are consequently vulnerable to competition from the developing countries.

Valencia has one of the highest risks of desertification in Europe. Water is already scarce, and contamination and salination will be a handicap in the development of tourism and irrigation systems.

COMUNIDAD VALENCIANA

Scale 1 : 2 000 000

Which EC regions are similar to Comunidad Valenciana?

Area:
± 23 000 km²
Toscana (I)
Lorraine (F)
Mecklenburg-Vorpommern (D)

Population:
almost 4 million inhabitants
150 to 200 inhabitants per km²
Emilia-Romagna (I)
Rheinland-Pfalz (D)

Employment:
10-12% in agriculture
± 35% in industry
Emilia-Romagna (I)
Centre (F)

Land use:
± 40% agriculture
± 40% forest
Baden-Württemberg (D)
Aquitaine (F)

Dynamic coastal strip, sparsely populated interior

The region's territory can be divided into two zones:

– the flat coastal strip, fertile, temperate, and attractive as a tourist area;

– the rugged interior, not easily accessible, and sparsely populated, as in the districts of Alto Maestrazgo and the Rincón de Ademuz, where the soil is of only limited agricultural use.

Economic activity has concentrated in those areas whose attractiveness has also encouraged the development of tourism, and in those which already had major centres of trade and industry, such as Alcoy-Onteniente, specializing in textiles, Onda-Villarreal (tile manufacture), the Valle de Vinalopó (footwear) and Ibi-Onil (toys), where industry began to develop substantially as early as the 1960s. The result of this development was to concentrate a large part of the population in only 13% of the territory, with some 40% largely depopulated. The recession in industry produced a few local problems, now at least partly resolved, in areas such as the Sagunto district (restructuring of the steel sector), and centres such as Vall d'Uxo, in Castellón province, and in a few districts of inland Alicante specializing in footwear manufacture.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1980-90	1990	1990	1990	1990	1990	1989
Alicante	5.9	1 288	218	12.1	52	14.8	8	39	54	72
Castellón de la Plana	6.7	454	68	5.1	51	9.0	15	37	48	92
Valencia	10.8	2 160	200	4.6	47	14.4	9	38	53	79
Comunidad Valenciana	23.3	3 902	167	7.0	49	13.9	9	37	54	78
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

COMUNIDAD VALENCIANA

Young population whose growth is now beginning to stabilize

During the first half of this century the population of the region grew at an annual rate of less than 1%, from 1.6 million in 1900 to 2.3 million in 1950. With the baby boom and large-scale migration from Castile-La Mancha and Andalusia in particular, the population increased by a further 50% in only the next two decades. The rate slowed down again in the 1980s, with a surplus on migration of only 56 000. The birth rate is in line with the national average, although within the region the lower birth rate of Castellón (9.6 per thousand in 1987) contrasts with that of Alicante (12.4 per thousand). In 1990 the most remarkable feature of the region's population was its youthfulness, with more than a fifth aged 15 or under.

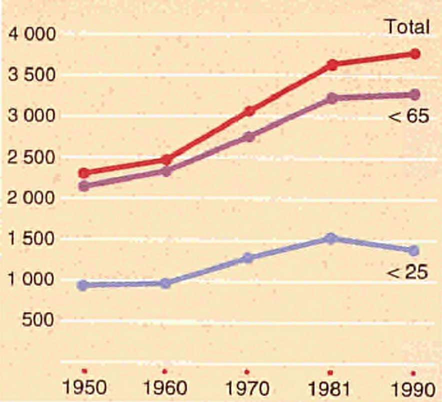
From the point of view of demographic growth, Alicante is the most dynamic of the region's provinces, with the highest level of natural increase and the highest surplus on migration. The province has some 40 000 residents of other nationalities, predominantly from elsewhere in the Community, and from the United Kingdom in particular.

Nine towns have a population of 50 000 or more, in particular the regional capital, Valencia (750 000), Alicante (264 000), Elche (183 000) and Castellón (134 000).

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	759.0	20.1	21.2	19.0
15-24	638.0	16.9	17.6	16.1
25-39	829.0	21.9	22.3	21.5
40-54	652.0	17.2	17.4	17.1
55-64	409.0	10.8	10.5	11.1
≥ 65	499.0	13.2	11.1	15.2
Total	3 790.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	64.4	1.7
of which EC countries	47.1	1.2
of which non-EC countries	17.3	0.4
United Kingdom	23.1	0.6
Germany	6.2	0.2
France	5.8	0.1
Netherlands	5.4	0.1
Belgium	3.1	0.1
Switzerland	2.3	0.1

Demographic account — 1980-90 (1 000)

Population 1.1.1980	3 694.0
Births	469.0
Deaths	316.0
Net migration	+ 56.0
Population 1.1.1990	3 903.0

Female employment low but rising

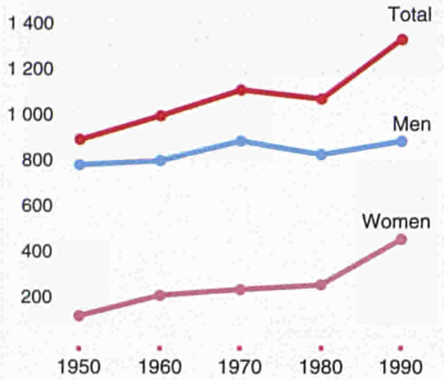
Between 1986 and 1990 the working population increased by more than 10%. In 1990 the male activity rate was double that of females, even though throughout this period the rate of increase in female activity had been substantially the greater of the two.

Educational enrolment ratios for the 14 to 24 year old age-group are below the Spanish average. In higher education the rate is 95% of the national average, in vocational training 83%. The region has three university establishments: the University of Valencia, which was founded in 1500 (more than 57 000 students), the University of Alicante (13 500) and the Polytechnic University of Valencia with more than 20 000 students in its schools of telecommunications, highways, and industrial engineering, agronomy and architecture, its faculties of pharmacy and computing, and its fine arts department.

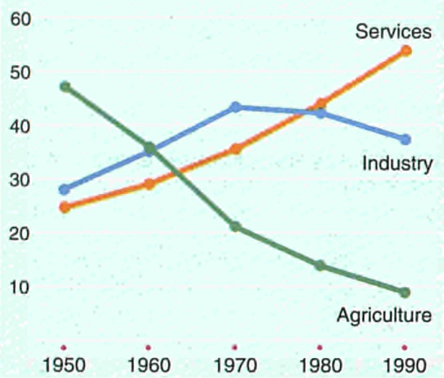
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	106.8	49.4
Primary	331.1	48.3
Lower secondary	210.5	48.8
Higher secondary	226.5	48.7
Higher education	94.7	:
Total	969.6	48.5

Employment (1 000)



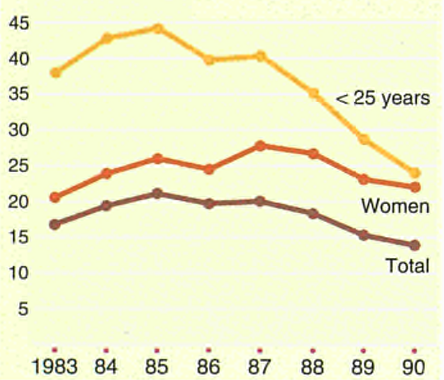
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	1 281.4
+ Non-residents having a job in the region	7.3
− Residents having a job outside the region	5.8
= Internal employment	1 282.9

Unemployment (%)



Job-creating economy

After the 1959 stabilization plan and subsequent moves to liberalization, surplus agricultural labour from other regions flooded into Valencia, Catalonia, the Basque country and Madrid.

More than 220 000 jobs were created between 1986 and 1990 but, during the same period, the number of jobs in the agricultural sector continued to fall.

The services sector now accounts for more than half the working population. Industry takes 30%, mainly in low-demand sectors — footwear, textiles, jewellery, etc. — although the numbers employed in these branches are tending to decline, whilst the numbers employed in high-demand industries (electronic equipment and chemicals) and medium-demand industries (vehicles and food) have risen over recent years, now accounting for 4% and 16% respectively of industrial employment.

The Castellón province has the highest level of agricultural employment, with its industry oriented towards ceramics (almost 40% of industrial jobs). In Alicante most secondary-sector jobs are in the textile, leather and footwear trades; Valencia's industry is much more diversified. The hotel and catering branch accounts for 8% of all jobs in Alicante, and around half that amount in the region's two other provinces.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	16	69	16	73	2	2	17	31
Women	24	65	11	77	16	15	18	33
Total	19	67	14	74	7	7	17	32

High levels of seasonal unemployment

Although the Valencia region has a capacity for job creation, it also has a high level of unemployment resulting from demographic factors and the problems facing certain more traditional industrial sectors. The unemployment rate remained steadily high throughout the 1980s, peaking in 1985. The groups most affected are females and young persons, with female unemployment twice that for males, and the rate for the under-25s over 30%.

More than 40% of the unemployed have been registered for more than two years, and a further 20% for more than one year. Those most affected are the over-45s, the less well-qualified (more than half the registered unemployed failed to complete their schooling, and still more have no job qualifications), the disabled, young persons and women. The high proportion of seasonal unemployment in the region is due to a number of factors, including agriculture specialized in a small range of crops, and a distinctly seasonal pattern to employment in the tourist industry and certain other industries, including toys, ice-cream and Christmas confectionery.

COMUNIDAD VALENCIANA

An export-driven, SME-dominated economy

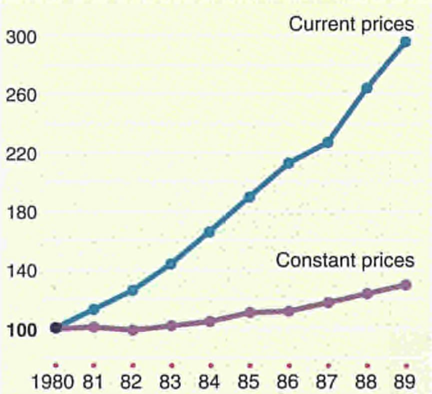
Until well into the twentieth century the Valencia region's economic development was centred on the modernization of an essentially export-oriented agricultural economy. The existence of a number of significant craft centres provided the basis for large-scale industrial development.

The region's economic structure is clearly oriented towards the services sector and its openness to the world: it is in second place behind Catalonia in regional export rankings, with 16.5% of all Spanish exports in 1989, and a surplus on external trade in the same year of more than ECU 2 billion. Principal exports include cars, computer hardware, fruit and vegetables, and textiles and footwear.

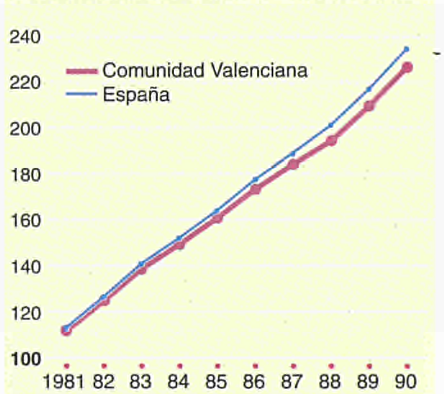
The backbone of the region's industry is formed from small and medium-sized enterprises (SMEs) specializing in consumer goods, intermediate goods and auxiliary industries. Smaller businesses predominate in the timber and furniture trades, in mechanical engineering, paper and the graphic arts, knitwear, and metal goods. Medium-sized businesses with 50 or more employees are predominant in footwear, ceramics, toys, chemicals and carpet-making. A few large subsidiaries of foreign concerns such as IBM and Ford are highly active in exports. Total economic productivity is around the national average.

The distribution sector comprises a vast system of more than 60 000 outlets, mainly small to medium-sized, which coexist with hypermarkets in a few urban areas. Trade fairs are of considerable importance in the marketing development strategy of the region's small businesses, with more than 6 000 exhibitors and 160 000 trade visitors annually.

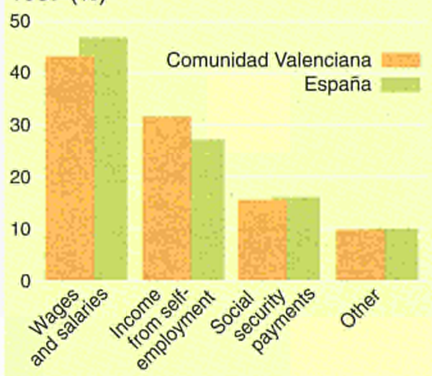
GDP (1980 = 100)



Wages (1980 = 100)



Disposable household income – 1987 (%)



Labour costs 15% below the national average

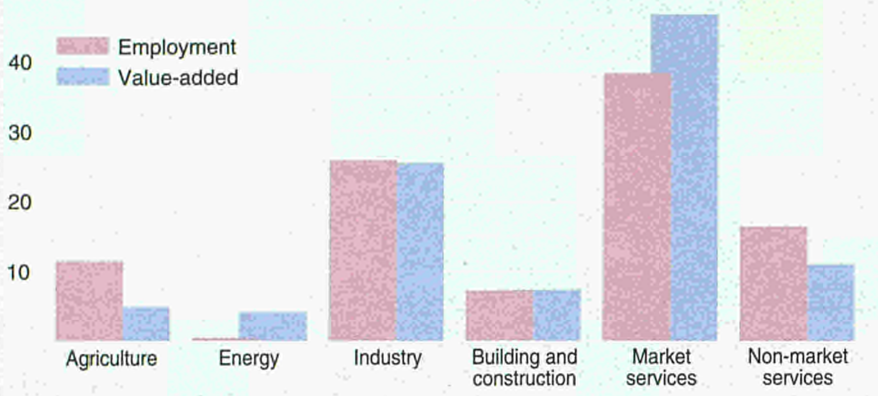
Labour costs in Valencia were amongst the lowest in Spain in 1989, with average hourly earnings some 15% below the national average. This is because of the high volume of employment provided by a number of industries well-represented in the region which have wage-rates substantially below the average for industry and the services. These include the footwear, timber, textile and hotel trades, retailing, food and ceramics. Average salaries of office staff are 56% higher than the average for manual labour. Average income for males is 60% higher than that for females: this is because of the low wages paid in the industries which rely most heavily on female labour — principally textiles, garments, footwear and food.

Wage increases negotiated collectively at regional level were slightly lower than the national average during the 1980s. The trend continued in 1990 when the increase in regional wages was 7.96%, compared with 8.12% nationally.

Household disposable income rising faster than the national average

Over the period 1983-87, households' per capita disposable income increased at an average annual rate of 2.9% in real terms. This is a clear percentage point better than the national average. The regional index of disposable income was 111 (national = 100) in 1987.

Employment and value-added: distribution by branch – 1987 (%)



Small-scale agriculture, undercapitalized industry and over-supply in tourism

Agricultural production is mainly from arable farming: livestock contributes only 18%. There is a distinct smallholding tradition, particularly in the irrigated areas, but despite this Valencia's agriculture is substantially more productive than the national average. The most widespread form of agricultural working is part-time: it is estimated that more than 80% of all farmers have additional earnings from another source. Valencian agricultural exports are mainly fruit and vegetables.

Export capacity is being maintained in the chemicals industry, in metal goods, in food and in the major foreign-owned concerns (IBM and Ford). In the more traditional sectors, the more dynamic (ceramics, and part of the textile industry) approached the industrial recession by cutting costs, creating new products and seeking alternative markets, while the rest (furniture, jewellery, footwear and parts of the toy trade) adopted more conservative attitudes.

The Valencia region is the country's principal tourist area for Spanish visitors, and the third largest for foreign tourists. Tourism of this nature is massive, seasonal, and highly dependent on travel agencies where, at present, supply exceeds demand and this is probably indicative of a slowing-down in future growth rates.

Agriculture

Number of holdings	221 408
Labour force	111 792 AWU
Agricultural area	963 000 ha
Livestock	338 000 LU
Gross value-added	10 341 ECU/AWU

Main products	
Fruits — citrus	47%
Vegetables	18%
Poultry — eggs	7%

Main enterprises

Name	Employees	Activity
Ford España	10 435	Car manufacturing
Mercadona	8 200	Wholesale
Pascual Hermanos	4 400	Fruit exporting
Oscar Mayer	1 162	General abattoirs
Luis Suñer	1 300	Food industry
IBM España	850	Computer equipment

High risk of desertification in the southern districts

The visitor touring the Valencia region will find much to enjoy in the variety of countryside, ranging from the Alicante steppes to the greenness of the orange groves which are to be found throughout the region, from the mountains through the salt lagoons to the dunes. A mild Mediterranean climate was also one of the region's principal attractions in its pioneering days in international tourism.

Much of the Valencia region's environmental difficulties nowadays lie in the water cycle. This is particularly the case in coastal areas, where most of the region's population and industry are located, where agricultural irrigation is intensive and where in some localities the influx of tourists can quadruple the resident population. A high proportion of the water supply originates underground, in aquifers which are subject to contamination and infiltration of sea water. This situation is worsened by the insufficient numbers and poor state of repair of drainage and water-treatment installations. In addition, the region is subject to large-scale flooding, as a result of the heavy autumn rains and the local relief, and as many as 150 000 people may be at risk in the flood-plain of the River Júcar, and a further 55 000 in that of the Segura.

In some areas the risk of desertification is serious. More than half the northern districts of Valencia are affected by soil erosion at rates varying between moderate and very rapid. This situation worsens towards the southern districts, and Alicante province is at the greatest risk of desertification.

ESPAÑA

BALEARES

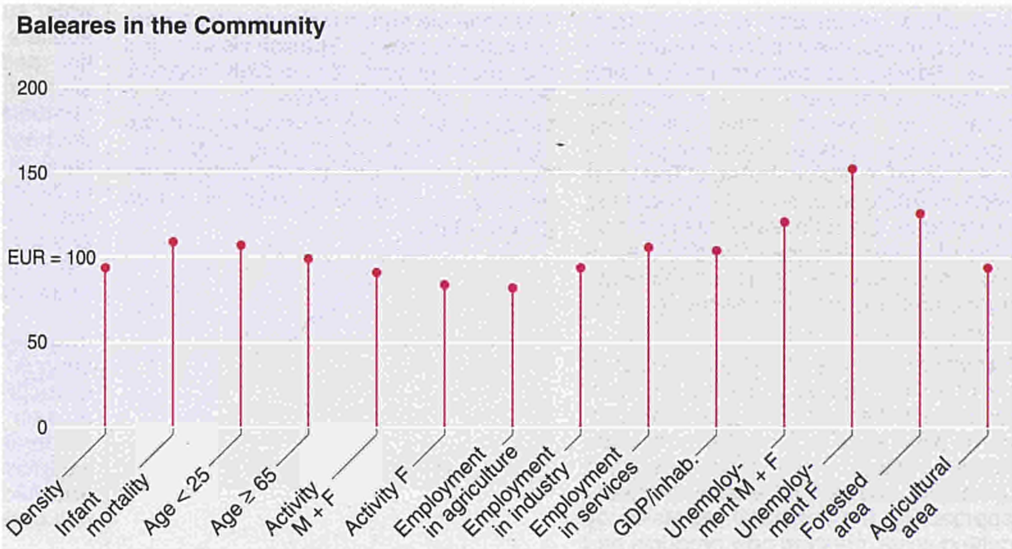
The Balearic Islands lie in the western Mediterranean, stretching from Ibiza in the south-west to Minorca in the north-east. The islands rise from the sea-bed plateau which is in fact the extension of the Penibética range under water beyond Cape Nao in the Spanish province of Alicante. The total area of the archipelago is 5 014 km², of which Majorca accounts for 3 640 km², Minorca 702 km², Ibiza 541 km² and Formentera 83 km². The remaining 1% of the archipelago is made up of countless islets, most of which are uninhabited. The islands have a highly efficient air transport system, and its civilian airports account for almost a quarter of all Spanish air traffic; San Juan Airport at Palma alone handled 11.7 million passengers in 1988.

The mean annual temperature in the archipelago is 17°C, and the annual temperature variation is very small, although higher in the southern islands (Formentera and Ibiza) and in inland Majorca, and noticeably lower in the mountains. The islands' highest mountains are in the Sierra de Tramontana, which culminate in the Puig de Torrella at 1 443 m.

The total land under agriculture is 257 600 ha, of which some 10% is irrigated. 152 600 ha is under forest, principally the many species of pine.

The islands are bilingual, with Catalan and Castilian Spanish standing side by side as the region's official languages.

Palma, Majorca: the sea and the contrasting scenery has made tourism the main economic activity in the Balearic Islands.

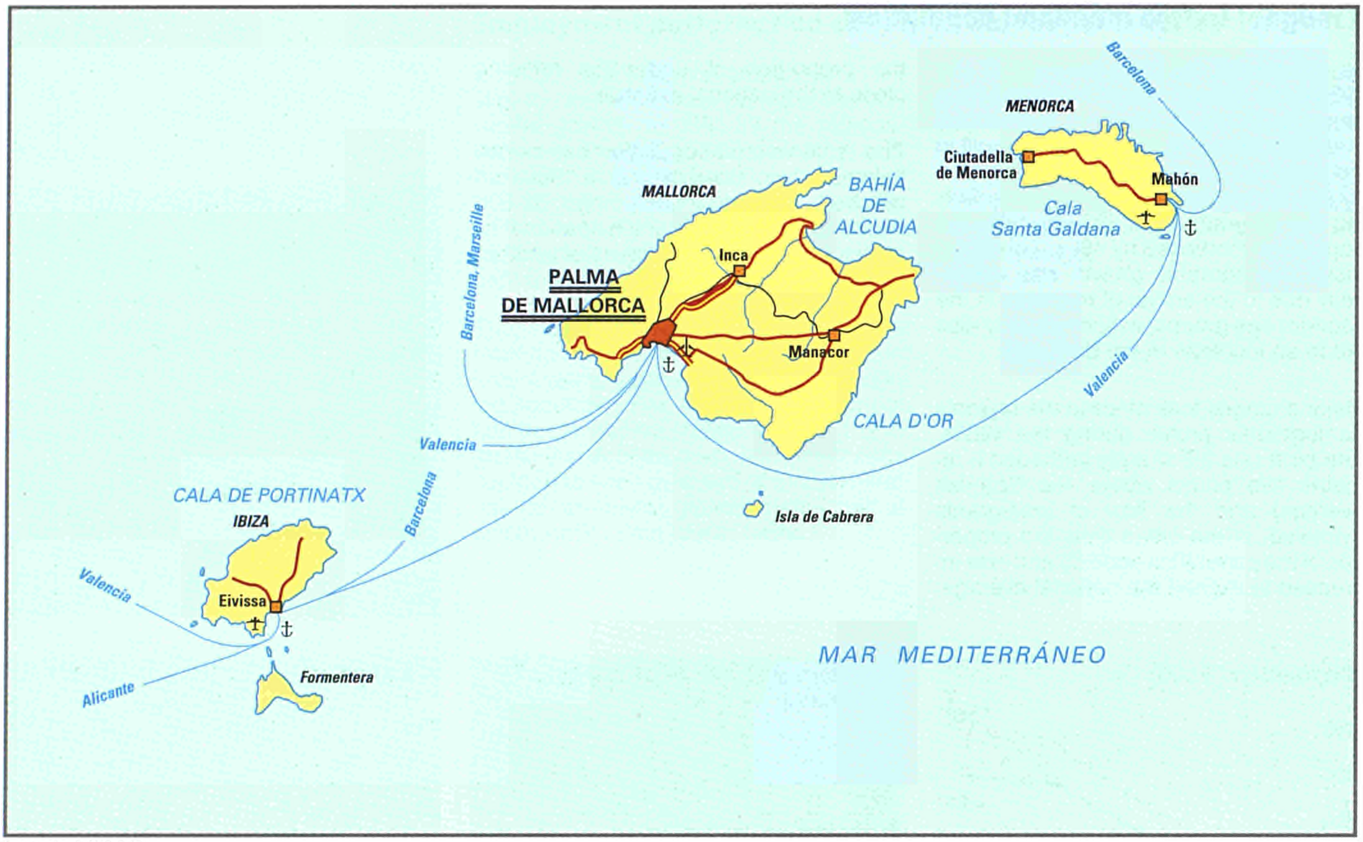


An economy dependent on a highly developed but highly seasonal tourist trade

The tourist attraction of the Balearic Islands has been the cause of vigorous growth in the services sector and in construction, with the result that the islands are the only Spanish region with a per capita GDP which exceeds the Community average. Their excellent geographical situation, easily accessible by air from the most densely populated areas of Europe, splendid climate, the long business tradition, and a pool of skilled labour in the most important industrial sectors, all permit the islands to face the future with optimism.

The leading role played by tourism has brought about a serious imbalance which affects the regional economy, in particular because of the seasonal nature of the tourist trade: outside the season there is a substantial drop in economic activity, despite the dynamism of a number of industrial sectors. At the same time, the hotel facilities available in the Balearics exceed demand, and some, because of their age, do not always offer an adequate level of quality.

Urban and rural planning were introduced too late to prevent the destruction of a number of areas of environmental interest, nor to prevent environmental pollution in a few specific locations. The fact of being offshore adds costs which blunt the region's competitiveness and affect the export of certain of its most traditional products — footwear, leather goods, costume jewellery, furniture, etc.



Scale 1 : 2 000 000

Which EC regions are similar to the Balearic Islands?

Area:
5 000 km²
- Algarve (P)
- Notio Aigaio (GR)

Population:
0.7 million inhabitants
- Réunion (F)
- Thessalia (GR)
- Bremen (D)

Employment:
± 5% agriculture
over 60% in services
- Province-Alpes-Côte d'Azur (F)
- Liguria (I)
- Zeeland (NL)

Activity heavily concentrated in the capitals of Majorca and Ibiza, but more evenly distributed in Minorca

In all three of the archipelago's principal islands the airport and principal harbour are in the same place: Palma on Majorca, Mahón on Minorca and Eivissa on Ibiza. Palma and Eivissa are also the centres of economic activity and the tourist industry of their respective islands. On Minorca, in contrast, activities are more evenly distributed between the two major urban areas, Mahón and Ciudadela.

On all three islands the communications networks are classic radial systems, and this is of course responsible for the imbalance in development and the lack of infrastructure in more remote areas. Development on Majorca has been concentrated around the route from Palma to Inca and Alcudia, the latter being the island's second largest port, and essential for traffic to and from Minorca. Railways were built only on Majorca, and follow the same radial pattern as the road network, contributing nothing to the development of the inland, agricultural districts of Pla, Raiger and Surest, which are the least developed, whilst the districts of Palma, Llevant and Tramuntana Sur have derived most benefit from the tourist boom. Wide differences can be observed in population density, which ranges from 2 per km² in Escorca (Majorca) to more than 2 500 in Eivissa (Ibiza).

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Mallorca	3.6	614	171	:	:	:	:	:	:	:
Menorca	0.7	68	98	:	:	:	:	:	:	:
Ibiza	0.5	81	161	:	:	:	:	:	:	:
Formentera	0.1	5	65	:	:	:	:	:	:	:
Baleares	5.0	768	153	17.1	51	10.0	4	28	68	104
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

A magnet for the mainland population

As the tourist industry grew up in the 1950s, the Balearic Islands turned from being a source of migrants to become, throughout the following decades, host to a steady stream of mainlanders attracted by the islands' economic prospects. During the 20 years from 1960 to 1980 the population increased by 49%. This enormous demographic growth was essentially due to the arrival of migrants in the younger age groups, which naturally also led to an increase in the birth rate.

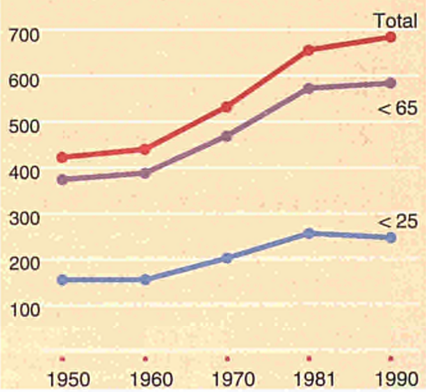
Major changes took place in the region's demographic profile during the 1980s. The birth rate fell sharply (although it remains two points above the Spanish average) and the flow of immigrants dwindled. In the mean time, the proportion of the population aged 65 and over increased to exceed the national average; the proportion of under-25s remains close to the national average.

The region's total population has nevertheless grown steadily, and in 1990 had reached 767 918, including 32 600 residents not of Spanish nationality, 75.5% of whom were citizens of another Community Member State.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	137.0	20.2	21.3	19.1
15-24	109.0	16.1	16.7	15.4
25-39	141.0	20.7	21.2	20.3
40-54	121.0	17.7	18.1	17.4
55-64	73.0	10.7	10.4	11.0
≥ 65	99.0	14.6	12.3	16.7
Total	683.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	32.6	4.2
of which EC countries	24.6	3.2
of which non-EC countries	8.0	1.0
United Kingdom	10.3	1.3
Germany	7.3	1.0
France	2.3	0.3
Netherlands	1.6	0.2
Argentina	1.1	0.1
Belgium	1.1	0.1

Demographic account — 1980-90 (1 000)

Population 1.1.1980	652.0
Births	90.0
Deaths	63.0
Net migration	+89.0
Population 1.1.1990	768.0

A high activity rate with a high proportion of women

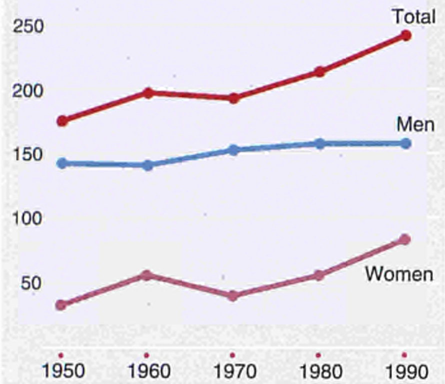
The high activity rate, compared with the Spanish average, is due to the proportion of working women, itself the result of their increasing presence on the labour market with the opportunities and social change generated by 25 years of tourist expansion.

The tourist industry has not hitherto demanded much skilled labour, and most businesses in the tourist trade have expanded using immigrant labour from the least educated social strata. Curiously, though, a quite highly skilled pool of labour exists alongside the tourist trade, skilled as a rule in the traditional craft trades which are deeply rooted in the islands: leather goods and shoemaking, furs and costume jewellery. In all events, the population percentages for every level of education are below the national average, and the region has Spain's lowest percentage of population in either vocational training or university education. The university in Palma was founded fairly recently (1978), and the number of students is still fairly low (8 800).

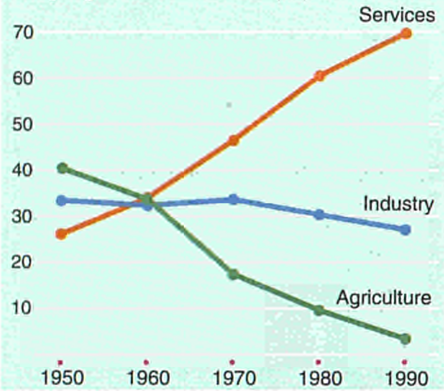
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	19.9	49.9
Primary	57.0	48.3
Lower secondary	38.6	48.4
Higher secondary	41.6	50.5
Higher education	8.8	:
Total	165.9	49.1

Employment (1 000)



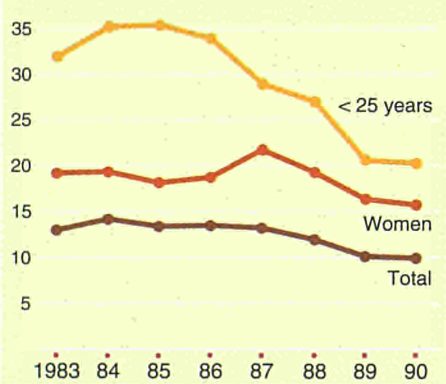
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	247.3
+ Non-residents having a job in the region	5.5
− Residents having a job outside the region	0.5
= Internal employment	252.3

Unemployment (%)



Employment patterns tied closely to the tourist industry

In 1990 the region's employment fell slightly after a four-year period of uninterrupted growth. In 1985-89 the regional economy created 40 000 new jobs, and the slight fall in 1990 was closely linked to a reduction in tourist activity and the limited capacity for job creation in any of the islands' other economic sectors except the construction industry.

The steady decrease in the numbers working in agriculture has accelerated in recent years. Industry's share of the working population has also fallen. Construction has remained steady at around 12% for the last decade, and only the services sector has seen its share of employment rise (to two-thirds), approximately half of whom work in the tourist trade.

The seasonal nature of a substantial proportion of jobs in the islands — essentially in the tourist industry — explains the high percentage of temporary jobs. Part-time work is negligible. 75% of employed persons are wage- or salary-earners, substantially more than the national average.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	14	73	14	74	1	2	10	26
Women	22	67	11	81	12	13	17	26
Total	17	71	13	76	5	6	12	26

One of the lowest unemployment rates in Spain

The Balearic Islands have one of the lowest unemployment rates in Spain. Women and young people stand out amongst the unemployed, essentially because of the greater pressure of their numbers on the labour market. Half the unemployed are from the services sector, most of them having previously worked in the tourist industry, and tourism is responsible for the seasonal character of unemployment, with the number of unemployed rising to 20% of the working population during the low season.

The fact remains that the unemployment rate has been falling steadily since 1986, and has only started to level off in the past 12 months as a result of diminishing capacity for job creation in the tourist industry and the services sector in general. Industry, too, is currently weakened by reduced capacity for creating jobs, essentially the result of restructuring in the leather and footwear industries. Construction is less affected and remains fairly dynamic.

BALEARES

Short on economic diversity; heavy dependence on British and German tourism

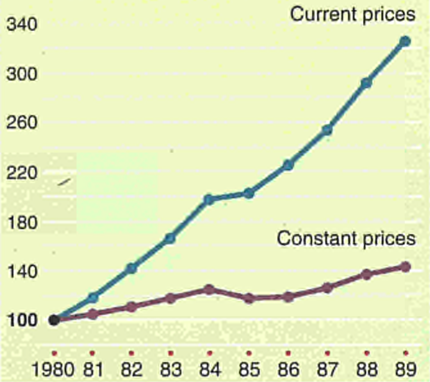
The dynamism of the region's economy is reflected in total productivity expressed as per capita gross value-added. Stimulated by improving productivity in the services sector, this has risen over the past decade, and now stands at ECU 8 063 per active person, or 3.8% better than the Spanish national average.

Locally inspired industrialization has been particularly intense in the food, costume jewellery, and leather and footwear industries, under the leadership of a business community brought up in the craft trades but with a taste for innovation. The high short-term profitability and relatively low risk of investments in tourist facilities has usually been at the expense of investment in industrial projects which would have permitted diversification of the region's economy. This lack of diversity makes the islands' GDP extremely sensitive to changes in tourist demand in the United Kingdom and Germany, and the drop in the number of British tourists over the past two years has contributed substantially to the change in the islands' economic climate.

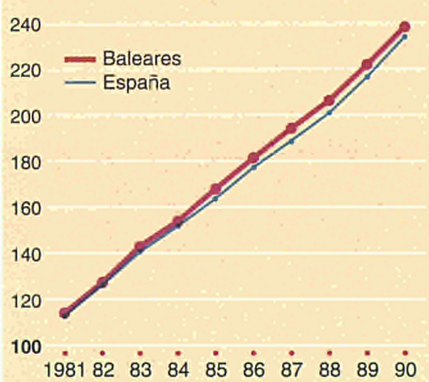
Another effect of the high concentration of services in the region's economy is the low level of investment in research and development.

Regional industry and agriculture do little business on the international markets. Industrial exports show the region to be one of Spain's least dynamic exporters: 52% of all exports originate in the footwear sector.

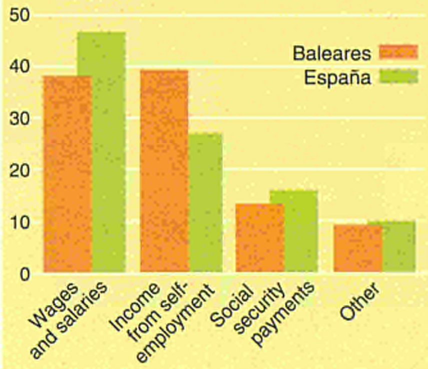
GDP (1980 = 100)



Wages (1980 = 100)



Disposable household income – 1987 (%)



Contained rises in wage costs

Average wage costs in the Balearic Islands are lower than the Spanish average. The average hourly wage is around ECU 7, some 18% below the national average. It is the lower labour costs in the tourist industry which keep the islands' total wage level below that of other Spanish regions with a similar or — even — lower level of economic development.

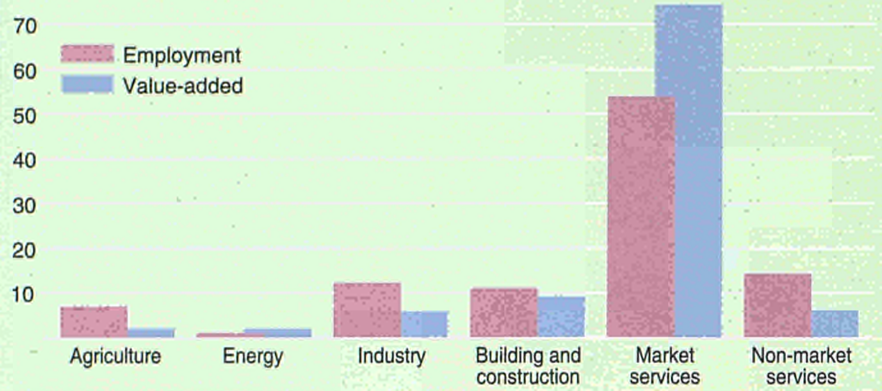
Wage increases, negotiated collectively at regional level, have remained below the national average for the past five years: for 1989 and 1990 for instance, the regional increases were 7.97% and 8.07%, compared with national increases of 8.12 and 8.34% respectively.

Spain's leading region in disposable income

The Balearics have Spain's highest level of per capita disposable income, more than 60% above the national average. Over the past two years, however, growth in per capita income has been slower than the national average, as a result of the weakening of the tourist industry.

Unearned income stands out in the average household income in the islands, at 39.3% compared with the national average of 23.2%. Wages and salaries are correspondingly less important, both in regional household income (38.1%) and compared with the national average (48.0%). The balance of household income is derived from social benefits (13.4%) and other remuneration (9.2%).

Employment and value-added: distribution by branch – 1987 (%)



Dominant position of services

The agricultural sector plays a very small role in the economy of the Balearic Islands, and has even been dwindling over the past 10 years. 60% of final agricultural production is derived from agriculture proper, which is centred on almonds and potatoes. These crops have traditionally been grown for export, and are currently facing stiff competition on the international market.

The industrial sector is split more or less equally between industry and construction. The sector is heavily dependent on tourist demand, in particular the construction industry, the timber trade and metalworking. A number of export-oriented traditional industries also exist: the leather and footwear trades, and costume jewellery, which are of considerable importance to the region's economy although they are facing increasing international competition from products from outside the Community. Construction, meanwhile, saw enormous growth during the years 1985 to 1989, but has slowed down during the last two years with the weakening of the tourist industry.

The services sector dominates, and tourism takes the lion's share of this. Tourist demand is mainly from the United Kingdom and Germany: two-thirds of tourists arriving in the islands are from these countries. The hotel trade offers 237 456 beds, about the same number as Greece, and more than the whole of Portugal.

The tourist's dream island

The Balearic Islands are on a human scale: neither their proportions nor the distances are colossal. The sea is calm, the climate mild, rainfall is sufficient and the sky permanently blue. Cala Figuera, Cala d'Or, Cala Llombars and countless other coves bring life to the islands' shoreline; the windmills, drawing water from underground, decorate their countryside. Deep under the surface of Majorca, visitors are filled with awe by the Drach caves, where they may take a boat across Lake Martel, the largest underground lake in the world. The stone of Minorca, now used to wall fields, was once hewn to build temples, tombs and monuments, and a few prehistoric traces have survived, such as the standing stones, cromlechs and talayots which now form an open-air museum of fundamental archaeological interest.

The shortage of water may become one of the islands' greatest problems. The limited rainfall and the high porosity of the soil, prohibit anything in the nature of a regular watercourse, and the seasonal torrents are normally dry, only filling after a certain amount of rainfall. This has led to greater efforts to extract underground water, which have in turn led to sea water infiltrating the aquifers. The situation is most worrying on Majorca and Ibiza, where water resources are limited.

Agriculture

Number of holdings	21 018
Labour force	16 278 AWU
Agricultural area	264 000 ha
Livestock	117 000 LU
Gross value-added	8 063 ECU/AWU
Main products	
Vegetables	26%
Fruits — citrus	17%
Milk	10%

Main enterprises

Name	Employees	Activity
Hoteles Mallorquines Asociados (Grupo Sol)	17 000	Hotels and restaurants
Hoteles Agrupados (Grupo Sol)	4 110	Hotels and restaurants
Gestursa	2 482	Hotels and restaurants
GESA (Grupo Endesa)	2 065	Production of electricity
Riu Hotels	1 500	Hotels and restaurants
Viajes Iberia	1 100	Tourism
Air España	870	Air transport
Viajes Barceló	750	Tourism

ESPAÑA

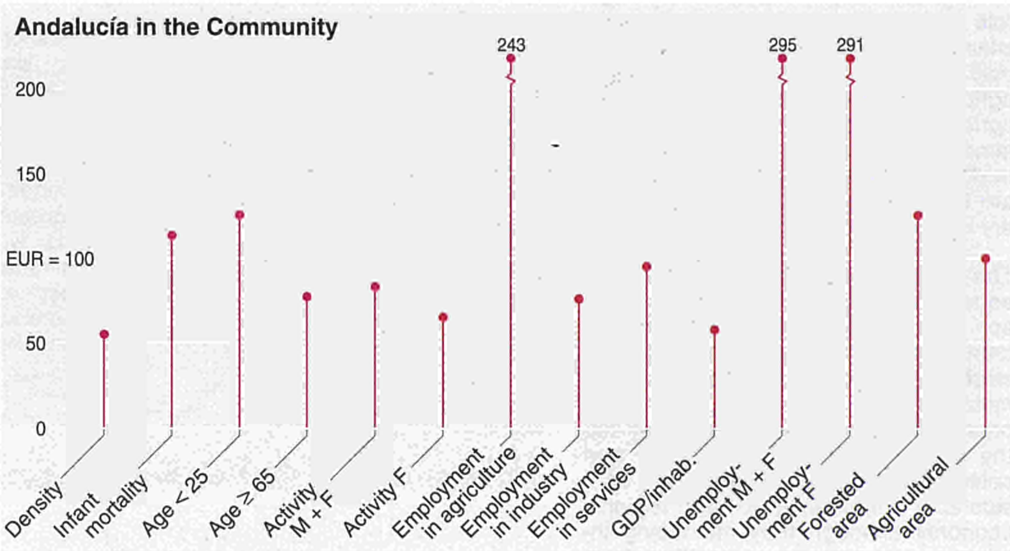
ANDALUCÍA

Andalusia has the largest population in Spain, and is the one of the most extensive regions in the Community. It has clear natural borders to the north, where it is separated from the central meseta by the Sierra Morena, and to the south where it meets the Atlantic and the Mediterranean. The boundary is not so clear in the west, where the River Guadiana marks only a part of the frontier with Portugal, or in the east, where Andalusia meets eastern Spain.

From north to south the relief of Andalusia shows four distinct topographical zones: the massif of the Sierra Morena, the Baetic basin drained by the River Guadalquivir with its alluvial plains and open countryside, the Baetic mountains extending in a series of ranges from Cadiz to Almería and culminating in the peak of Mulhacen (3 481 m), and the coastal areas which include littoral plains, sand dunes, beaches, cliffs and wetlands (marshes and estuaries).

The climate ranges from the suboceanic climate of the gulf of Cadiz to the mountain climate of the Sierra Nevada, via the subdesert features of the south-east of Almería and the Mediterranean subtropical climate of the Costa del Sol and Granada. 50% of the surface area of the region is forest (and 68% of that conifers).

The town of Arcos de la Frontera (Cadiz province).



Enormous potential but major structural weaknesses inherited from the past

Its natural resources (farmland, minerals and forests), its range of scenery, its climate, its rich historical and artistic heritage, its largely intact environment and its demographic dynamism, and young population provide a solid basis for future development.

Nevertheless, the current situation features a number of obstacles to the exploitation of this potential. The traditionally inadequate internal communications network — now being modernized — has led to underdevelopment and a lack of economic interdependence within the region. The deficiencies in terms of public health, cultural and educational infrastructures and facilities have adversely affected the quality of Andalusia's 'human capital'. The lack of diversification, with an underdeveloped industrial sector which — with the exception of food processing — has few links between branches or with the other sectors of the economy, makes the economy of Andalusia extremely vulnerable and hinders balanced economic growth. Other major drawbacks are the low savings capacity of the region, due to the prevailing low level of incomes, and the lack of productive investment because of the unwillingness of local businessmen.

Scale 1 : 4 000 000

Which EC regions are similar to Andalusia?

Area:
±90 000 km²
Portugal
Guyane (F)

Population:
±7 million inhabitants
Niedersachsen (D)

Population density:
±80 inhabitants per km²
Ellada
Languedoc-Roussillon (F)

Age:
±43% aged less than 25
Açores; Madeira (P)
Northern Ireland (UK)
Canarias (E)

Unemployment rate:
above 20%
Campania; Calabria (I)
Canarias; Extremadura (E)

Growing disparities as a result of developments over the last quarter century

The provinces of Seville and, particularly, Cadiz and Malaga, are much more densely populated than the others. At the same time, the disparities within each province have become more marked since the 1960s as a result of the growth in industry and the services (particularly tourism), which has led to a concentration of population in the urban and coastal areas accompanied by the depopulation of inland rural areas. On the other hand, the population and a large part of the economic growth of the last 25 years have tended to concentrate along the two axes of the N-IV road, linking Cadiz, Jerez, Seville, Ecija, Cordoba, Andujar and Ubeda, and the coast road linking Algeciras, Marbella, Malaga, Motril and Almería.

These trends have led to marked differences. The provinces of Granada and Jaén, for instance, have per capita GDP nearly 40% lower than in Huelva and Cadiz, where much of the industrial activity of the region is concentrated (petrochemicals, shipbuilding, etc.) and considerably lower than in Malaga (tourism), Almería (early crops and tourism), and Seville. Within the provinces, there are also major differences between rural areas, depending on agricultural or mineral resources and access to the main axes of communication.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Almería	8.8	469	53	14.2	48	18.2	28	21	52	64
Cádíz	7.4	1 091	147	10.4	46	30.0	14	30	56	65
Córdoba	13.7	770	56	6.8	44	24.2	18	31	51	52
Granada	12.5	817	65	7.7	43	26.3	16	25	60	53
Huelva	10.1	452	45	7.9	46	28.2	21	30	49	71
Jaén	13.5	662	49	3.5	43	16.3	22	31	47	53
Málaga	7.3	1 224	168	19.4	47	27.4	8	26	67	58
Sevilla	14.0	1 617	116	9.4	45	25.9	14	27	59	58
Andalucía	87.3	7 100	81	10.2	45	25.4	15	28	57	59
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

ANDALUCÍA

A rapidly growing young population becoming geographically concentrated

Despite the very high birth rate over the last two centuries, Andalusia's current share of the total population of Spain is much the same as at the beginning of the 19th century. The extremely high rate of emigration in the 20th century, with 1.7 million persons leaving the region between 1900 and 1970 (half of them between 1957 and 1970), is the main factor behind this population trend.

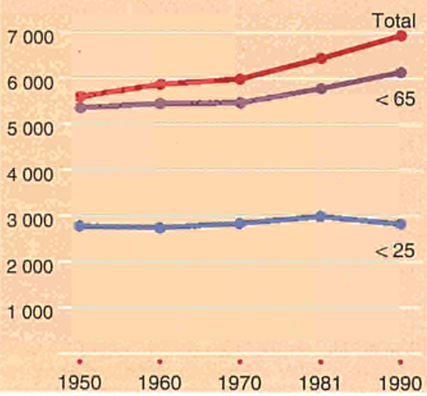
The present age structure of the population of Andalusia highlights the high proportion of young people (more than 40% are aged under 25, while the over-50s only account for 20% of the population).

On the other hand, while the population density in Andalusia is similar to the Spanish average, there have been major shifts within the region. Some 55% of the population is concentrated in the urban and coastal areas, which account for only 14% of the total surface area, whereas there has been a marked depopulation of the remaining areas, particularly the extensive mountain zones.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	1 571.0	22.7	23.7	21.7
15-24	1 265.0	18.2	19.0	17.6
25-39	1 544.0	22.3	22.9	21.7
40-54	1 062.0	15.3	15.3	15.3
55-64	696.0	10.0	9.7	10.4
≥ 65	797.0	11.5	9.5	13.4
Total	6 936.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	72.5	1.0
of which EC countries	46.7	0.7
of which non-EC countries	25.8	0.4
United Kingdom	19.3	0.3
Germany	6.0	0.1
France	4.4	0.1
Morocco	3.9	0.1
Denmark	3.8	0.1
Portugal	3.8	0.1

Demographic account — 1980-90 (1 000)

Population 1.1.1980	6 660.0
Births	1 008.0
Deaths	516.0
Net migration	–52.0
Population 1.1.1990	7 100.0

Rising activity rate and an effort to overcome the lack of skills of the workforce

Within the last 10 years, the activity rate has been increasing faster than in Spain as a whole. The growing incorporation of women into the labour market, as a result of the social and cultural changes over the last 15 years, and by the favourable social and economic climate of the second half of the 1980s are the main factors involved.

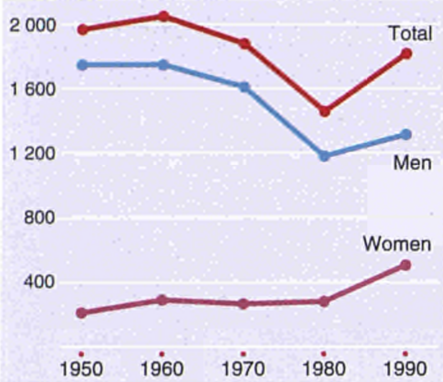
One obstacle to exploitation of Andalusia's potential remains the lack of skills of its labour force. Even now, slightly more than 50% of the population over 10 years of age has no school qualifications. Of those with school qualifications, only some 4% have had any higher vocational training and the majority of them are over 45 years old, while graduates account for only 1.9% of the population over 16 and 3.9% of the working population.

However, school attendance is now 100% up to the age of 15 and has increased dramatically in higher vocational training (more than 150 000 students registered in 1990).

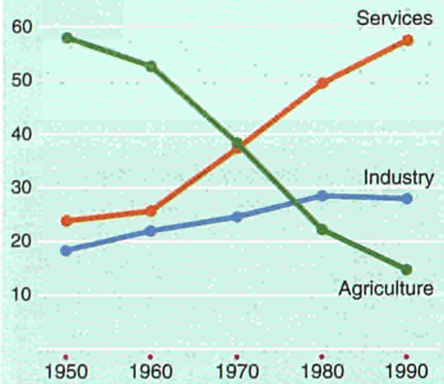
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	189.6	49.2
Primary	627.1	48.0
Lower secondary	419.1	48.3
Higher secondary	431.4	46.3
Higher education	153.7	:
Total	1 820.9	47.7

Employment (1 000)



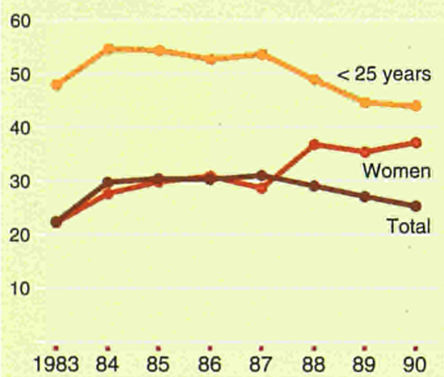
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	1 800.9
+ Non-residents having a job in the region	7.4
– Residents having a job outside the region	21.6
= Internal employment	1 786.7

Unemployment (%)



A shift to employment in services, without a solid industrial basis

In Andalusia, employment has increased by 25% since 1980, although two periods must be clearly distinguished: between 1980 and 1984 employment fell by 7.5%, whereas it grew rapidly and continuously after 1985.

The sectoral structure of employment has changed dramatically over the last 30 years. The proportion of jobs in agriculture fell from over 50% in 1960 to around 15% in 1990, while the services sector rose from 25% to around 60% of the total. This marked shift to services reflects not a balanced growth based on a firmly established industrial society, but rather a direct move to services of large numbers of former farm workers, since the industrial sector did not have sufficient capacity to absorb a part of the excess supply of labour made available by the crisis and structural transformation in agriculture.

The weakness of the industrial sector in Andalusia becomes even more evident when one considers that the construction branch alone accounts for 45% of employment in the sector. Other industrial branches are manufacturing (food processing, textiles, clothing, etc.), chemicals and mechanical engineering, which employ 220 000. The distributive trades, hotels and catering and repair work account for 70% of services employment.

The proportion of temporary employment is well above the national average, as a result of the seasonal nature of certain agricultural activities, as well as of tourism.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	16	70	14	74	1	1	21	36
Women	25	66	9	74	13	11	18	34
Total	18	69	13	74	4	4	20	35

One of the highest unemployment rates in the Community

Despite the strong and continuous growth in employment since 1986, Andalusia had one of the highest unemployment rates in the Community.

Although unemployment has been a constant structural feature of the Andalusian economy throughout the decades, only partially remedied in the 1950s and 1960s by large-scale emigration, there was a quantitative leap after 1976 and it reached 30% of the working population in 1987. The sharp rise in unemployment in the past 10 years can be explained by:

– the large numbers of surplus workers released through the accelerated transformation of traditional agricultural structures;

– the inability of the industrial sector (badly affected by a recession in some of its main branches) to absorb a considerable part of this surplus labour;

– the economic difficulties facing the traditional areas of immigration;

– the increasing entry into the labour market of women and of young people born in the 1960s.

The groups most affected are women and the under-25s, 36% of the unemployed who had previously been working came from agriculture, and 35% from services. Those looking for their first job account for one quarter of unemployment.

An industrial fabric in need of restructuring and modernization

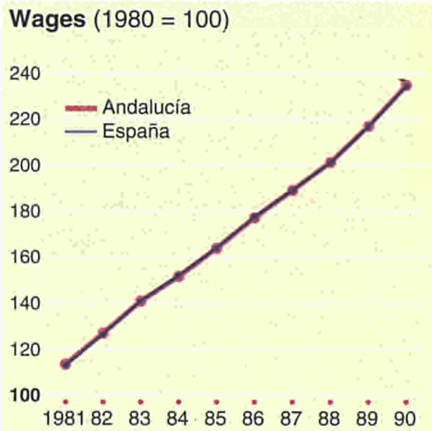
With a per capita GDP 25% below the national average, Andalusia's share of Spanish value-added is approximately 14%. Productivity in Andalusia's economy is 5% lower than the national average.

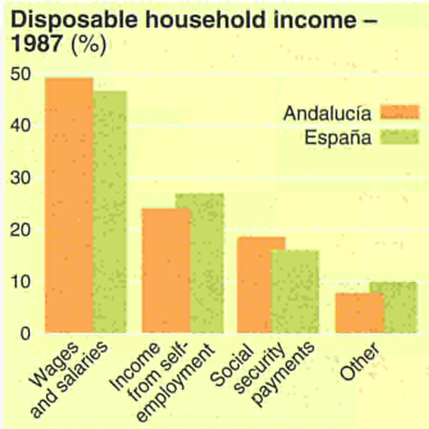
The industrial sector, concentrated in the Seville-Huelva-Cadiz triangle, has productivity levels slightly above the national average. On the other hand, the services sector, with traditional commercial activities and tourism playing the major roles, generates nearly 60% of the region's value-added, but with productivity levels considerably lower than in the rest of Spain.

The agricultural sector, for its part, has a productivity nearly 30% higher than the national figure but contributes only 9% of regional GDP while employing more than 14% of the working population. This is an indication of the major gains in productivity which could be made in this sector with continuing modernization of agricultural structures to exploit the considerable advantages which Andalusia's climate and natural conditions offer for a wide range of produce.

With a preponderance of small businesses, except in the energy and chemicals subsectors (refineries and fertilizers) and shipbuilding, Andalusia's ratio of exports to regional value-added is similar to the national average, although still considerably lower than in traditionally export-oriented regions (the Valencian Community, Catalonia, the Basque Country and Navarre).

The principal exports are agricultural produce — particularly fruits, fats and oils — chemicals, metals and transport material.





Trends in earnings at national levels

Because of the relatively low weight of the industrial sector in the Andalusian economy, average earnings per hour worked are some 6% lower in the region than the national average, although still higher than in other regions of Spain such as the Canaries, Castille-La Mancha, Extremadura, Galicia and Murcia.

Throughout the 1980s wage costs in Andalusia increased slightly more slowly than in the country as a whole (an average of 8.3% per year compared with 8.9%), although the strong economic growth of the four years from 1987 to 1990 led to somewhat higher rates.

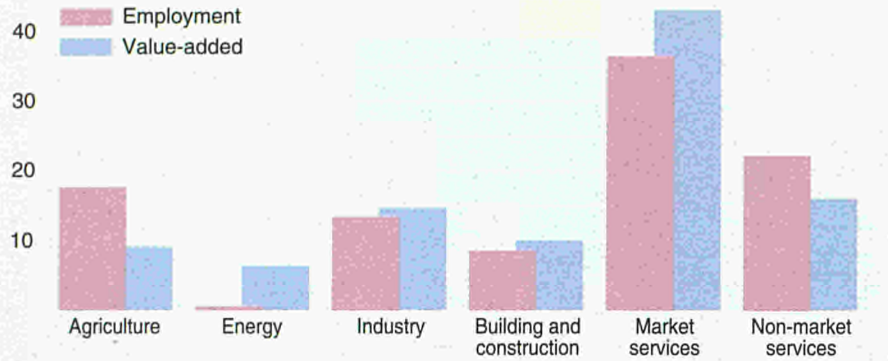
Major transfers to the region

In 1988 per capita disposable income in the region was 23% lower than the national average, putting Andalusia amongst the three regions of Spain with the lowest incomes.

Wages and salaries are the main component in primary income, accounting for 49.2% compared with the national figure of 46.7%. On the other hand, gross operating surplus accounts for only 24.1% of primary income in Andalusia, compared with 27.1% at national level.

Another notable feature is the high proportion of income transferred to the region by way of social benefits (18.8% compared with the national average of 16.1%), a major component of which is benefits for unemployed agricultural workers, of which there are large numbers in Andalusia.

Employment and value-added: distribution by branch – 1987 (%)



Enormous potential for the food processing industry, and services dominated by tourism

The primary sector is still of major importance for the economy of Andalusia and provides the basis for the development of a food processing industry whose enormous potential, has not yet been fully exploited. Cereals, pulses, wine, olives, dry fruit, horticultural products, citrus fruit, cotton, tobacco and sugar are the main products of the region. Although sheep farming is of minor importance, there are large stocks of cattle (along the middle stretch of the Guadalquivir), goats (in the provinces of Granada and Malaga) and pigs (in the Sierra Morena and the high valleys of the Penibetic Mountains). Alongside Asturias and Cantabria, Andalusia is one of the major mining regions of Spain and is a large producer of pyrites (Riotinto in the province of Huelva), lead (Linares-La Carolina), coal (Cordoba and Seville), copper, iron and zinc.

The subsectors energy and construction, food processing, chemicals and metalworking each account for 4 to 5% of regional value-added.

In the services sector the main branches are the distributive trades and, above all, hotels and catering, since tourism is of major importance and generates some 40% of the sector's product, as well as public administration (20% of the services sector's value-added).

Agriculture

Number of holdings	329 663
Labour force	290 263 AWU
Agricultural area	4 906 000 ha
Livestock	1 247 000 LU
Gross value-added	10 654 ECU/AWU
Main products	
Vegetables	20%
Main crops	15%
Olives	15%

Main enterprises

Name	Employees	Activity
Cía Sevillana Electricidad	6 259	Production and distribution of electricity
Abengoa SA	5 468	Construction and property
Grupo Domecq	2 993	Food and beverages industry
Quash SA	2 500	Agricultural products
Gran Textil España SA	1 528	Textiles
UNIASA	1 333	Food industry
Hijos de Andrés Molina	1 328	Food industry
Grupo Cruzcampo	1 230	Beverages
Grupo Osborne	1 123	Beverages

An invaluable natural heritage which must be preserved

The greater part of the region is a huge nature reserve of plains, mountains, forests and wetlands.

Nature in Andalusia is full of sharp contrasts: 14 mountains over 3 000 m in the Sierra Nevada; the only real desert in Europe in Almería; the last great European wetlands reserve of Doñana (province of Huelva); the Laguna de la Fuente de la Piedra (province of Malaga), the only place in Europe — along with the Camargue in France — where pink flamingos breed; the volcanic mountains of the Cabo de Gata in the province of Almería; the natural parks of Grazalema and Sierra de Nieves in the Serranía de Ronda; the world's only remaining stands of Abies pinsapo, a variety of conifer; the Sierra de Cazorla in the province of Jaén, with its forests of oak and arbutus and its birds of prey, wild boar, roe deer and wild goats; the marshes of Odiel in the province of Huelva, which have been declared an International Biosphere Reserve and which are of vital importance for birds migrating to Africa; the cliffs of Barbate and the salt lagoons and marshes of the bay of Cadiz which attract a wide variety of birdlife.

The importance of protecting this amazing natural heritage against the pressure from economic development and mass tourism has led to the adoption of a large number of measures in recent years. Whereas in 1980 only 0.6% of the surface area of Andalusia was protected, there are now 81 protected areas representing 17% of the surface area of Andalusia.

ESPAÑA

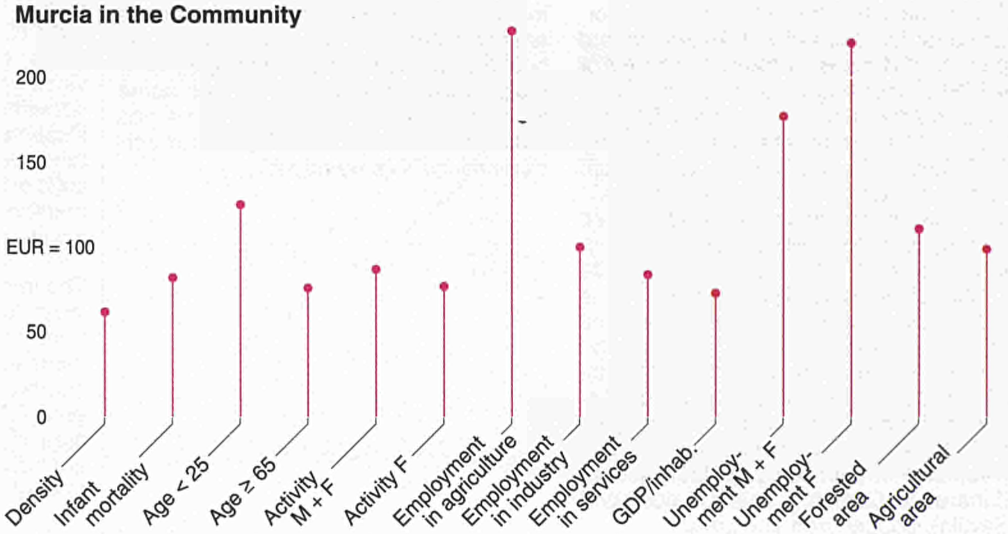
MURCIA

Bathed by the waters of the Mediterranean, the autonomous community of Murcia is situated in the south-east of the Iberian Peninsula and has only one province. Its relief is noted for numerous plains and depressions. Mountains of medium height channel the rainfall into the basin of the largest river in the region, the Segura, the principal source of irrigation for the richest lands in the region: the fertile plains or huertas, which account for 11% of agricultural land. With high temperatures and low rainfall, the regional climate causes serious droughts in agricultural areas which are not irrigable, and in which pastureland and grape and cereal growing abound.

The region is accessible by two main land routes. The Mediterranean route connects it with the French border via the Murcia-La Junquera motorway and the broad-gauge railway which runs parallel to the Mediterranean coast. At the same time, using national highway N-301 or the railways, the Cartagena-Madrid route offers good communications with the Spanish capital, whilst the new Puerto Lumbreras-Baza (Granada) expressway will considerably improve links with the eastern part of Andalusia, and will allow faster access to the western parts through its extension to Seville.

Heavy industry develops around ports such as Cartagena.

Murcia in the Community



A good location in the Mediterranean growth zone

In spite of its apparently peripheral geographical situation, Murcia is situated in one of the most economically dynamic areas in Spain: the Mediterranean zone. Its economy is noted for its exports and innovation, and its important agricultural sector and agri-food industry. The possibilities for improving cultivation are closely linked to increasing early crops and experimenting with new methods adapted to dry climates and saline soils. The agri-food industry is extremely well placed for making more sophisticated products through the application of food treatment and processing technologies.

Its climate has led to major growth in tourism, which has a bright future since Murcia possesses areas which have yet to be exploited and where the season could be considerably extended during the year.

However, the shortage and poor quality of water affects future prospects for both intensive farming and tourism, since the Tagus-Segura inter-basin diversion at present supplies only a third of the water needs envisaged for irrigation. Moreover, the strengthening of transport and communications infrastructures is essential if the region is to exploit more effectively its enormous tourist potential and to export the products of its very early crops to Spanish and European markets.

Scale 1 : 2 000 000

Which EC regions are similar to Murcia?

Area:
± 12 000 km²
Île-de-France (F)
Lisboa e Vale do Tejo (P)
Dytiki Ellada (GR)

Population:
one million inhabitants
± 100 inhabitants per km²
Niederbayern; Oberpfalz (D)

Age:
± 41% aged less than 25
Açores; Madeira (P)
Northern Ireland (UK)
Canarias (E)

Employment:
± 15% in agriculture
± 30% in industry
Ireland
Abruzzi (I)
Basse-Normandie (F)

Economic activity concentrated in the huertas and on the coast

Economic activity is basically concentrated in four districts situated in the south-east of the region (Huerta de Murcia, Mar Menor and Campo de Cartagena) and in the Vega Media del Segura, where most of the population and its two most important cities are also to be found: the capital Murcia (322 911 inhabitants), and Cartagena (175 966). The inland district of Río Mula and those in the east and north-east are the most depressed, with low incomes and poor social facilities.

During the 1950s the inland rural centres were gradually abandoned by a young population seeking the more dynamic districts of the huertas and the coast. With the subsequent emigration of the 1960s, all that was left in the rural areas was an ageing population, living in economically backward districts with population densities not exceeding 40 inhabitants/km².

By way of contrast, the districts of Huerta de Murcia, Campo de Cartagena, Mar Menor and Vega Media del Segura have the highest population densities in the region, the highest incomes and one of the youngest populations in Spain.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Murcia	11.3	1 062	94	11.2	49	15.5	16	32	53	73
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

A young population with a consistently high birth rate

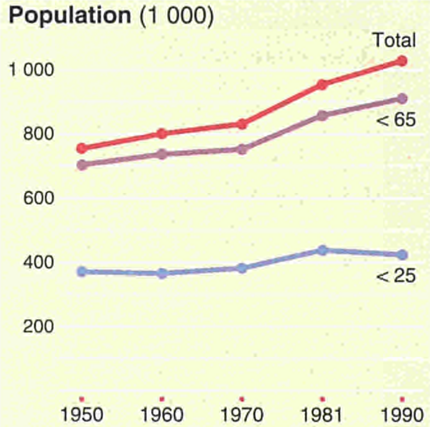
The growth in the number of inhabitants has continued unchecked since the last century and, in spite of the considerable emigration which the region has suffered for decades, the population has doubled since that time. With the recession of the 1970s, emigrants began to return to their place of origin, the region then becoming a net importer of people.

Murcian society is one of the youngest in the Community, with more than 40% under 25. However, natural population movement has followed a similar trend to that in the rest of the country, the number of births having fallen since 1965. In spite of this, the birth rate stands above the national average, making Murcia one of the Spanish regions with the highest population growth.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	238.0	23.1	24.3	21.9
15-24	187.0	18.1	18.9	17.5
25-39	222.0	21.5	21.9	21.2
40-54	159.0	15.4	15.2	15.6
55-64	107.0	10.4	10.0	10.7
≥ 65	118.0	11.5	9.7	13.2
Total	1 029.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	3.4	0.3
of which EC countries	2.0	0.2
of which non-EC countries	1.4	0.1
United Kingdom	0.7	0.1
France	0.4	0.0
Germany	0.3	0.0
Morocco	0.3	0.0
Argentina	0.1	0.0
Netherlands	0.1	0.0

Demographic account — 1980-90 (1 000)

Population 1.1.1980	972.0
Births	153.0
Deaths	77.0
Net migration	+ 14.0
Population 1.1.1990	1 062.0

A large pool of labour and a high rate of educational attendance

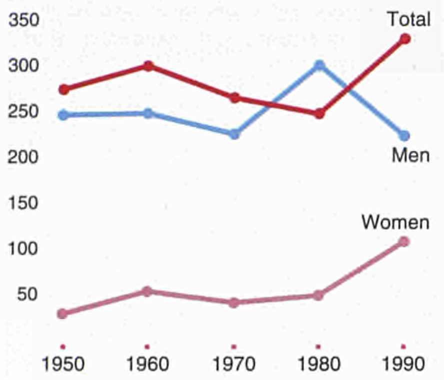
As a result of an upward population trend, there has been a significant increase in the working population, which in turn has put pressure on the region's labour market.

Qualification levels among the work-force present contrasting features which are a symptom of the profound changes which the traditional economy is undergoing. For the youngest (the under-25s), the rate of educational attendance is higher than the EC average, and the region's 26 100 university students, of whom about one-half are women, mean that Murcia has the highest level of university attendance in Spain. Its university has eight faculties — including economics, science and medicine — and 12 university schools. However, as a result of the considerable backwardness of the region until the 1960s, the illiteracy rate (43.0 per thousand in 1986) stands above the Spanish average, and the older sections of the population have fewer vocational qualifications than in the rest of Spain.

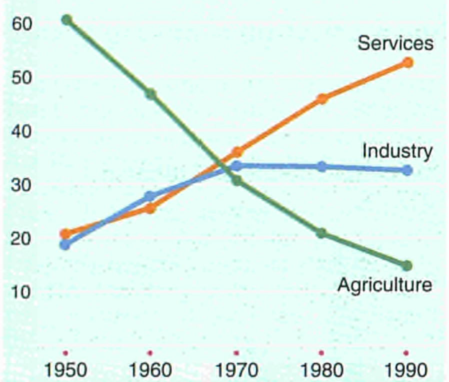
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	32.4	49.4
Primary	94.2	47.4
Lower secondary	64.0	48.4
Higher secondary	81.6	47.3
Higher education	26.1	:
Total	298.3	47.7

Employment (1 000)



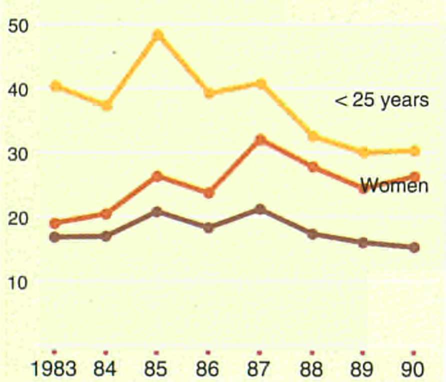
Employment structure (%)



Employment — 1989 (1 000)

Resident employment	324.4
+ Non-residents having a job in the region	3.4
– Residents having a job outside the region	3.3
= Internal employment	324.5

Unemployment (%)



63 900 jobs created in the last five years

Employment in Murcia has followed a course similar to national trends since the economic recession of the 1970s, first losing 28 900 jobs between 1976 and 1985, and then gaining 63 900 in the last five years by dint of the vigorous growth of the Murcian economy in construction, tourism and the agri-food industry.

The marked rise in new businesses has pushed up the number of wage and salary earners, while part-time employment is of little significance in the region's economy. More important is short-term employment which stands higher than in any other Spanish region and is a reflection of both the large number of seasonal jobs in the tourist industry and the boom in construction.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	19	67	14	71	2	1	23	41
Women	25	64	11	76	26	18	24	39
Total	21	66	13	73	8	7	24	40

Unemployment beginning to fall

The fall in unemployment began in 1985, when the Murcian economy began to absorb the many new workers who, given the high proportion of young people in the region, come on to the labour market each year.

Women and young people are the most affected by unemployment. The number of women unemployed is greater than that of men, whilst the youth unemployment rate is double that for the region as a whole.

In relative terms, unemployment has had the biggest impact in agriculture, where the unemployment rate is greater than for the other sectors. The main reason for this lies in the continuous decline in the numbers of those working in this sector over the last decade. Services, on the other hand, enjoy the lowest level of unemployment, approximately half the regional average.

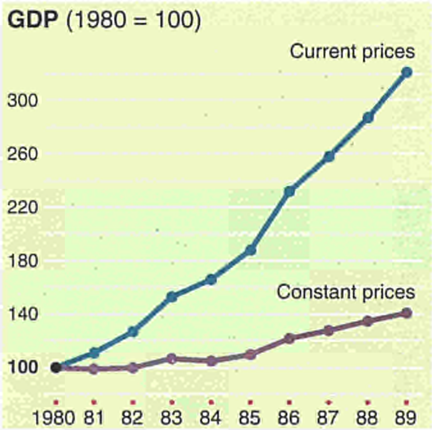
A dynamic economy and a competitive agriculture and agri-food industry

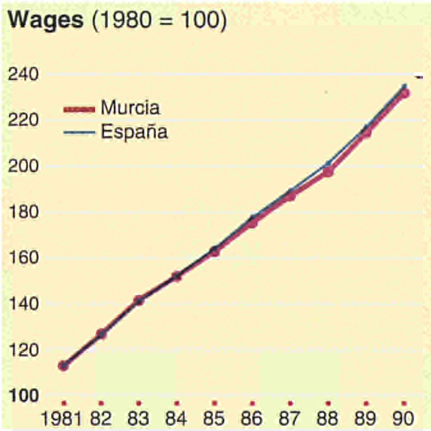
Murcia's economy has grown strongly in the last few years, with obvious signs of change in the agricultural and industrial sectors which, moreover, are more widely diversified and better integrated than in other similar Spanish regions. In terms of gross value-added per employee, productivity is almost the same as in Spain as a whole. However, the production sector relies on a workforce which, being made up of older workers, lacks vocational qualifications.

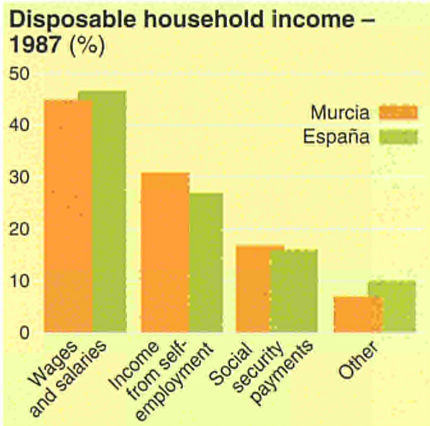
In industry, businesses are generally small or medium-sized and family-owned. Only in the industrial area of Cartagena do the large companies in the metalworking, shipbuilding, oil-refining and chemicals sectors predominate, to which must be added General Electric's new plant, which is to invest a considerable amount over the next 15 years. In agriculture, the family farm is the norm, with smallholdings being most common.

The main reason why the Murcian economy is a competitive exporter is its agri-food sector — vegetables and vegetable canning — which accounts for 71% of total exports. The growing importance of machinery and electrical equipment in the region's external trade should also be mentioned.

The agricultural sector is also conducting a number of important research projects, a phenomenon which, however, has not as yet extended to any great degree to the other sectors of the economy. Thus, in proportion to total expenditure at national level, Murcia as a whole is one of the smallest spenders on research and development.







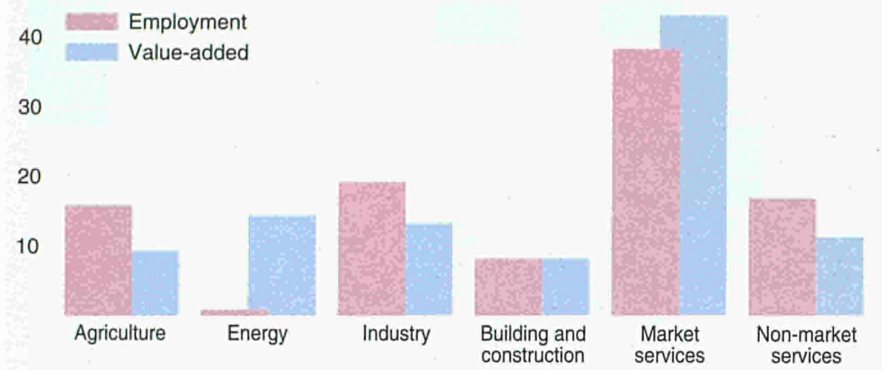
Low labour costs, but recent rises above national average

Average hourly earnings in Murcia are the lowest in Spain, and overall, regional labour costs remain 25% below national levels. However, in 1989 and 1990 Murcian wages have risen more rapidly than the Spanish average. Thus, regional pay deals were around 8.61% for both years, as opposed to averages of 7.78% and 8.12% for Spain as a whole. The higher rate of increase in the region is attributable to the rises negotiated in agriculture and construction, which were larger than in the other sectors of the economy. Nor should the possible knock-on effect of higher pay levels in the large companies situated in the industrial zone of Cartagena be discounted.

Per capita disposable income is 13% lower than the national average. Although the rate of growth during the 1980s has been amongst the highest in Spain, it is still one of the lowest in the regional league table.

Inward transfers and income from elsewhere (remittances sent back by emigrants) are relatively more important in the Murcian economy than in the rest of Spain, whilst the share of the other components of households' disposable income (wages and salaries, investment income and social benefits) is slightly below the national level.

Employment and value-added: distribution by branch – 1987 (%)



Strong growth in agriculture and the agri-food industry

The growth in agricultural production has been marked. Its share in Spanish agricultural production has doubled over the last decade, and its productivity is comparable to the Community average. Fresh fruit and vegetables contribute 58% of final agricultural production. Peaches, apricots, peppers and tomatoes are the mainstay of the vegetable-canning industry which has developed throughout this century.

In the industrial sector, two specialized industrial structures live alongside each other, the one based on the indigenous potential of the region, the other on large public and private enterprises located in the Campo de Cartagena. The former specializes in the agri-food industry, timber and furniture-making, and leather. For its part, the industrial area of Cartagena initially relied on its great naval port and deeply-rooted tradition in mining to embark upon industrial development which concentrated on metalworking and shipbuilding, later diversifying with the setting-up of the chemicals industry and the establishment of the Escombreras oil refinery.

The services sector stands out as the most important in the regional economy (more than 50% of value-added). Nevertheless, the high number of small businesses in the distributive trades, and the lack of tourist facilities, which are insufficient to meet current demand, are worthy of note.

Agriculture

Number of holdings	60 099
Labour force	49 301 AWU
Agricultural area	628 000 ha
Livestock	344 000 LU
Gross value-added	11 889 ECU/AWU
Main products	
Vegetables	36%
Fruits — citrus	22%
Pigs	17%

Main enterprises

Name	Employees	Activity
Empresa Nacional Bazán	2 500	Shipbuilding
Repsol Petróleo	1 000	Refined petroleum products
Cerdán Hermanos	750	Clothing industry
Fuertes SA	743	Food industry
Liwe Español SA	560	Clothing industry
Enfersa	537	Manufacture of basic chemicals
Fesa	442	Manufacture of basic chemicals
Hermandad Farmacéutica del Mediterráneo	392	Pharmaceuticals

Pollution problems, but a serious risk of desertification

In general, environmental conditions in Murcia are good, and indeed can be regarded as excellent in the inland mountains, with nature parks and protected areas such as the Sierra de Espuña and El Valle. Of its still unspoiled coastal beaches, those of Mazarrón are prominent for offering ideal conditions for water sports. At the same time, Murcia is noted for its large number of monuments, which include the remains of ancient civilizations.

There are, however, two very localized pollution problems. One of them is to be found in the industrial area of Cartagena, affected by industrial waste and air pollution, and the other is in the coastal area of the Mar Menor, where rapid urbanization is having a harmful effect on the environment.

Nevertheless, the most serious environmental problem is the aridity of the soil and the risk of desertification. Together with the province of Almería, the region is situated in the driest area of Spain. Annual rainfall does not exceed 325 mm, which is scarcely half the national average. Soil erosion is particularly serious, as is the over-exploitation of water resources, which is exhausting the aquifers and increasing soil salinity. Aware of the gravity of this problem, the regional government has established a plan for the cleaning-up of the river Segura which is currently being implemented.

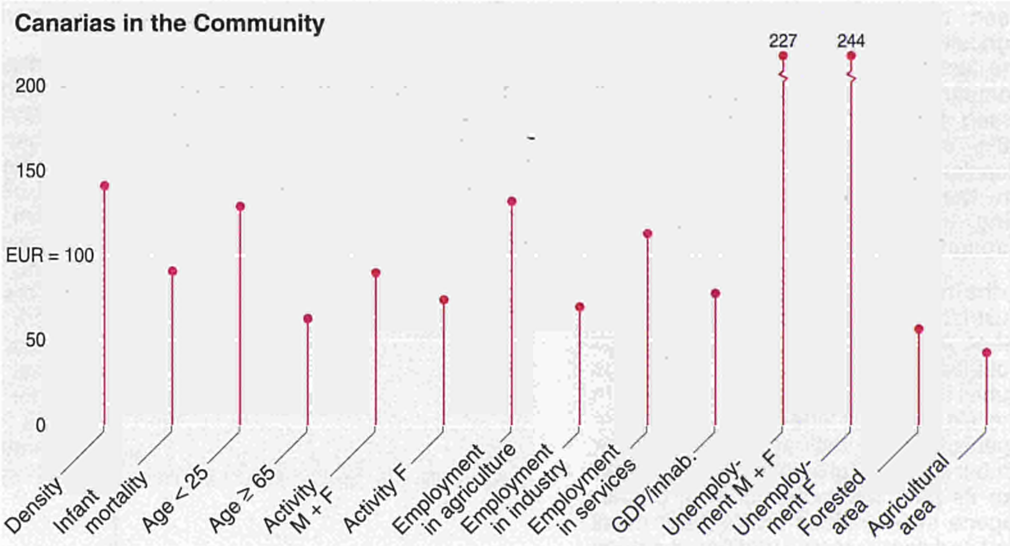
ESPAÑA

CANARIAS

Of volcanic origin, the Canary Islands (Islas Canarias) are in the subtropical zone around the 28th parallel. Situated 115 km from the west coast of Africa and 1 050 km from the closest point on the Iberian peninsula, the archipelago has a maximum length of some 500 km and 1 126 km of coastline. The archipelago consists of seven islands — Lanzarote, Fuerteventura, Gran Canaria, Tenerife, Gomera, La Palma and Hierro — which are very mountainous (31% of the total land area at a height of more than 600 m). The island of Tenerife also has the highest mountain in Spain, Teide (3 710 m). There are few rivers of any importance. The average temperature over the year is over 20°, and the vegetation is the result of a mixing of Mediterranean and Atlantic species.

Incorporated into the Kingdom of Spain in the fifteenth century, the islands are divided for administrative purposes into two provinces with seven island councils, one for each island. The main cities are Las Palmas de Gran Canaria, Santa Cruz de Tenerife, La Laguna and La Orotava. The main points of entry from mainland Spain are the airport of Las Palmas on Gran Canaria and the two airports in the north and south of Tenerife, and the ports of La Luz at Las Palmas and Santa Cruz in Tenerife.

Lanzarote, Canary Islands: the coast, visited each year by millions of tourists, forms a contrast with the remarkable beauty of the desert-like interior.



A tourist region *par excellence* with the high costs of island life

Its exceptional climate and scenery make it a tourist region *par excellence* with an abundance of hotels, and it is visited by more than 3 million tourists each year. The agricultural sector has excellent prospects as a result of the diversification of crops and the tropical nature of many of its products (bananas, mangoes, guavas, avocados, etc.). The flora of the Canaries, which is a mixture of Mediterranean and Atlantic species with others of a tropical nature, besides being of great scientific interest, also offers numerous opportunities in European markets.

The archipelago's peripheral position in relation both to the Spanish mainland and to the European Community gives rise to high costs which have a negative effect on the competitiveness of the region's economy. In addition, the fact that the land area is fragmented into seven islands inflates the cost of the minimum necessary infrastructure (harbours, airports, etc.), and thus handicaps the development of the region, which is in addition greatly constrained by the limited size of its internal market and the great distances to its potential customers. The scarcity of sources of energy and, above all, of water limit the possibilities of developing agriculture and industry because of the high costs of supplies, given that more than 90% of the water resources exploited in the Canaries are difficult to get at, being of subterranean origin.

Scale 1 : 4 000 000

Which regions are similar to the Canary Islands?

Area:
± 7 200 km²
Oberfranken; Mittelfranken (D)
North-West (UK)

Population:
± 1.5 million inhabitants
± 200 inhabitants per km²
Tübingen; Mittelfranken (D)
Shropshire, Staffordshire (UK)

Age:
± 45% aged less than 25
Ireland
Madeira (P)

Employment:
± 10% in agriculture
± 65% in services
Languedoc-Roussillon (F)
Algarve (P)
Notio Aigaio (GR)

Marked contrasts between the islands

The economic growth of the last 20 or 30 years, due basically to the flourishing tourist industry, has been concentrated in those islands which, in addition to their traditional importance with regard to politics, administration and trade, enjoyed a series of relative advantages in terms of natural amenities and accessibility from outside. The result has naturally been a heightening of the contrasts between the large islands of Gran Canaria and Tenerife and the rest, particularly with regard to Gomera and Hierro. Thus, while the islands of Lanzarote, Fuerteventura and, above all, Gran Canaria and Tenerife have seen large increases in their populations, the islands of Hierro and Gomera are in decline, with falling population figures.

The inter-island disparities have therefore increased over the years, with more than 80% of the population currently concentrated in the two largest islands, in which the major part of economic activity is also concentrated. Tenerife and Gran Canaria thus have population densities of 316 and 426 per km² respectively, while the other islands have densities well below the national average, with some having less than 20 inhabitants per km².

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Las Palmas	4.1	819	200	15.5	50	20.4	8	22	70	78
Santa Cruz de Tenerife	3.2	771	241	17.0	48	25.4	9	21	70	77
Canarias	7.2	1 589	220	16.2	49	22.7	8	22	70	78
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

CANARIAS

A young population with high growth rates

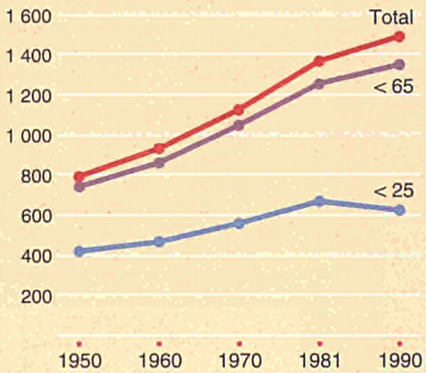
The population of the Canary Islands has practically doubled in the last 40 years. This spectacular growth is due basically to a very high birth rate, and a substantial flow of migrants, both from Spain and from the more industrialized countries of Europe, attracted by the beauty of the islands and the quality of life (11% of the foreign residents in Spain live in the Canaries).

The high birth rates, which have been sustained over the years and have even accelerated in the last two decades, result in a very young population in which the under-25s make up 41.9% of the total. The percentage of the population over 65, on the other hand, is much less than in the rest of Spain, with the exception of the islands of Gomera, Hierro and La Palma, where there is significant ageing caused by the strong migratory flow towards the large islands in the last 25 years.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	332.0	22.3	23.2	21.5
15-24	291.0	19.6	20.1	19.1
25-39	348.0	23.4	23.9	23.0
40-54	241.0	16.2	16.2	16.2
55-64	134.0	9.1	8.7	9.4
≥ 65	139.0	9.4	7.9	10.8
Total	1 489.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	51.9	3.3
of which EC countries	30.7	1.9
of which non-EC countries	21.2	1.3
Germany	11.4	0.7
United Kingdom	10.8	0.7
India	3.2	0.2
Venezuela	2.2	0.1
Sweden	2.1	0.1
Belgium	1.8	0.1

Demographic account — 1980-90 (1 000)

Population 1.1.1980	1 434.0
Births	212.0
Deaths	93.0
Net migration	+ 36.0
Population 1.1.1990	1 589.0

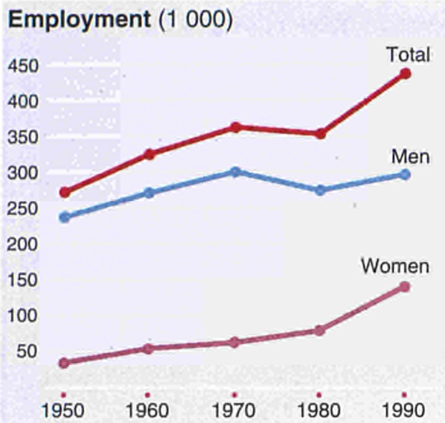
Growing integration of women into the labour market

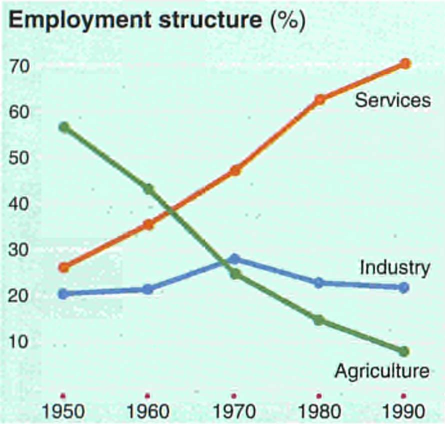
The activity rate in the Canaries is relatively high and has risen steadily over the last few years. This upward trend has been greatly influenced both by the entry into the labour market of a large and growing number of young people and by the significant jump in the activity rate of women in the wake of changes, in large part caused by the socio-cultural repercussions of tourism, in the habits and standards of behaviour inherent in what had until little more than 20 years ago been a traditional and rural society.

The qualifications of the labour force depend on the type of specialization required in the tourist sector. The levels of involvement in vocational training and university courses are below the Spanish average, although the Canaries have two universities, one in Las Palmas de Gran Canaria and the other in La Laguna (Tenerife). With 29 700 students in 1990, these two cover between them most of the traditional university disciplines and have a large number of technical colleges.

Number of pupils — 1990

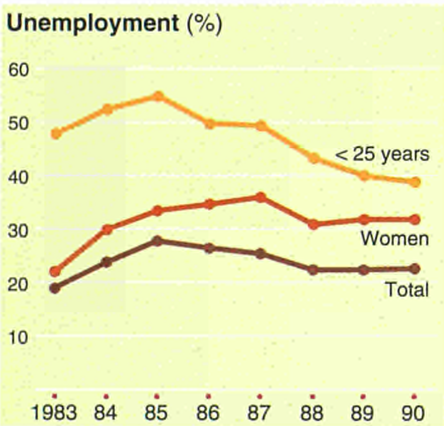
	M + F 1 000	F %
Pre-school	40.3	48.9
Primary	134.6	48.0
Lower secondary	90.0	48.1
Higher secondary	100.7	52.1
Higher education	29.7	:
Total	395.3	49.1





Employment — 1989 (1 000)

Resident employment	438.8
+ Non-residents having a job in the region	2.0
– Residents having a job outside the region	1.0
= Internal employment	439.8



Surpluses in agriculture and more jobs in tourism

After job losses in the early 1980s, put at more than 26 000, the recovery in the region's economy led to the creation of more than 50 000 new jobs between 1986 and 1989. This meant that the rate of growth in employment in the Canaries was practically double that in the Spanish economy.

Between 1980 and 1989 there was a considerable change in the structure of employment. Thus, while employment in agriculture went from 19% to 10% of total employment as a result both of changes in the crops grown and of the introduction of new farming techniques, employment in the services sector grew to 68%. At the same time, the proportion of employment in industry declined slightly. The importance of the tourist industry means that the economy of the Canary islands leans more towards the services sector than either the other Spanish regions, or the European Community as a whole.

Because of their economic structure, the proportion of the workforce in paid employment in the Canary Islands is above the national average. As a result of the considerable importance which agriculture still has in the structure of production and the predominance of the tourist sector, the levels of temporary employment in the Canaries are also high.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1987	1990	1987	1990
Men	18	70	12	80	3	3	22	33
Women	20	69	11	77	16	13	21	33
Total	19	70	12	79	7	6	21	33

Unemployment largely determined by structural factors

High birth rates over the last 25 years, relatively high and rising activity rates resulting from the entry of significant numbers of women into the labour market, together with a capacity for job creation which is highly dependent on the possibilities in the tourist sector and the limits on its growth, combine to give a significant unemployment rate in the islands. Thus, despite the considerable growth in employment between 1986 and 1990 the unemployment rate remained high, with substantial intra-regional differences, although above the national average.

There was a particularly significant increase in female unemployment between 1983 and 1990. Similarly, unemployment among young people (under 25) is considerably above the national average for this sector of the population. Unemployment is very seasonal in the construction sector and the tourist industry (hotels, restaurants, distributive trades and transport).

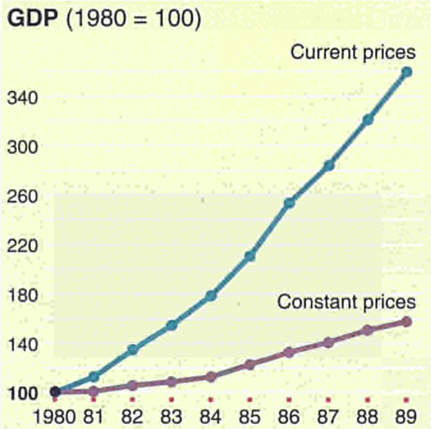
Economic fabric heavily dependent on services

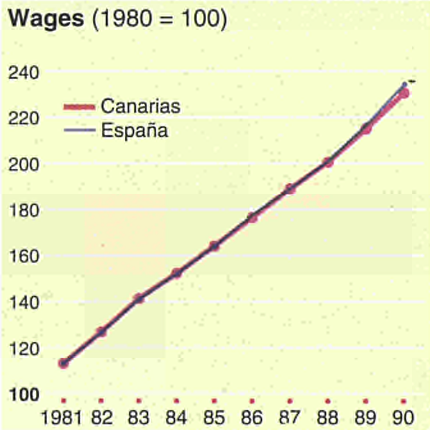
The services sector accounts for a very high proportion of the region's gross product. None the less, this preponderance of services, resulting from the predominance of the tourist sector, is not the result of sectorally progressive and balanced development, nor has it in itself been able as yet to bring the region closer to the levels of production enjoyed by the more highly industrialized regions of Spain.

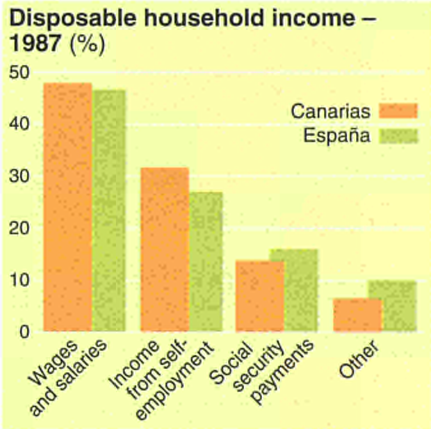
The agricultural sector, which has high productivity thanks to the high added value of its tropical products, makes a limited contribution to the region's value-added and still has too traditional a structure, based predominantly on small-scale family holdings.

Industrial activity, including construction, is closely linked to internal demand from the tourist sector, so that the main branches of industry are food processing and, of course, construction and related industries.

Small businesses predominate, with 96% of all industrial establishments employing 49% of the workers in the sector, and the export component in the region's economy is weak. With 3.7% of Spain's value-added, the economy of the Canary Islands generates only 1% of the country's exports of goods; this reflects the polarized pattern of activity in an economy based on its domestic market which is very dependent on the dynamism of the tourist sector.







Wage levels determined by developments in the services sector

Average hourly earnings in the Canaries are the lowest in Spain, 19% lower than the rest of Spain. In addition, wages in the Canaries have risen more slowly in the last few years than in the country as a whole, since wage increases were 7.22% in 1989 and 7.27% in 1990, while the figures for the whole of Spain were 7.78% and 8.12%.

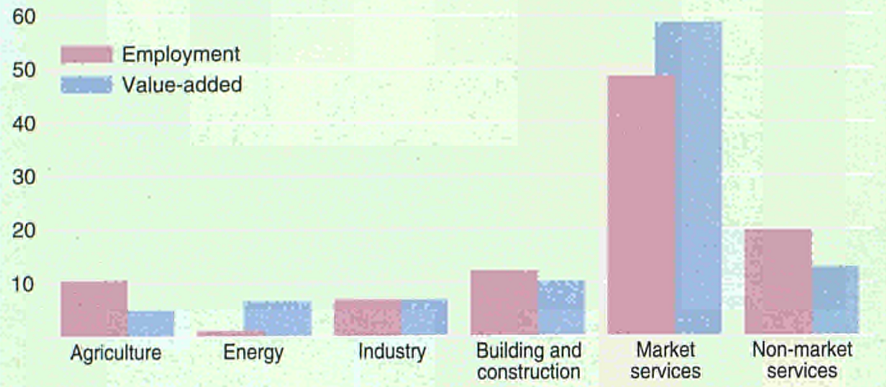
The relatively low level of qualifications required in the jobs held by most people, mainly in the services sector (hotels, restaurants and the distributive trades) seems to be the basic reason for this performance.

Social benefits are still at a low level

Households' per capita disposal income in the Canaries is 14.3% below the national average, which puts this region in the group of Spanish regions with the lowest income level. The proportions of gross operating surplus and compensation of employees in household incomes are above the national averages, while that of social benefits is below the average. On the other hand, 83.7% of gross per capita disposable income is used for final consumption, leaving 16.3% for savings.

The average annual increase in households' per capita disposable income in the Canaries in the last few years has been 2.7% (in real terms), which is above the 1.9% increase recorded at national level. None the less, given the starting levels, this positive differential has been insufficient to improve the Canary Islands' position in the ranking of the regions of Spain.

Employment and value-added: distribution by branch – 1987 (%)



Industry focusing on the domestic market and agriculture increasingly export-oriented

The economy of the Canary Islands is essentially service-oriented: the distributive trades and hotels, transport (fundamental for the economy of the Canaries in view of their island position), and non-market services.

In the secondary sector, the only branch accounting for a higher proportion than the national average is the construction industry, its development being closely linked to that of tourism. The other subsectors of industry have very few establishments in the islands (lack of manufacturing industry). The main products are those of the foodstuffs, beverages, tobacco and non-metallic mineral sectors. The low level of industrialization is due largely to the scarcity of industrial raw materials, the limited size and fragmentation of the domestic market and the remoteness of external markets.

The agricultural sector generates 6% of the region's value-added, with some 70% deriving from agricultural and stockbreeding activities and the rest from maritime fisheries. A large and growing proportion of agricultural output is for export, with bananas, tomatoes, potatoes, cucumbers, peppers, avocados and flowers and plants among the main products. Export-oriented agriculture based on products of this type still has development potential.

Agriculture

Number of holdings	34 364
Labour force	43 184 AWU
Agricultural area	181 000 ha
Livestock	44 000 LU
Gross value-added	7 531 ECU/AWU
Main products	
Fruits — citrus	31%
Vegetables	23%
Poultry — eggs	9%

Main enterprises

Name	Employees	Activity
Unión eléctrica de Canarias	1 890	Production and distribution of electricity
Tabacanaria	1 050	Manufacture of tobacco products
Distribuidora industrial SA	725	Distribution of fuel products
Cigarros de Canarias	647	Manufacture of tobacco products
Intersolares Hoteles	594	Hotels

An interesting natural laboratory

The Canaries, which are similar in some ways to the Galapagos Islands or Hawaii, count as one of the most remarkable natural laboratories for studying the evolution of life on earth, and in 1799 the German geographer Humboldt was amazed at the spectacle of its island microcosms. The islands come fourth in the world for the number of indigenous plant species, and plants and animals survive there which disappeared millions of years ago in other parts of the world, while there are other species which have developed in isolation exclusively in this archipelago. The last species of mammal to be identified by scientists, the Canary Islands shrew, was discovered here in 1986.

In addition, the Canary Islands' geographical position and climate mean that the flora and fauna in the waters around the islands are varied and unusual, with a mixture of both Mediterranean and Atlantic species with others which are markedly tropical in character. The Islands' coast lines, facing in different directions and with varying topography, provide a range of ecological features which are particularly favourable for the establishment and development of numerous animal and plant communities. The Canaries currently have four national parks (Taburiente in La Palma, Garajonay in Gomera, Las Cañadas del Teide in Tenerife and Timanfaya in Lanzarote) and another 47 nature parks scattered over the seven islands. None the less, there are serious dangers for the future conservation of this heritage. At present, the increasing population pressure, the growing flow of tourists, galloping urbanization, land speculation and the over-exploitation of aquifers are all phenomena which call for vigorous, systematic measures to curb their harmful effects.

ESPAÑA

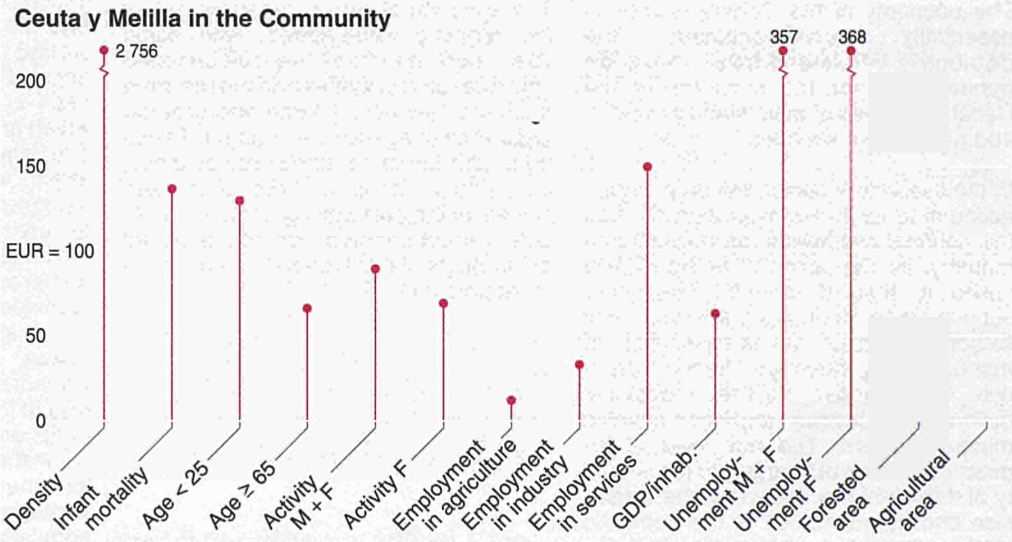
CEUTA Y MELILLA

The towns of Ceuta and Melilla are situated on the north coast of Africa, facing the sea of Alborán and opposite the coastline of Andalusia on the Spanish mainland.

Ceuta lies in the extreme north-west of Africa. Its 20 km of coastline lie on the Mediterranean approach to the Strait of Gibraltar. The town's steep territory covers only 20 km^2. In 1990, half of Ceuta's population were aged under 25. The population includes 5 000 non-Spaniards, of whom 500 are from other Community Member States, and the remainder of African or Asian origin. Population density is correspondingly high and, in view of the high birth rate (15.4 per thousand), is likely to become higher.

Melilla occupies only 12 km^2, and its population density is thus very high. Virtually the entire population is of Spanish nationality: of the 240 non-Spanish residents, about half are citizens of other Community Member States, and the remainder are from Morocco and India.

Ceuta: a coastal market town with much commercial activity, at the gates of the African continent.



Lack of connections with continental Spain

The geographical situation of Ceuta and Melilla, and mild climate — the average temperature is 10°C in January, and 25°C in August — make the towns ideal tourist centres for mainland European visitors, with the additional attraction of an intriguing range of bargains in its bazaars.

Lack of space and water are the two principal limitations on industrial development to benefit from Ceuta's special free port status. The forthcoming construction of a new reservoir will provide new water resources and, if communications with continental Spain are improved, should enable Ceuta to capitalize more on its tourist assets of Mediterranean climate, exotic surroundings and high quality environment.

The town of Melilla has three hotels and a Parador Nacional — one of the Spanish state chain of luxury hotels — together with a number of smaller establishments. The town also has a well-equipped port for cargo and passengers, although it needs extensions to offer better service to the ferries crossing the Strait of Gibraltar. At the same time, on the coast of Melilla, the construction of a marina would be an excellent opportunity to extend the area available for recreational sailing from the harbours of the mainland Costa del Sol. But development of Melilla's tourist potential requires improvements in hotel infrastructure, as well as better air and sea connections with continental Spain.

Melilla: the fishing port, beneath the medieval fortress, is one of the tourist attractions of this town on the northern African coast.

Highest unemployment in the European Community

The town's most dynamic activity is undoubtedly retail trade, with a wide range of bazaars offering visitors everything from the latest model of hi-fi or television to the finest hand-made oriental rugs, all at prices below those found on the mainland. Retailing is also the largest component in a services sector which dominates Melilla's economy, with over 80% of value-added.

In Ceuta, no industrial employer has more than 55 employees, and the range of industry is limited to the food, drinks and tobacco sub-sector, and the manufacture of building materials. The agricultural sector is limited to 54 businesses in the fishing sector, with a total catch of 1 272 tonnes.

Young people put heavy pressure on a job market which is fettered by an economic structure whose ability to create jobs is physically limited as a result of the town's geographical size. In consequence, unemployment is high — seven points above the national average — particularly amongst the under-25s.

The final years of the 1980s heralded a real turn-around in the previous tendency for the population to decline. In the previous 15 years Melilla had lost 20 000 inhabitants, but the number of immigrants began to exceed the number of emigrants in 1977 and this, coupled with a birth rate of 1.76 per 1 000 (1988), has produced a slight annual increase in the population. There is a high proportion of under-25s — 43% of the total — with correspondingly high pressure on the town's labour market. Melilla shares with Ceuta the highest unemployment rate in the Community, and the low level of skills which is the outstanding feature of the employment pool is largely the result of the inability of the town's economy to absorb this increasing pool of young job-seekers.

Industry accounts for a small range of activities centred on construction, energy, vehicle repairs and food. In the food sector the canned fish industry is prominent. The agricultural sector is very small, the main activity being fishing.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Ceuta	0.0	69	3 728	– 2.7	:	25.6	:	:	:	:
Melilla	0.0	63	4 469	7.0	:	34.4	:	:	:	:
Ceuta y Melilla	0.0	132	4 111	1.7	46	29.8	1	12	88	63
España	504.7	39 887	79	5.9	47	16.3	12	33	55	77
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

Explanatory notes — Spain

The statistical data presented here have been compiled by either the national statistical institutes themselves or in collaboration with Eurostat. Despite the efforts which have been made, the comparability of the data between regions in different Member States cannot always be guaranteed.

In addition, the date at which the data were sent varied between Member States so that the Community totals may not always correspond exactly with the sum of the national totals.

Graph: The region in the Community

Source: Eurostat — Regional databank, Regio

Reference period: 1988 (1989 for GDP)

Definitions:

– Infant mortality: Ratio of deaths before the age of one to live births.

– Activity rates: The activity rate is the ratio between the active population (labour force) and the population aged more than 14 years. These data are based on the Community labour force sample survey.

– Employment: Employment structure by sector of activity is measured at the place of residence.

– Gross domestic product: The GDPs are converted to purchasing power standards (PPS) and related to average population.

– Unemployment rates: The unemployment rate is the ratio between the number of unemployed and the labour force.

In accordance with the International Labour Organization recommendations,

– the unemployed are those persons who have no job, are looking for a job, have made serious efforts towards finding one and are immediately available for work;

– the labour force includes those persons who have a job and the unemployed.

Unit: The indicators are expressed as indices related to the Community average (this excludes the five new *Länder* of Germany and the French overseas departments).

Table: The subregions

Population

Source: INE (Instituto Nacional de Estadística)

Activity rates

Source: INE, survey of the active population

Unemployment rates

Source: Eurostat — Regio

Definition: See above

Employment

Source: INE, survey of the active population

GDP per inhabitant

Source: Eurostat — Regio

Definition: See above

Graph and tables: Population

Sources: Censuses: 1950, 1960, 1970, 1981
Population register: 1990

Table: Number of pupils

Source: Ministry of Education and Science

Remark: Academic year 1989/90

Graphs: Employment — Employment structure

Source: INE

Remark: Data relating to 1950, 1960, 1970, and 1981 are derived from the censuses of those years. Data for 1990 are the annual means obtained from the 1990 survey of the active population.

Graph: Unemployment

Source: Eurostat — Regio

Definition: See above

Table: Characteristics of resident employment

Source: Community labour force sample survey

Definitions:

– Employees are defined as persons who work for a public or private employer and who receive compensation; non-conscript members of the armed forces are also included.

– The distinction between full-time and part-time work is generally made on the basis of a spontaneous answer given by the person interviewed.

– A job is regarded as temporary if the termination of the job is determined by objective conditions such as reaching a certain date, completion of an assignment or the return of an employee who has been temporarily replaced.

Graph: GDP (1980 = 100)

Source: Eurostat — Regio

Statistical note: Regional GDPs at current prices were deflated using the national GDP deflator.

Graph: Wages

Source: Ministry of Labour and Social Security: *Boletín de Estadísticas Laborales*, June 1990

Graph: Disposable household income

Source: Regional accounts

Data are provisional

Graph: Employment and value-added: distribution by branch

Source: Eurostat — Regio

Table: Agriculture

Sources: Survey on structure of agricultural holdings, 1987
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Source: Economic councils of the Autonomous Communities

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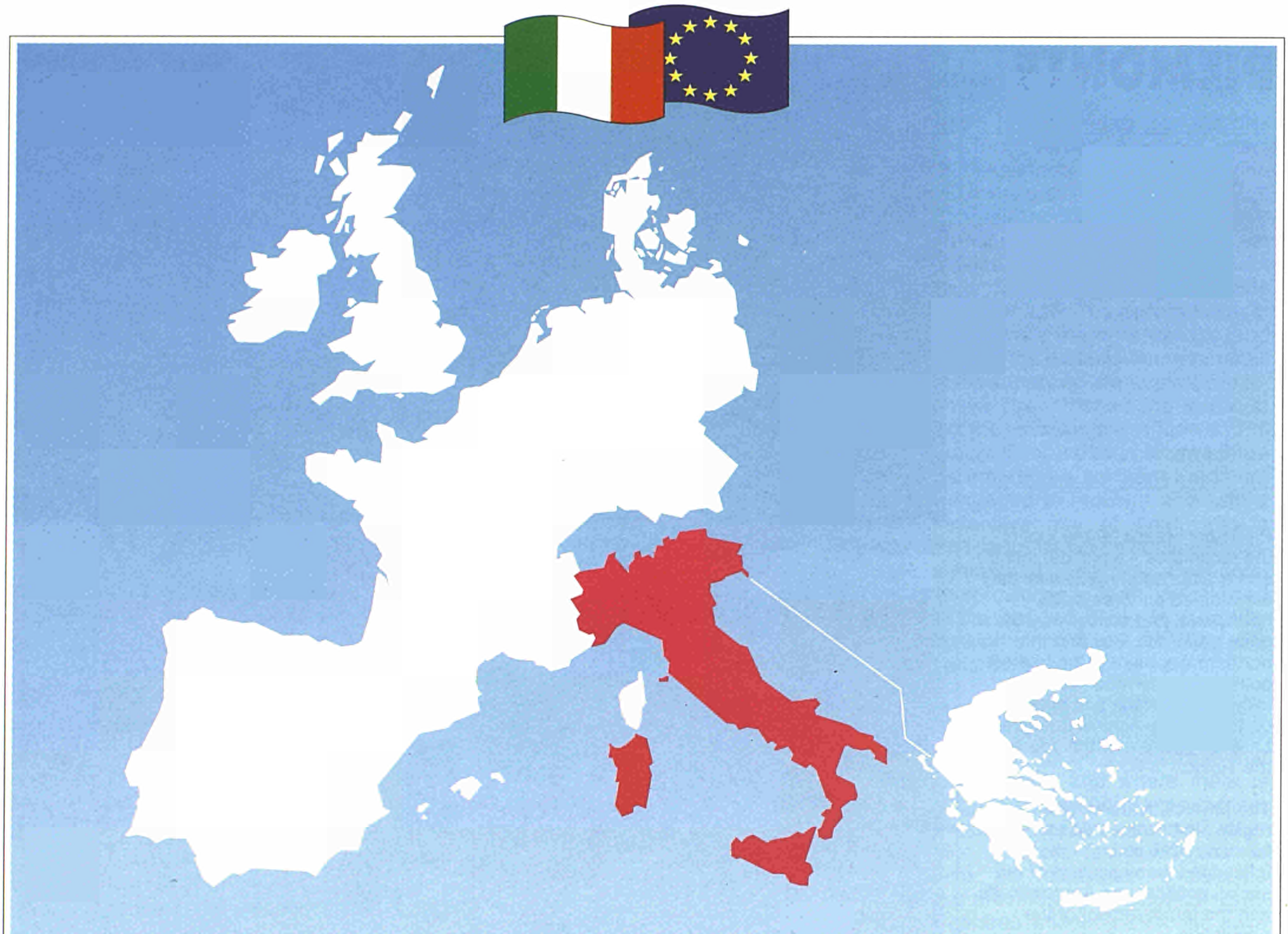
ITALY



Italy stretches between 47 06' and 35 30' N. Its climate is greatly influenced by the Mediterranean which surrounds three-quarters of its territory. The total area is 301 287 km^2 and on 1 January 1990 the resident population was 57 600 000, giving a density of 191 inhabitants per km^2.

Mountains, which include the mighty ranges of the Alps and the Apennines, cover 35.2% of the country, with hills and plains accounting for 41.6 and 23.2% respectively. The history of Italy has been marked by a variety of events, which have often had an impact far beyond the borders of the country. Italy became a single nation in 1870 and it is now a republic with a parliament consisting of two chambers elected by universal suffrage. The two houses of the parliament (the Chamber of Deputies and the Senate, both elected for five years) jointly elect the Head of State (President of the Republic) who holds office for seven years.

Italy consists of 20 regions at the top level of administrative subdivision. Depending on the level of autonomy which they enjoy or their particular geographic or ethnic circumstances, these regions are classified as having either a special or ordinary constitution. The former group includes Valle d'Aosta, Friuli-Venezia Giulia, Trentino-Alto Adige, Sardinia and Sicily (established in 1948 at the time of the Constitution), while the latter group covers all the other regions which were set up in 1970. At the second level of subdivision there are 95 provinces, two of which (Bolzano-Bozen and Trento) have special privileges. The third level comprises the municipalities, of which there were 8 098 on 1 January 1990. Another administrative subdivision, at a level between the provinces and the municipalities, is currently being defined for the metropolitan areas.

The territory of Italy includes two sovereign States:

- the Vatican City (1 000 inhabitants in 5.7 km^2)
- the Republic of San Marino (23 000 inhabitants in 60 km^2).

ITALIA

PIEMONTE

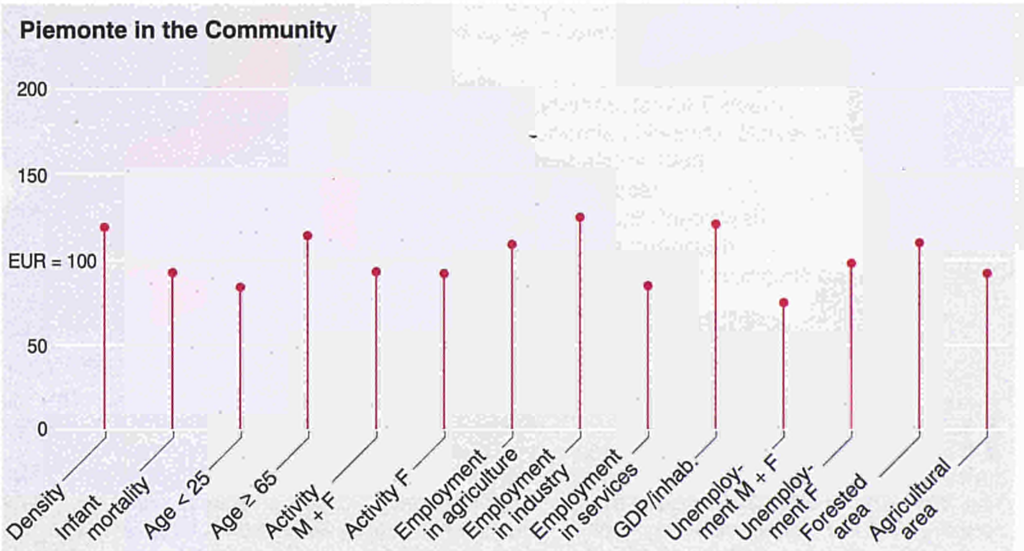
Piedmont means 'at the foot of the mountains' ('a pie' dei monti') and is situated in north-west Italy surrounded on three sides — north, west and south — by the great arc of the Alps and the northern Apennines, the highest point being Monviso (3841 m). Hilly in the centre, it is bounded on the east by natural frontiers — Lake Maggiore and the course of the Ticino.

The physical features of the region — 43% mountains, 30% hills and 27% plains — have influenced many aspects of the social, political and economic life and the temperament of the population.

The climate is continental, with wide variations between the maximum summer and minimum winter temperatures, and there are a large number of mountain and winter sports resorts. The river system of Piedmont essentially arises in the Alps, with the rivers arranged in the shape of a fan and flowing into the Po.

There are links with neighbouring France via the Fréjus and Colle di Tenda tunnels and the Montgenèvre Pass, and with Switzerland over the Simplon and Great St Bernard passes. The region's airport, Turin-Caselle, caters for domestic and international flights.

Wine-growing in Piedmont: terraced vineyards near Ivrea (Province of Turin).



Dynamic industry, traditional agriculture

Piedmont boasts a well-established economic structure. The industrialization which started at the turn of the century was based on the availability of hydroelectric power and on the existence of a comprehensive network of good-quality communications. The growth of small businesses followed on the rapid expansion of major undertakings such as Fiat. In fact, the development of the automobile industry made its effects felt in many sectors from rubber products to plastics, textiles, glass, etc.

Another factor in this trend was the availability of unskilled labour from the rural areas of the region and from the depressed areas of southern Italy.

This aspect of the economy of Piedmont is, however, a Sword of Damocles. Short-term economic downturns and inadequate technological upgrading to improve market competitiveness may have a ripple effect on the entire economic structure of the region. And agriculture, which makes only a very small contribution to the region's wealth, is in a very weak state — high production costs, inadequate marketing and transport networks, holdings amongst the smallest in Europe and ageing farmers.

Scale 1 : 2 000 000

'North and south' exists also in Piemonte

The region is subdivided into six provinces — Turin, Vercelli, Novara, Cuneo, Asti and Alessandria. Half the population is located in the province of Turin, with the capital city itself accounting for about one million inhabitants, or a good quarter of the total population. The province of Turin is the most densely populated, with 334 inhabitants per km^2. The depopulation of the mountains and the flight from the land as a result of the establishment of small businesses supplying the automobile industry have strengthened the towns at the foot of the mountains and Turin and its conurbation. Over a period of time there has thus emerged a northern Piedmont mainly engaged in industry and with a capital-intensive use of land, and a southern Piedmont which is overwhelmingly agricultural. The first area comprises the provinces of Turin, Vercelli and Novara, the last two being favoured by their situation along the Turin-Milan axis — the 'economic capital' of Italy.

Southern Piedmont, on the other hand, comprises the provinces of Asti, Alessandria and Cuneo, which specialize in fruit and wine-growing, and where there is thus a higher proportion of employment in the primary sector compared with other provinces. However, this subdivision is not quite so clear-cut, since the 'southern' provinces have a number of industrial centres reflecting a second wave of industrial development.

Which EC regions are similar to Piemonte?

Area:
± 25 000 km^2
Champagne-Ardenne;
Poitou-Charentes (F); Sicilia (I)

Population:
± 4.5 million inhabitants
± 150 inhabitants per km^2
South-West (UK)
Provence-Alpes-Côte d'Azur (F)
Berlin + Brandenburg (D)

Employment:
± 8 % in agriculture
± 40 % in industry
Bayern (D)
Navarra (E)

Unemployment rate:
± 7 %
Niedersachsen (D)
South-West (UK)

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km^2	1 000	Inhab./km^2	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Torino	6.8	2 275	334	−3.0	49	7.8	3	45	52	:
Vercelli	3.0	381	127	−3.9	49	3.5	8	46	46	:
Novara	3.6	501	139	−1.3	49	4.1	3	41	56	:
Cuneo	6.9	546	79	−0.4	52	3.4	19	33	48	:
Asti	1.5	209	140	−2.8	52	4.7	19	35	47	:
Alessandria	3.6	445	124	−4.5	47	5.0	10	33	58	:
Piemonte	25.4	4 358	171	−2.7	49	6.0	7	41	52	121
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

A low birth rate and an ageing population

The population of Piedmont followed a downward trend throughout the 1980s. This drop is the result of the natural negative balance (of some 3 to 4 % per year), while the migratory balance since 1986 has again become positive because of an excess of new immigration over a stable figure for emigration.

The demographic structure in Piedmont is typical of post-industrial areas, with an ageing population and a low birth rate. The most reliable forecasts indicate that the proportion of people over 64 should rise to 25% within the next 20 years, i.e. some 820 000 persons.

At the same time, the proportion of young people up to 25 years of age is now 27% compared with 33% in 1971, when the age structure in Piedmont was being influenced by the immigration of people in the younger age groups.

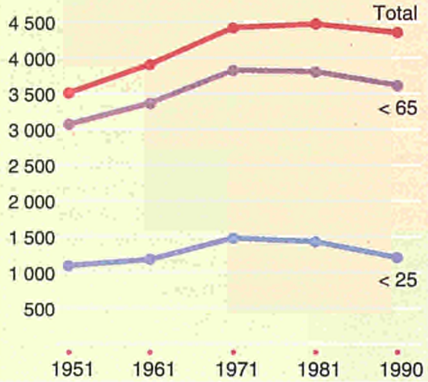
The current birth rate is one of the lowest in Italy, with the average number of children per woman being 1.07, while mortality is amongst the highest in Italy.

Infant mortality reflects the improvements in health care and preventive medicine in northern Italy and stands at 7 per 1 000.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	586.0	13.5	14.3	12.7
15-24	624.0	14.3	15.1	13.6
25-39	912.0	20.9	21.9	20.0
40-54	928.0	21.3	21.9	20.7
55-64	575.0	13.2	13.0	13.3
≥ 65	732.0	16.8	13.7	19.8
Total	4 357.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	22.5	0.5
of which EC countries	6.6	0.1
of which non-EC countries	15.9	0.4
Morocco	2.8	0.1
France	2.2	0.1
United Kingdom	1.5	0.0
Germany	1.1	0.0
Switzerland	1.1	0.0
Yugoslavia	1.1	0.0

Demographic account — 1981-1990 (1 000)

Population 25.10.1981	4 479.0
Births	280.5
Deaths	410.7
Net migration	+ 8.8
Population 1.1.1990	4 357.6

More elderly workers?

The number of people of working age (from 15 to 64) will fall by 6% within eight years and by 15% within 18 years.

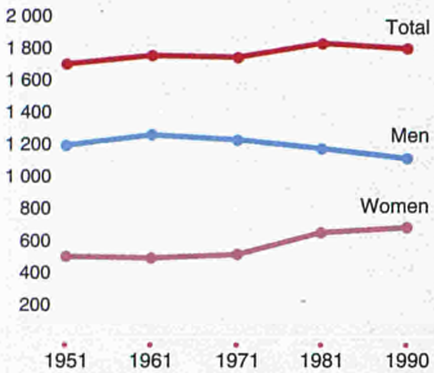
Taken in conjunction with an ageing population structure, this situation would indicate that, assuming the economic situation remains unchanged, the demand for labour will become more urgent and can only be met by migration from within Italy or from outside the Community.

Figures for education show 62% of school pupils in compulsory education, with the remainder in senior secondary schools or university-level education. The regional government has organized vocational training courses in various subjects (mechanics, textiles, catering, etc.), with an appropriation in 1990 of ECU 20 million and providing places for some 148 000 young people over a period of four years from the entry into force of the law.

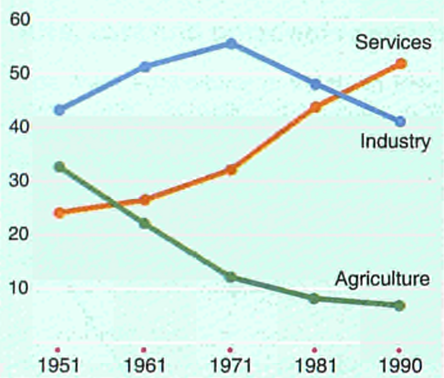
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	90.0	48.7
Primary	191.0	48.7
Lower secondary	153.0	47.5
Higher secondary (technical)	136.0	49.2
Higher secondary (general)	54.0	57.1
Higher education	70.0	45.3
Total	694.0	49.3

Employment (1 000)



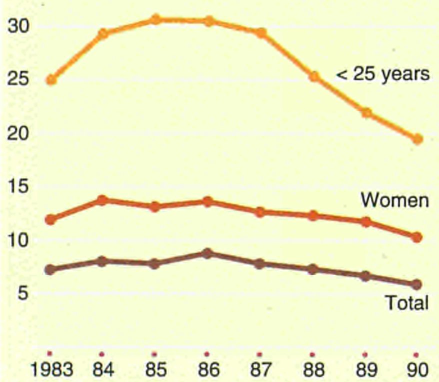
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	1 788.0
+ Non-residents having a job in the region	:
– Residents having a job outside the region	:
= Internal employment	1 852.0

Unemployment (%)



From industry to services

Between 1951 and 1990 the number of employed in Piedmont remained more or less stable. What has changed is the ratio between the sexes, with 70% of employed persons in the years of industrialization being male, but falling to about 60% in the 1980s. Moreover, whereas after the war 30% of the employed were in agriculture, the figure 30 years later was only 8%. Whereas between 1960 and 1970 industry confirmed its role as the motor of the Piedmontese economy, in the 1980s it was the services sector which absorbed much of the labour laid off as a result of industrial rationalization.

Nevertheless, the proportion of employment provided by industry in Piedmont is still higher than the national average.

In 40 years the proportion of persons employed in services has doubled, making this the predominant sector.

Over the last few years employment has increased in Piedmont, mainly in the services sector, and it is women who have benefited most from this provision of new jobs.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	13	74	14	70	1	1	2	1
Women	17	75	8	76	6	7	2	3
Total	14	74	12	72	3	3	2	2

Unemployment hits the least qualified the hardest

The main features are as follows:

– the predominance of women, who account for 70% of the total;

– the predominance of young people, with 68% of the unemployed aged between 14 and 29;

– the low level of education, with only one-third of the unemployed having a school diploma or degree.

It should be pointed out that the majority of the unemployed are located in the province of Turin.

However, the unemployment rate in Piedmont is well below the figures for the regions of the centre and the south of Italy.

With an age structure in which there is a shortage of young people, and with the strong imbalance between north and south, it is impossible to avoid envisaging renewed immigration.

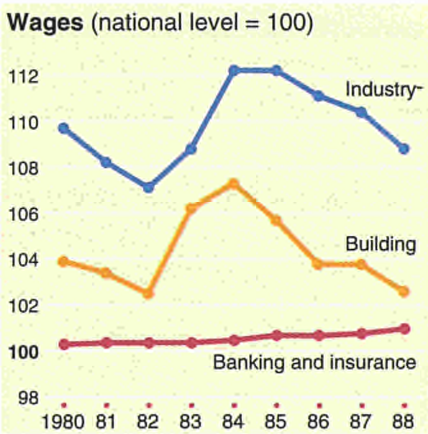
Since the trend in unemployment over the last few years shows a levelling-off, while employment has increased slightly, the overall impression is of a replacement of generations, with older people being replaced by younger people.

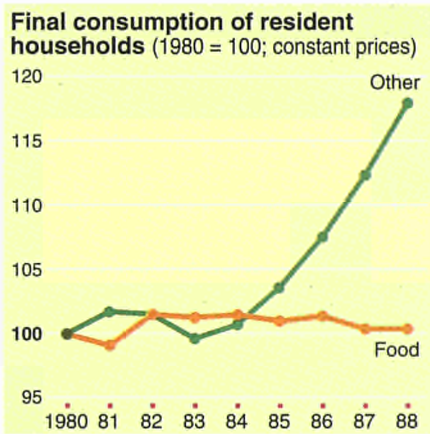
Internationalization of industry

Piedmont contributes some 9% of Italian GDP.

In 1988 the foreign trade surplus was ECU 2.7 billion, but agricultural produce, energy and chemicals showed a deficit. There was a large surplus in engineering products, including agricultural and industrial plant accounting for 17% of the Italian total, and office machines accounting for 31% of the total. A large proportion of exports goes to other EEC countries and 8% to the United States. In the leading industrial branches such as components, automobiles and industrial vehicles (Iveco), as well as in clothing (GFT-Miroglio), alcoholic beverages (Martini & Rossi Ivlas, Cinzano, Campari) and confectionery (Ferrero), there has for some time now been a process of internationalization involving export drives, licences and investment, participation in joint ventures, agreements and alliances with both EEC and State-trading countries.

This will undoubtedly help companies in Piedmont — which are already further advanced in the process of internationalization than those in other regions of Italy — to consolidate their position on the domestic market and to compete internationally on a more solid basis.





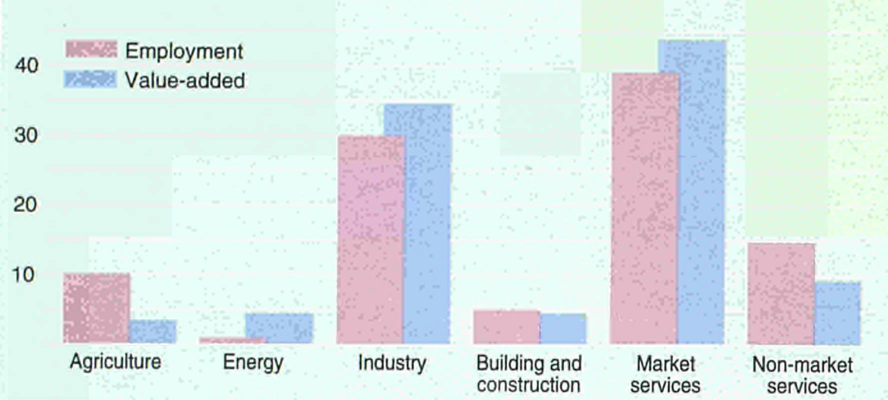
High labour costs, more spending on leisure

Gross per capita earnings in Piedmont show an increase slightly above the national average, particularly in the (strict definition) industrial sector. However, earnings in the primary sector hardly match the national average, notably in agriculture.

Labour conflicts have fallen dramatically. Between January and September 1990 just over a million hours were lost in conflicts, compared with a figure six times as high only seven years ago. Comparison with 20 years ago is even more striking — 19 million hours lost in the years of aggressive wage bargaining. The average family income is ECU 1 470, one of the lowest in north-west Italy.

Consumption by families in Piedmont represents 8% of national expenditure for 7.5% of the Italian population. Food accounts for 23% of total family consumption. Major items of non-food expenditure are housing, transport, communications and entertainment.

Employment and value-added: distribution by branch – 1988 (%)



Rice, cars and personal computers

The main agricultural products in Piedmont are cereals, including rice, representing more than 50% of national production, maize, grapes for wine-making and fruit and milk.

With more than one million head of cattle, livestock production accounts for half of final agricultural production in Piedmont.

In industry the Fiat concern employs some 290 000 people. This sector has led to the growth of a network of small suppliers located mainly around Turin.

In the field of computers, Olivetti is one of the 10 largest manufacturers in the world. Other important branches are textiles in the area of Biella (province of Vercelli), iron and steel, civilian electronics and white goods.

In the services sector, Piedmont comes third in Italy for wholesale companies, with particular emphasis on clothing. In the retail trade there are 171 inhabitants per food outlet and 91 per non-food outlet.

There are 255 supermarkets with a surface area of 250 000 m^2, and a further 110 establishments ranging from department stores to cash and carry.

Finally, there are some 25 000 units in the field of data-processing services and business communications, most of them concentrated around Turin.

Agriculture

Number of holdings	191 876
Labour force	173 335 AWU
Agricultural area	1 310 000 ha
Livestock	1 128 000 LU
Gross value-added	10 654 ECU/AWU
Main products	
Cereals	20%
Cattle	20%
Milk	12%

Main enterprises

Name	Employees	Activity
Fiat Auto	70 400	Car manufacturing
Michelin Italiana	10 070	Tyres
Tecsid-Acciaio	9 000	Manufacture of basic metals
Iveco Fiat	5 600	Manufacture of motor vehicles
ATM - AZ - Tramvie municipali	5 500	Urban transport
SKF Industrie	1 210	Manufacture of bearings
Unicem	1 020	Manufacture of cement

Flight from pollution

The flight from the major urban centres can be seen in all towns in Piedmont with more than 150 000 inhabitants. Even the capital Turin, which 10 years ago contained 48% of the population of the entire province, now has only 44% and has lost 158 000 inhabitants, representing 13% of its residents. The reason for leaving the capital is not the lack of green areas available — at 12 m^2 per inhabitant this is the highest in Italy after Bologna — but the quality of urban life.

To the air pollution and noise must be added the problem of finding accommodation at reasonable prices. To make the cities more attractive, the various local authorities are taking increasingly decisive action to close the old city centres, to improve urban amenities, to clamp down on exhaust gases, to monitor the air and water and to increase the green areas accessible to the public. A survey is currently being undertaken of manufacturing establishments to determine the type and quantity of waste generated, with a view to finding plants capable of recycling the industrial waste.

Outside the cities, Piedmont has 156 000 hectares of parks, nature reserves and protected areas totalling 6.14% of the region's territory. Of these, 112 000 hectares are situated in the mountains, 8 000 in the hills and 49 000 in the plains. Examples are Gran Paradiso, Argentera, Orsiera Rocciavre, the banks of the Po and Valle del Ticino. The 633 000 hectares of forest represent 9% of the wooded area in Italy, although inevitably subject to the ravages of fires, which in 1988 destroyed 2 232 hectares of trees.

ITALIA

VALLE D'AOSTA

Valle d'Aosta takes its name from the principal valley, down which flows the river Dora Baltea, and from Aosta, its only sizable town and capital, the Augusta Pretoria of the ancient Romans.

It is the smallest region of Italy, and lies at the country's northwestern frontier, between the Pennine and the Graian Alps.

The entire region is mountainous, and includes several of Europe's highest peaks, including Mont Blanc (4 810 m) and the Matterhorn (4 478 m). The region's climate is naturally Alpine, with hard winters and temperate summers.

The central valley runs from west to east, joined on both sides by lateral glacial or river valleys.

Valle d'Aosta has links to Piedmont by motorway and rail, to France by the Mont Blanc tunnel and the Little St Bernard Pass, and to Switzerland by the Great St Bernard Pass.

Valle d'Aosta has a large degree of autonomy:

– the right to enact primary law (i.e. to enact legislation differing from national law);

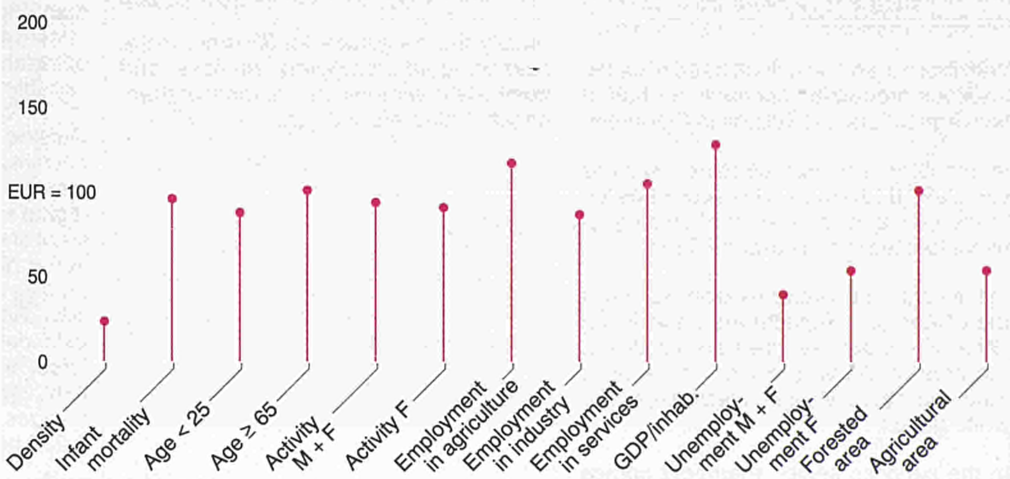
– full competence in economic affairs (industry, trade and tourism);

– restrictions on the national government's right of intervention;

– equal status for the French and Italian languages.

Monte Rosa (in the distance) dominates the valley of Gressoney.

Valle d'Aosta in the Community

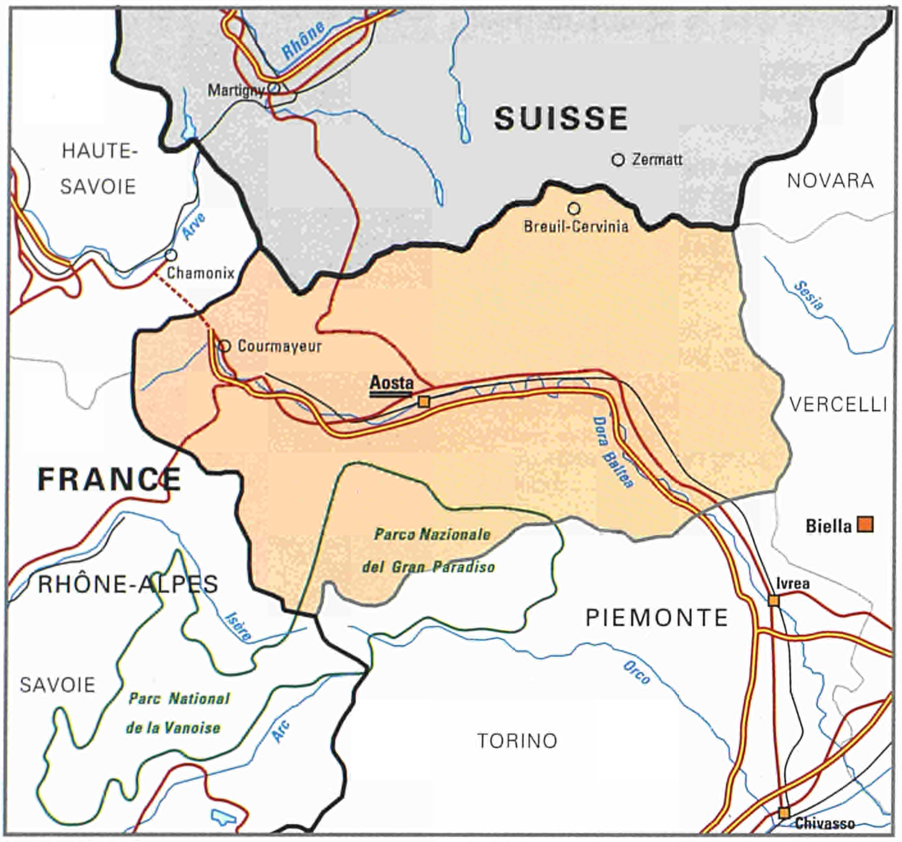


Harmonious development, despite difficult communications

Although Valle d'Aosta has undergone profound social and economic change over the past 40 years, the process has never run out of control. Growth and change have been gradual and balanced, and the disastrous effects of rapid, unplanned change have been avoided.

The region's potential in tourism and agriculture has been developed well and harmoniously. A generally high and well-balanced standard of living and high quality social services also contribute to a low rate of crime and a relative absence of social unrest. On the other hand, the region lacks a university, and this is hard to reconcile with the development of highly specialized small industries, or indeed with the development of a medium-to-high quality tourist and hotel industry where traditional methods and family management are still the rule.

Another weak point is communications. The mountains are a physical obstacle, but it is true that better rail, air and road transport out of the valley would help substantially to capitalize on the region's potential, *vis-à-vis* not only the rest of Italy but also — given Valle d'Aosta's position at the frontier — the rest of Europe.



Scale 1 : 1 000 000

Which EC regions are similar to Valle d'Aosta?

Area:
3 300 km²
Zuid-Holland (NL)
Brabant (B)

Population:
± 120 000 inhabitants
Guyane (F)
Ceuta y Melilla (E)

Population density:
± 35 inhabitants/km²
Ipeiros; Peloponnisos (GR)
Corse (F)

Employment:
± 8% in agriculture
more than 60% in services
Luxembourg (B)
Bourgogne (F)

Balanced development between central and lateral valleys

Internal migration has been somewhat slowed by the generalization of certain styles of agriculture and the vigorous growth of tourism, and this has helped stabilize the population in the region's various valleys. The central valley is broader and has better access: for these reasons it is, naturally, rather more densely populated and rather more heavily industrialized.

There are minor differences between individual tributary valleys. Those of the northern flank of the Aosta valley are more accessible and have a high reputation in the tourist world — Cervino and Val d'Ayas — and show a satisfactory balance between agriculture, tourism and light industry.

Less favoured from the point of view of relief and climate, the southern lateral valleys are marginally less developed and show a slight tendency to migration to the central valley and to Aosta itself.

These differences are, however, minimal, and reflect the evenness of incomes and job opportunities across the region.

Health and social services are distributed throughout the region: even the smallest centres have a nursery school, primary school and clinic; more substantial services (secondary schools, hospitals, etc.) are located in the central valley or in Aosta itself. An efficient public transport system nevertheless guarantees easy access to these services, even during the winter season.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Valle d'Aosta	3.3	115	35	1.3	52	2.4	10	28	62	128
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

VALLE D'AOSTA

Immigration and ageing

The population density of the Valle d'Aosta is by far the lowest in Italy. It should be remembered, on the other hand, that the region has extensive uninhabited areas of mountain and glacier, and that a substantial part of the population lives in the central valley. Migration from the lateral valleys has now been stemmed by generous regional support for agriculture and tourist development.

The population is growing slowly but steadily. Negative natural increase since 1976 has been more than offset by a regular surplus on migration.

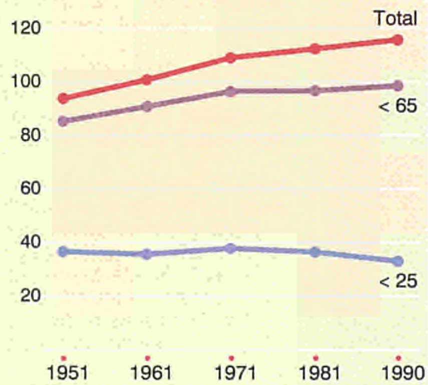
The region has one of Italy's lowest birth rates, which means that the average age of the population is rising. This, too, is partly compensated by immigration, since most migrants arriving in the region are younger persons working in the tourist industry.

This means that the younger population is fairly stable, whilst the number of elderly residents has more than doubled in 40 years and the population of working age has increased very slightly.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	16.0	13.9	14.5	13.2
15-24	17.4	15.1	15.6	14.5
25-39	26.1	22.6	23.8	21.5
40-54	24.1	20.9	21.8	19.9
55-64	14.6	12.7	12.3	13.0
≥ 65	17.1	14.8	12.0	17.9
Total	115.3	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	0.6	0.5
of which EC countries	0.3	0.3
of which non-EC countries	0.3	0.2
France	0.2	0.2
Switzerland	0.1	0.1
United Kingdom	0.0	0.0
Morocco	0.0	0.0
Belgium	0.0	0.0
Germany	0.0	0.0

Demographic account — 1981-90 (1 000)

Population 25.10.1981	112.4
Births	7.7
Deaths	9.8
Net migration	+5.0
Population 1.1.1990	115.3

Much commuting to jobs outside the region

Economic development has been slow but balanced, with agriculture and tourism distributed across the region in businesses which are essentially family-run. This means that there are no rigid dividing-lines between the various branches of economic activity in the pattern of employment. Those occupied in tourism are likely also to work on the family farm, and this tendency is reinforced by the seasonal nature of both activities.

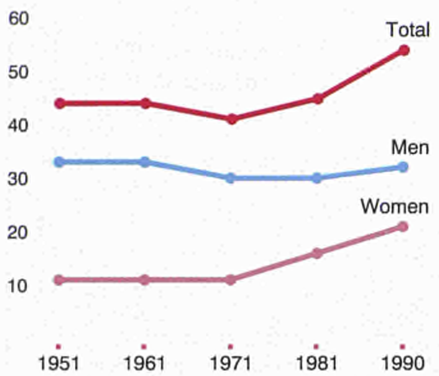
There is much commuting by residents of Valle d'Aosta employed in other regions. There is a strong tendency to maintain ties with the region, in view of the benefits which derive from its particular political and administrative status.

Job and vocational training resources are improving rapidly, but are still some way behind changes in economic reality; in particular the region lacks an establishment of university level.

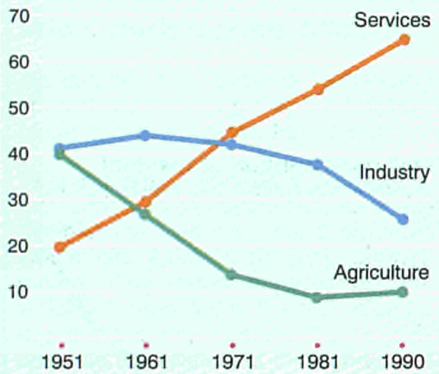
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	3.0	48.5
Primary	5.0	47.7
Lower secondary	4.0	47.4
Higher secondary (technical)	3.0	55.3
Higher secondary (general)	1.0	56.4
Higher education	—	—
Total	16.0	49.6

Employment (1 000)



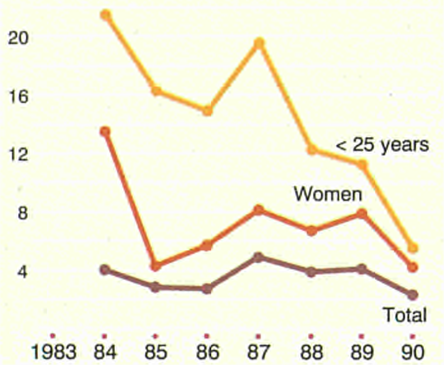
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	48.0
+ Non-residents having a job in the region	:
− Residents having a job outside the region	:
= Internal employment	51.0

Unemployment (%)



Tourism, source of employment

In 1951 agriculture accounted for almost 40% of the labour force; over the years that percentage has slipped to around 7%.

This does not mean that agricultural holdings have been merged; they remain numerous, and they remain essentially family-run.

The percentage of jobs in industry has fallen very slightly, but its structure has changed substantially. The old mining and iron ore processing industries barely survive, and small, highly specialized, advanced-technology light industries are booming.

Most significant is the growth in employment in the services sector, which now accounts for well over half of all jobs. The build-up of regional self-determination has led to a substantial increase in the number of jobs in administration, but the bulk of services sector employment is in tourism and tourist-related sectors. Here too, businesses are for the most part family-run.

The prevalence of family-run businesses in the agricultural and tourist sectors shows clearly that underlying social patterns have been left unharmed by the gradual but radical changes in the region's economy.

Lastly, it should be noted that over the past 40 years female employment has increased, mainly in the services sector.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	15	76	9	70	1	2	4	4
Women	21	74	6	74	11	11	4	3
Total	17	75	8	72	5	5	4	4

Unemployment under control

Unemployment in Valle d'Aosta presents particular features which are worth highlighting.

First, as a rule, the persons concerned are short-term unemployed, with a fairly short waiting period between jobs.

Secondly, a measure of deliberate unemployment may be discerned. The generally high standard of living and the existence of a family farm-holding cushion the unemployed for long enough to wait serenely until a better job with better pay turns up.

This situation is the result of the heavy State subsidies to the economy.

Because of its special status Valle d'Aosta has particular features in its structure which differ from those in other regions.

There are virtually no intermediary administrative organizations or regulatory bodies. This means that little time is lost on bureaucracy, and regional government reaction time is fast.

The region also possesses substantial financial resources, including not only transfers from central government but virtually all the indirect taxes paid in the region, customs duties, etc.

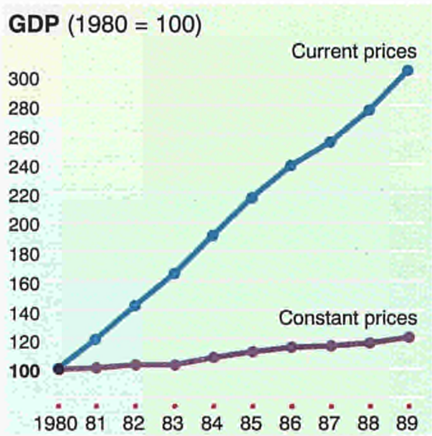
These two factors underlie a considerable and efficient regional contribution to the region's economy, with planning, guidance and short-term measures.

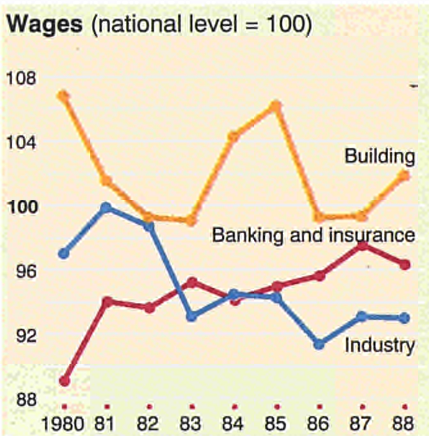
A family-based production system

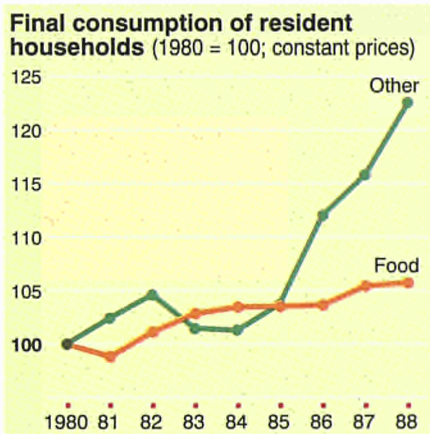
In agriculture and tourism, family management of businesses ensures reductions in overheads.

The role of the regional government must be borne in mind in any analysis of the formation of income. The region's budget is proportionately greater than that of any other Italian region. This considerable financial capacity is used to guide and support the economy, and grants and reduced-rate loans are available to support regional industry and commerce, and generally to maintain the economic strength of the region's businesses.

The flexibility of the region's small industry, the relationship between agriculture and tourism, and the substantial role played by the regional government combine to produce a real reduction in costs per unit, whilst at the same time employees' wages are generally higher than the national average.







High salaries, low labour costs

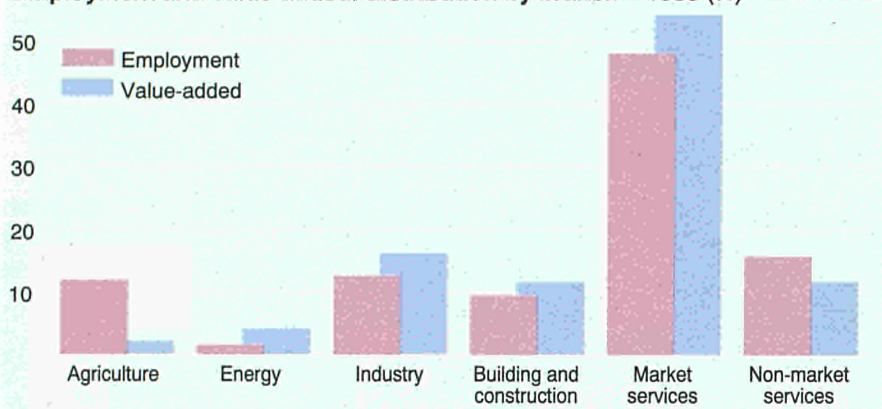
Labour costs in Valle d'Aosta are marked by a number of distinct features.

Although national labour agreements are observed, and greater flexibility and greater liberty are allowed by the predominance of small businesses. Because of this, wide use is made of government measures to reduce the cost of labour, such as job-creation schemes, and tax breaks for smaller businesses.

As a result of this, the difference between the cost of labour to business and disposable income is slightly less than in other Italian regions. This in turn gives businesses greater opportunities to reinvest, and in industry allows wages somewhat higher than the national average.

Public servants are better paid than the national average. Amongst other differences in terms of public service employment, a substantial allowance is payable to those who are bilingual.

Employment and value-added: distribution by branch – 1988 (%)



Wine, stock rearing, SMEs, tourism

Agriculture has become increasingly specialized, retaining only a marginal interest in cereals, potatoes and fruit.

Wines of high — and rising — quality are produced in small quantities. All are entitled to the Denominazione di Origine Controllata. Animal feed crops supply the region's dairy herds, some 50 000 head, which are pastured in the high Alps during the summer period. The region's cheeses are renowned throughout Italy. Virtually no other form of stock rearing is practised.

Although industry's contribution to the region's economy has been fairly stable over the past 40 years, its structure has changed profoundly. The old industries of iron-ore extraction and processing have declined gradually but steadily and been replaced by a dense network of small and medium-sized enterprises (SMEs) covering the entire region, some highly-specialized in computing.

Tourism is one of the strongest points of the region's economy. The valley's natural beauty, its peaceful atmosphere in summer and snow in winter have allowed the development of a flourishing tourist industry. Tourist resources are substantial (one tourist bed for every 1.4 permanent residents) and suitably diversified: of the 82 000 tourist beds in the region, a third are in hotels and inns, and the remainder in other forms of accommodation: Alpine refuges, campsites, etc.

Risk of avalanches; traffic pollution increasing

Generally speaking, environmental conditions in Valle d'Aosta are fairly satisfactory.

Geologically the area is fairly recent (it dates from the Quaternary period) and therefore still subject to subsidence, although earthquakes are rare.

Avalanches, on the other hand, are a considerable risk, given the steepness of the mountain slopes and the wide temperature variations within the year. More than 15% of the region's territory is considered to be at medium risk or higher. A programme of public works aimed at limiting avalanche risks has now been in effect for a number of years.

Natural disasters are, therefore, being avoided.

Pollution generated by road traffic is becoming a cause for some concern, particularly in the central valley. The Mont Blanc tunnel is a major link from the Italian peninsula to northwestern Europe, and the constantly expanding volume of heavy freight traffic transiting through the region increases congestion whilst making the problem of pollution more urgent and more acute by the day.

Agriculture

Number of holdings	8 560
Labour force	5 673 AWU
Agricultural area	105 000 ha
Livestock	29 000 LU
Gross value-added	6 410 ECU/AWU
Main products	
Milk	37%
Cattle	33%
Fruits — citrus	4%

Main enterprises

Name	Employees	Activity
Cogne	2 600	Extractive industry
Sipa	510	Preparation and spinning of textile fibres
Saav. Alberghi Valdostani	316	Hotels and restaurants
Sib	240	Manufacture of beer
Baltea Disk	130	Manufacture of office machinery
Savda	110	Urban transport
Enrietti	100	Manufacture of tools

ITALIA

LIGURIA

Situated between the Alps and the Apennines in the north and the Tyrrhenian Sea in the south, Liguria's 5 418 km² extend through an arc of some 335 km of coastline with an average width of about 22 km.

The mountains bordering the region to the north act as a weather barrier, protecting the mild Ligurian climate. The abundant precipitation promotes a luxuriant and varied vegetation, with more than 50% of the total surface area being covered by woodland.

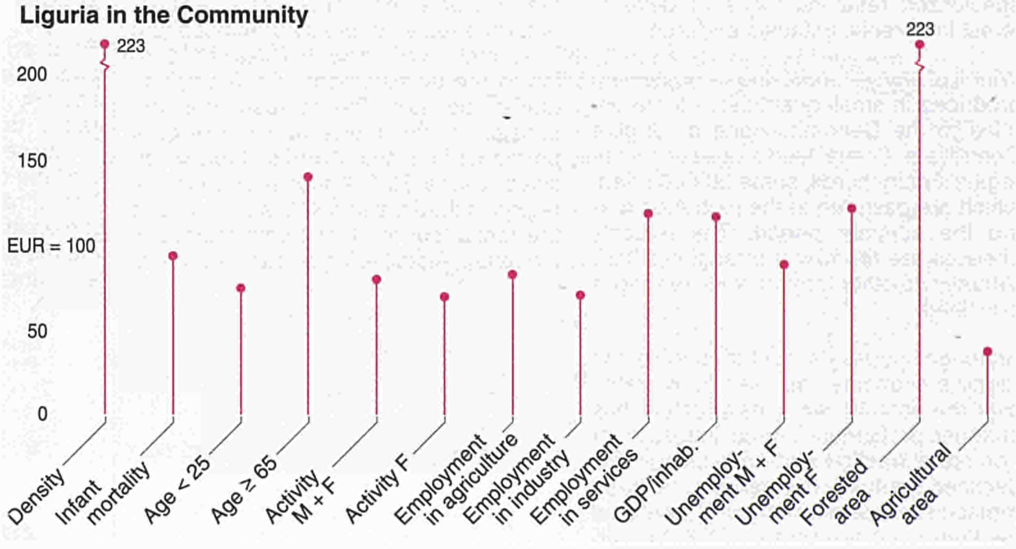
The many easily negotiated passes have facilitated communications with the rest of Italy.

The prosperity of the adjoining regions, for which Liguria is a natural outlet to the sea, has led to the construction of numerous marinas on a coastline of incomparable beauty.

Finally, the lack of space has resulted in land reclamation which is a characteristic feature of Liguria.

Liguria — land of holidays, transit routes and major company headquarters.

Liguria in the Community



A region in demographic crisis heading towards an advanced services-based economy

Liguria's main advantage is its geographical location, which makes it a natural transit route for trade with a vast area (the north of Italy and northern Europe) with a remarkable concentration of industry.

This explains the development of activities linked to the sea — shipping, ship broking and insuring, pleasure sailing, cruises, etc.

The lack of space hampered the development of industry and agriculture, despite some major achievements (large engineering companies, flower growing).

The concentration of large industrial complexes with a State holding (steelmaking, shipbuilding and engineering), which went through a deep crisis in the 1980s, led to the creation of a government-assisted economy but also encouraged the setting up of small high-tech businesses.

Services, which account for about 70% of all employment and are the principle source of income for Ligurians, are oriented towards the advanced services sector.

Tourism in particular — a trump card of the Ligurian economy — is easily affected by emotional factors (international tension, fear of pollution, etc.) and is subject to sizeable swings.

The demographic structure — with a declining birth rate, rising mortality (due in part to the ageing of the population) and negligible net immigration which is insufficient to make up the natural deficit — is one more reason for concern over the future of the region.

Scale 1 : 2 000 000

Which EC regions are similar to Liguria?

Population:
1.7 million inhabitants
more than 300 inhabitants per km²
- Gelderland (NL)
- Hampshire, Isle of Wight (UK)
- Antwerpen (B)

Age:
one person in five aged over 65
- Limousin (F)
- Dorset, Somerset; Surrey, East-West Sussex (UK)

Employment:
± 70% in services
- South-East (UK)
- Provence-Alpes-Côte d'Azur (F)

Land use:
± 50% forest
- Cantabria (E)
- Luxembourg (B)

An attractive coastline

The population is very unevenly distributed, with some 82% living in the coastal area and 41% in Genoa alone.

Even in the area of the rivieras, where climatic and economic conditions are favourable, there is an over-urbanization which is forcing parts of the population into the immediate hinterland. This explains the slight increase in the population of these areas in recent years.

Employment in industry and services is a marked feature of the provinces of Genoa, Savona and La Spezia.

As is to be expected, these centres exercise an attraction throughout the whole region and lower Piedmont.

In the province of Imperia there is a large cross-border movement of labour with neighbouring France.

Apart from flower growing, agriculture is not a major factor in the economy, except in the Piana di Albensa, the Val Fontanabuona and the Val di Magra.

The depopulation of the mountain areas is marked. The extremely weak economy in these areas forces young people to head for the urban centres on the coast, leaving behind the elderly and most vulnerable who survive, above all, thanks to State benefits.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Imperia	1.2	220	190	−1.7	49	3.8	18	15	68	:
Savona	1.5	290	188	−2.4	47	5.4	10	22	69	:
Genova	1.8	985	536	−5.8	43	11.0	2	23	75	:
La Spezia	0.9	232	263	−3.8	44	7.7	4	26	69	:
Liguria	5.4	1 727	319	−4.5	45	8.5	6	22	72	117
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

LIGURIA

Searching for a demographic balance

Liguria is relatively prosperous and pre-empts national social and economic phenomena in demography as in other fields. To this extent it is giving Italy advance warning of the demographic changes characteristic of northern Europe.

The population of Liguria is in constant decline, in particular since the 1970s and most markedly in the cities of Genoa, Savona and La Spezia. The age pyramid is now a 'mushroom' resting on a fragile base.

This phenomenon is confirmed by all the indicators (fertility rates, mortality, marriage rates, etc.). To this must be added a further ageing because of the attraction of the coast for the elderly of the rich hinterland in the Po valley.

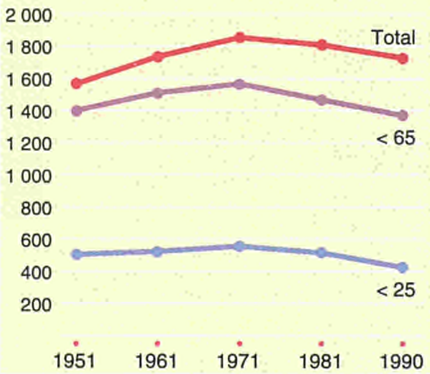
Continuing the negative trend, some forecasts say that in the year 2000 those aged over 64 will account for 25% of the total population, with all the attendant consequences in social and economic terms. The proportion is currently about 20%.

The population of Liguria is naturally concentrated in the main urban centres of the region, but this does not differ greatly from the situation in the other major areas of northern Italy.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	191.7	11.1	12.0	10.3
15-24	235.2	13.6	14.8	12.5
25-39	342.6	19.9	21.4	18.4
40-54	357.2	20.7	21.2	20.2
55-64	244.1	14.1	13.9	14.3
≥ 65	356.4	20.6	16.7	24.3
Total	1 727.2	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	16.1	0.9
of which EC countries	5.8	0.3
of which non-EC countries	10.3	0.6
France	1.5	0.1
Germany	1.5	0.1
Morocco	1.1	0.1
United Kingdom	0.9	0.1
Iran	0.8	0.0
Netherlands	0.6	0.0

Demographic account — 1981-90
(1 000)

Population 25.10.1981	1 808.0
Births	91.0
Deaths	189.0
Net migration	+ 17.0
Population 1.1.1990	1 727.0

High level of education and vocational training, few job openings

Although more and more women have jobs, there are increasing numbers of them seeking employment. Women are more often unemployed than men.

For both sexes the education rate in Liguria is higher than the national average. Families are willing to invest in training in the hope of ensuring that their children find more skilled jobs. There are not enough 'worthwhile' jobs to go round for all the applicants, no matter how good their qualifications.

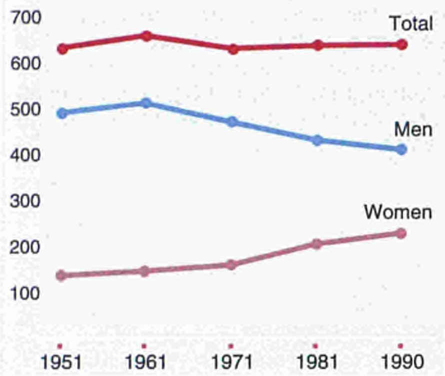
This results in social discontent. The time spent waiting for a job is getting longer and longer, and in the mean time all one can do is follow further education. Of particular interest is the growth in post-graduate courses.

Attending vocational training courses makes entry to the labour market easier, although the original aspirations may sometimes have to be cut back.

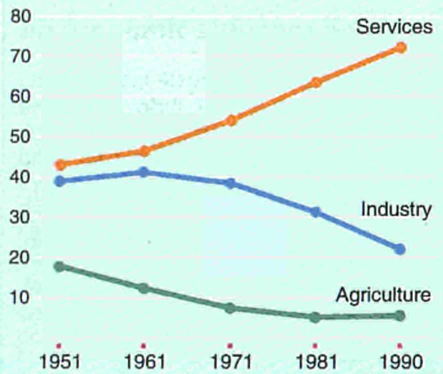
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	31.0	48.9
Primary	61.0	48.9
Lower secondary	51.0	47.7
Higher secondary (technical)	55.0	46.8
Higher secondary (general)	26.0	55.0
Higher education	36.0	47.2
Total	260.0	48.5

Employment (1 000)



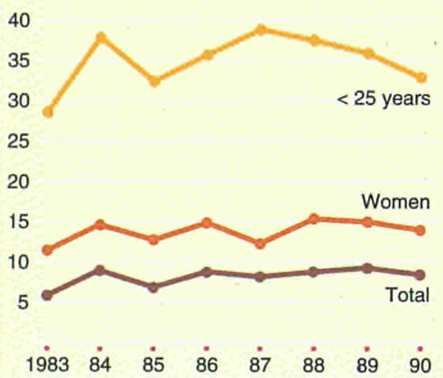
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	624.0
+ Non-residents having a job in the region	:
– Residents having a job outside the region	:
= Internal employment	651.0

Unemployment (%)



Flight from the land; no guarantee of a job

Over the last decade there have been no substantial changes in the numbers in employment in Liguria.

As was only to be expected, the most noticeable changes were in agriculture, where the numbers employed represent only about 6% of total employment.

The flight from the land is a feature common to many countries and is now irreversible. Apart from the undoubted problems affecting the market, this is due to the mountainous nature of the region. A spark of hope in the form of cooperatives set up by young farmers has already been extinguished. Farm tourism, which appeared to offer major prospects in what is a holiday region, has not developed any further.

In industry the main decline over the last 10 years has been in the major concerns, particularly those with a government holding, where many of the subsidized jobs have disappeared.

The sectors most affected were engineering, steelmaking, vehicle manufacturing, chemicals, petroleum and coal products, non-metallic mineral products, etc.

The services sector, in its wide sense, has acted as a shock absorber by taking on those forced out of the other sectors.

Despite the grounds for concern in tourism and other sectors (ports and public sector employment), the structures remain favourable for regaining prosperity.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	10	74	16	69	1	1	3	1
Women	12	76	12	70	11	8	4	2
Total	11	75	14	70	4	3	3	1

Young means unemployed

Over the 10 years from 1981 to 1990 there was an increase of about 35% in the unemployment rate.

There are many reasons for this increase, among them a considerable shedding of jobs in large and medium-sized businesses.

The technological innovation of recent years, although it has brought jobs to individual groups, mainly women (in occupations which suit their needs), has not been able to meet the demand for work from the unemployed young people, even if they are highly qualified.

Another factor of some importance is the baby boom of the 1960s, which brought more young people onto the labour market than in the past.

Nowadays, unfortunately, to be young means to be unemployed. The length of time out of work is increasing, and this time is being used to acquire new qualifications in the hope that the technological innovations announced by the companies with government holdings will enable them to take on more people with higher qualifications.

Several thousand young people have found employment through job creation schemes. The waiting periods for the older amongst them are naturally longer on average, and this is also affected by the highly specialized demands of the market.

Private business must invest in technology

The traditional branches of agriculture have remained stationary over the last 10 years in terms of the number of employed, while production and profits have declined steadily. The exceptions are those branches which are most characteristic of the region, such as floriculture and horticulture, which are standing up well. In view of the marginal importance of other agricultural production, this does not constitute grounds for serious concern.

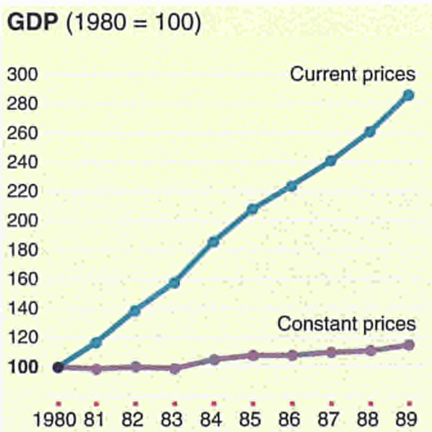
The main grounds for concern come from the industrial sector, which has gone through radical technological change and retrenchment, partly as a result of the serious crisis among large public companies.

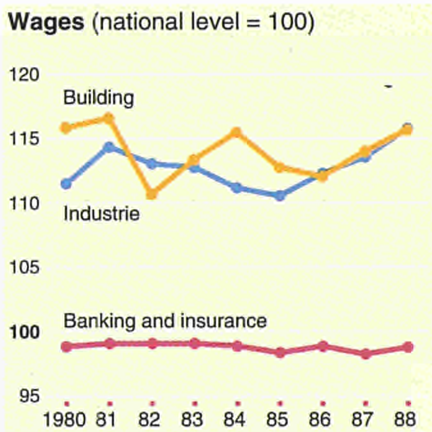
The loss of jobs, particularly in steelmaking and engineering, is more than made up for by the enormous growth in the services sector.

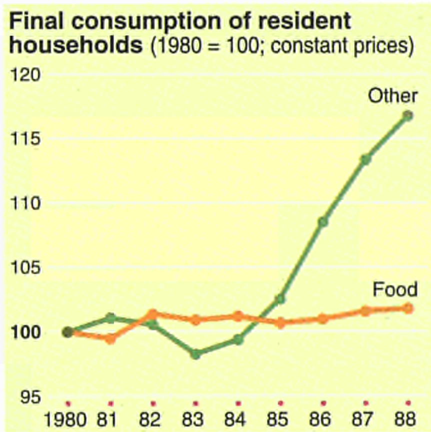
Private industry in Liguria has potential which it does not like to flaunt — in keeping with the character of this region — and has undoubtedly made advances after having spent so long in the shadow of the large concerns. Now that the old model is clearly in crisis, it is rediscovering its hidden energy and becoming competitive, even on the foreign market.

The advanced branches of the services sector (transport, consultancy, etc.) have the necessary resources and business skills to operate independently and successfully on the market.

Tourism continues to show some signs of decline, particularly in the non-hotel sector, but a major boost is expected to come from the international exhibitions to celebrate the achievements of Christopher Columbus. These are changing the face of Genoa and will attract millions of visitors to the entire region.







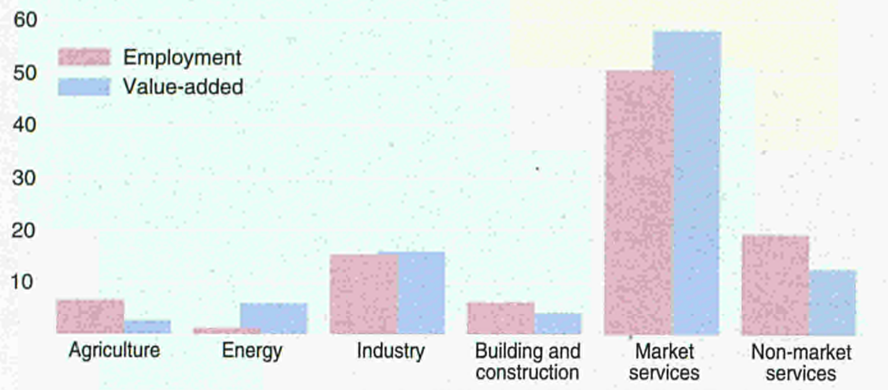
Earnings above the national average

The high productivity explains why gross per capita earnings are higher than the national average in all branches — by about 4% in agriculture and about 16% in industry. This reflects the health of the various branches of economic activity in Liguria compared with the situation at national level.

The modernization of the manufacturing and service industries which has been undertaken since the 1980s, while leading to a major loss of jobs, has encouraged moves to provide alternative employment, particularly in the high-tech sectors.

In view of this, and of the understandable pressure from trade unions to maintain the existing high wage levels, there has been an increase in workers' earnings.

Employment and value-added: distribution by branch – 1988 (%)



An economic structure based on services

Over the last 40 years, there has been an enormous shift to the services sector. Jobs in agriculture, which accounted for one in five in 1951, fell to one in 20 in 1990; in the same period employment in industry was halved. Jobs in the services sector increased from four in 10 to seven in 10. Although this trend is widespread in Italy and in all economically advanced countries, it has assumed unprecedented proportions in Liguria.

What is left of Ligurian agriculture has become specialized in high-quality products (flowers, wine, olive oil) and has thus managed to maintain the value-added per agricultural worker at a level 4% above the national average.

Although industry has become scaled down, it has turned towards a widely diversified range of high-quality and high-tech products (food, shipbuilding, electrical engineering and electronics, petrochemicals, aerospace etc.). In this way it manages to achieve a per capita value-added which is 16% above that of Italian industry as a whole.

In services as well, Liguria can boast a value-added which is 16% above the national average. This has been achieved because firms in the sector made use of modern technology, particularly in the traditional activities associated with the region's role in commerce and tourism.

Agriculture

Number of holdings	49 973
Labour force	46 578 AWU
Agricultural area	117 000 ha
Livestock	29 000 LU
Gross value-added	10 639 ECU/AWU
Main products	
Flowers	59%
Vegetables	15%
Milk	4%

Main enterprises

Name	Employees	Activity
Ente FF. SS.	12 205	State railways
Amministraz. Poste e Telecomunicazioni	5 835	Post and telecommunications
Ansaldo Componenti	3 458	Manufacture of engines and turbines
3 M Italia	2 232	Manufacture of chemicals
Ilva	2 211	Manufacture of basic metals
Enel	2 115	Production and distribution of electricity
Sip	2 026	National telephone service

A sweep of coast between sea, green valleys and mountains

The distinguishing feature of nature in Liguria is the very diversity of the surroundings and the variety of the landscapes. The Mediterranean coastline and the hinterland of the Apennines, so close together, intermingle and provide marvellous and ever-changing vistas.

While the rivieras are well known and appreciated, the natural and cultural riches of the hinterland are often little known and underrated by the tourists on the normal routes.

The region initiated a comprehensive environment programme with Regional Law No 40 of 12 September 1977.

In implementation of this law, which listed and safeguarded 15 systems of protected areas and 10 isolated areas, specific laws were passed setting up the systems of Bracco-Mesco/Cinque Terre/Montemarcello and Monte Beigua (1985), Monte de Portofino (1986), Aveto and Monte Antola (1989), the isolated areas of Rio Torsero, Bergeggi, Piana Crixia, Bric Tana (1985), and Isola Gallinara (1989). Draft laws are currently under study for the systems of Finale and the Ligurian Alps. In addition, the Magra river park was set up in 1982.

Other regional laws (concession of tax revenue to the provincial administrations for the acquisition of environmental monitoring equipment) also contribute towards the protection of the environment.

ITALIA

LOMBARDIA

With its nine provinces occupying an area of 23 851 km^2, Lombardy is divided by its relief into two more or less parallel zones: mountainous in the north (further divided into Alps and pre-Alps) and plains in the south (further divided into upland and lowland plains). The mountains reach altitudes of 2 000 and even 3 000 metres; they contain extensive areas of glacier and are sparsely populated. The mountains subside gradually through a series of hills to the plain. The upland plains consist of permeable, and consequently rather poor, soil. The lowland plain, on the other hand, is well-drained and extremely fertile.

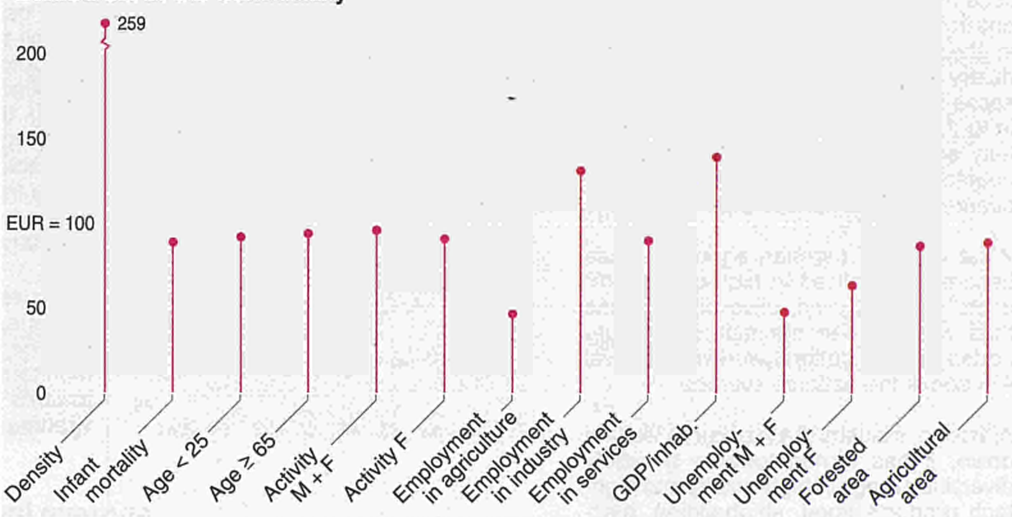
The climate is continental, with cold, snowy winters and hot summers, and a mean annual temperature variation of around 30 °C. In the lakeland area the climate is milder.

Lombardy is well provided with lakes, canals and rivers, the latter all tributaries of the Po.

The region's enviable position at the heart of communications in the north of Italy and with the remainder of Europe has furthered its intense commercial and economic activity. Lombardy has airports at Linate and Malpensa, and is crossed by a number of railway lines and road arteries, including the Autostrada del Sole, and the Autostrade dei Fiori, dei Laghi and Serenissima.

Piazza del Duomo and the Vittorio Emanuele gallery, at the heart of the city of Milan.

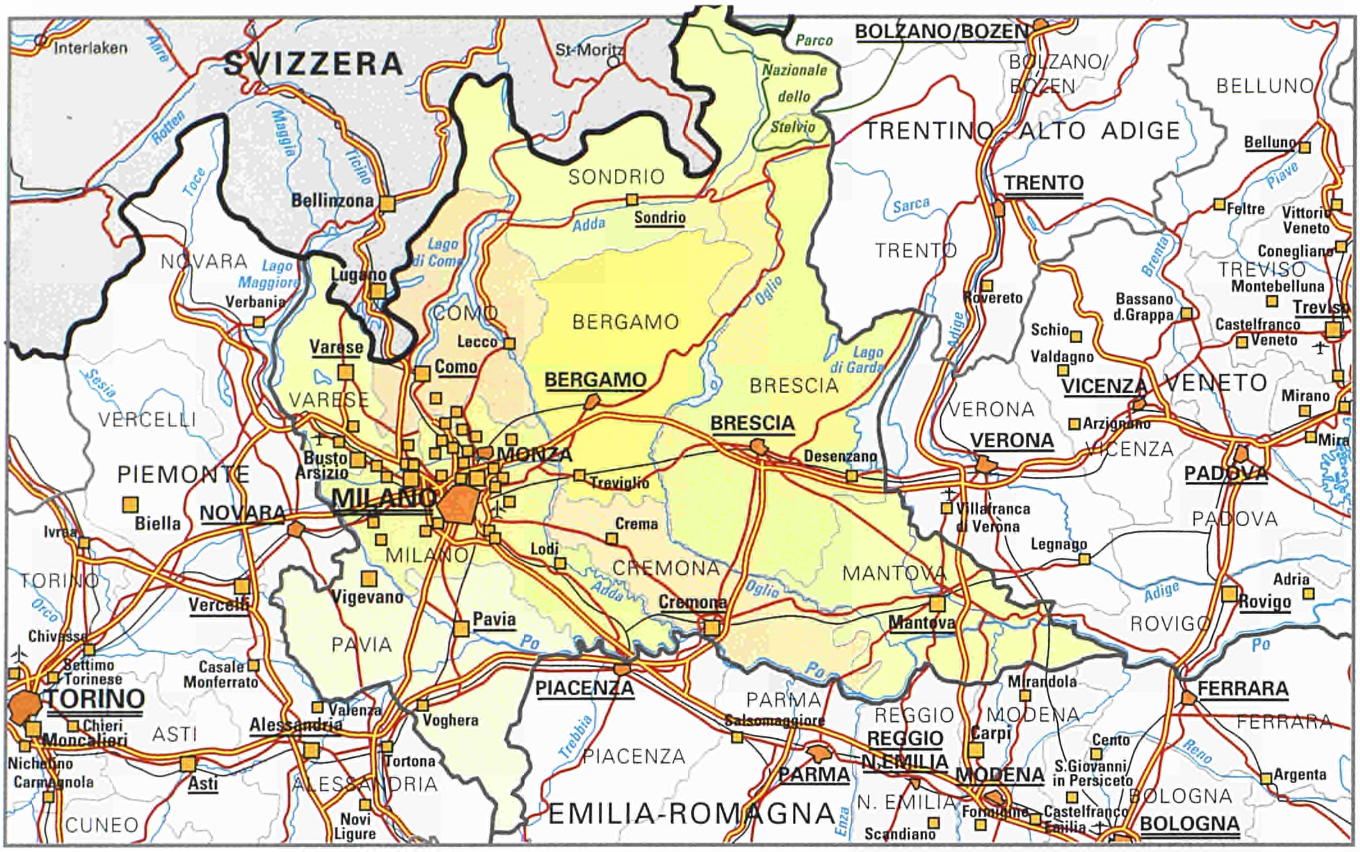
Lombardia in the Community



An industrious society faced with the problems of its development

Lombardy occupies a leading position in Italian social, economic and cultural life. It produces a fifth of national product for only a tenth of Italy's land area. The image of Lombardy is that of a hard-working land bursting with opportunities in both economic and cultural spheres. The standard of living has risen over the past 10 years with a wealth of changes which have affected the make-up of the population, job structures, and lifestyle. A generally high standard of living conceals good administration of available resources and a way of life which, at every level of society, revolves around business, technology, finance and research. Most recently of all, remarkable cultural changes have had their effect on society.

Problems in Lombardy's society derive from the gradual acceleration of certain social phenomena, of which the most significant are pollution and immigration. The first is tied to the difficulties in recycling or disposing of the waste which, together with the agricultural use of chemicals, is posing a serious threat to the drinking water supply. Immigration from outside the Community, meanwhile, has had its effects on social stabilization measures, and lies at the root of a general atmosphere of intolerance. Attempts are being made to cope with immigration by establishing residential areas in the outskirts of the city. In addition to these two major problems, there are those which can be put down as the inevitable social and economic costs of development.



Scale 1 : 2 000 000

Which EC regions are similar to Lombardy?

Area:
24 000 km²
  Sardegna (I); South-West (UK)
  Centro (P)

Population:
9 million inhabitants
± 300 inhabitants per km²
  Belgique/België
  Baden-Württemberg (D)

Employment:
more than 40% in industry
  Cataluña; País Vasco (E)
  Nordrhein-Westfalen (D); Norte (P)
  Franche-Comté (F)

Unemployment rate:
4 to 5%
  Hessen; Bayern (D)

The north, the south and Milan

Socio-economic factors are changing so differently in the provinces of Lombardy that there is virtually a split between the north, the south (Pavia, Cremona and Mantua) and Milan. Resident population has grown steadily since 1982 in every province of the north and east of the region except Sondrio, and declined in the south. And Milan province, which accounts for almost half the region's population, has seen its population grow largely as a result of foreign immigrants, attracted by the city's financial advantages and central situation.

Brescia and Sondrio have respectively the lowest and the highest activity rates. The unemployment rate is lower in Brescia and Bergamo.

The provinces of Varese, Bergamo, Como and Brescia are essentially industrial in structure, with more than half the population working in industry. Milan and Sondrio are heavily committed to the services sector, though in entirely different ways. Cremona and Mantua are predominantly agricultural, although over recent years Mantua has industrialized rapidly.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Varese	1.2	799	666	1.4	52	3.9	1	52	47	:
Como	2.1	791	383	1.9	51	1.9	2	55	43	:
Sondrio	3.2	177	55	1.4	53	4.9	7	29	65	:
Milano	2.8	3 987	1 443	−0.8	52	4.0	1	40	59	:
Bergamo	2.8	925	335	3.2	51	2.4	3	52	45	:
Brescia	4.8	1 040	217	2.2	49	2.5	7	48	46	:
Pavia	3.0	497	168	−3.2	50	5.1	8	36	57	:
Cremona	1.8	328	185	−1.4	51	2.7	11	40	49	:
Mantova	2.3	371	158	−1.8	50	2.4	13	39	49	:
Lombardia	23.9	8 912	374	0.2	51	3.4	3	44	53	139
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

LOMBARDIA

Births and immigration on the increase

The population of Lombardy grew during the period 1987-90, in contrast with the previous four-year period. The growth can be attributed to a slight increase in the birth rate, although mainly to an increase in the migratory surplus. The rise in the birth rate reflects the effect of the 1960s baby-boom generation reaching the age of parenthood, and also the improved standard of living.

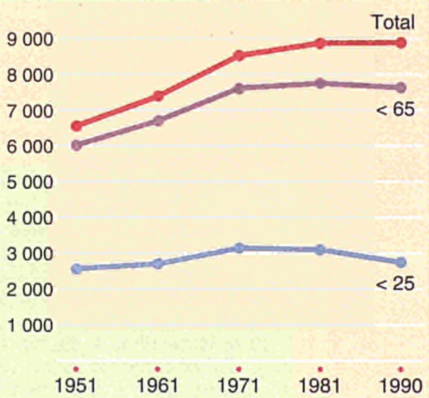
But the increase in the official population is above all the result of the arrival of non-Community citizens, and current forecasts are that the number of foreign immigrants in Lombardy will continue to rise and to affect demographic trends over the next few years.

A declining birth rate and an increase in life expectancy have changed the region's age pyramid, and the general trend over the past 10 years has been a substantial ageing of the population. These changes inevitably have social and economic effects. The structure of the typical regional family has also changed over recent years: families are becoming more numerous, but smaller.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	1 311.4	14.7	15.6	13.8
15-24	1 389.5	15.6	16.6	14.7
25-39	1 951.0	21.9	22.9	20.9
40-54	1 911.5	21.4	22.0	20.9
55-64	1 093.9	12.3	12.1	12.6
≥ 65	1 254.7	14.1	10.8	17.1
Total	8 912.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	73.6	0.8
of which EC countries	23.7	0.3
of which non-EC countries	49.9	0.5
Germany	6.3	0.1
Egypt	5.5	0.1
United Kingdom	4.9	0.1
France	4.9	0.1
Switzerland	4.4	0.0
Morocco	2.9	0.0

Demographic account — 1981-90 (1 000)

Population 25.10.1981	8 891.7
Births	631.9
Deaths	692.4
Net migration	+80.8
Population 1.1.1990	8 912.0

High activity rates but lack of skills

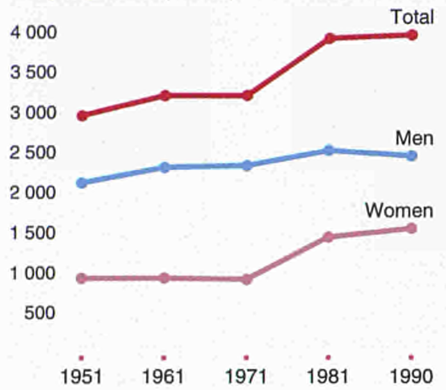
In each of the region's nine provinces the activity rates are above the national average. The female activity rate is higher than the national average, and females in Lombardy have a greater tendency to remain active through the middle age ranges.

The fact remains, however, that the average skills of Lombardy's working population are less than those found in comparable regions elsewhere in Europe. Many firms have trouble finding skilled craftsmen: certain skilled trades in the engineering sector are the monopoly of foreign employees (about 4.5% of cases). The demand for more and better skilled labour is rising across the board, and the gap between supply and demand for new job skills is still widening.

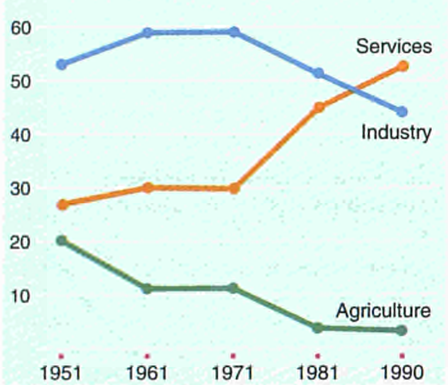
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	216.0	48.6
Primary	425.0	48.6
Lower secondary	331.0	47.9
Higher secondary (technical)	302.0	44.2
Higher secondary (general)	117.0	61.7
Higher education	193.0	45.6
Total	1 584.0	48.1

Employment (1 000)



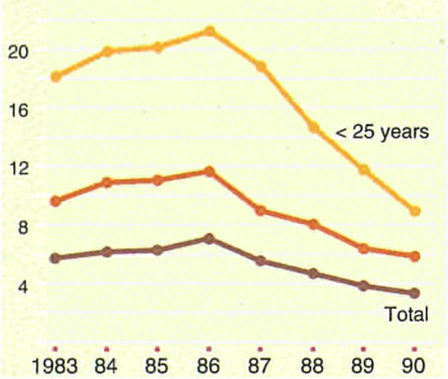
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	3 746.0
+ Non-residents having a job in the region	:
− Residents having a job outside the region	:
= Internal employment	3 837.0

Unemployment (%)



Increase in self-employment

Structural change in employment has affected in particular the composition of the labour supply: higher levels of education, a substantial increase in the amount of female labour on the market, and the arrival of non-Community migrant workers. The trends show profound changes in the breakdown by sectors of activity, with an increase of almost 8% in services sector employment, and a similar fall in industrial activities, with agricultural activity unchanged.

Lombardy nevertheless remains an 'industrial' region in comparison with the national average, with the shift to the services sector very largely dependent on industry. The rising number of females in employment has traditionally been centred on the services sector. Recent years' data reveal an increase in self-employment, outside agriculture, mainly in the 'miscellaneous activities' headings. At the end of the 1980s Lombardy had some 100 000 job vacancies, caused essentially by the growth of self-employment in industry and the services sector, the result of the region's entrepreneurial tradition. The fastest-growing category of employees is managerial, followed by white collar staff; in both of these the percentage of female employment is rising.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	14	74	11	72	1	1	1	1
Women	21	73	6	82	7	7	2	2
Total	17	74	9	76	3	4	2	2

Unemployment disappearing

The recent years' rise in the activity rate has been accompanied by a substantial fall in the unemployment rate to well under half the national rate. The regional unemployment rate for males is a third of the national rate; that for females about half. Regionally, the female unemployment rate is twice that for males. Within the region, Pavia has the highest rate of unemployment, more than twice that for Como, but no province's unemployment rate is higher than the national average. Unemployment amongst the young dwindled during the 1980s although it is still more than twice the average rate for all age ranges.

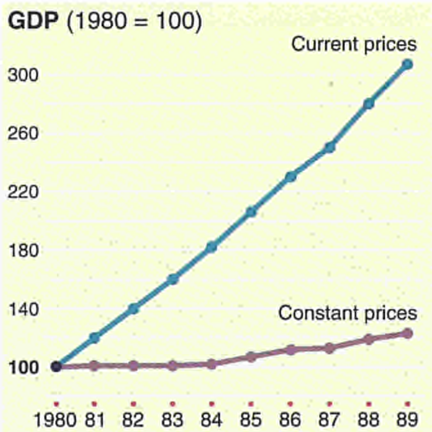
Of the under-30s on the labour market, 33% have the senior secondary school-leaving certificate or a degree, whilst 61% have the junior secondary school-leaving certificate. The remainder have no secondary school-leaving certificate, or no qualifications at all.

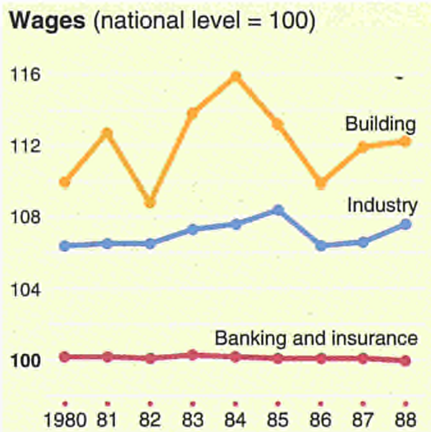
High productivity — small public sector

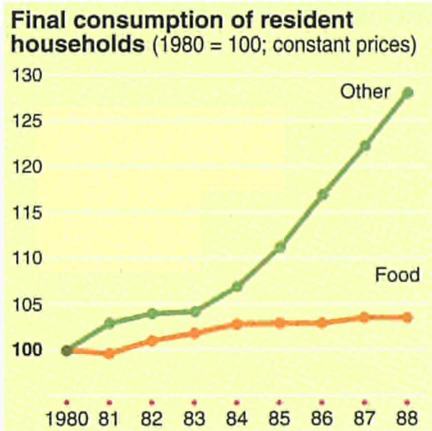
Lombardy generates around a fifth of Italy's gross domestic product. Net income produced exceeds final domestic consumption, the region exports more than it imports.

Jobs in agriculture are few (modern farming methods) and industry is a mix of high value-added branches, a spin-off of close proximity to advanced services. No substantial differences exist, however, between the regional and national figures of productivity in the non-market services sector, within which public sector employment is under-represented compared with Italy as a whole.

Lombardy stands out from the rest of Italy in a number of respects: the positive balance of trade with the exterior, the substantial weight of industry compared with the national average, the small weight of public sector jobs, and the substantial margin in value-added per employee, particularly in agriculture and market services. Another indicator of the region's economic vitality is provided by an incomes survey, which showed that on average the region's municipalities are some 20% better off.





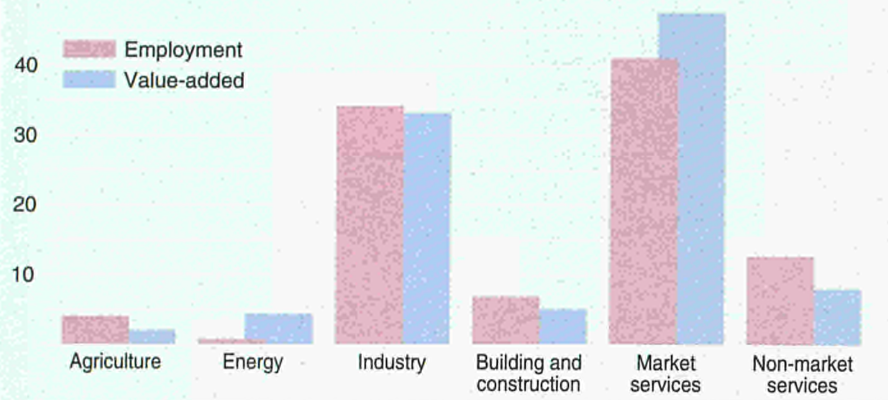


Increasing salaries, often more than one per household

Comparison of the data on gross income per employee for the period 1980 to 1988 shows Lombardy to have fluctuated slightly but remained steadily ahead of the national average. The trend is stronger in industry and construction, than in banking and insurance. Agriculture, on the other hand, has had wage levels below the national average. The improved employment situation has led to fewer industrial disputes, with a gradual reduction in the number and length of strikes.

The Lombard household's advantageous economic situation is the result of having two or more incomes in a high proportion of households. Double-income households became widespread during the 1980s, being mainly found amongst managerial and white collar employees; they are less common amongst the self-employed and very scarce amongst manual workers. Consumption by the average Lombard household is 16.4% above the national average, and the rate of growth has exceeded the Italian average for many years. The typical household's shopping basket reflects its greater wealth, with proportionately less spent on food, and greater consumption of goods and services. The net per capita disposable income is ECU 10 400 , and total household consumption ECU 18 500 .

Employment and value-added: distribution by branch – 1988 (%)



Industry and finance

Lombardy's agriculture lies essentially in the fertile lowland plain. Farming is concentrated on cattle and pig-breeding, and a flourishing agri-food industry depends upon these. Lombard agriculture makes wide use of machinery and inorganic fertilizers, which give high productivity and high yields per hectare. In arable farming, the main crops are maize for fodder, wheat, rice, barley, oats, rye, green vegetables, potatoes, root vegetables, and sugar beet.

The upland plains are not particularly fertile, but they lie close to prime sources of hydroelectric power, and it was here that the region's first industries arose around silkworm farming. This part of the region comprises industries of virtually every type, drawing their power not only from hydro-electricity, but from methane and imported oil. Although Lombardy has its share of large-scale industrial complexes, its industry is more typically located in small to medium-sized businesses, and is concentrated mostly in the north of the region.

The financial sector has a leading role in the services sector. Lombardy has 18.5% of all Italian banking outlets, and the sector's growth rate in the region exceeds the national average. Almost half the bank branches are concentrated in the province of Milan; and Milan city, which possesses Italy's main stock exchange, is the country's leading financial centre.

Agriculture

Number of holdings	138 149
Labour force	145 705 AWU
Agricultural area	1 196 000 ha
Livestock	2 301 000 LU
Gross value-added	17 746 ECU/AWU
Main products	
Milk	27%
Cattle	17%
Pigs	14%

Main enterprises

Name	Employees	Activity
Ente Ferrovie dello Stato	24 686	State railways
Amministraz. Poste e Telecomunicazioni	18 793	Post and telecommunications
IBM Italia	14 229	Computer equipment
La Rinascente	12 895	Retail distribution
Standa	12 390	Retail distribution
Azienda trasporti municipali	12 377	Urban transport
Fiat	11 350	Car manufacturing

The problems of large industrial areas

The geological division of the region has governed the way in which it has been settled by man, who has worked his own changes on the environment. In the south there stretches the Padana plain, shrouded in mist through most of the year but resplendent in green in the springtime. In the central zone lie the towns and cities which in the past were also home to the industries which have now been moved to the suburbs.

Environmentally, these urban areas share the same problems as any other large industrial areas: too little greenery for the amount of building, atmospheric pollution, noise, waste, traffic congestion, shabby facades, delinquency, intolerance of immigrants, drug addiction, overstretched social services, health care, and so on.

The upland areas are very thinly populated, with scarcely any industry.

The mountains, their valleys and their lakes are a year-round tourist attraction not only for Italians but also for foreign visitors, particularly German, Swiss and Dutch.

For all the citizens of Lombardy, the mountains offer weekend skiing and summer walking, whilst the lakes provide a peaceful escape from the rigours of the Milanese winter, or an opportunity for a refreshing summer swim.

Pollution is a problem: the atmosphere is polluted by gas from waste-treatment, exhausts and industry, and some rivers and canals are so filthy that they look more like tips.

ITALIA

TRENTINO-ALTO ADIGE

Remnants of a history of domination and conquests.

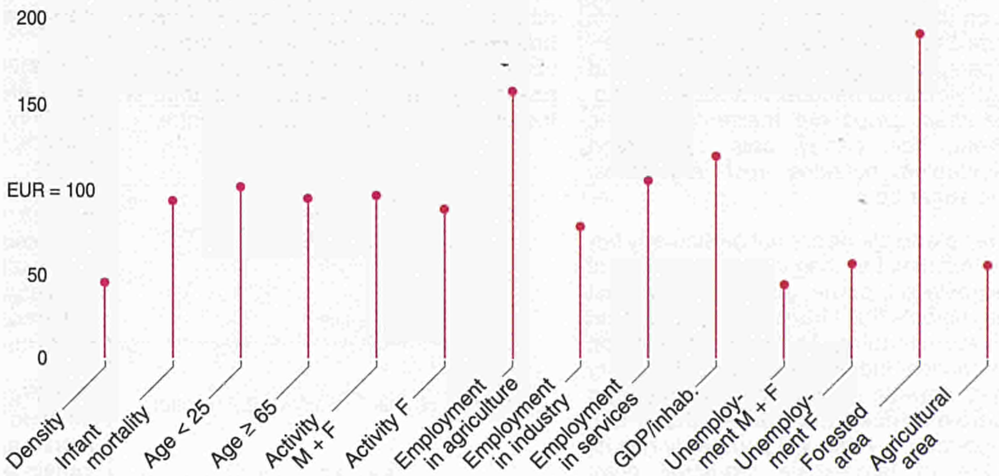
Situated in north-east Italy on the border with Austria, Trentino-Alto Adige has an area of 13 618 km², all of it mountainous land. The climate is of the continental type, owing to the influence of the many mountain ranges which stand at well over 3 000 metres above sea-level and the wide valleys through which flow the main river, the Adige, from north to south and its numerous tributaries. The city of Bolzano, capital of Alto Adige province, has the largest temperature differences between day and night and between summer and winter. There are many volcanic or morainic lakes scattered in the valleys (the largest being Lake Garda), in the midst of dense forests.

The Trentino-Alto Adige region enjoys a special and unique institutional situation: it comprises the two autonomous provinces of Trento and Bolzano, which have the same legislative powers as regions with a special constitution, making them unique in Italy.

In the province of Bolzano, German is an officially recognized language, regularly spoken and written by the majority of the population.

The Brenner motorway runs through the region from south to north, linking Italy with Germany via Austria.

Trentino-Alto Adige in the Community



Administrative autonomy facilitates the solution of local problems

The autonomous provinces of Trento and Bolzano assumed a special status similar to that of the other regions with a special constitution: this achievement enables problems that are not typical of the rest of the country to be solved. In this context, alongside Italian, German (which has always been used by the majority of the population) is also officially recognized in the province of Bolzano, even in government offices. As a matter of fact, in order to obtain a job in the civil service, for example, it is essential to pass a German language examination.

The region has always been a favourite destination for tourists, both in winter for skiing in the high mountains and in summer to visit the wide valleys and the many lakes and to take spa treatment.

In recent years there has been a massive influx of non-Community foreigners, attracted by the region's high standard of living and the job opportunities in the services sector in particular.

TRENTINO-ALTO ADIGE

Scale 1 : 2 000 000

Which EC regions are similar to Trentino-Alto Adige?

Area:
± 14 000 km²
Northern Ireland (UK)
Thessalia (GR)
Vlaams Gewest (B)

Population:
around one million inhabitants
less than 100 inhabitants per km²
Franche-Comté; Limousin (F)
Thessalia (GR)

Employment:
± 12% in agriculture
more than 60% in industry
Sardegna; Campania (I)
Midi-Pyrénées; Bretagne;
Aquitaine (F)

Unemployment rate:
± 4%
Hessen; Bayern (D)

Land use:
± 45% forest
Luxembourg (B)
Cantabria (E)

Bilingualism and particularities of land inheritance

Although Trento is the smaller of the two provinces in the region, its population (and therefore its population density) is greater than that of Bolzano, which is more mountainous and impenetrable, covered by vast forests. Whereas German is the main language in the province of Bolzano (used by more than 70% of the population), Italian is used in Trento province (by more than 90% of the population); this situation has its origin in the fairly recent past, which has seen the province of Bolzano gravitating towards the neighbouring region of South Tyrol in Austria, with which it is linked by at least two other major traffic routes in addition to the Brenner Pass.

The province of Bolzano differs, not only from Trento but also from other provinces of Italy, in that the ownership and tenancy of farmland is concentrated in the hands of the firstborn: in accordance with the custom of the 'hereditary farm', land cannot be broken up and divided among the children but is handed down to the eldest in order to preserve the continuity of a single farm. As a result, the average area of a farm in Bolzano is almost three times as large as in Trento and smaller only than in Valle d'Aosta and Sardinia.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Bolzano-Bozen	7.4	440	59	−0.9	55	2.0	13	24	63	:
Trento	6.2	447	72	3.5	50	3.5	9	28	63	:
Trentino-Alto Adige	13.6	887	65	1.3	52	2.7	11	26	63	119
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

TRENTINO-ALTO ADIGE

High proportion of middle age groups

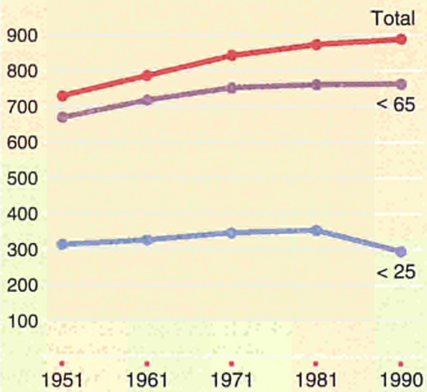
From 1961 to 1981 the region's resident population rose at a steady and almost uniform rate, but in the last 10 years this has slowed down considerably so that it can now be predicted that there will be a virtually nil increase over the next 10 years. In the 1980s the number of births was lower than the number of deaths, especially in the province of Trento. Whereas the natural balance has been consistently positive in the last 10 years, the migratory balance has been increasing all the time, reaching a peak of almost 1 000 in 1986, although it was slightly negative in 1982 (more emigrants than immigrants).

The age pyramid of the population of Trentino-Alto Adige is narrow at the base (relatively few young people), widens in the middle (the widest point being the 25 to 29 age group, both male and female), becomes increasingly tapered up to the age of 70 and then falls off rapidly, especially in the case of men.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	148.0	16.7	17.6	15.8
15-24	147.0	16.6	17.4	15.8
25-39	202.0	22.7	23.9	21.7
40-54	170.0	19.2	19.6	18.7
55-64	96.0	10.8	10.6	11.1
≥ 65	124.0	14.0	10.9	16.9
Total	887.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	6.1	0.7
of which EC countries	3.3	0.4
of which non-EC countries	2.8	0.3
Germany	2.7	0.3
Austria	1.2	0.1
Switzerland	0.3	0.0
Morocco	0.2	0.0
United Kingdom	0.2	0.0
Netherlands	0.2	0.0

Demographic account — 1981-90 (1 000)

Population 25.10.1981	873.0
Births	95.0
Deaths	85.0
Net migration	+ 4.0
Population 1.1.1990	887.0

High activity rates and strong female presence at work

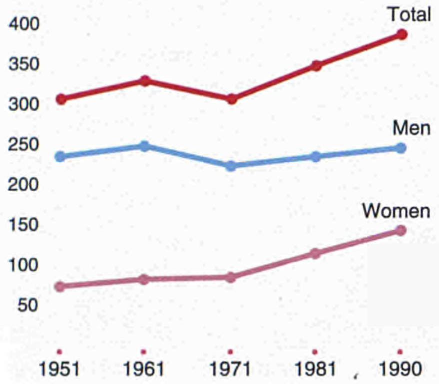
The regional labour force varies from one quarterly survey to the next on account of the seasonal labour market in the tourism and hotel sector. The proportion of women is high compared with the national average, particularly in the province of Bolzano, and constitutes a potential reservoir of labour that is sensitive to changes in supply and demand. The activity rate is one of the highest among the regions of Italy, especially in Bolzano.

Vocational training is highly developed in the region, taking the form of specific courses to prepare new entrants for a labour market that is becoming increasingly demanding and specialized, especially in the services sector (in particular, there are a large number of hotel and catering schools).

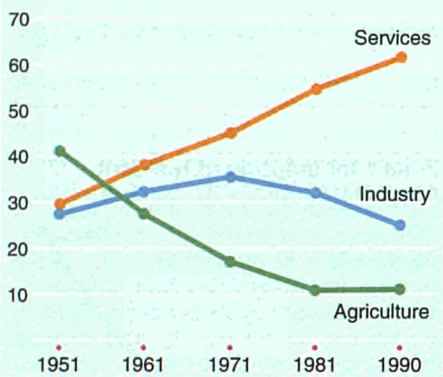
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	24.0	49.1
Primary	49.0	48.5
Lower secondary	35.0	47.4
Higher secondary (technical)	27.0	54.7
Higher secondary (general)	11.0	52.2
Higher education	8.0	37.5
Total	154.0	49.2

Employment (1 000)



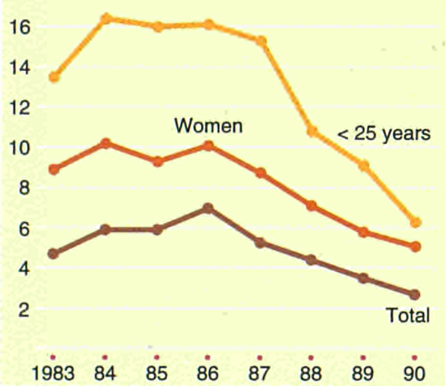
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	371.0
+ Non-residents having a job in the region	:
– Residents having a job outside the region	:
= Internal employment	399.0

Unemployment (%)



Tourism and agro-industrial cooperation prop up the economy

During the last 10 years the number of people in employment has gone up by an average of about 5 000 a year, especially in the last five years with a higher rate of increase in the province of Trento. Employment in agriculture and industry has fallen appreciably in the last 10 years, but has risen in the services sector. Compared with the national average, agriculture accounts for a slightly higher proportion of employment (due to the predominance of agriculture in the province of Bolzano), and industry a much lower proportion, while the services sector has a much higher proportion than the national average.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	17	71	12	67	1	1	3	3
Women	26	68	6	77	9	9	7	5
Total	20	70	10	71	4	4	4	4

Unemployment: a restricted phenomenon

With a rate around than 3%, Trentino-Alto Adige is amongst the regions with the lowest unemployment rates.

TRENTINO-ALTO ADIGE

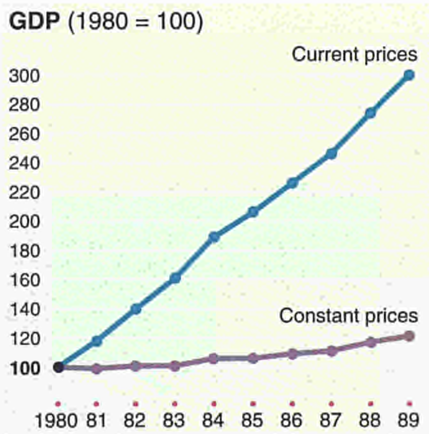
Highly specialized agriculture, tourism continues to expand

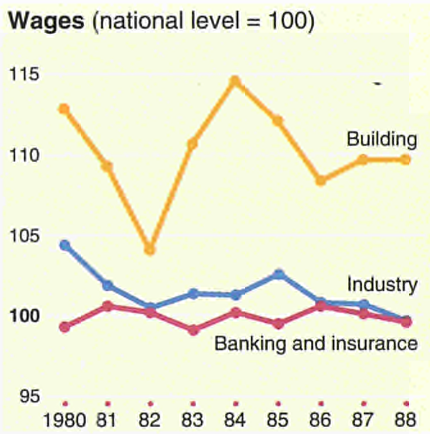
The most important features of the region's economic structure are the strength of tourism and the special system of cooperation between agriculture and industry.

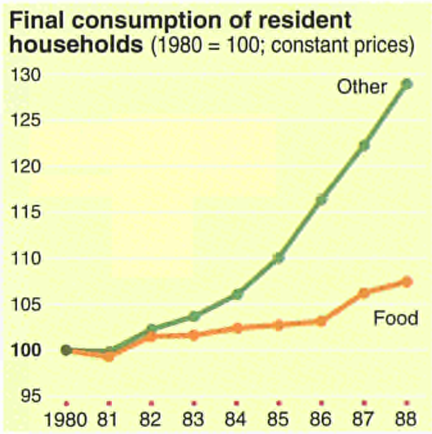
As regards tourism, this region, which has always been a favourite destination of sedentary tourists as well as a staging-post between the countries of northern Europe and central and southern Italy, has found its true vocation in this leading branch of the services sector with all its spin-offs; the region has a higher concentration of hotels than any other region (6 700 establishments, equivalent to 18% of the national total), most of them in the province of Bolzano (150 000 hotel beds).

This capacity is used to the full by the droves of tourists (over 50 million in 1988), who are accommodated in the 640 000 or so beds (in hotels and other establishments).

Cooperatives are an eminent feature of the region's agriculture, acting as a link between the agricultural producer and the domestic and foreign markets by means of that widely established form of economic cooperation that makes it possible to transform the finished agricultural product into an industrial product and market it in a more efficient and rational manner.





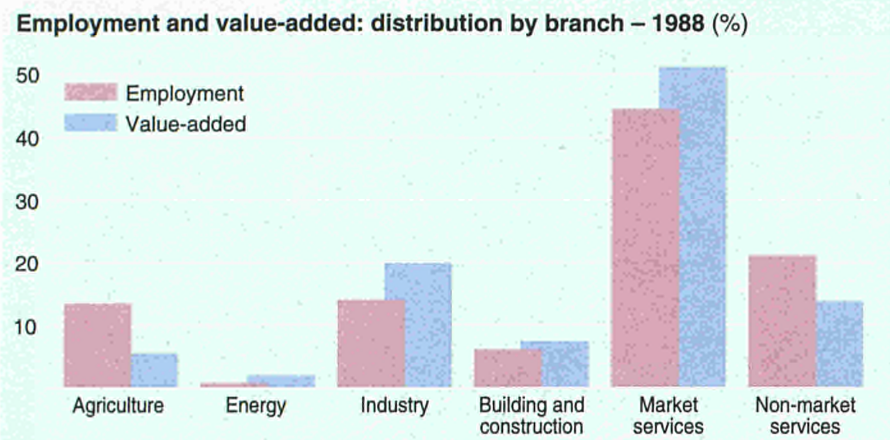


Steady wage levels

Earnings are significantly higher than the national average in all the three main sectors. In the construction sector the gap is almost 25%.

Average monthly household income in 1988 was ECU 1 700 putting the region in third place in the national league table behind Lombardy and Emilia-Romagna. Per capita average monthly income was ECU 600, 13% more than the national average.

Some 6% of households have an income of over ECU 3 900, accounting for 15.8% of households' total income, which is higher than the national average of 14.2%.



Agriculture and services sectors leading the way

In agriculture, the main activities are apple-growing, the cultivation of grapes, livestock breeding for the production of meat and milk, and timber production.

In industry, the main activities are the generation and distribution of hydroelectricity, the manufacture of materials for residential and non-residential building (including the working of porphyry), the manufacture of agricultural machinery, electrical and electronic appliances (televisions), textiles for clothing, wooden furniture, tyres and tobacco products.

In the services sector, the most important are those connected with tourism (restaurants, hotels and other types of accommodation), together with public transport, banking, health care, and central and local government services.

Agriculture

Number of holdings	47 880
Labour force	47 807 AWU
Agricultural area	419 000 ha
Livestock	196 000 LU
Gross value-added	12 557 ECU/AWU
Main products	
Fruits — citrus	47%
Milk	19%
Cattle	10%

Main enterprises

Name	Employees	Activity
Amministraz. Poste e Telecomunicazioni	2 635	Post and telecommunications
Iveco Fiat SpA	1 234	Car manufacturing
Ire	1 041	Household appliances
Enel	1 012	Production and distribution of electricity
Atesina	682	Urban transport
Michelin Italiana	670	Processing of iron and steel

Vast forests and nature reserves

As it does not have a coastline, the region is isolated among the mountains, criss-crossed by many valleys, some of which are glacial and therefore wider, while others were caused by erosion and are therefore narrower. The many lakes, some of which are very large, such as Lake Garda (the largest in Italy and shared with the neighbouring regions of Veneto and Lombardy), and others quite small, add to the delights of a countryside dominated by immense forests and protected natural parks (one of the most important being the Stelvio). Above the timberline, the alpine meadows, which are covered with snow for almost half the year, provide summer pastures for transhumant livestock and refuges for mountain-climbers. On the mountain-sides along the valleys there are many old castles and forts, some of them well-preserved, bearing silent witness to a long history of foreign domination throughout the centuries in this land of conquest and transit between the civilizations of northern Europe and the Roman Empire.

The climate is not temperate like that of the regions which have a coastline, but is subject to continental influences that are heightened, especially in the north of the region, by heavy snowfall in winter and sweltering heat in summer. There is virtually no pollution of rivers and lakes, thanks to the strict legislative measures taken by the two autonomous provinces to safeguard a healthy, uncontaminated natural habitat, thereby protecting the health of their citizens, projecting a good image of the region's ecosystem and enhancing its appeal to both summer and winter tourists. There are also strict laws to protect the forest areas and the animal species that are facing extinction.

ITALIA

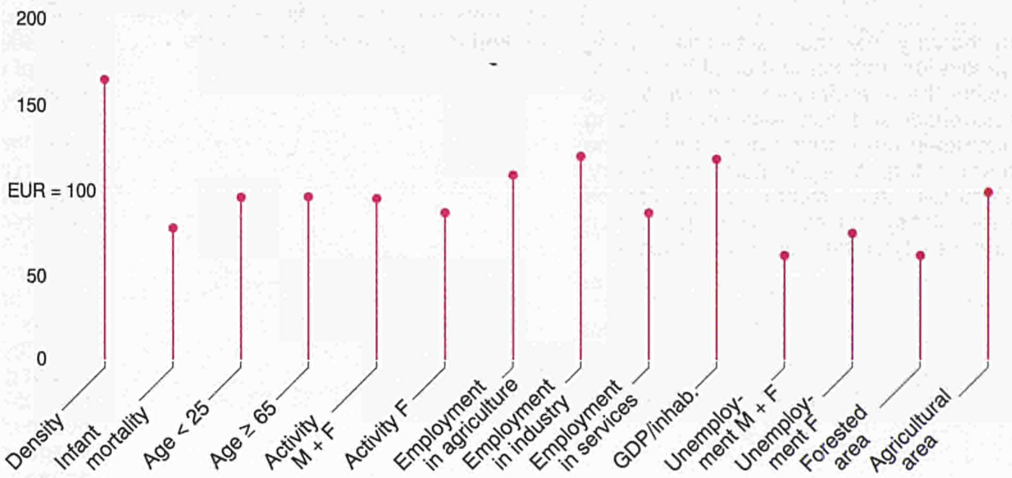
VENETO

The Veneto region covers 18 000 km² and is divided into 7 provinces and 582 municipalities. The capital is Venice, a city rich in art and culture, built on small islands in the lagoon. Some 30% of the territory is mountainous with peaks rising to over 3 000 m in the extreme north. Approximately 56% lies in the eastern Po plain, through which flow numerous alpine rivers providing an abundant supply of water. To the east the region is bounded by the low-lying sandy Adriatic coast, remarkable for its lagoons, and the extensive Po delta, an area of great interest to naturalists. The topographic diversity of the region leads to great differences in climate, from the harsh weather conditions of the high Alps to those of the plain with its broad range of temperatures between summer and winter and its constant high level of humidity, which causes fog banks in the autumn and winter. Rainfall is abundant with minimum levels of between 600 and 800 mm in the plain. The soils are mainly of limestone origin in the mountains and of alluvial origin in the plain.

A major motorway running east to west links the major centres of the region with the industrial triangle of Milan, Turin and Genoa, while Verona is a major crossroads for road and rail communications with northern Europe.

The historical regatta on the Grand Canal in Venice, a picturesque evocation of the pageants of the maritime republic.

Veneto in the Community



The strength and weakness of small business

As a border region well-equipped with ports, Veneto is in a strategic position for links between northern Europe and the Adriatic. However, the transport infrastructure is inadequate, and major projects are planned to improve rail links with central Europe.

Among the region's advantages are:

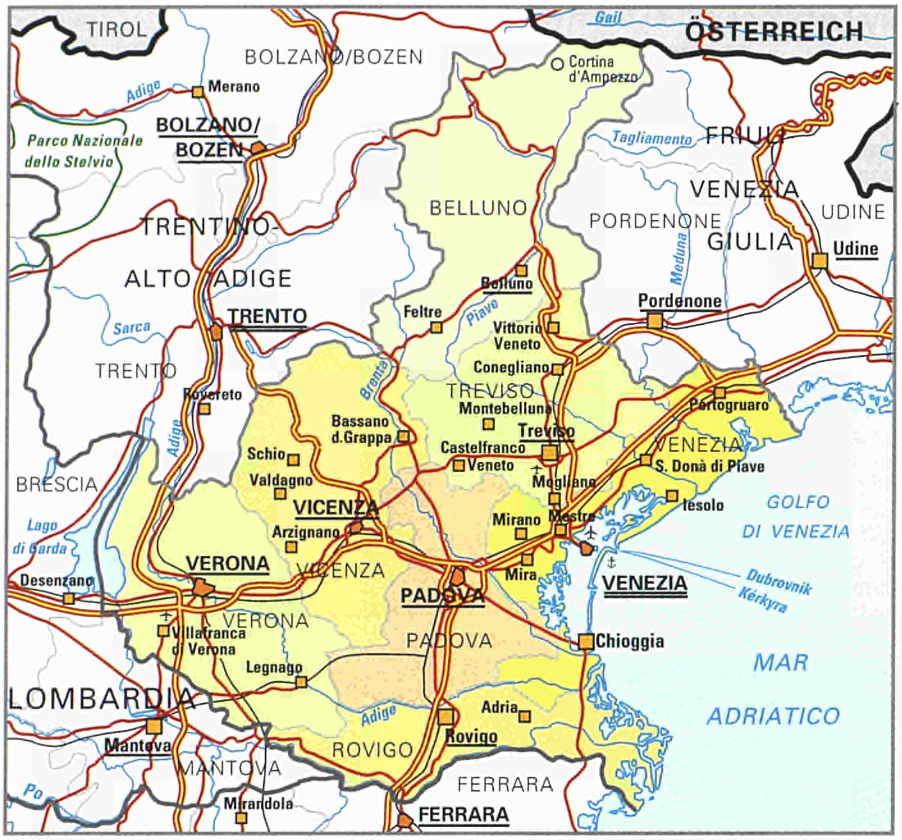
– a well-balanced distribution of population, with the exception of the gradual depopulation of mountainous areas;

– the rich artistic and cultural heritage of Venice and many other centres large and small;

– the widespread distribution throughout the region of small and medium-sized firms, which explains the relatively high level of employment.

Certain of these advantages are mixed blessings. The fact that the industrial base is divided into small units, for example, does not always favour access to technology and modern forms of business and financial management, while specialization in mature industries exposes the region to competition from emerging countries.

Even the huge influx of tourists can have undesirable consequences if it is too heavy and unregulated, as is the case in Venice, where it jeopardizes conservation of the artistic heritage, largely because it is not backed by adequate facilities. Environmental pollution, particularly serious in the area of the lagoon, is another problem, the economic and health impact of which is not fully known.



Scale 1 : 2 000 000

Which EC regions are similar to Veneto?

Area:
± 18 000 km²
Basse-Normandie (F)
Oberbayern (D)

Population:
± 4.4 million inhabitants
± 200 inhabitants per km²
South-West (UK)
Piemonte (I)
Berlin + Brandenburg (D)

Employment:
± 8% in agriculture
± 40% in industry
Bayern (D)
Navarra (E)

Unemployment rate:
± 6%
Danmark
South-East (UK)
West-Vlaanderen (B)

The mountains and the Po delta lag behind

Geography and historical events have formed the present social and economic structure of the region, centred on a broad belt running east to west. The plain and the Alpine foothills are the most developed areas in contrast to the Alps and to a lesser extent the Po delta to the south. Industrial development is mainly concentrated in this central belt, with the exception of the manufacture of spectacles in the valleys around Belluno. The Alps and the province of Rovigo have declining and ageing populations. Rovigo, which has always been a depressed area, experienced negative net migration in the 1950s, while in the province of Belluno there used to be significant seasonal population movements, which are today less so. Rovigo, Belluno and Venice still suffer from employment problems, which have been overcome in the more industrialized areas such as Vicenza and Treviso. What is more, an agricultural worker in the province of Belluno produces less than half as much as one in the province of Verona. A manufacturing worker in Venice, particularly rich in craft industries, produces almost 30% less than one in Vicenza, the most advanced and dynamic manufacturing area.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Verona	3.1	788	254	1.5	49	4.2	9	38	52	:
Vicenza	2.7	744	273	2.4	51	1.5	5	50	45	:
Belluno	3.7	215	58	−2.6	51	5.6	7	42	51	:
Treviso	2.5	739	298	2.5	51	2.5	7	43	50	:
Venezia	2.5	832	338	−0.9	47	6.6	6	36	58	:
Padova	2.1	820	383	1.2	49	3.1	7	41	53	:
Rovigo	1.8	249	139	−1.9	53	7.6	16	39	44	:
Veneto	18.4	4 385	239	0.9	50	3.9	7	42	51	118
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

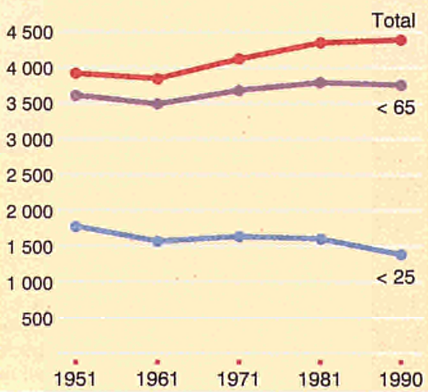
A growing population — though only just

Veneto has one of the highest population densities in Italy. In the provinces of the central belt, both plain and foothills, the population is evenly distributed, with many small and medium-sized centres. Over 60% of the population is found in municipalities with less than 20 000 inhabitants. Like the other regions of northern and central Italy, though with a certain time-lag, Veneto has in the last 30 years been experiencing a phase of very slow population growth caused by the dramatic fall in fertility. With only 1.08 births per woman, low fertility in the region has led to a natural fall in population since 1983. The first signs of a greying population are beginning to appear, even though at present the percentage of the population under 15 years of age and over 65 balances. The overall population has so far been increasing — though only just — owing to net immigration since the end of the 1960s, when 10 years of massive exodus from the poorer areas of the region came to an end. Immigration from abroad is less significant than in other regions, but it is destined in future to grow in importance in view of the outlook for employment.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	661.1	15.1	15.9	14.3
15-24	719.2	16.4	17.3	15.6
25-39	993.8	22.7	23.8	21.6
40-54	876.9	20.0	20.6	19.5
55-64	505.2	11.5	11.2	11.8
≥ 65	628.8	14.3	11.2	17.2
Total	4 385.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	19.4	0.4
of which EC countries	6.0	0.1
of which non-EC countries	13.4	0.3
Germany	1.8	0.0
Morocco	1.4	0.0
Yugoslavia	1.3	0.0
United Kingdom	1.1	0.0
USA	1.0	0.0
France	1.0	0.0

Demographic account — 1981-90 (1 000)

Population 25.10.1981	4 345.0
Births	317.5
Deaths	335.6
Net migration	+ 58.1
Population 1.1.1990	4 385.0

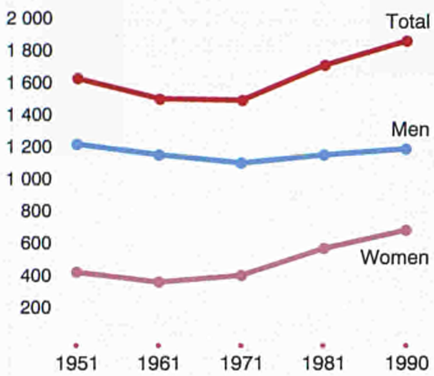
A growing number of young people staying on at school

The ratio of non-active to active population is lower than the national average and lower than in the past owing to the smaller number of young people. The tendency for firms to employ qualified staff seems to have contributed to many young people staying on at school, with 65% — half of which girls — now staying on beyond statutory schooling, bringing a region that had traditionally lagged behind into line with the rest of Italy. Approximately 74% opt for technical or vocational streams and the region devotes almost 15% of its budget to vocational training. University attendance has recovered in the last 15 years, Padua being the most ancient and prestigious university in a region that also boasts a number of more recent institutions.

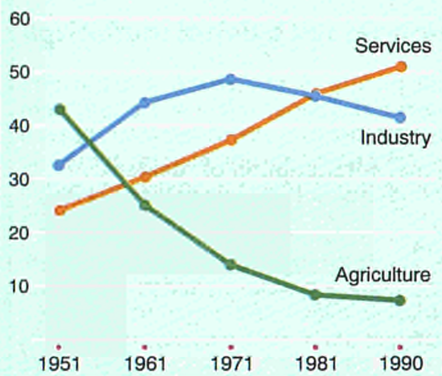
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	113.0	48.8
Primary	215.0	48.7
Lower secondary	172.0	47.4
Higher secondary (technical)	158.0	47.3
Higher secondary (general)	56.0	52.5
Higher education	89.0	51.7
Total	803.0	49.0

Employment (1 000)



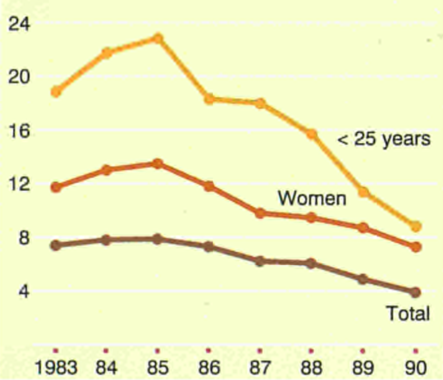
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	1 809.0
+ Non-residents having a job in the region	:
– Residents having a job outside the region	:
= Internal employment	1 857.0

Unemployment (%)



Employment in the services sector growing, but still far short of the national average

Employment in Veneto has recovered since 1985. Agriculture employs 7% of the workforce, while industry employs 41%, a figure far higher than the national average, though in relative decline since the 1970s. The services sector is growing, but still falls short of the national average, a sign that economic and social change is slower here than in other areas. The fall in agricultural employment led to a reduction in the proportion of working women between 1951 and 1961. The growth of industry and especially services has led to a sharp recovery in recent years, bringing the percentage of working women up towards the national average. The number of wage and salary earners has grown in all sectors in recent years. The number of self-employed is falling in agriculture as a result of the gradual modernization of the sector, though they still compose a quarter of the labour force. The rise in self-employment in industry and services is an indication of a thriving small-business sector. Indeed, firms with less than 50 employees in 1988 recruited 75% of those starting work as a result of job creation schemes.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	15	73	12	68	1	1	2	2
Women	25	69	6	78	7	10	4	4
Total	19	71	10	72	3	5	2	3

Unemployment falling, especially among males

The region's unemployment situation has been improving for several years owing to the growth of the economy, and a fall in the number of new arrivals in the labour market. Demographic factors influence the number of unemployed seeking their first job, while higher family incomes have reduced the need to work. From a peak in 1985, unemployment has now fallen to lower than the national average.

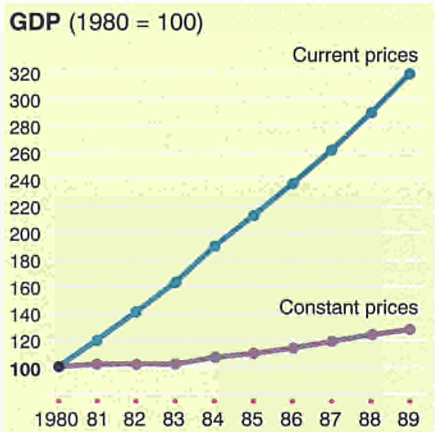
The biggest change is among the under-25s, due partly to the greater numbers staying on at school. There has been less change in female unemployment, and women make up 65% of the unemployed. Statistics on vacancies filled in the region confirm this trend: in recent years males have made up between 40 and 50% of those registered at public employment offices, and between 50 and 60% of those obtaining jobs. Of these, 65% in job creation schemes were recruited by industry. Qualifications are still not much of an advantage for the younger unemployed. In 1988, people with senior secondary school-leaving certificates and university degrees made up 31% of the total unemployed, and 38% of those under 30 years of age.

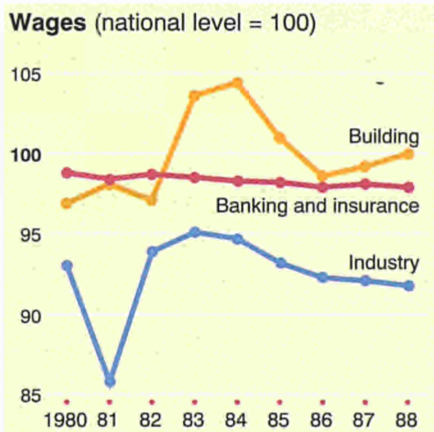
An industrial base formed of dynamic and competitive small and medium-sized firms

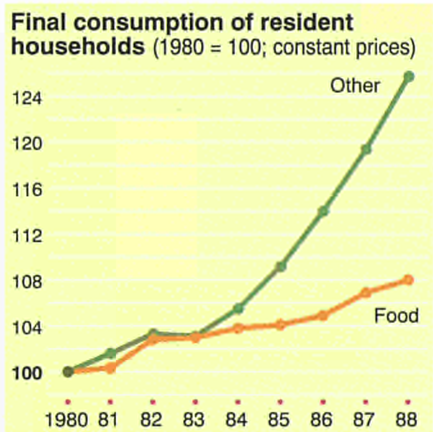
Veneto produces 9% of the country's gross national product and is eighth among the Italian regions in terms of per capita GNP. Industrial development is a fairly recent phenomenon. This sector grew up in the post-war period with the creation of small and medium-sized firms that now form the region's industrial base. With infrastructure evenly distributed throughout the territory and a good road network, it has been possible to avoid over-concentration. The region's agriculture is among the most specialized and diversified in the country, despite small average land holdings. In the Alpine foothills and the plain, the predominant form (95%) is the small or medium-sized holding managed in person by the farmer. In the eastern central belt in particular, and in places where in previous decades there was the highest emigration of young people, agricultural incomes are in line with those in non-agricultural work. Despite late industrialization and the predominance of small firms, the region's products, especially in the 'rag trade', have won a prominent position on international markets.

In terms of export value, Veneto is the third region in Italy, with 12% of national exports in 1988.

The region is not rich in mineral resources, the only one of note being marble quarried in the province of Verona. The flexible and innovative character of the region's industry has proved fertile ground for the growth of high-tech services, though this sector is relatively small in comparison with other regions. The port of Venice is the fourth largest Italian port in terms of goods traffic.







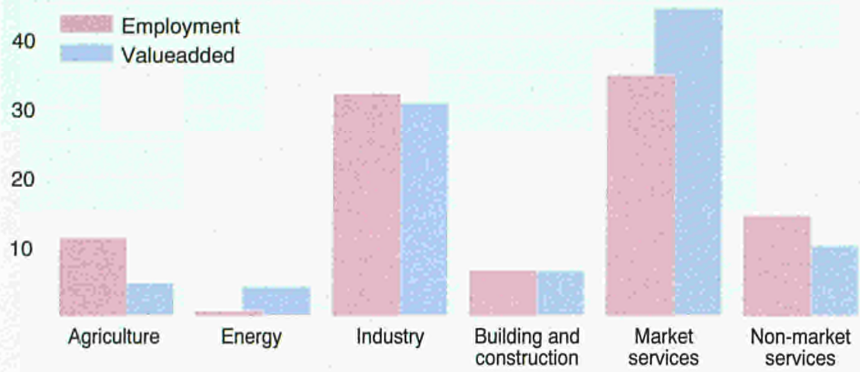
Low wages

Employees in Veneto in general earn less than the national average. The gap is attributable to the nature of local industry. In the consumer goods sector such as the 'rag trade', an important industry in the region, wages are traditionally low reflecting the low level of per capita value-added. The gap is indeed wider in industry and shows no signs of closing. In the construction sector, however, wages in the last few years have fallen into line with the national average. Earnings in banking and insurance remain below the national average. In recent years wage increases have been largest in industry and construction and slightly lower in banking.

Significant expenditure on housing

In Veneto in 1988, a third of all households had an annual income lower than ECU 13 000, and 12% over ECU 32 000. Household incomes were 11% higher than the national average, the region thus coming sixth among the regions of Italy in terms of household income. Expenditure on foodstuffs took up 18% of family budgets — 5% less than in 1980 but 8% higher in absolute terms. Over the same period, there was a far greater increase in non-food expenditure (up 25% in real terms), clear evidence of a higher standard of living. In general, households in Veneto spent 2% less on food products than the average Italian family, though they spent more on housing and energy, the major items in non-food expenditure.

Employment and value-added: distribution by branch – 1988 (%)



Agriculture thriving but services in need of improvement

The region's agriculture is among the most productive in the country. However, it is still characterized by an intensive use of labour, due to the specialization in market gardening, fruit-growing and vine-growing throughout almost all the area of the plain and foothills. In the south and in the extreme east of the region grain crops are more common and average land holdings are larger. The declining cattle stock still represents 15% of the national stock.

As for manufacturing, different areas, mainly along the Verona-Vicenza-Padua-Treviso axis, tend to specialize in different products: food products, wood and furniture, leather and footwear, textiles and clothing, or gold jewellery. These are also the industries most oriented towards export markets. The power industry, chemicals and the initial processing of metals are more important in the eastern central belt, especially around Porto Marghera, where there are various branches of companies from outside the region.

Distribution and the hotel and catering trade play an important role in the services sector. One-fifth of Italy's foreign tourism is recorded in Veneto, which is the third region in Italy in terms of tourist accommodation. The region's economy is still dependent on other areas for key high-tech services.

Agriculture

Number of holdings	214 340
Labour force	178 887 AWU
Agricultural area	1 023 000 ha
Livestock	1 020 000 LU
Gross value-added	14 585 ECU/AWU
Main products	
Poultry — eggs	15%
Main crops	13%
Cattle	12%

Main enterprises

Name	Employees	Activity
Ente FF. SS.	11 410	State railways
Amministraz. Poste e Telecomunicazioni	4 459	Post and telecommunications
Enel	3 900	Production and distribution of electricity
Zanussi Elettrodomestici	2 139	Household goods
Fincantieri Cant. Navali Ital	2 024	Shipbuilding
Sip	2 008	National telephone service
Arnoldo Mondadori Editore	1 656	Publishing
Azienda di Stato per i Servizi Telefonici	1 067	National telephone service

Pollution a threat to the lagoon and the region's water resources

By virtue of its geographical position, Veneto has a wide variety of natural environments. However, the high population density over much of the region's territory has jeopardized the survival of ecosystems that are often unique. This is especially true of the plain and the coastal area where the land conservation situation is at times potentially critical. Approximately 20% of the surface area of the plain lies below the level of the water courses and is thus exposed to the danger of flooding, which affected the province of Rovigo even quite recently. The coastal area is affected by the gradual fall in the level of the land, which until the 1980s threatened the city of Venice itself. Venice, with an artistic and cultural heritage unique in the world, still awaits a solution to the problem of the spring tides which repeatedly invade the town, while the lagoon is in the process of dying owing to the pollution of the coastal waters. A third of the fresh water in the Mediterranean basin flows into the Adriatic sea. The biggest Italian rivers, the Po in particular, flow into the sea on the coast of Veneto. The Po drains the industrial triangle, the most industrialized and built-up region in Italy, and flows through the area with the highest density of intensive livestock breeding, in which the use of agricultural chemicals is at its highest. Even the region's own water courses, both surface and ground waters, are today in danger, so much so that in recent years the authorities were forced to suspend the distribution of drinking water in certain areas of the provinces of Rovigo and Verona owing to the pollution of wells. The regional government has addressed the problem by drawing up a water purification plan. Air pollution is a problem especially around the industrial centre of Porto Marghera, near Venice, as a result of sulphur dioxide emissions.

ITALIA

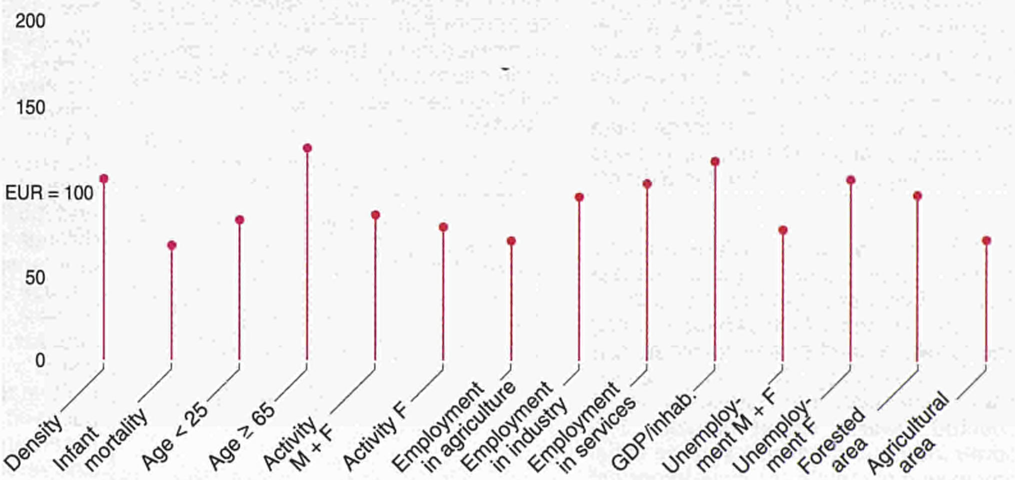
FRIULI-VENEZIA GIULIA

Situated in north-east Italy on the borders with Austria and Yugoslavia, the Friuli-Venezia Giulia region has an area of 7 844 km², 43% of which comprises mountains in the north along the border with Austria, 19% hills and the remainder plains along the Adriatic Sea. The climate at the coast is mild in the south (Trieste is the regional capital with the smallest temperature differences between winter and summer and between day and night), but becomes more continental in the mountain area. The Carso plateau borders on the provinces of Gorizia and Trieste, at an average altitude of 400 to 600 metres above sea-level.

The main rivers, the Tagliamento, the Isonzo and the Timavo, flow through the region from north-east to south-west into the Adriatic, sometimes forming large lagoons (Grado and Marano), near to which are a number of resorts. A special feature of the climate in the eastern part of the region is the 'bora', a cold, dry, gusty wind which blows from the plains of Russia over the Gulf of Trieste. The highest mountains are found in the extreme north-east of the region, where the coldest winter temperatures in Italy are often found.

Vineyards in the eastern hills of Friuli.

Friuli-Venezia Giulia in the Community

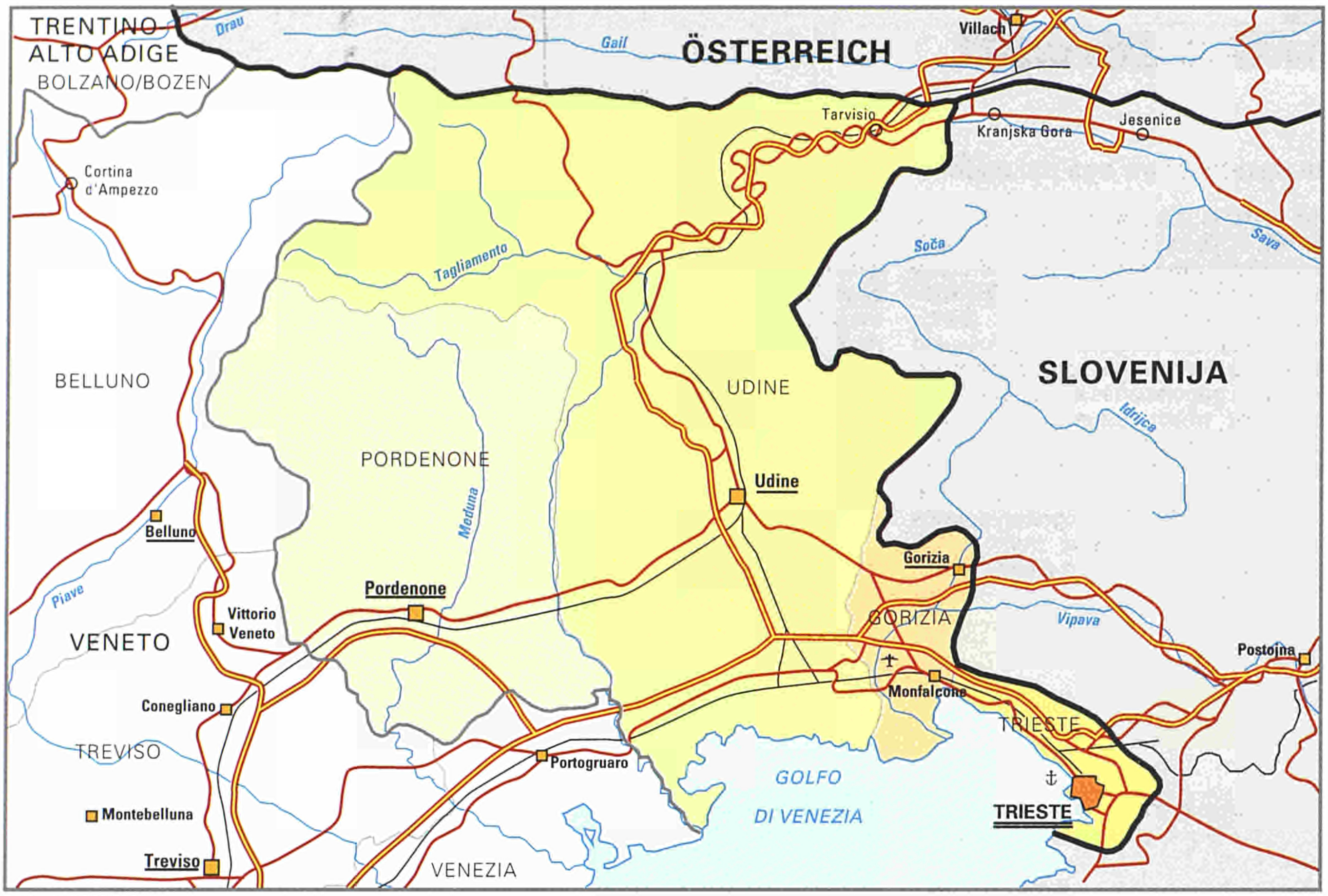


A touristic border region

The region enjoys a special autonomous status, under which local government exercises wide-ranging powers assigned to it in accordance with the Italian Constitution; this undoubtedly helps to ensure that greater care is taken in distributing subsidies according to the needs of the various areas in the region. Moreover, this could not be otherwise, given the region's many special features, especially its peripheral position which brings it into contact with the countries of eastern Europe for trade and in social matters.

Following the ancient splendour associated with the Austrian occupation of the city of Trieste, whose merchant port played a key role in trade with northern Europe, there has been a long period of decline in sea and rail transport of goods; the situation has now reached the point where the authorities are considering economic incentives to restore the role of what was once regarded as one of the most important merchant ports of the Adriatic. There is also intensive cross-border migration with the neighbouring countries of Yugoslavia and Austria, but this is a source of income for only one sector of the economy, namely retail trade.

One positive development has been the upsurge in tourism, especially in summer along the region's flat coastline, with many foreign visitors (especially Germans).



Scale 1 : 1 000 000

Which EC regions are similar to Friuli-Venezia Giulia?

Area:
almost 8 000 km²
Arnsberg (D)
Madrid (E)

Population:
1.2 million inhabitants
± 150 inhabitants per km²
Unterfranken; Kassel (D)

Age:
18% of persons over 65 years old
Hamburg; Bremen; Berlin (D)
South-West (UK)

Employment:
± 5% in agriculture
60-65% in services
Schleswig-Holstein (D)
East Anglia (UK)
Rhône-Alpes; Lorraine (F)

Many different faces

Morphologically, the region is divided into four areas:

– the mountain area in the north, with many forests and pastures, catering for winter sports;

– the hilly area, given over to intensive crop farming and livestock breeding;

– the fertile plains where maize, vines and soya are grown extensively;

– the coastal area with its many tourist resorts.

Administratively, the region is also divided into four provinces:

– the province of Pordenone in the west, the only one that does not have a coastline, where industry and agriculture (especially intensive pig-breeding) predominate;

– the province of Udine, the largest in terms of both actual size and population, with its pronounced industrial and commercial slant (especially trade with eastern European countries);

– the province of Gorizia, known for its small shops, summer tourism and wine production;

– the province of Trieste, the smallest in Italy in terms of area and number of municipalities, but with many shops, banks and insurance companies and a glorious history of ties with central Europe.

The region is thus varied with a clear distinction between Friuli, (provinces of Pordenone and Udine) and Venezia Giulia, smaller and less populous (provinces of Gorizia and Trieste).

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Pordenone	2.3	275	120	0.0	48	5.2	6	44	50	:
Udine	4.5	524	107	−1.5	48	4.6	6	32	62	:
Gorizia	0.5	139	278	−5.4	47	6.4	4	26	70	:
Trieste	0.2	264	1 320	−9.6	42	8.2	1	19	80	:
Friuli-Venezia Giulia	7.8	1 203	154	−3.4	47	5.7	5	32	63	118
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

FRIULI-VENEZIA GIULIA

An upside-down age pyramid

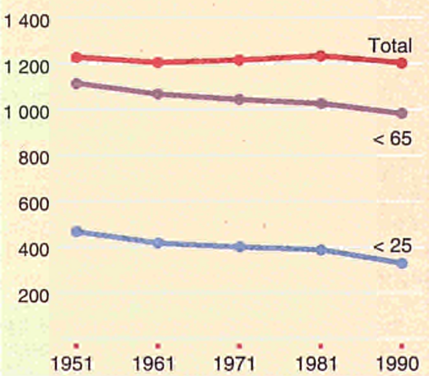
The region's population has fallen over the last 10 years by about 3 000 a year; it is interesting to note that 90% of these losses were in the city of Trieste, which has the largest natural deficit (births minus deaths) of all Italian cities, followed closely by Genoa. The main cause of the decline in population is in fact the falling birth rate, which assumes particularly alarming proportions in this region. Conversely, there has been a sharp increase in the number of deaths, on account of the ageing population. The migratory surplus has offset the downward trend in the population to some extent since 1975.

The ageing of the population, due to the decline in the younger age groups, gives a strange shape to the age pyramid, the base being narrower than the apex, which comprises the older age groups, mainly women.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	152.0	12.6	13.5	11.8
15-24	177.0	14.7	15.7	13.8
25-39	254.0	21.1	22.5	19.8
40-54	254.0	21.1	22.0	20.2
55-64	145.0	12.1	11.8	12.3
≥ 65	221.0	18.4	14.5	22.1
Total	1 203.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	7.6	0.6
of which EC countries	2.1	0.2
of which non-EC countries	5.5	0.4
Yugoslavia	2.2	0.2
USA	0.5	0.0
Germany	0.5	0.0
Greece	0.5	0.0
United Kingdom	0.4	0.0
France	0.4	0.0

Demographic account — 1981-90 (1 000)

Population 1.1.1981	1 234.0
Births	90.0
Deaths	152.0
Net migration	+ 31.0
Population 1.1.1990	1 203.0

Emphasis on vocational training

The region's labour force totals just under 500 000, of which almost 200 000 are women (equivalent to about 40%, which is on the high side compared with the national average).

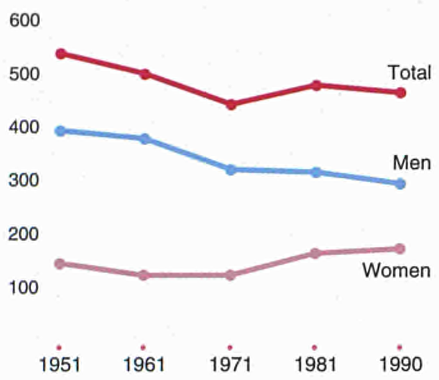
The regional activity rate is slightly lower than the national one, due not so much to the lack of production structures (supply) as to the ageing of the population.

In order to prepare new recruits for a labour market that is becoming increasingly demanding and specific, especially in the services sector (including government), vocational training courses have been organized for some time now in those areas where present and future demand for qualified manpower is perceived, such as hotel and catering schools, specialized agricultural schools, technical schools, language courses, computer courses, business management and accounting courses, etc.

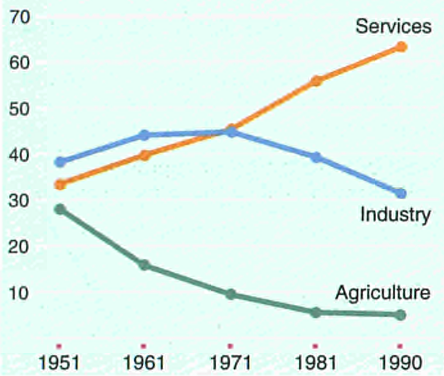
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	26.0	49.0
Primary	49.0	48.5
Lower secondary	40.0	47.4
Higher secondary (technical)	44.0	48.0
Higher secondary (general)	16.0	56.5
Higher education	23.0	47.8
Total	198.0	48.6

Employment (1 000)



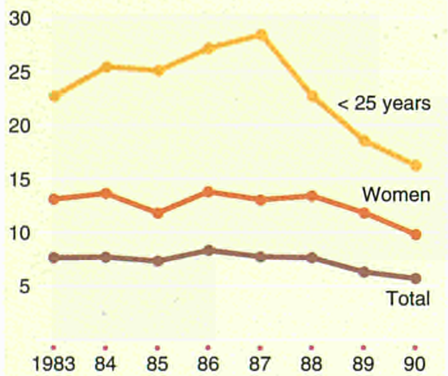
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	459.0
+ Non-residents having a job in the region	:
− Residents having a job outside the region	:
= Internal employment	499.0

Unemployment (%)



10 000 jobs lost between 1981 and 1990

The decline in the region's population in the last 10 years resulted in a fall in employment throughout the 1980s; despite the measures taken to shore up the region's economy, more than 10 000 jobs were lost between 1981 and 1990. In the mean time the regional product has gone up, though not by very much: economic development is thus not creating (and in some cases is even destroying) jobs. The fall in employment has affected the various sectors in different ways.

The trends in the region in the last 10 years follow the same pattern as in the country as a whole:

– a drop of almost 20% in the number employed in agriculture;

– a drop of around 15% in the number employed in industry;

– an increase of almost 10% in the number employed in other activities.

In the last 10 years the decline in employment in the agriculture and industry sectors has been slightly more marked in the region than in the country as a whole, while development of the services sector has lagged far behind.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	12	76	12	72	1	2	2	2
Women	17	76	7	77	8	9	3	4
Total	14	76	10	74	4	4	2	3

Unemployment higher than in other northern regions

The number of unemployed in the region, those who have lost their previous job for various reasons and are looking for another job plus those who are looking for their first job, is between 26 000 and 29 000.

The region's unemployment rate is lower than the national average, but it should be borne in mind that the average figures for Italy are high on account of the high unemployment rates in the Mezzogiorno (over 20% in some cases); in northern Italy, however, the unemployment rate is lower than that of the Friuli region.

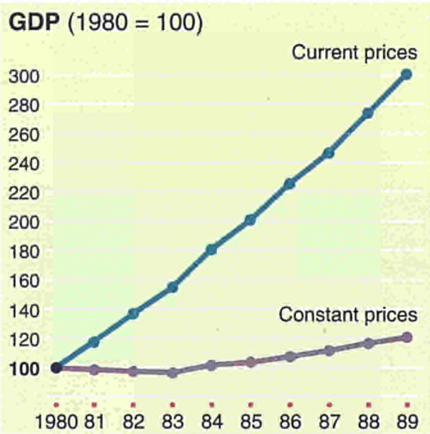
Rich agriculture, even richer business sector

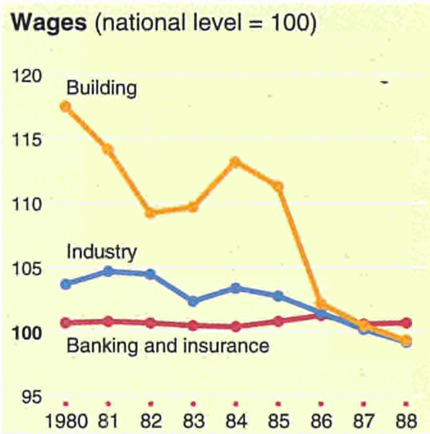
The region's true economic vocation is not so much agriculture (which does, however, generate a high value-added wherever it is practised) or industry (apart from a number of large multinationals geared mainly to exporting goods and technology to eastern Europe) but the services sector, especially wholesale and retail distribution and certain high-tech services.

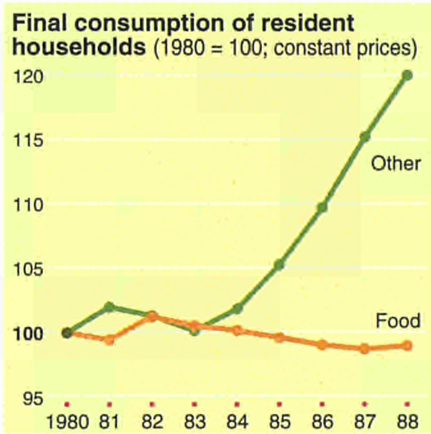
With its 23 000 or so retail shops (19 per 1 000 inhabitants) the region benefits from the massive influx of potential buyers (not to mention tourists) from across the Austrian and, above all, Yugoslav borders. The proportion of cafés and restaurants per 1 000 inhabitants is much higher than the national average (5.7 as against 3.8), especially in the restaurant sector (2.9 as against 1.5 respectively, i.e. almost double).

Based on the 1988 figures, the value of exports is slightly more than 50% higher than that of imports, thus helping to bring about a significant reduction in the external trade deficit, together with the regions of Emilia-Romagna, Piedmont, Veneto, Tuscany and Marche.

Again in the services sector, the city of Trieste plays a leading role (with knock-on effects on the other provincial capitals) in banking and insurance, being the headquarters of many large companies.







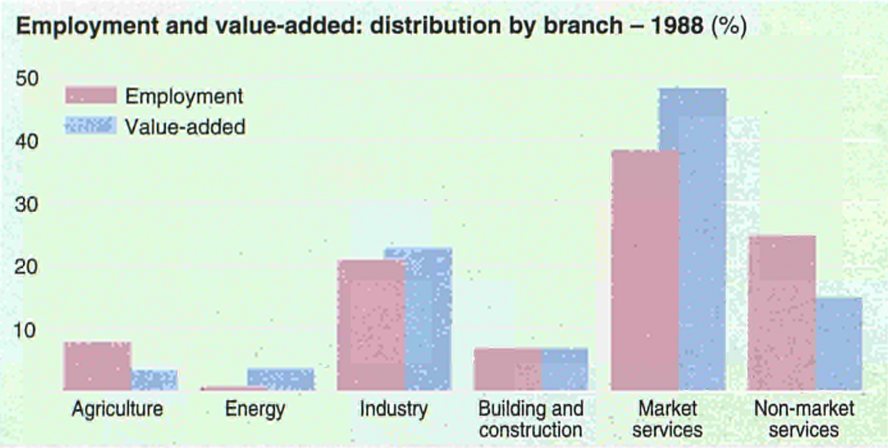
High salaries

National accounts data on compensation of employees show that earnings are significantly higher than average. This was the case throughout the 1980s.

The outstanding feature is the vast difference (more than double) between earnings in the banking and insurance sector and those in industry and construction.

Average monthly household income in 1988 was ECU 1 500, putting the region in ninth place nationally, but above the national average. Per capita average monthly income was ECU 590, 11% more than the national average.

Only 4.4% of households have an income of over ECU 39 000, accounting for 13% of households' total income.



A large services sector

In view of the region's geographical situation on the national borders and its contact with eastern Europe outside the EC, there has been considerable expansion in recent years in exports not only of finished and/or semi-finished products but also of technology and plant and equipment.

In the agricultural sector, the region was the first in Italy to grow soya, while the main activity in the eastern part of the region is the production of quality wines, with intensive pig-breeding in the province of Pordenone and timber production in Carnia.

The most important industries are the generation and distribution of electricity, the manufacture of domestic electrical appliances, the hides and leather industry, the manufacture and export of wooden furniture, the heavy metal industry and oil refining.

In the services sector, the most important services are banking and, above all, insurance (Trieste is the headquarters of many big companies), hotels and other accommodation in the tourist areas, merchant shipping with the port of Trieste (imports of coffee, oil and coal), health care, and central and local government.

Particular mention must be made of the role of the city of Trieste in pure and applied scientific research (through the 'Consorzio dell'area di ricerca scientifica e tecnologica').

Agriculture

Number of holdings	54 054
Labour force	41 199 AWU
Agricultural area	316 000 ha
Livestock	186 000 LU
Gross value-added	12 405 ECU/AWU
Main products	
Main crops	21%
Cereals	17%
Milk	15%

Main enterprises

Name	Employees	Activity
Fincantieri Navali Italia	20 942	Shipbuilding
Ente ferrovie dello Stato	6 630	State railways
Zanussi Elettrodomestici	3 820	Household equipment
Amministraz. Poste e Telecomunicazioni	2 232	Post and telecommunications
Savio	1 198	Manufacture of machinery for textiles production
Seleco	1 077	Manufacture of television and radio receivers
Enel	1 052	Production and distribution of electricity

Environment still intact

The fourth-smallest region of Italy has a low percentage of agricultural and wooded land on account of a vast unproductive area comprising lakes and barren land.

Moreover, a third of the territory is classified as high seismicity, affecting 11% of the population, and a further 45% as medium seismicity, affecting another 41% of the population.

There is relatively little pollution of rivers and groundwater (caused mainly by the use of pesticides and herbicides in agriculture). In Carnia much of the mountainous area in the north up to the border with Austria is woodland, and the regional authorities have passed laws to protect certain areas rich in animal and plant life.

The Carso is a medium-altitude plateau which extends from the provinces of Gorizia and Trieste along the Istrian coast in Yugoslavia: its main feature is a natural growth of trees and shrubs on stony ground that is not very suitable for agriculture. In contrast, the fertile plains and hills of Lower Friuli are home to many farms specializing in the growing of maize, soya, actinidia and vines.

ITALIA

EMILIA-ROMAGNA

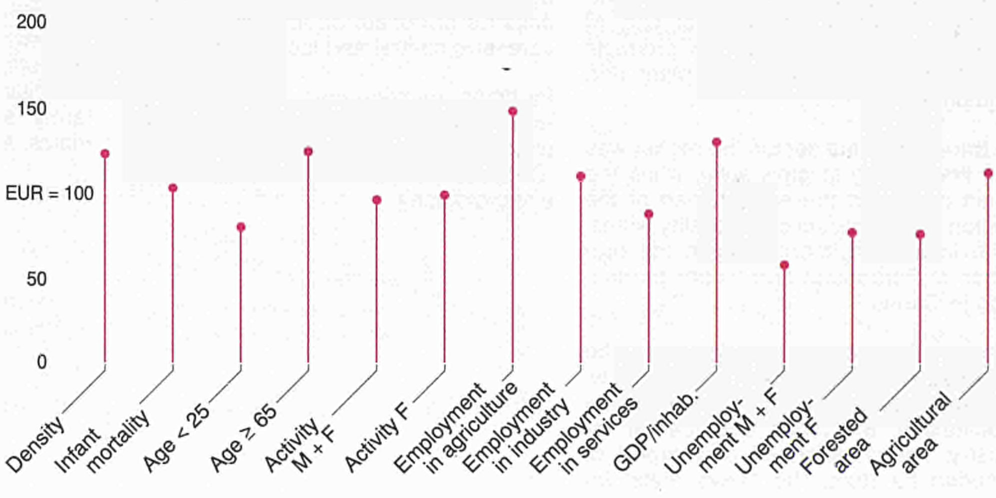
The region of Emilia-Romagna consists of eight provinces and covers an area of 22 123 km^2. Nearly half of the region (48%) consists of plains while 27% is hilly and 25% mountainous. The Emilia-Romagna section of the Apennines is marked by areas of flisch, badland erosion (calanques) and caves. The mountains stretch for more than 300 km from the north to the south-east, with only three peaks above 2 000 m — monte Cimone (2 165 m), monte Cusna (2 121 m) and Alpe di Succiso (2 017 m).

The plain was formed by the gradual retreat of the sea from the Po basin and by the detritus deposited by the rivers. The geology varies, with lagoons and saline areas in the north and many thermal springs throughout the rest of the region as a result of groundwater rising towards the surface at different periods of history. All the rivers rise locally in the Apennines with the exception of the Po which has its source in the Alps in Piedmont and follows the northern border of Emilia-Romagna for 263 km.

Vegetation in the region may be divided into belts: the common oak belt which is now covered (apart from the mesola forest) with fruit orchards and fields of wheat and sugar beet, the pubescent and Adriatic oak belts on the lower slopes up to 900 m, the beech belt between 1 000 and 1 500 m and the final mountain heath belt.

Bologna and its skyline, ancient and modern.

Emilia-Romagna in the Community

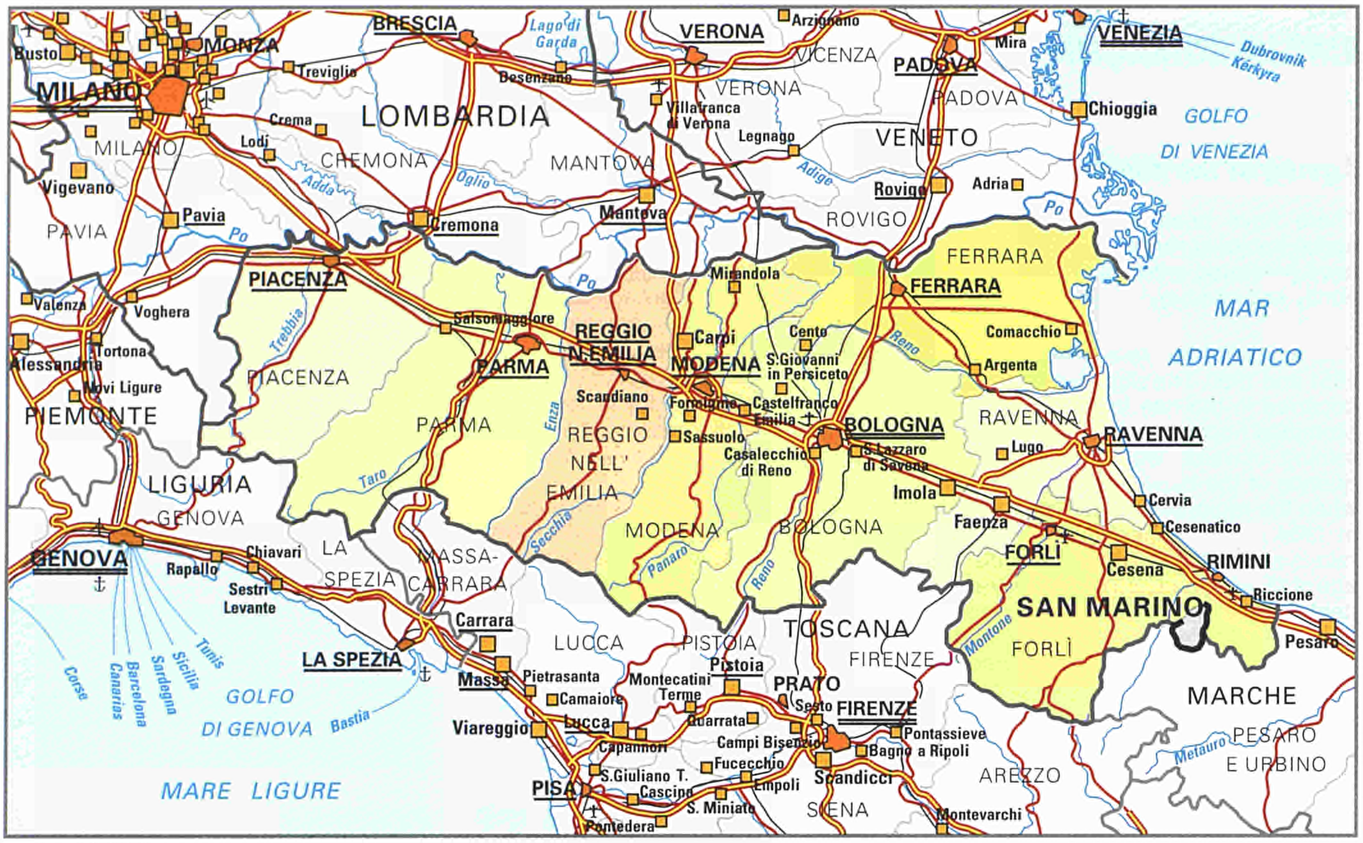


Well integrated at sectoral and territorial levels but an uneven age pyramid

Emilia-Romagna is located in one of the most developed parts of Italy with one of the earliest areas to become industrialized: the Adriatic belt which follows the old Roman road, the Via Emilia, from Piacenza to the Adriatic coast. The process of industrialization took root in the 1950s, using capital from farming, and developed throughout the region without being concentrated in any specific areas, touching all sectors, circumventing the barriers which traditionally excluded the weaker parts of the economy. There is a fairly homogeneous business structure, comprising mainly small and medium-sized firms.

Another point in Emilia-Romagna's favour is the intense specialization in the mechanical engineering, textiles, foodstuffs and ceramics sectors, which makes the region one of Italy's foremost export areas. Tourism, after the slump in 1988 as a result of the pollution scare in the Adriatic, generally revived in 1990 with a restructuring programme involving investment in upgraded facilities and staff. There is a risk, however, that this pattern of brisk economic growth may be disrupted by the gradual ageing and the steady thinning of the working population. The massive influx of immigrants (22 000 in 1990) will go some way towards meeting the shortage of labour in the region but it is also creating other problems of social integration.

Another weakness of the region is its system of transport and communications. Although these are among the best in Italy, they need to be upgraded and modernized to bring them up to European standards.



Scale 1 : 2 000 000

Which EC regions are similar to Emilia-Romagna?

Area:
± 22 000 km²
Norte (P)
Toscana (I)

Population:
4 million inhabitants
150 to 200 inhabitants per km²
Comunidad Valenciana (E)
Rheinland-Pfalz (D)

Employment:
10-12% in agriculture
± 50% in services
Comunidad Valenciana (E)
Champagne-Ardenne; Centre (F)

Imbalance between the plains (Via Emilia) and the mountains

Although there are no centres which dominate the region, activities are concentrated along the old Via Emilia. This route has attracted a large number of firms, with concentrations ranging from 22.6% in the province of Bologna to 8.1% in the province of Ravenna. There are advanced services and types of production along this central axis, which creates a ripple effect of distribution and services over a wide area without reaching the very edges of the region. Bologna, Modena, Reggio Emilia and Parma are the leading provinces.

The 1988 growth rate in Emilia-Romagna was 5%, the highest in Italy. The only blemish in this picture was the gap between the mountainous areas and the plains. The former are outside the radius of influence of the central axis. These areas have not benefited from the development along the Via Emilia and to some extent have remained cut off. The gap between the two areas can be seen in every sector of production. Recent years have seen the mountainous areas depopulated, with agricultural holdings abandoned and livestock farming in a critical situation. It is only with tourism that the resources of these areas are now being exploited.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Piacenza	2.6	270	104	−2.9	49	4.0	11	34	54	:
Parma	3.4	395	114	−1.4	51	2.8	6	38	56	:
Reggio Emilia	2.3	417	182	0.9	53	1.9	11	42	47	:
Modena	2.7	600	223	0.7	53	3.0	10	44	47	:
Bologna	3.7	912	246	−2.0	51	3.3	6	35	58	:
Ferrara	2.6	366	139	−3.8	50	8.5	14	32	54	:
Ravenna	1.9	352	189	−1.9	50	6.2	16	27	57	:
Forli	2.9	610	210	1.7	50	6.2	11	29	60	:
Emilia-Romagna	22.1	3 925	177	−0.9	51	4.3	10	36	55	130
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

EMILIA-ROMAGNA

Ageing of the population and immigration

There have been radical changes in social habits in recent years, and these have prompted different attitudes to the family and children.

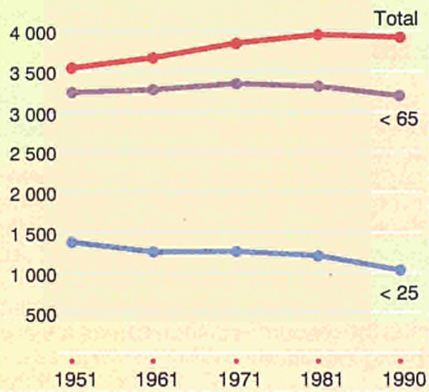
The regional birth rate halved between 1951 and 1990. The slight increase which occurred in the rate in 1988 and which prompted hopes that the trend might be turning upwards was simply a consequence of the baby boom of the 1960s, when the regional birth rate had peaked in 1964 at 15%. The population growth rate is now zero, and children under the age of 15, who made up 22.5% of the resident population in 1951, now account for only 12%. If current fertility and immigration rates are maintained, Istat forecasts indicate that by 2027 the percentage of those over 65 will rise to 24%.

What is more, the drop in the mortality rate with people living longer and the resumption of immigration — registered foreigners now account for 5.7% of the region's population — are another two factors which are altering the demographic picture.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	475.8	12.1	12.9	11.4
15-24	554.5	14.1	15.0	13.4
25-39	828.9	21.1	22.1	20.3
40-54	812.3	20.8	21.2	20.2
55-64	526.2	13.4	13.3	13.5
≥ 65	723.9	18.5	15.5	21.2
Total	3 921.6	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	22.3	0.6
of which EC-countries	5.2	0.1
of which non EC-countries	17.1	0.5
San Marino	1.8	0.0
Morocco	1.7	0.0
Greece	1.2	0.0
United Kingdom	1.0	0.0
France	1.0	0.0
Germany	1.0	0.0

Demographic account — 1981-90 (1 000)

Population 25.10.1981	3 957.5
Births	219.5
Deaths	350.0
Net migration	+ 94.6
Population 1.1.1990	3 921.6

Significant role of women and job creation schemes

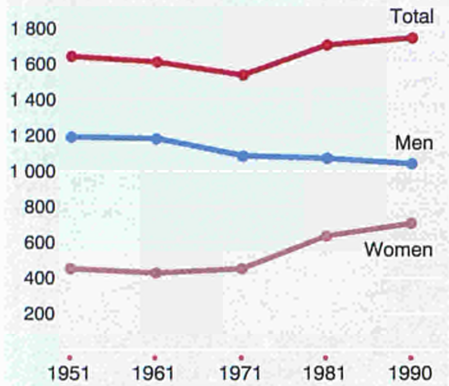
In Emilia-Romagna there is a very high level of female participation (40% of those in employment). Part-time working is becoming more and more common in the region, and together with, to a greater extent, the expansion of one services sector, it is responsible for the increase in the number of women in employment. There is a growing use of immigrant labour (the only group in the employment market with a high rate of mobility), especially for the unpleasant jobs. The fact is that increasing levels of education are creating different expectations among job seekers. In the last 40 years the number of male graduates in Italy has increased fourfold, and sixfold for women. Job creation schemes exist for young people between 15 and 29, with firms which are exempted from social security contributions.

In the first nine months of 1990 a total of 49 035 young people found jobs.

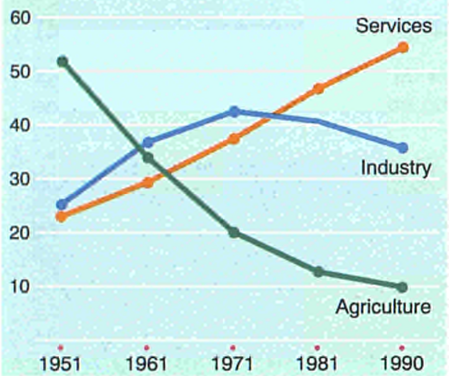
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	77.0	48.8
Primary	155.0	48.4
Lower secondary	126.0	47.5
Higher secondary (technical)	138.0	49.0
Higher secondary (general)	46.0	58.2
Higher education	106.0	48.1
Total	648.0	49.1

Employment (1 000)



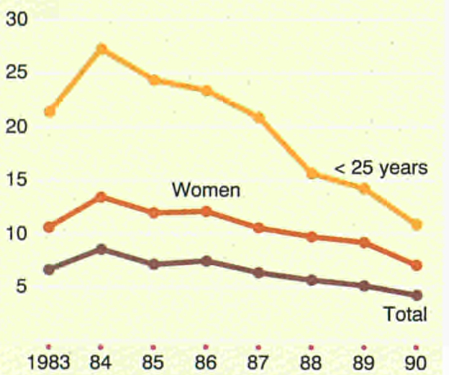
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	1 704.0
+ Non-residents having a job in the region	:
– Residents having a job outside the region	:
= Internal employment	1 732.0

Unemployment (%)



Evolution of employment influenced by growth in the services sector and restructuring of industry

In 1990 Emilia-Romagna had the highest activity and employment rates in the country (although the latter honour was shared with Valle d'Aosta). The increased number of women in employment has been accompanied by a massive drop in the number of jobs in farming, relative stability in the case of employment in industry, and a rise in the services sector.

The provisional data from the fourth general census of agriculture indicate a trend in the region towards fewer farmers operating their own holdings. In 1990 there was a drop of 4.1% over 1989, mainly involving the self-employed, especially men. The reason for this drop is the reorganization affecting agriculture in the region, as in all developed areas.

The massive shift to the services sector is borne out by the pattern of development in this sector, which throughout the region is providing valuable support to the system of production. In 1989 there were 22 000 operators (ranging from individual experts to large companies) in production-related services, which included technical assistance, industrial analysis, data-processing centres and marketing and advertising services.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	13	71	16	64	1	2	2	3
Women	15	77	8	74	8	10	5	4
Total	14	73	13	67	4	5	3	3

Drop in unemployment, particularly among young people

The unemployment rate in Emilia-Romagna is among the lowest in Italy. There has been, in recent years, a clear improvement in the jobless situation in the region whereas in Italy in general the situation began to improve only in 1990. There is a notable difference in the female unemployment rate in the region compared to the national rate, which is even more pronounced for youth unemployment. The drop in national unemployment in 1990 was further evidence of a regional trend which had begun in 1987, affecting all categories, but especially those looking for their first job. This also coincided with the setting up of the job creation schemes for young people (Law No 863/1984). There were marked improvements in other categories as well. This confirms earlier analysis and would indicate an encouraging short-term picture close to full employment.

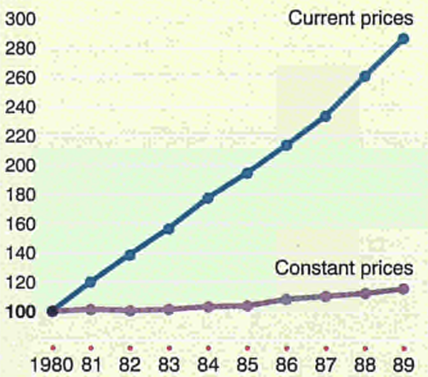
The combination of traditional products and technological innovation

A feature of the regional economy is the close interplay of production activities fostered by the modern services sector. Value-added in this sector amounts to 59% (of which 36% for market services, mainly services provided for other firms). The business structure of the region is based on a dense network of small and medium-sized firms, of which there were 319 000 in June 1990 (8.7% of the national total). A breakdown of this figure shows that the distributive trades are the largest sector (129 000 firms), followed by manufacturing (69 000) and building and construction (36 000).

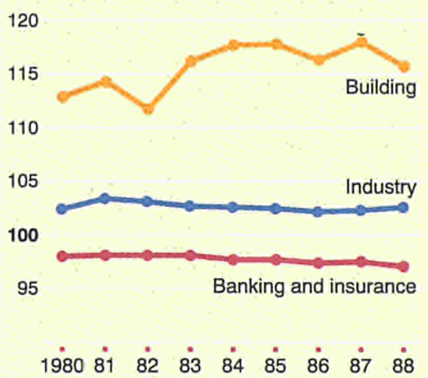
Alongside the region's traditional products (foodstuffs, ceramics, clothing, mechanical engineering), several new areas of production have emerged: robotics, biomedicine, graphic arts, etc.

In spite of the depth and variety of industrial activities in the region, agriculture has not been eclipsed. Emilia-Romagna is among the leading regions in the country, with farming contributing 5.8% of the regional agricultural product. The agricultural sector has aimed for increased competitiveness by means of structural reorganization and high-quality products, and this has led to the success of marketed brands. Farm cooperatives have been working along these lines in recent years. With their long tradition in the region there are now about 8 100 cooperatives, generally in the agricultural sector and mainly located in the provinces of Bologna (2 160) and Forli (1 300).

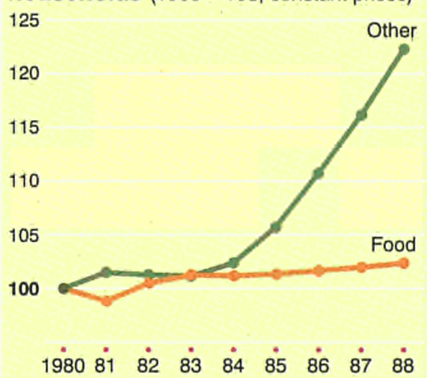
GDP (1980 = 100)



Wages (national level = 100)



Final consumption of resident households (1980 = 100; constant prices)

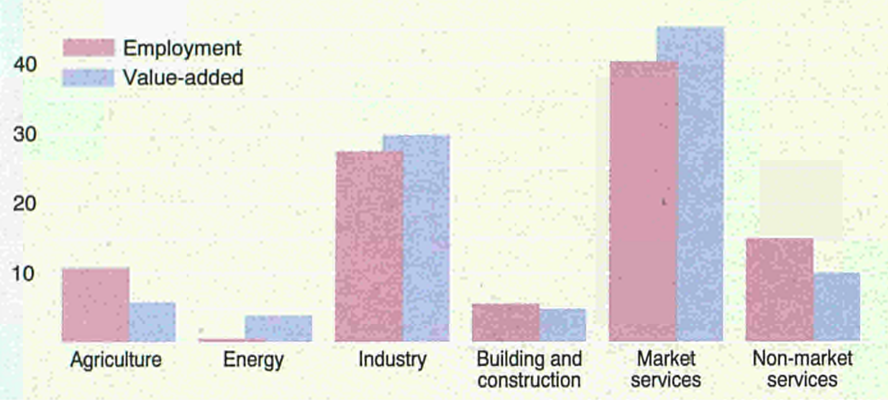


Earnings and income: tangible proof of progress

A breakdown of the national accounts by sector of activity shows that in Emilia-Romagna average earnings levels are higher than the national average, especially in agriculture (by 18.3%) and the building sector (15.8%). The trend of gross per capita earnings of wage and salary earners followed the national pattern between 1980 and 1988.

Istat's family budget survey indicates that net monthly household income in Italy amounts to ECU 1 500 but in Emilia-Romagna it is 14.9% higher. The region is ranked second in the nation after Lombardy. The average monthly per capita income is ECU 670, the highest in absolute terms of all the regions in the country. In 1988 nearly a quarter (24%) of household income was spent on foodstuffs.

Employment and value-added: distribution by branch – 1988 (%)



The region's economic strength spans three sectors

Agriculture has a central role in the economy of the region thanks to the process of industrialization.

Industry in the region presents a varied and complex picture and is located along the Via Emilia. The old Roman road runs from Sassuolo (ceramics) to Rimini, where furniture and clothing production exists alongside the main tourism-related activities. The regional economy is more geared to export markets than other regions in the country: the main exports are from mechanical engineering (53%), the extraction of non-metalliferous minerals (13%) and the clothing industry (10%).

There is a strong link between industrial development and the growth of the services sector, which took off in the early 1970s. In the first half of 1989 the quality services sector (comprising wholesale trade, broking, hotels and catering, transport and communications, banking and insurance and business-related services) accounted for 50 % of the region's firms.

Agriculture

Number of holdings	158 163
Labour force	167 206 AWU
Agricultural area	1 388 000 ha
Livestock	1 427 000 LU
Gross value-added	20 084 ECU/AWU
Main products	
Fruit — citrus	15%
Milk	14%
Poultry — eggs	11%

Main enterprises

Name	Employees	Activity
Ente Ferrovie dello Stato	15 952	State railways
Amministraz. Poste e Telecomunicazioni	5 669	Post and telecommunications
Fiat Geotech Tecnologie per la terra	3 192	Manufacture of agricultural machinery
Sip	2 370	National telephone service
Enichen Anic	1 512	Manufacture of chemicals
Weber	1 458	Motor vehicle parts
Enel	1 435	Production and distribution of electricity

Can the Po be saved?

In spite of heavy industrialization the quality of life in Emilia-Romagna is still tolerable, particularly as there are no great industrial conurbations but a lot of medium-sized centres which retain a human scale. Even Bologna, the regional capital, has less than half a million inhabitants. The culture and traditions of the region are rural, and evidence of this way of life can still be seen in the festivals which are part of the life of every village. The Via Emilia, the Autostrada del Sole motorway and the Milan-Rome railway line run parallel between the Apennines in the west and the broad Po plain in the east, where farmland alternates with vineyards and fruit orchards. The land on the banks of the river is rich in local history, art and culture. Ancient castles, villas and towns glide by in a countryside teeming with flora and fauna.

Unfortunately the Po also carries the waste of the scores of factories along its banks. The Po basin is home to 18 million people and to 60% of Italy's industry, 50% of its livestock (although the 1991 census of agriculture showed a marked reduction in livestock numbers in the region, partly as a result of environmental problems) and 40% of the country's total agricultural output. The regional authorities are taking action to deal with the problem by requiring the use of treatment installations, constructing modern sewage systems and creating nature reserves in the Po delta. Only the joint efforts of all the regions in the Po basin can be effective in restoring and safeguarding the environment of the area.

ITALIA

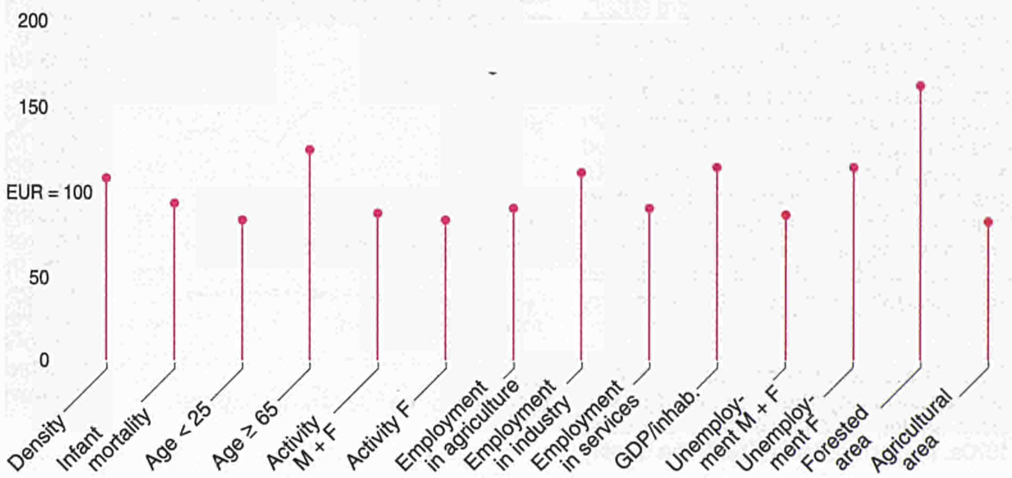
TOSCANA

Roughly triangular in shape and situated between the northern part of the Tyrrhenian Sea, the central Apennines and a traditional boundary with the old Papal State, the part of Italy formerly known as the Grand Duchy of Tuscany was referred to in the first General Census of Population, carried out on 31 December 1861, as the 'administrative district of Tuscany'.

A hundred and ten years later (June 1970) elections were held for the first Regional Council of a Tuscany whose administrative boundaries were much the same as in 1860. Subdivided into nine provinces, Tuscany has an area of approximately 22 992 km². Surrounded and crossed by major mountain chains, and with few plains, the region has a relief that is dominated by hilly country; whereas mountains cover 5 770 km² (25% of the total area) and plains a mere 1 930 km² (8.4% of the total area), hills make up two-thirds (66.5%) of the region's total area, covering 15 292 km². The climate, which is fairly mild in the coastal areas, is harsher and rainy inland, with considerable fluctuations in temperature between winter and summer.

Panoramic view of Florence.

Toscana in the Community



General well-being, pockets of marginality

The subsoil in Tuscany is relatively rich in mineral resources, with iron ore, copper, mercury and lignite mines, the famous *soffioni* (fumarole) at Larderello and the vast marble mines in Versilia. Although its share is falling all the time, agriculture still contributes to the region's value-added. In the region's inland areas cereals, potatoes, olives and grapes (for the world-famous Chianti wines) are grown. The swamplands, which were still marshy up to the early years of this century, produce vegetables, rice, tobacco, beet and sunflowers. The industrial sector is dominated by mining, given the abundance of underground resources. Also of some note are the textiles, chemicals/pharmaceuticals, metalworking and steel, glass and ceramics, clothing and printing/publishing sectors. Leather goods, footwear and articles of gold are also produced. Of world-wide renown is the artistic and cultural heritage of Tuscany's towns and villages, which have always attracted vast numbers of visitors from all over the world. The growth of industry and the services sector is hampered by the low level of schooling of the population and the fairly widespread practices of having a second job or employing illega[illegible]r, particularly the large numbers of n[illegible]munity immigrants in recent years.

Scale 1 : 2 000 000

Clear-cut differences between tourist and non-tourist areas

The population density of Tuscany, at 155 inhabitants per km^2, is below the national average. This is due mainly to the low population density of the provinces of Arezzo, Siena and, above all, Grosseto. The highest density is found in the provinces of Firenze (Florence), Livorno, Pistoia and Lucca, peaking in the cities of Florence (more than 4 000 per km^2), Livorno, Prato, Viareggio, Forte dei Marmi and Montecatini Terme (all with more than 1 000 per km^2). The territorial distribution of the population is closely linked to the socio-cultural and, more recently, economic and industrial development of Tuscany.

Accordingly, the least densely populated areas are those where the main activity is agriculture, unlike the others where, despite the presence of a number of large industrial complexes, the main activities are connected with tourism and associated services, alongside a plethora of small firms in the leather, glass, paper and clothing sectors.

Which EC regions are similar to Toscana?

Area:
± 23 000 km^2
- Comunidad Valenciana (E)
- Centro (P)
- Lorraine (F)

Population:
3.6 million inhabitants
density close to the EC average
- Norte (P)
- Rheinland-Pfalz (D)

Employment:
35-40% in industry
more than 55% in services
- Hessen; Niedersachsen (D)
- Alsace; Picardie (F)
- West-Vlaanderen (B)

Age:
1 in 6 persons over 65 years old
- Languedoc-Roussillon;
- Midi-Pyrénées (F)
- South-West (UK)

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km^2	1 000	Inhab./km^2	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Massa-Carrara	1.2	205	177	0.5	41	9.0	5	33	63	:
Lucca	1.8	381	215	−1.2	46	9.2	6	32	61	:
Pistoia	1.0	266	276	0.4	51	6.8	5	39	56	:
Firenze	3.9	1 193	308	−0.7	51	6.8	3	37	60	:
Livorno	1.2	343	282	−1.2	46	10.9	4	25	71	:
Pisa	2.4	388	158	−0.3	50	7.4	5	36	59	:
Arezzo	3.2	314	97	0.2	50	5.6	9	43	49	:
Siena	3.8	252	66	−1.3	50	6.6	13	28	60	:
Grosseto	4.5	220	49	−0.5	42	9.1	13	24	63	:
Toscana	23.0	3 561	155	−0.6	49	7.6	6	35	60	114
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

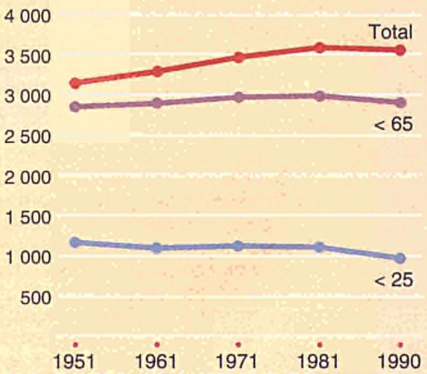
An ageing population

The changes in Tuscany's resident population between 1951 and 1990 followed the same pattern as in the country as a whole. Alongside a drop in the birth and mortality rates, there was a substantial migratory surplus since Tuscany was not affected by emigration to the same extent as the rest of the country. Over this period, the distribution of the population of Tuscany by age group showed a lower than average proportion of young people (under 25 years of age) and a higher than average proportion of elderly people (over 65 years of age), thereby clearly confirming the nationwide trend towards an ageing population. The numbers of births and deaths in 1989 were broadly similar in all the provinces of Tuscany, ranging from 6.6 to 7.6 per thousand and from 10.7 to 12.2 per thousand respectively.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	464.0	13.0	13.9	12.2
15-24	510.0	14.3	15.1	13.6
25-39	738.0	20.7	21.6	19.9
40-54	730.0	20.6	21.0	20.1
55-64	464.0	13.0	12.9	13.1
≥ 65	655.0	18.4	15.5	21.1
Total	3 561.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	26.8	0.8
of which EC countries	9.3	0.3
of which non-EC countries	17.5	0.5
Germany	3.0	0.1
United Kingdom	2.2	0.1
USA	2.1	0.1
France	1.5	0.0
Switzerland	1.4	0.0
Philippines	1.1	0.0

Demographic account — 1981-90 (1 000)

Population 25.10.1981	3 581.0
Births	217.0
Deaths	328.0
Net migration	+ 91.0
Population 1.1.1990	3 561.0

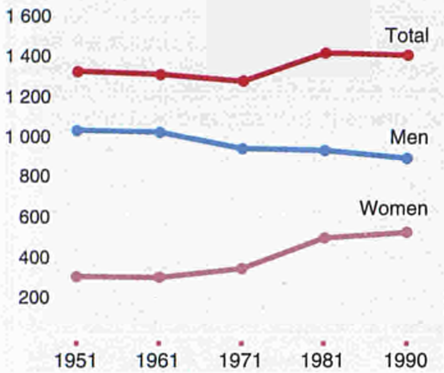
A preference for an early entry into the labour market

The wide gap between the activity rates for men and women confirms that there are still relatively few of the latter working in Tuscany. In fact, there still seems to be a high proportion of women who work at home. The specific structure of the Tuscan labour market favours small and medium-sized or craft businesses, which tend to encourage immediate involvement in production and to draw a young segment of the population away from studies. Except in one or two provinces (Massa, Livorno, Firenze) where industry requires higher academic and professional qualifications, the percentage of young people in education (15.8%) is lower than the national average (17.9%).

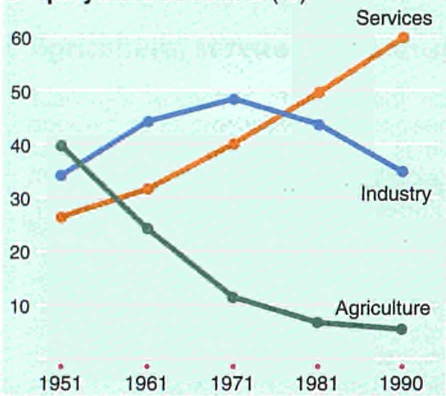
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	78.0	48.7
Primary	152.0	48.7
Lower secondary	123.0	47.1
Higher secondary (technical)	119.0	48.6
Higher secondary (general)	50.0	53.5
Higher education	95.0	48.4
Total	617.0	48.6

Employment (1 000)



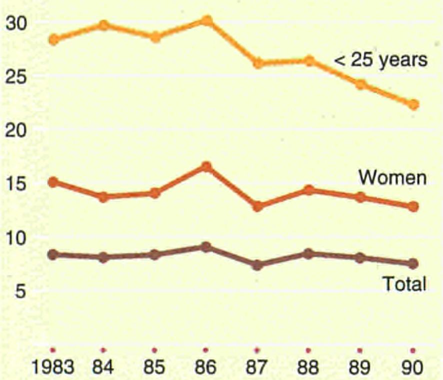
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	1 395.0
+ Non-residents having a job in the region	:
– Residents having a job outside the region	:
= Internal employment	1 424.0

Unemployment (%)



Move to the services sector

As in the rest of the country, the last 40 years have seen a gradual drift away from farming in Tuscany. The distribution by province shows that the provinces in the southern part of the region (Siena, Grosseto and, to a lesser extent, Arezzo) still have an important agricultural sector.

The industrial and services sectors are growing, although in recent years this trend seems confirmed for the latter only, whereas industry is falling back somewhat, once again reflecting the national picture. Over the whole period there was a slow but steady increase in the proportion of working women, fostered by the specific structure of production in Tuscany which, with a large number of small firms (especially in the textile, clothing, footwear and furniture sectors and in activities ancillary to services), is conducive to female employment, not only as manual or family workers but also as office staff and entrepreneurs.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	11	72	16	68	1	2	2	2
Women	16	75	10	71	11	15	2	4
Total	13	73	14	69	5	7	2	3

Temporary work: a cure for unemployment

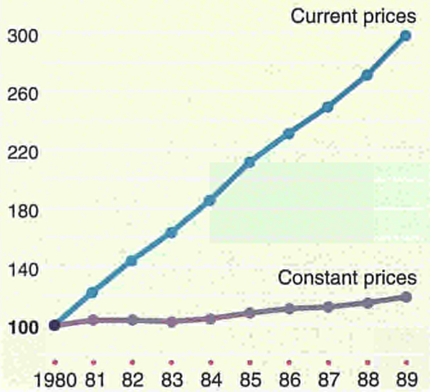
Apart from the hidden economy, which is difficult to record, the main underlying factor appears to arise from a crisis in the production system that has lasted longer in Tuscany than in the other regions. However, there is no shortage of opportunities to earn some money while unemployed, since there are many instances of fixed-term or part-time jobs that do not entail being taken off the unemployment register, giving rise to a new category of 'working unemployed'. This type of unemployment throws up new social differences between those who, with the support of their family, can regard it as experience of the type of work they seek and those who may end up in a permanently precarious situation.

In this context there is an important factor that distinguishes between the various categories of unemployed, namely the level of schooling (unemployment is more prevalent among those with the lowest qualifications).

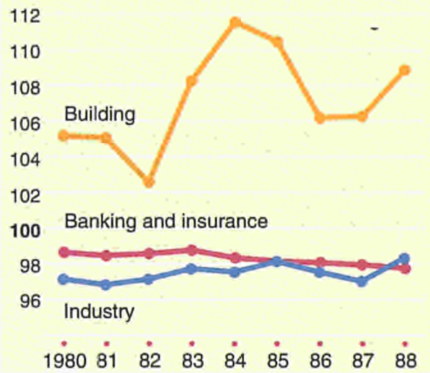
Towards a high-tech services sector

The structure of employment shows that the services sector now has a clear lead over agriculture and industry in Tuscany. The sharp drop in employment in agriculture, which was fairly predictable in view of the age of those working in this sector, does not appear to have triggered off any generation-replacement mechanism, resulting in a level of employment that is one of the lowest among the regions of central and northern Italy. The proportion of traditional jobs seems to be on the wane, whereas unconventional forms of work (seasonal, moonlighting, part-time and exploitation of non-Community immigrants) are multiplying and changing all the time. There was a significant improvement in the industrial sector at the beginning of the 1980s, with growth on much the same scale as in the other developed regions of the country. Around 1983 there was a reversal of the trend, and the fall in industrial employment in Tuscany subsequently became more pronounced, contrary to the general trend. This might have been due to a process of readjustment in heavy industry first of all and then in the small textile and clothing firms. The winner from all the ups and downs in employment in the 1980s was the vast and complex services sector. The move to the services sector of the Tuscan economy can be said to have started in the 1970s: around the middle of the decade the number employed in this sector overtook that in industry. Tuscany can accordingly now be regarded as a region with a highly developed tourist and services sector. In this context it must be borne in mind that the small size of firms in Tuscany may have led to tertiary functions being entrusted to outside companies and consequently to an increase in business services. In the last 10 years the services sector has made up for all the substantial job losses in industry and agriculture.

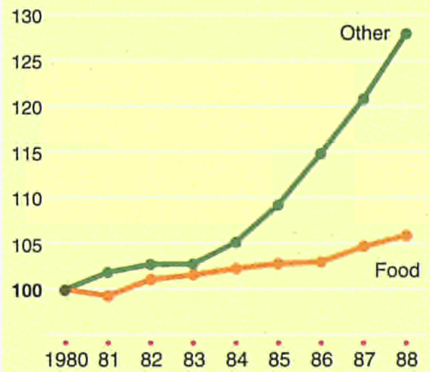
GDP (1980 = 100)



Wages (national level = 100)



Final consumption of resident households (1980 = 100; constant prices)

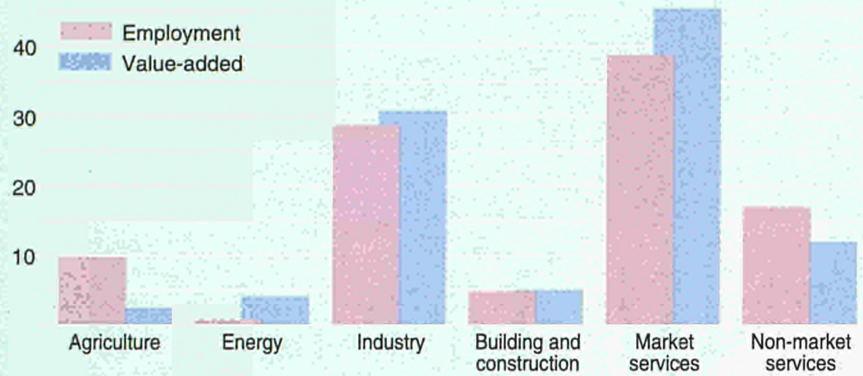


Higher wages in the building sector

Per capita gross earned income in Tuscany differs from the national average, with variations from sector to sector. While the figure for industry as a whole is below the national level, the reverse is true in the case of the construction industry. The banking and insurance sector also has lower-than-average levels of earnings. As a result, households' disposable income in Tuscany is below the national average.

Generally speaking, the imbalances in the territorial distribution of income are fairly moderate and therefore limit the differences in wealth between the provinces, even though some areas have remained cut off from the process of development.

Employment and value-added: distribution by branch – 1988 (%)



Agriculture, services and industry become integrated

Tuscany's economic development has been a gradual process with nothing sensational or spectacular about it. In the heart of the region there are still vast farmlands, despite the emergence of a number of industrial sites. The main crops range from cereals to flowers to vegetables. The heavy industries (mining, steel and mechanical engineering) are concentrated along the coastal strip (Livorno and Pistoia areas), where there are also important chemical industries. Also of note are the marble (Carrara area) and paper industries (Lucca area).

Smaller areas specializing in manufacturing and craft industries are found in the hinterland: the leather and footwear area in the south-west part of the province of Firenze; the hot-house plant area in Pistoia; the ceramics and textile industries in the Prato area; and the processing of timber for the manufacture of wooden furniture in the Cascina area.

Almost without exception, every town and city in Tuscany has considerable natural and architectural beauty. There is a continuous stream of visitors throughout the year. As a result, the services and distributive activities that are so important to the region's economy are particularly wide-ranging and highly organized.

Agriculture

Number of holdings	128 487
Labour force	120 769 AWU
Agricultural area	1 062 000 ha
Livestock	352 000 LU
Gross value-added	10 154 ECU/AWU
Main products	
Cereals	19%
Flowers	18%
Vegetables	11%

Main enterprises

Name	Employees	Activity
Ente Ferrovie dello Stato	18 691	State railways
Amministraz. Poste e Telecomunicazioni	6 597	Post and telecommunications
Piaggio Veicoli Europei	5 850	Manufacture of motorcycles and bicycles
Ilva	4 946	Steel
Enel	2 943	Production and distribution of electricity
Sip	2 449	National telephone service
Autostrade SpA	1 109	Land transport

Serious problems as a result of environmental damage

With its geographical location that is of fundamental importance for domestic trade, Tuscany possesses, alongside an artistic heritage, a modern network of towns and roads that provides the infrastructure for a considerable volume of business traffic.

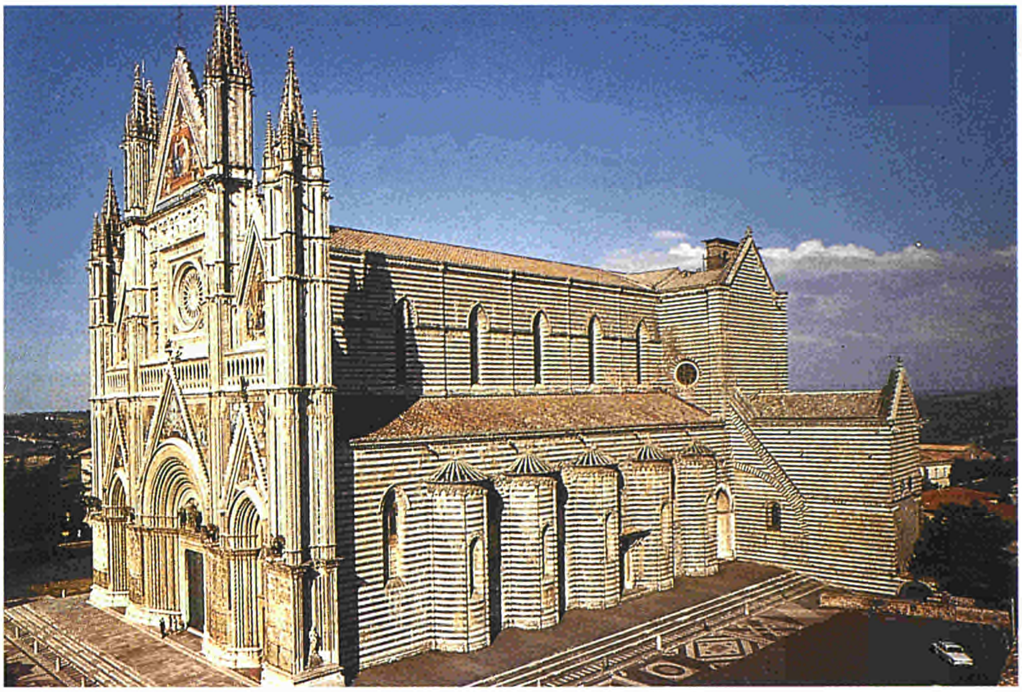
Development that has not always been aware of the environmental situation has given rise to some imbalance in the way of life of the population that has been forced by the shortage of suitable housing at affordable prices to travel some distance every day to go to work. A further adverse effect of the process of development is the high rate of deaths from cancer in the areas where the main activity is the working of hides and leather. The disposal of waste is another important problem which, especially in the abovementioned areas, has not yet been properly solved once and for all.

ITALIA

UMBRIA

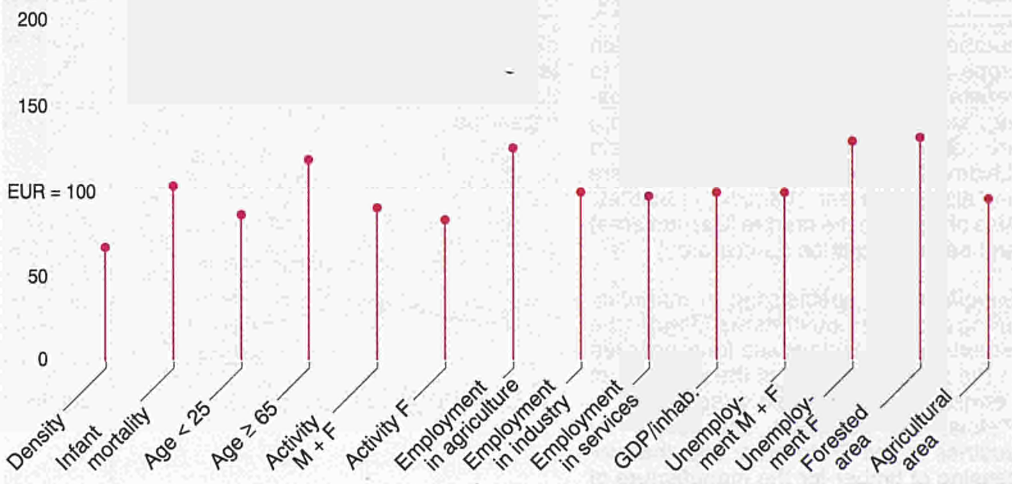
In the very centre of Italy, Umbria has for centuries been a crossroads for various peoples and cultures. With a surface area of 8 456 km^2, it is divided into two provinces, Perugia and Terni.

Landlocked, the region encompasses Lake Trasimeno (128 km^2), the fourth largest natural lake in Italy, and Lake Piediluco (152 km^2). The river Tiber crosses the region from north to south, and into it flow a number of Umbrian rivers. One of these, the Velino, forms the 165 m-high Marmore waterfall. Uplands and mountains cover a large part of the region's territory. The main lowlands are in the valley of the Tiber, in the triangle between Perugia, Foligno and Spoleto, and are largely planted with tobacco. Umbria has a large number of caves rich in cave deposits, stalagtites and stalagmites (Monte Cucco 1566 m). Known as the 'green-hearted region', Umbria, with its many rivers, is rich in woodlands and meadows, and has many areas of great interest to naturalists.



Orvieto Cathedral, designed in Romanesque style by Arnolfo di Cambio (1290), converted in Gothic style by Lorenzo Maitani (1400).

Umbria in the Community



Industrial potential stifled by inadequate infrastructure

Two major advantages of the region are its quality of life and the enterprising spirit of its inhabitants. Over the years these have led to a reversal in the trend from emigration to immigration.

The crime rate (adult and juvenile delinquency combined), though rising, is lower than the national average. Tourism is a driving force in the region's services sector, with a good outlook for further growth thanks not least to Umbria's thriving cultural scene. The region plays host to a number of international festivals (Spoleto; Umbria-jazz/fiction).

The main factors limiting balanced economic growth in the region are the following: the gradual ageing of the population, the inadequate distribution network for marketing products, the lack of a specific product to give an impetus to interlinked activities, and the lack of an efficient road network.

For centuries Umbria has been cut off from the major lines of communication, and even today the region's two major axes, the Autostrada del Sole and the Rome-Florence railway, only skirt the edges of the region (Valnerina) and are still hard to reach. East-west communications are even more inadequate.

Scale 1 : 2 000 000

Which EC regions are similar to Umbria?

Area:
± 8 500 km²
Corse (F)
Kriti (GR)

Population:
0.8 million inhabitants
almost 100 inhabitants per km²
North Yorkshire (UK)
Murcia (E)

Employment:
± 10% in agriculture
almost 60% in services
Lisboa e Vale do Tejo (P)
Poitou-Charentes (F)

Land use:
± 30% forest
± 50% agriculture
Centro (P)
Limousin (F)

Two provinces but three social and economic zones

The economic picture in Umbria is marked by a number of positive factors which contrast with elements of structural decline affecting, among other things, population and the labour market. The growth of the industrial base has led to immigration despite the region's internal territorial and structural imbalances. Umbria can be divided into three zones: the Perugia area and the upper Tiber valley, the Terni area, and Valnerina. These areas are very different in character.

Population density is higher than 70 inhabitants per km² in the Perugia area, the upper Tiber valley, and in the Terni area, but as low as eight in Valnerina. The Perugia area and the upper Tiber valley contain a large number of mainly home-grown small and medium-sized firms, most of which produce consumer goods.

The province of Terni, which has a less-vibrant enterprise culture, still has an industrial structure similar to that of the north of Italy, with mainly large firms producing intermediate and capital goods. Valnerina is experiencing a gradual decline in population owing to the low level of economic development and the difficult nature of the terrain.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Perugia	6.3	595	65	2.4	48	6.6	7	24	44	:
Terni	2.1	225	73	−0.9	44	12.8	2	8	25	:
Umbria	8.4	800	67	1.6	47	8.2	9	32	59	99
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

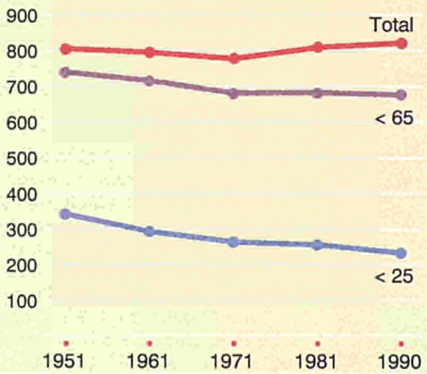
An island of youth in an ageing population

Since 1951 the population has been ageing at a steady rate, partly as a result of the number of returning emigrants. Despite this graying of the population, Umbria's cosmopolitan character makes it a lively region. This particularly applies to the city of Perugia which, with its two universities (one for foreigners), has a high percentage of young people. In the 1989/90 academic year, officially enrolled students (28 246, of which 6 754 at the foreign university) accounted for 19% of the city's population. In the last 10 years there have been significant population movements within the region towards centres where local industry is liveliest. Increases have been recorded in the resident population of Perugia (4.8%) Bastia (6.5%) and Corciano (16.5%).

Population by age — 1990

	M+F 1 000	M+F %	M %	F %
< 15	118.0	14.4	15.1	13.7
15-24	115.6	14.1	14.8	13.5
25-39	171.8	20.9	21.7	20.2
40-54	160.7	19.6	19.9	19.3
55-64	109.1	13.3	13.1	13.5
≥ 65	144.9	17.7	15.4	19.8
Total	820.3	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	7.2	0.9
of which EC countries	2.3	0.3
of which non-EC countries	4.9	0.6
Iran	0.7	0.1
Germany	0.7	0.1
Greece	0.5	0.1
Morocco	0.4	0.1
USA	0.4	0.1
United Kingdom	0.4	0.0

Demographic account — 1981-90 (1 000)

Population 25.10.1981	807.6
Births	56.6
Deaths	69.2
Net migration	+ 25.3
Population 1.1.1990	820.3

Job-creation schemes: a useful tool for employment

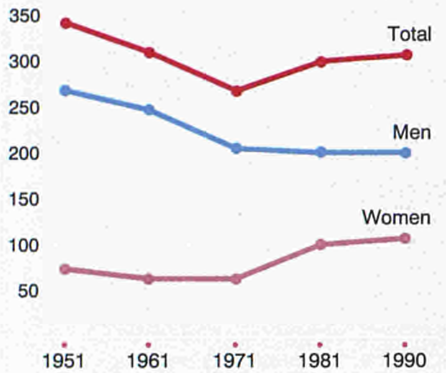
People seeking work in the region have a higher level of education than the average for the workforce. Indeed, only 12% of job-seekers have no educational qualifications, while 55% have a senior secondary school-leaving certificate and 9.7% a university degree. An examination of supply and demand patterns in the labour market reveals that unemployment among young people is partly due to the significant imbalance between educated job-seekers and vacancies geared towards workers with a low level of education.

In 1990 in Umbria, 8 145 people (including 2 938 women) obtained jobs via training schemes compared with 8 573 in 1989. Of those starting work, 74% did so in the province of Perugia. Firms with fewer than 49 employees were involved in 62.4% of the job-creation schemes and 64.4% of those recruited via such schemes had a junior secondary school-leaving certificate, 34.2% a senior secondary school-leaving certificate and 1% a university degree.

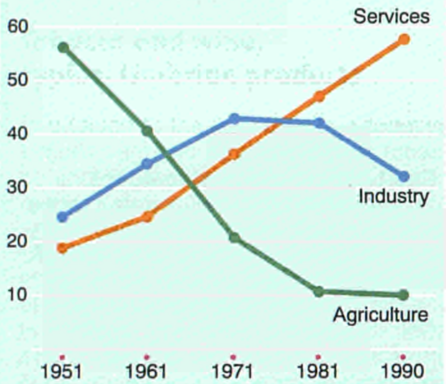
Number of pupils — 1990

	M+F 1 000	F %
Pre-school	20.0	40.5
Primary	38.0	48.1
Lower secondary	29.0	47.7
Higher secondary (technical)	33.0	44.6
Higher secondary (general)	13.0	58.3
Higher education	20.0	53.0
Total	153.0	48.0

Employment (1 000)



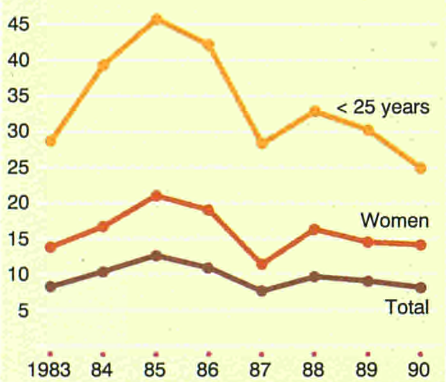
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	313.0
+ Non-residents having a job in the region	:
– Residents having a job outside the region	:
= Internal employment	318.0

Unemployment (%)



30% of employment in public administration

Industry generates 32% of total employment (of which 8.8% in the construction sector), agriculture less than 10% and services approximately 60% (of which one-half are in the public sector, one-third are in distributive trades). Some 72% of those in employment are wage and salary earners, of whom 63.5% are males. The sectors with the highest percentage of the female workforce are the services and the public sector.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	11	72	17	73	1	2	3	2
Women	14	77	10	77	6	9	2	2
Total	12	74	15	75	3	4	3	2

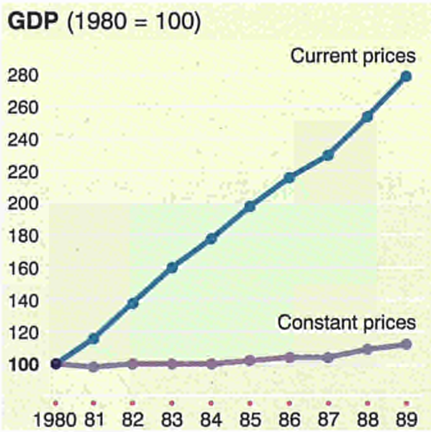
Unemployment decreasing since 1986

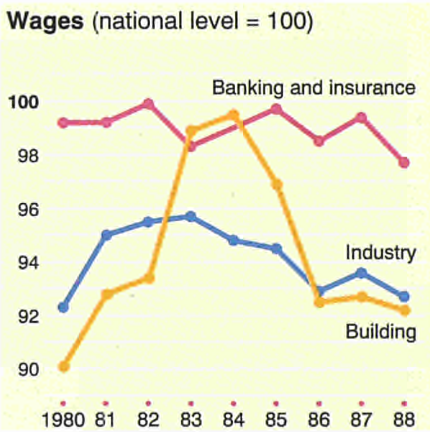
The unemployment rate rose between 1983 and 1985 and then fell gradually up to 1990. In 1986 short-time working allowances ('cassa d'integrazione') peaked with payment for over 14 600 000 hours, of which approximately 34% was in the province of Terni. Youth unemployment reached a peak in 1985 and fell between 1986 and 1989 to reach the 1990 minimum. The worst years of the economic crisis in Umbria were 1985 and 1986, when a high unemployment rate coincided with the record level of short-time working allowances. An analysis of the situation in the light of these two factors reveals the number of those who actually have jobs and the basic figure for those affected by the recession in the Umbrian economy. It was in this period that the steel industry in the province of Terni and the clothing and food industries in the province of Perugia experienced severe difficulties.

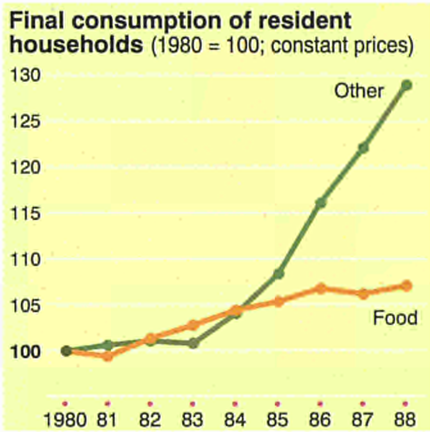
An economic structure composed of micro-undertakings

The region's economy is dominated by the services sector, with over 55% of value-added (22% for distributive trades and 18% for other market services), while industry and agriculture generate approximately 38 and 7% respectively. The present economic structure emerged from a series of transformations which took place mainly in the 1970s and 1980s. During this period there was rapid expansion among small and medium-sized firms and a gradual retrenchment among the large firms which had hitherto characterized the region's industrial base. This process of structural adjustment is still going on.

Since 1980 the region's agriculture has lost over 12 000 jobs, industry over 21 000, while the services sector has gained over 51 000 jobs and is now the main source of employment in the region.





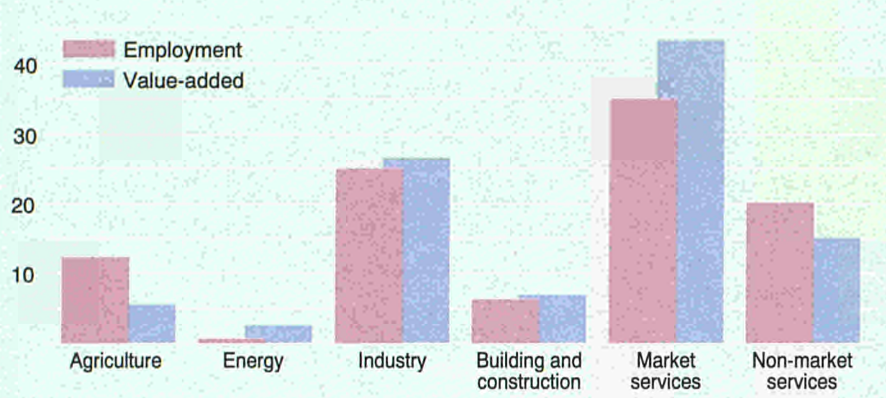


Per capita earnings below the national average

Since 1980 average per capita income has remained below the national average. Industry has been the sector lagging furthest behind, despite a slight improvement in 1984. The reason for this is presumably the system of wage-bargaining at company level: the small size of firms (in the entire region there are only eight companies with over 500 employees) means that workers have little bargaining power and this has kept earnings below the national average.

In the banking sector earnings are closer to the national average, as the different wage-bargaining system puts employees in a stronger position.

Employment and value-added: distribution by branch – 1988 (%)



Tobacco and wine, typical Umbrian products

In addition to the usual Italian products, Umbrian agriculture is noted for its tobacco and its vineyards, which produce excellent wines such as Orvieto, Torgiano and Rosso di Montefalco. Another typical Umbrian product is the black truffle found in Valnerina, an area that produces 45% of the national harvest. The food industry in Umbria produces processed porkmeats, confectionery, pasta and the traditional products of Valnerina in preserved form (truffles, lentils, cheeses). The other main industries are textiles, clothing, sportswear, iron and steel, chemicals and ornamental ceramics.

Environment

Though Umbria is fortunate in the richness of its countryside and watercourses and in the nature of its industry, it is not unaffected by the problem of environmental pollution.

The region has a strong commitment to the conservation and protection of the environment. Signs of this commitment are: the protection of the region's old town centres, which have been closed to traffic and now have efficient alternative forms of transport, the programme to install sewage treatment plants in the municipalities surrounding Lake Trasimeno, and regional legislation to reduce the use of chemicals in agriculture. The plan to designate Mount Subasio as a nature reserve is a further sign of environmental awareness.

Agriculture

Number of holdings	52 549
Labour force	45 465 AWU
Agricultural area	451 000 ha
Livestock	228 000 LU
Gross value-added	11 263 ECU/AWU
Main products	
Cereals	23%
Main crops	17%
Poultry — eggs	12%

Main enterprises

Name	Employees	Activity
Ilva	3 728	Steel
Amministraz. Poste e Telecomunicazioni	2 411	Post and telecommunications
Perugina	1 764	Chocolate and confectionery
Enel	1 488	Production and distribution of electricity
Elettrocarbonium	712	Electro-chemistry
Sip	656	National telephone service
Petrini	395	Manufacture of animal feeds

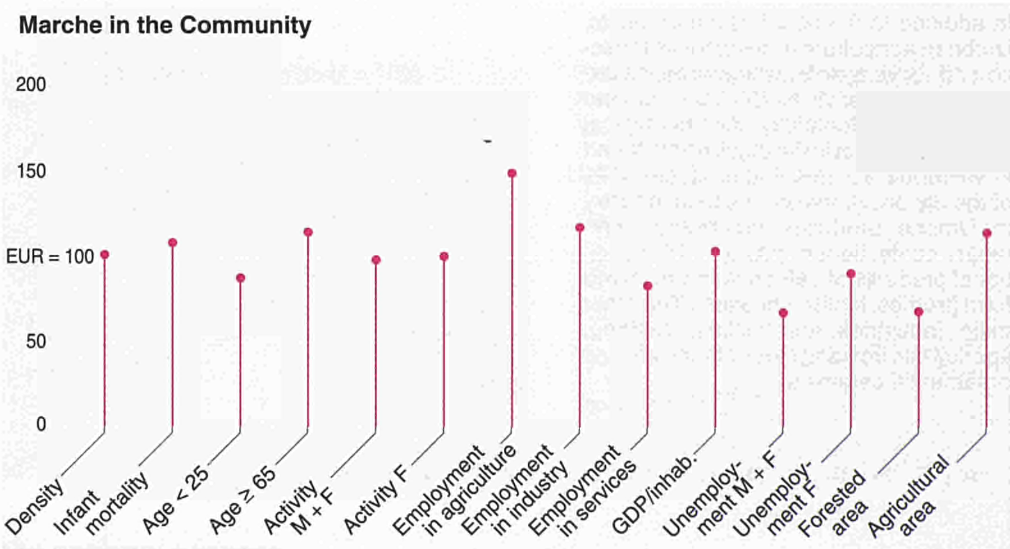
ITALIA

MARCHE

Marche extends over an area of 9 692 km² of the central Adriatic slope between Emilia-Romagna to the north, Tuscany and Umbria to the west, and Lazio and the Abruzzi to the south, the entire eastern boundary being formed by the Adriatic. Most of the region is mountainous or hilly, the main features being the Apennine chain along the internal boundary and an extensive system of hills descending towards the Adriatic. With the sole exception of Monte Vettore, at 2 476 m, the mountains do not exceed 2 000 m. The hilly area covers two-thirds of the region and is interrupted by wide gullies with numerous — albeit short — rivers and by alluvial plains perpendicular to the principal chain. The longitudinally oriented mountain chains contain deep river gorges, the best known being those of the Furlo, the Rossa and the Frasassi.

The coastal area is about 170 km long and is flat and straight except for the hilly area between Gabicce and Pesaro in the north, and the eastern slopes of Monte Conero near Ancona.

Fiastra lake (Macerata province) and the surrounding area.



A good quality of life after a quiet revolution

One of the strengths of the region is the so-called Marche 'model' for economic development.

This has been development which has avoided the disorder of over-rapid growth and the congestion of the urban areas. At the same time it has not led to a marked flight from the land (except in the mountains of the interior).

Industrial development, instead of causing a geographical displacement of the workers, has gone to the workers themselves. This was possible because the local industrial structure is made up of small businesses well distributed throughout the region. While industry gained undoubted advantages from this form of organization, the economy of Marche also benefited from a quiet revolution which kept to a minimum the damage caused elsewhere by uncontrolled industrialization.

The consequences of this successful development are a high quality of life, a lack of social tension, a low crime rate, activity rates higher and unemployment lower than the national average.

The weaknesses resulting from this type of development are:

– an industrial structure using low technologies which exposes it to growing competition from developing countries;

– an ageing population; and

– a transport system which favours the north-south axis along the coast to the detriment of communications with the interior.

Scale 1 : 2 000 000

Which EC regions are similar to Marche?

Area:
almost 10 000 km²
Schwaben; Oberpfalz (D)
Dytiki Makedonia (GR)
Cornwall, Devon (UK)

Population:
1.5 million inhabitants
± 150 inhabitants per km²
Cornwall, Devon (UK)
Tübingen; Koblenz (D)

Employment:
± 10% in agriculture
± 40% in industry
Navarra (E)
Oberpfalz (D)

Land use:
2/3 agriculture
Centre (F)
Danmark

Development favouring the coastal areas

The Marche region is subdivided into four similar-sized provinces — Pesaro and Urbino, Ancona, Macerata and Ascoli Piceno, running from north to south.

Marche is characterized by small and medium-sized settlements. Only the regional capital, Ancona, has over 100 000 inhabitants.

Within the four provinces there are major differences between the coastal areas and the mountainous interior.

Economic development has favoured the coast and its hinterland with a better road network and other means of communication (Ancona's airport and port).

The road system mainly comprises a motorway and trunk road parallel and very close to the coast, and four expressways — one for each province — running inland from the coast towards Rome.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Pesaro e Urbino	2.9	336	112	0.9	51	6.6	7	40	53	:
Ancona	1.9	438	219	2.1	52	6.8	8	29	63	:
Macerata	2.8	296	99	1.0	54	4.4	12	42	47	:
Ascoli Piceno	2.1	361	180	2.3	54	7.0	14	39	47	:
Marche	9.7	1 431	143	1.3	53	6.3	10	37	53	104
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

MARCHE

A population ageing but still growing slightly

Between 1952 and 1990 the population of the region grew as a result of a natural balance which was positive but declining up till 1971. In that year there was a strong upswing in net immigration which made up for the substantial reduction in the natural balance and increased the population, although not by much.

The demographic trends in the three main age groups (0 to 14, 15 to 64, 65 and over) differ widely because of a marked fall in the birth-rate and the initially negative and subsequently positive and growing net migration.

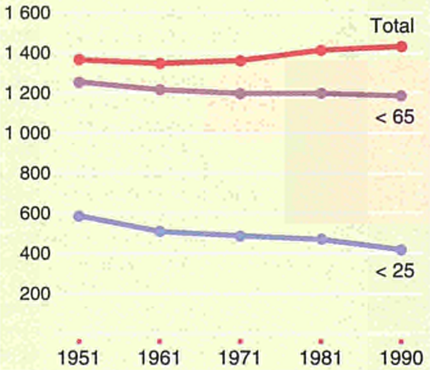
The birth-rate in the region fell substantially between 1952 and 1989 — from 16.4 per thousand to 8.3 — and is now well below the national rate (9.9 per thousand).

The overall mortality rate did not vary substantially in the 37 years from 1952 to 1989 and is close to the national figure.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	211.9	14.8	15.7	14.0
15-24	206.3	14.4	15.1	13.7
25-39	306.7	21.5	22.2	20.8
40-54	275.4	19.2	19.4	19.0
55-64	184.7	12.9	12.8	13.0
≥ 65	245.7	17.2	14.8	19.5
Total	1 430.7	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	6.7	0.5
of which EC countries	2.1	0.1
of which non-EC countries	4.6	0.4
Greece	0.8	0.1
Morocco	0.5	0.0
Germany	0.4	0.0
Iran	0.3	0.0
United Kingdom	0.3	0.0
Tunisia	0.3	0.0

Demographic account — 1981-90 (1 000)

Population 25.10.1981	1 412.4
Births	102.1
Deaths	113.5
Net migration	+ 29.7
Population 1.1.1990	1 430.7

Activity rate above the national average

In 1990 the activity rates of both men and women in Marche were above the national rates.

The senior secondary schools offer the entire range of technical and professional skills. In the 1989-90 school year 72.2% of pupils at such schools were in the vocational colleges offering two to three-year courses of initial vocational training.

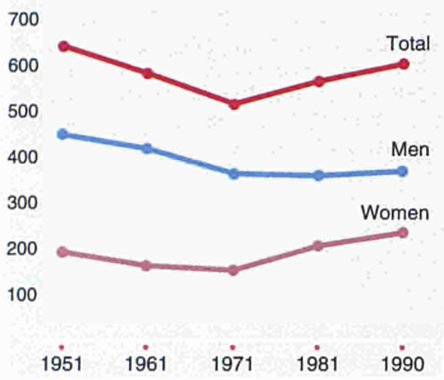
Alongside the traditional school system, the Marche region organized 250 vocational training courses in 1989-90, which were attended by 4 122 students.

The law on preparation of young people for work through job creation schemes has been in force since 1985. In 1989 a total of 10 339 young people between 15 and 29 years of age found work through such schemes.

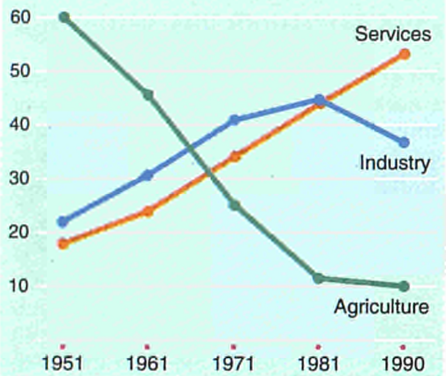
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	36.0	48.9
Primary	71.0	48.6
Lower secondary	54.0	47.7
Higher secondary (technical)	52.0	45.3
Higher secondary (general)	20.0	60.0
Higher education	35.0	48.6
Total	268.0	48.6

Employment (1 000)



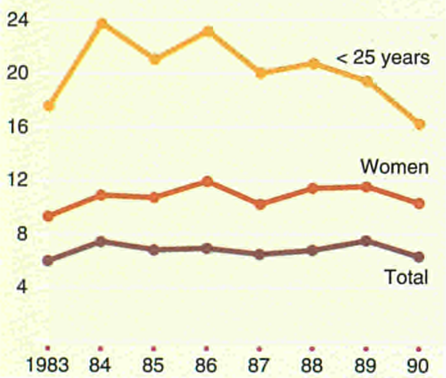
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	603.0
+ Non-residents having a job in the region	:
– Residents having a job outside the region	:
= Internal employment	651.0

Unemployment (%)



An increasingly important services sector

Over some 40 years (1951-90) the number of jobs in agriculture in Marche fell sixfold.

The number of employed in the industrial sector rose continuously until 1981 and then fell again afterwards.

In the same period the number of employed in the services sector almost tripled.

In 1951 a far larger proportion of the population was employed in the agricultural sector, than in the other two sectors together.

In the following years agriculture declined in importance until it was no longer the main source of employment (1959), while the industrial sector increased in importance, reaching its maximum share of employment in 1981.

The shift of employment to the services sector started after 1981 and corresponded to an increase in employment among women.

One feature of employment in Marche is that, because the industrial sites are spread throughout the region, the agricultural workers turned employees have been able to continue some agricultural activity in the time left from their employment in industry.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	12	71	17	64	2	2	2	2
Women	17	73	10	72	8	8	2	2
Total	14	72	14	67	4	5	2	2

Unemployment low but more and more young people affected

Young people looking for their first job account for 43% of all those available for employment, and of these 53% have a senior secondary school-leaving certificate or a diploma of higher education, while 41% have a junior secondary school-leaving certificate and only 6% have completed nothing other than compulsory schooling.

It can be deduced from this that unemployment mainly affects young people and, amongst young people, those who are better educated.

The high level of education of young people means that they find it difficult to accept work which they at least consider to be beneath their dignity, so that they hold out for better opportunities which the labour market will find it difficult to provide in the short term.

A solid economic structure throughout the region

Up to 20 years ago Marche was considered a rather poor region, although economically stable in some sectors, thanks particularly to its agricultural output and the contribution of the traditional crafts.

Today the contribution of agriculture to the economy of the region has been considerably reduced, although it is still flourishing. It has never suffered from the extremes of fragmented land ownership or *latifondo*. The main products are cereals, vegetables, animal products and grapes.

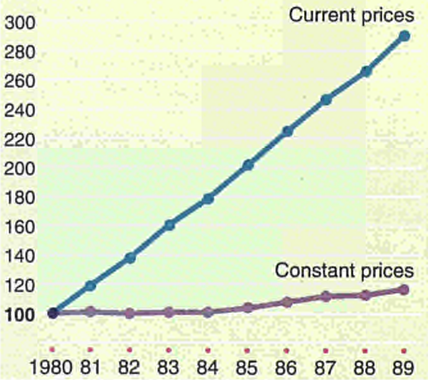
The sea has always furnished a plentiful supply of fish, the main fishing centres being Ancona, San Benedetto del Tronto, Fano and Civitanova Marche.

In the last 20 years the economy of Marche has been radically transformed, without however repudiating its rural past. Many of the small craft workshops scattered throughout the rural settlements have modernized and become small businesses.

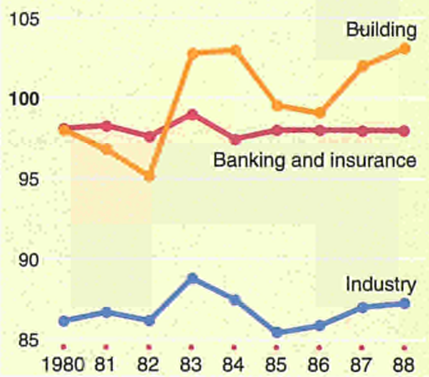
This has led to the emergence of 'specialized' industrial areas: footwear and leather goods in a large area straddling the provinces of Macerata and Ascoli Piceno; furniture in the Pesaro area in particular; musical instruments — a feature of the province of Ancona, in which are also to be found the main engineering companies (including shipbuilding, petrochemicals and paper, as well as consumer durables).

In the services sector, which overtook agriculture and industry combined in 1981, a major role is played by tourism. In 1988 some 4.5 million tourists — 20% of them from abroad — stayed in the approximately 1 100 hotels.

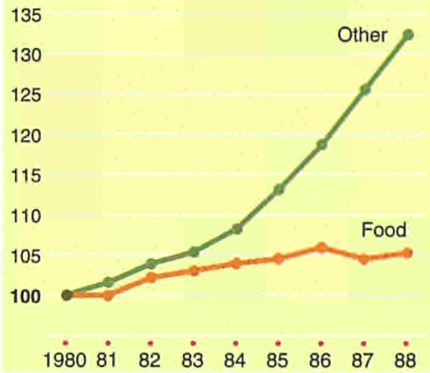
GDP (1980 = 100)



Wages (national level = 100)



Final consumption of resident households (1980 = 100; constant prices)



A relatively high proportion of self-employed and high disposable family incomes

Looking at the data on employment in Marche, it can be seen that wage and salary earners account for 66% of all employment. This figure is a good 5% lower than the national total (71.4%).

On the other hand, the national accounts show that in 1987 incomes of wage and salary earners as a proportion of the value-added at factor cost amounted to 41.7%, as against the national figure of 63.6%. The incomes of wage and salary earners in Marche break down as follows: 1.4% in agriculture, 39.6% in industry and 59% in the services sector.

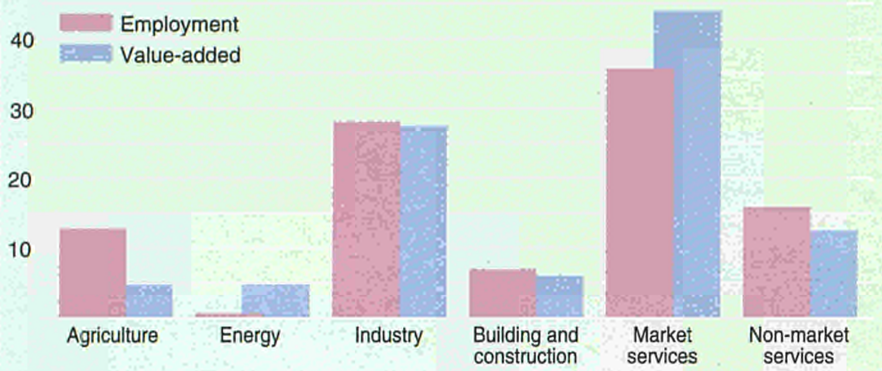
Family budget surveys show that in 1988 Marche came fourth among the regions of Italy in terms of average monthly family income.

A breakdown of families by class of annual income shows that the highest incidence is in the class ECU 13 000 to 16 500.

Some 38% of all families in Marche fall into the income class ECU 13 000 to 23 000, which indicates a certain level of prosperity.

In terms of average per capita monthly income, Marche comes sixth among the regions of Italy, with ECU 600, which is 12.1% above the national average.

Employment and value-added: distribution by branch – 1988 (%)



Agriculture still flourishing but shrinking

Agriculture in Marche no longer has the importance it once had but still plays a respectable part in the economy. In terms of value-added at factor cost this sector contributes 5.1% of the regional total.

Industry in Marche is essentially made up of small businesses spread throughout the region. The special feature of industrial development in Marche is that industry went where labour was becoming available from an increasingly mechanized agricultural sector. The industrial structure has progressively grown stronger.

Within the services sector a major role is played by the distributive trades, hotels and catering, whose contribution is increasing each year.

The attraction of the region for tourism is constantly growing, with large numbers of visitors drawn by the rich heritage of history and monuments, in addition to the traditional seaside tourism.

Sombre and harsh mountains, green and smiling hills — an environment worth preserving

Marche occupies 3.2% of the territory of Italy. The mountain area — a third of the territory of the region — is a mysterious, sombre and harsh landscape, difficult to reach. The intensive exploitation of times past has largely stripped the mountains of their covering of trees, which have been replaced by thin pastures or, along the steepest slopes, bare rock. The deciduous forests comprise mainly broad-leaved trees. The region also has areas of Mediterranean scrub.

The region's hills, intensively cultivated with a variety of crops, are soft and gentle in form and offer a varied green and fertile landscape. The presence of farmhouses and villages scattered throughout the fields or on the hilltops demonstrates the close links which have existed between man and the countryside since ancient times.

The region of Marche felt the need to protect and preserve the environment and has therefore adopted the Regional Plan for the countryside and the environment.

This plan identifies four large areas to be made into regional parks: Monti Sibillini, Monti della Lega, Monti Catria and Monte Cucco, and Monte Conero.

Regional law No 21 of 23 April 1987 set up the Parco Regionale del Conero.

Under the pressure of environmental considerations of which everyone is now aware other measures are under study with a view to creating protected areas in which to preserve and nurture environments which are still intact.

Agriculture

Number of holdings	80 252
Labour force	66 377 AWU
Agricultural area	624 000 ha
Livestock	218 000 LU
Gross value-added	11 418 ECU/AWU
Main products	
Cereals	23%
Vegetables	14%
Poultry — eggs	11%

Main enterprises

Name	Employees	Activity
Ente ferrovie dello Stato	11 108	State railways
Amministraz. Poste e Telecomunicazioni	2 793	Post and telecommunications
Fincantieri Cant. Navali Ital	1 236	Shipbuilding
Antonio Merloni	1 031	Household equipment
Snam Progetti	700	Technical consultancy
Fabit	570	Manufacture of outerwear
Fiat Geotech — Tecnologia per la terra	549	Manufacture of agricultural machinery

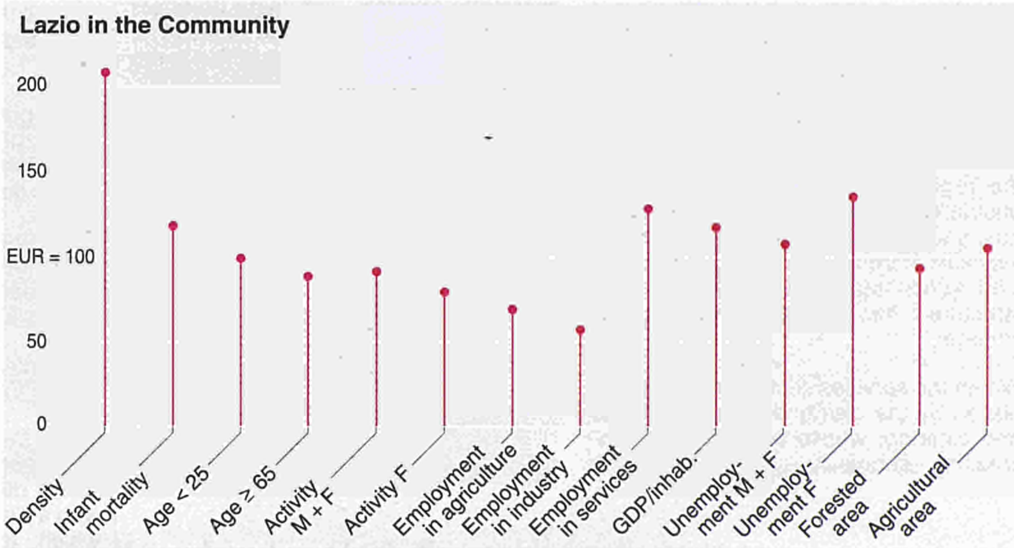
ITALIA

LAZIO

Divided administratively into five provinces (Viterbo, Rieti, Rome, Latina and Frosinone) and with an area of 17 203 km², Lazio is split geologically into three areas which run parallel to the coast: an interior area of limestone mountains, an intermediate area marked by seismic features and a coastal area of alluvial plains. The highest peak in the region rises to 2 455 m and mountains comprise 26% of the territory, while hills and plains account for 53% and 21% respectively. The climate is maritime along the coast, temperate in the hill areas and continental in the mountains.

Lazio lies almost at the centre of Italy and is equipped with a modern network of motorways. The country's main rail routes radiate from Rome. Air services are provided at Leonardo da Vinci airport. The port of Civitavecchia links the mainland with Sardinia. The Vatican City State is located within Rome itself. Since the unification of Italy the area around the city has been greatly influenced by the capital whereas the rest of the region, comprising territories which formerly belonged to other States, has retained some of the social and cultural characteristics of these other areas.

View of the Roman Forum, the centre of politics, justice and business life in Ancient Rome.



Stable employment and potential to be exploited

One of the strengths of the region is the stability in the working population. The city of Rome (which has more than 54% of the total population of the region) accommodates various government ministries and the head offices of State-run bodies, national banks and a wide variety of other organizations. This means that a large proportion of those in employment benefit from 'job security'. This advantage also hides a weakness, however, since it has all but prevented the development of an entrepreneurial class with modern business skills. The fact is that the existence of so many people with 'safe jobs' has in turn ensured the growth of retail, craft and service activities which also 'play safe'. While this situation has eroded the social differences which are more apparent in other regions of the country, the widespread prosperity of the region has attracted workers from outside the European Community who are bringing with them the inevitable problems of immigrant labour.

The centralization of economic activities in the capital encourages heavy daily commuting into Rome, in spite of the fact that public transport is inadequate to the demand. The result is constant congestion on the roads, causing both air and noise pollution. The region possesses a wealth of museums and works of art which are spread throughout its territory. If these were given proper publicity, they could generate even more tourism and visitors could also be steered towards the smaller towns in the region.

Scale 1 : 2 000 000

Which EC regions are similar to Lazio?

Area:
± 17 000 km²
Région wallonne (B)
Limousin; Basse-Normandie (F)
Oberbayern (D)

Population:
5.1 million inhabitants
Danmark
Scotland (UK)

Population density:
± 300 inhabitants per km²
Lisboa e Vale do Tejo (P)
País Vasco (E)

Employment:
± 5 % in agriculture
± 75 % in services
Provence-Alpes-Côte d'Azur (F)
Zuid-Holland; Noord-Holland; Utrecht (NL)

Population and economic activity concentrated around Rome

The present demographic situation in Lazio is the result of 120 years during which population and socio-economic interests have focused on Rome. The domination of Rome and the effects of certain political and economic decisions in the past have split Lazio into two distinct parts. Upper Lazio, comprising the provinces of Viterbo and Rieti (with 37% of the region's area and 8% of its population), is less developed economically than lower Lazio, which consists of the provinces of Latina and Frosinone (32% of the region's area and 18.6% of the population), where there is more industrial development.

Between the two lies the province of Rome, with a much higher population density and where industry and high-tech services coexist. The smaller provinces are still at a disadvantage because, apart from the road network (basically all roads still lead only to Rome), there are differences in the provision of other infrastructure as well.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Viterbo	3.6	280	78	4.5	47	9.5	17	21	62	:
Rieti	2.7	146	54	2.1	50	10.2	11	30	59	:
Roma	5.4	3 784	701	2.4	50	11.1	3	16	81	:
Latina	2.3	475	207	9.4	48	8.1	11	30	59	:
Frosinone	3.2	486	152	5.7	48	13.7	12	37	51	:
Lazio	17.2	5 171	301	3.8	50	10.9	5	20	75	117
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

LAZIO

Ageing population

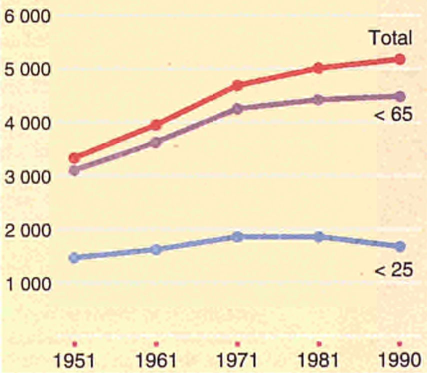
Between 1951 and 1990 the main age groups in the population (under 15, 15 to 64 and over 64) were affected by a pattern of change which was typified by a drop in the birth and death rates and by a positive net migration. There was a sharp drop (−5%) in the first age group over the period in question and a large increase (almost 60%) in the second group, while the third group practically tripled in size. The increase as a result of migration which occurred between 1980 and 1990 for which the four smaller provinces were mainly responsible, indicates a new trend among the population to settle throughout the region. This benefits the smaller towns which are felt to offer a more 'human approach'.

Lazio currently hosts a foreign population of 165 000 (38% of the national total), of whom 87.5% come from countries outside the European Community.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	838.7	16.2	17.2	15.3
15-24	844.0	16.3	17.1	15.5
25-39	1 160.0	22.5	23.1	21.8
40-54	1 025.4	19.8	19.8	19.9
55-64	613.9	11.9	11.5	12.2
≥ 65	688.7	13.3	11.3	15.3
Total	5 170.7	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	160.1	3.1
of which EC countries	20.0	0.4
of which non-EC countries	140.1	2.7
Philippines	5.7	0.1
USA	5.2	0.1
United Kingdom	4.2	0.1
France	3.8	0.1
Germany	3.8	0.1
Egypt	3.3	0.1

Demographic account — 1981-90 (1 000)

Population 25.10.1981	5 001.7
Births	415.1
Deaths	354.4
Net migration	+ 108.3
Population 1.1.1990	5 170.7

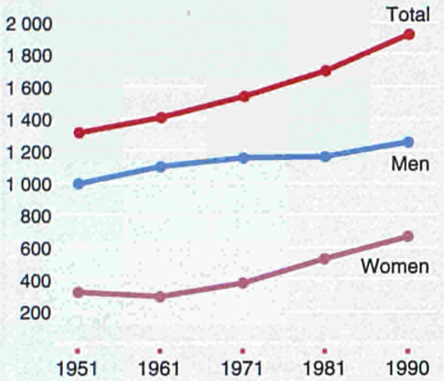
A skilled pool of labour

The senior secondary schools, offer a complete range of options in Lazio. In the 1989-90 school year there were 295 000 pupils at senior secondary establishments in the region, with 20% attending vocational schools where a certificate of vocational education is obtained after two to three years of study, 42% attending technical schools where five years are required for a certificate and 38% attending schools of the 'liceo' type which normally prepare pupils for university. There were 195 000 university students in 1989-90. Apart from the normal school system, the regional authorities also spent ECU 65 million in 1989 on vocational training courses for people in employment. Job creation schemes resulted in the placement of 45 644 people. Craft firms hired 6 849 young people, including 2 207 women.

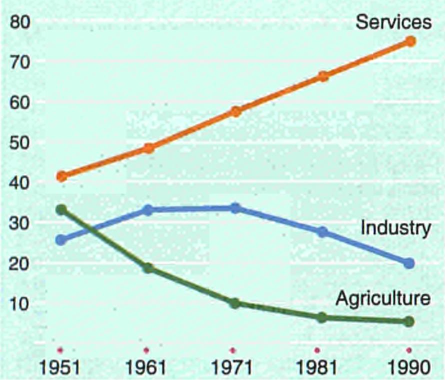
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	140.0	48.6
Primary	277.0	48.4
Lower secondary	217.0	47.5
Higher secondary (technical)	189.0	50.3
Higher secondary (general)	106.0	50.9
Higher education	195.0	49.7
Total	1 124.0	49.0

Employment (1 000)



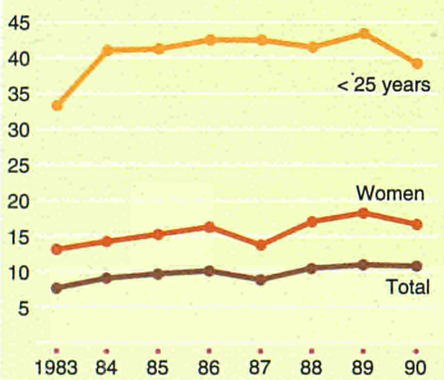
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	1 911.0
+ Non-residents having a job in the region	:
– Residents having a job outside the region	:
= Internal employment	2 023.0

Unemployment (%)



Improving job status

Between 1951 and 1990 there was a massive shedding of jobs in agriculture. In industry, on the other hand, there was a phase of expansion until 1971 (together with a demand for housing which had a positive impact on the construction industry) which was then followed by a downward trend when industry's share in the system of production was a fifth less than it had been in 1951. During the same period there was an almost threefold rise in the number of jobs in the services sector.

In 1951 the main category was 'employee', whereas in 1990 it was 'managerial and office staff'.

The number of women at work has also increased, particularly at management and office staff level.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	9	73	18	73	1	2	3	2
Women	11	77	12	78	3	8	2	3
Total	9	75	16	74	1	4	3	3

Unemployment: a problem, especially for young people

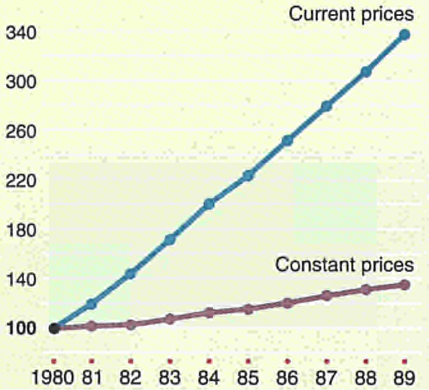
The labour market in Lazio seems to be adapting more slowly than the country as a whole to the supply of labour provided by young people. Nevertheless, between 1984 and 1990 the number of young people aged 14 to 29 seeking employment fell as a percentage of all those looking for work.

As for the quality of education of the young people (below 30 years old) on the job market, 50% had senior secondary school or university qualifications and 43% had completed statutory schooling.

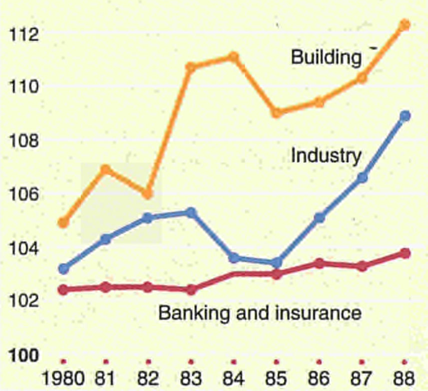
A system of production with certain weak points

Given the structure of its economy, which is more of a public sector and consumer economy than in any other region in the country, Lazio has to import many goods from outside the region. In 1988 the percentage of all those in employment who had jobs in the services sector was 75%. Agriculture was of limited significance, and the work often took the form of a second job. The industrial structure of the region is still basically weak. It is prey to market trends and offers little on the demand side of the labour market. Firms are mainly small in size, although it is in fact the smaller firms which provide the structural base of the sector. Based on the results of the 1981 census, the specialization rate (which measures the sectoral breakdown of those with jobs against the national average and thus indicates the existence of any specific branch of production) reveals limited product specificity in the region. The same source also shows that 42% of the industrial work force are involved in the manufacture of goods for final consumption (compared with a figure for Italy as a whole of 39%) and that Lazio has a high percentage of those employed in high-tech or innovative companies. The most important are synthetic textiles, transport and construction.

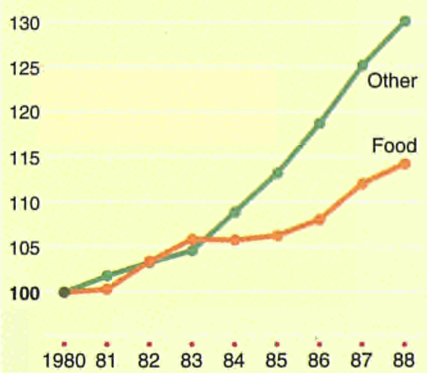
GDP (1980 = 100)



Wages (national level = 100)



Final consumption of resident households (1980 = 100; constant prices)

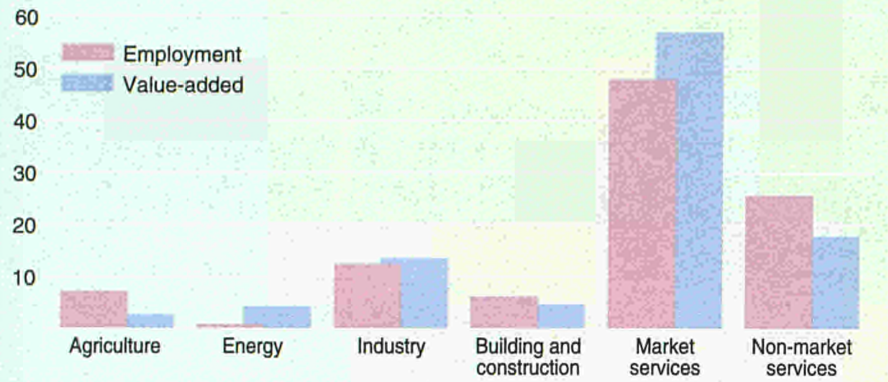


Labour costs and household income

In 1988 the annual cost of labour in the region, in terms of gross earnings, was as follows: ECU 11 100 in agriculture, ECU 15 670 in industry (13 640 in the building sector) and ECU 15 930 in the services sector. In banking and insurance per capita gross earnings were ECU 20 000. The cost of labour in Lazio can thus be seen to exceed the national cost.

In 1988 (based on estimates derived from the family budgets survey which gives a guide to disposable income) average monthly per capita income in Lazio was more or less the same as the national average. When households are broken down by level of income, it can be seen that there is a higher proportion than usual in the ECU 16 250 to 19 500 group. The ECU 19 500 to 26 000 income group (a salary indicating a certain level of prosperity) covers 40% of all households, the highest figure in Italy for this income group.

Employment and value-added: distribution by branch – 1988 (%)



Economic activities in the region

The size of agricultural holdings varies greatly throughout the region. Holdings averaged four hectares in size in 1988. As an area of transition between climates, the region grows a wide variety of crops (cereals, fodder crops, grapes, olives, fruit and vegetables). Nursery farming for flowers and early vegetables is expanding along the coast and around the hill towns to the south of Rome. Industry is unevenly distributed in the region and this factor accentuates intra-regional imbalances. The regional market with its broad potential and a skilled labour pool has prompted investment in high-tech industries (optics, telematics, pharmaceuticals, data processing), in goods for final consumption or in industries servicing Rome's political, social, cultural and decision-making functions, for example in publishing, film-making and industrial planning. The distributive trades occupy an important position within the services sector. An analysis of these trades again highlights the dominance of the capital, whose influence in this sector — especially for certain less common services — extends throughout the region and even beyond. The province of Rome has a good network of supermarkets but the rest of the region still relies to a great extent on a large number of small retail outlets.

The environment: still clean but needing a more determined effort to safeguard it

There are serious environmental problems in Lazio with regard to its woodlands, its fauna and the quality of its water and air. In spite of the huge Rome conurbation — which extends its influence all along the coast of the region, which remains a favourite holiday destination for the people of Rome — no less than 21% of the national average of the area of the region is still covered by woodlands, albeit in a somewhat poor condition. Indeed, viewed in this light, Lazio is in a better position than other regions where there is a more balanced pattern of urbanization such as Veneto and Marche.

Schemes to restore the bird population have already been started and are being implemented particularly around the lakes and in waters along the coast, while on the coastal scrubland successful attempts have been made to reintroduce deer and wild boar.

With a law of 28 November 1977 the regional authorities set up a system of protected areas classified as nature parks (with the Paliano forest as a prime example), suburban parks (threatened by human pressure), urban parks and nature reserves. The Tolfa and Monte dei Laghi nature parks have recently been established. Earlier protected areas included the Castelfusano urban parks and the Nazzano and Lago di Vico nature reserves. The Veio park is in the process of being established.

Less progress has been made with efforts to combat noise pollution and to preserve the quality of the region's air and water.

Agriculture

Number of holdings	190 932
Labour force	135 226 AWU
Agricultural area	1 016 000 ha
Livestock	471 000 LU
Gross value-added	11 698 ECU/AWU
Main products	
Vegetables	25%
Milk	13%
Wine	10%

Main enterprises

Name	Employees	Activity
Amministraz. Poste e Telecomunicazioni	27 903	Post and telecommunications
Ente Ferrovie dello Stato	25 950	State railways
Alitalia	19 841	Air transport
Atac	14 228	Urban transport
Acotral	10 108	Urban transport
Sip	9 230	National telephone service
Enel	8 367	Production and distribution of electricity

ITALIA

CAMPANIA

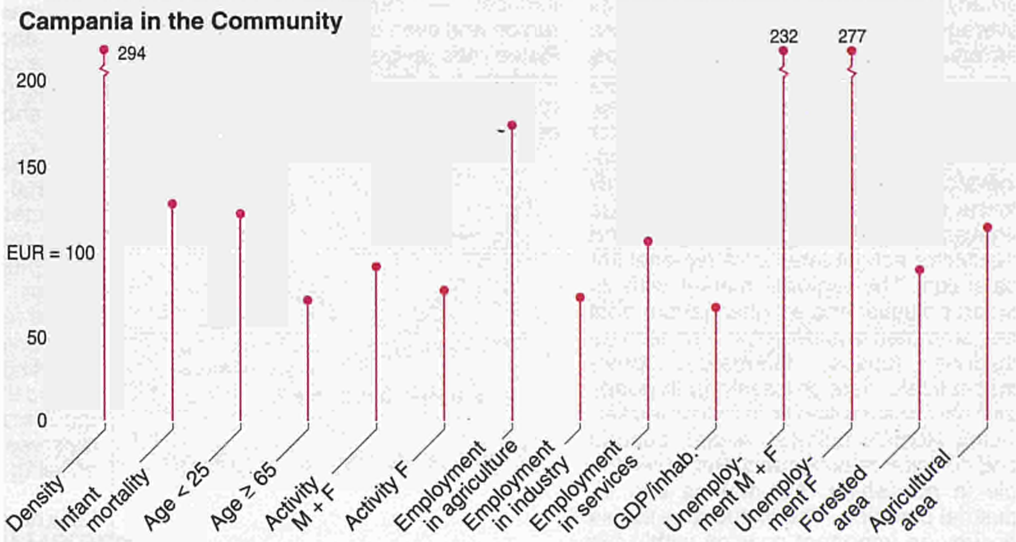
Campania has an area of 13 595 km² and a coastline of 350 km along the Tyrrhenian sea. It is known throughout the world for its bays (Naples, Salerno and Policastro) and for its trio of wonderful islands (Capri, Ischia and Procida).

In the region of Campania the Apennines break down into separate massifs which seldom rise above 2 000 metres (Miletto 2 050 m). There are volcanic features close to the coast: Campi Flegrei and Vesuvius (1 277 m).

The climate is typically Mediterranean along the coast but continental in the interior, where winter temperatures can be low. Plains comprise 15% of the region, while hilly and mountainous areas account for 51% and 34% respectively; 34% of the region is above 500 m, 40% between 100 and 500 m and 26% below 100 m. The region is an area of high seismicity.

Campania has a dense network of motorways and expressways, a port and an airport (Naples Capodichino) which provide speedy links with the rest of the country.

The archaeological site of Pompei.



Campania Felix?

Campania is beset by a welter of long-standing problems and considerable internal differences as a result of the uneven distribution of the population and the physical features of the region. The regional capital, Naples, is one of Italy's largest and most fascinating cities, with a wealth of history and outstanding natural, artistic and archaeological attractions, and it continues to serve as a focus for regional life while the districts in the hinterland are marked by persistent economic and social marginalization. The steady building on spaces in the plains and along the coasts has created a conurbation of more than 2 500 000 inhabitants.

The port facilities are the focal point of a huge area extending beyond the borders of Campania and include the ports of Salerno, Castellammare di Stabia, Torre Annunziata and Torre del Greco as well as the port of Naples itself. Tourism is the region's mainstay, especially in renowned areas such as the islands and the Sorrento and Amalfi coasts. Tourists are attracted mainly by the region's beauty, which is often interspersed by archaeological remains at places such as Pompei, Herculaneum and Paestum.

But the image of a fortunate land — the Campania Felix of the Romans — must be replaced by a situation which is ridden with problems, chronic unemployment, mounting organized crime, glaring inequalities between social classes and a persistent self-interest among the ruling political class. These lingering problems, together with newly emerging problems (lack of housing and poor health services), have a negative impact on the economic and social revival of the region.

Scale 1 : 2 000 000

Which regions are similar to Campania?

Area:
13 500 km²
Vlaams Gewest (B)
Trentino-Alto Adige (I)

Population:
almost 6 million inhabitants
more than 400 inhabitants/km²
Vlaams Gewest (B)
West Midlands (UK)

Age:
± 40% aged less than 25
± 10% aged over 65
Andalucía; Murcia (E)
Flevoland (NL)

Employment:
12-14% in agriculture
more than 60% in services
Sardegna; Trentino-Alto Adige (I)
Midi-Pyrénées; Bretagne (F)

Population concentrated along the coast

The region consists of five provinces (Naples, Benevento, Avellino, Caserta and Salerno). 20.7% of the population live in Naples itself, where the population density reaches 10 268 per km². The highest population densities can be found along the coast, with a figure as high as 16 258 per km² in Portici, which is thus one of the most densely populated towns in the world.

The economic picture of the region can be divided into two quite separate parts, with one area where there is a broad range of economic activities (provinces of Naples, and Caserta and part of Salerno) in contrast with another area where there is only poor farming with little return. In the province of Avellino the economy is predominantly agricultural, apart from some minor industries for leather goods and mechanical engineering. The town of Benevento is the central point of its province and lies on the main route to the Adriatic. In this province the economy is primarily based on farming, with occasional small-scale manufacturing enterprises. The city of Caserta is an important farming centre, a major junction on the route to the north and a medium-sized industrial centre (electronics and telecommunications).

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Caserta	2.6	825	317	9.1	50	24.0	16	25	59	:
Benevento	2.1	300	143	3.8	52	15.1	32	18	51	:
Napoli	1.2	3 161	2 634	6.4	46	20.6	5	24	70	:
Avellino	2.8	453	162	4.4	49	12.6	22	30	48	:
Salerno	4.9	1 071	218	5.6	50	18.7	15	21	63	:
Campania	13.6	5 809	427	6.3	48	19.8	12	24	65	67
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

CAMPANIA

The highest birth rate in Italy

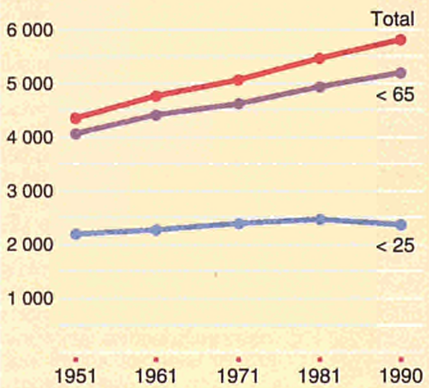
The 1980s confirmed the rate of growth of the previous decade. The total population, which had been 4.3 million in 1951, increased to 5.8 million by 1 January 1990. The ageing index — those aged 65 and over as a percentage of those aged 14 and under — rose from 21.9% in 1951 to 46.8% in 1990.

The birth rate in Campania is the highest in Italy. The infant mortality rate is above the national figure. Between 1982 and 1988 there was a positive net migration but in 1989 there was a negative movement, which amounted to 0.06% as a percentage of the resident population.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	1 310.2	22.6	23.6	21.6
15-24	1 055.6	18.2	18.9	17.5
25-39	1 293.9	22.3	22.6	21.9
40-54	963.6	16.6	16.6	16.6
55-64	572.2	9.8	9.4	10.3
≥ 65	613.2	10.5	8.9	12.1
Total	5 808.7	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	13.6	0.3
of which EC countries	3.3	0.1
of which non-EC countries	10.3	0.2
Morocco	1.6	0.0
USA	1.5	0.0
Greece	0.9	0.0
Germany	0.8	0.0
United Kingdom	0.7	0.0
Ghana	0.6	0.0

Demographic account — 1981-90 (1 000)

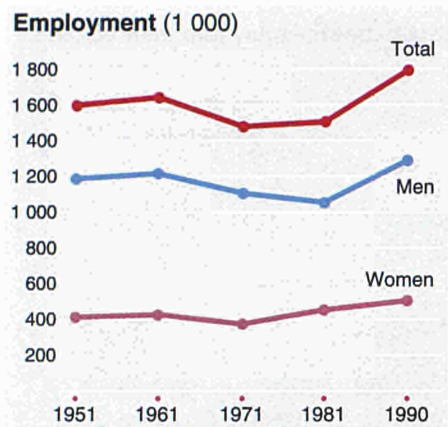
Population 25.10.1981	5 463.1
Births	697.3
Deaths	362.6
Net migration	+ 10.9
Population 1.1.1990	5 808.7

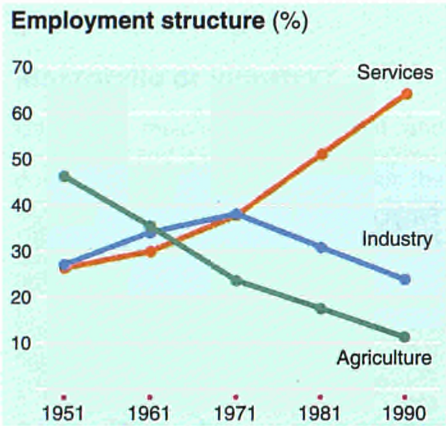
Lack of vocational training

Most vocational courses are run by the regional authorities and only recently have they been organized on a short-term basis. Expenditure on these courses amounted to ECU 95 million in 1989, funds having been curtailed significantly: 3% between 1985 and 1988 and 16.2% between 1988 and 1989. The European Social Fund provided ECU 15.8 million for the organization of vocational courses in 1989. While there is no lack of unskilled labour, there is a problem in finding people for certain highly specialized jobs.

Number of pupils — 1990

	M + F 1 000	F %
Pre-school	209.0	49.2
Primary	422.0	48.8
Lower secondary	298.0	47.2
Higher secondary (technical)	85.0	54.5
Higher secondary (general)	303.0	47.8
Higher education	143.0	48.3
Total	1 375.0	49.1





Employment — 1988 (1 000)

Resident employment	1 704.0
+ Non-residents having a job in the region	:
– Residents having a job outside the region	:
= Internal employment	1 778.0

The dream of a job

The chief feature of the agricultural sector is the drift from the land, and the number of workers in this sector plummeted from 742 000 in 1951 to 200 000 in 1990.

Until the 1970s there was a rise in employment in industry, which absorbed labour from the farming sector. This was followed by a fall in employment, mainly because of the recession in the building sector.

The services sector in Campania provides work for two-thirds of those in employment. The public sector accounts for the highest proportion of these jobs, followed by the distributive trades (as high as 34.7% in the province of Naples).

The number of women as a percentage of those in employment has risen and they are particularly in evidence in the agricultural sector.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	9	76	14	71	2	3	7	3
Women	11	76	14	74	11	11	13	4
Total	10	76	14	72	5	5	8	4

Chronic unemployment

The unemployment rate in Campania is very high.

There are various projects for creating jobs, as a result of which 2 932 schemes have provided work for 129 000 young people in the south of Italy. These schemes involved funding of ECU 96 million in Campania in 1990.

CAMPANIA

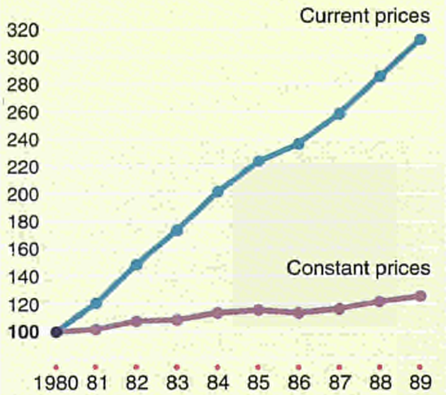
The importance of tourism

Campania produces more than 50% of Italy's nuts and leads the country in the production of tomatoes, with an annual output of 1.5 million tonnes. Much of the region's agricultural produce goes to the processing and canning industries.

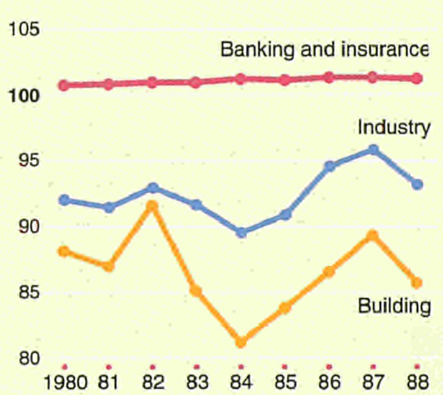
The growth phase of industry in Campania has gone into a decline in 1989 which is reflected by various factors, such as the drop in energy consumption and the increase in the total number of hours covered by short-time working allowances.

The services sector makes a fairly substantial contribution to the GDP of the region, especially in its most traditional sector, tourism. As far as Campania was concerned, 1989 was a good year for tourism and the region accommodated 24% of the Italian tourists in the south of Italy and 48% of the foreign tourists.

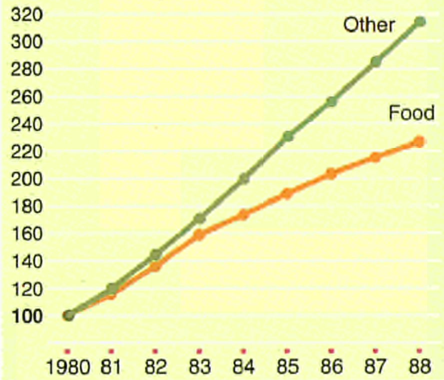
GDP (1980 = 100)



Wages (national level = 100)



Final consumption of resident households (1980 = 100; constant prices)

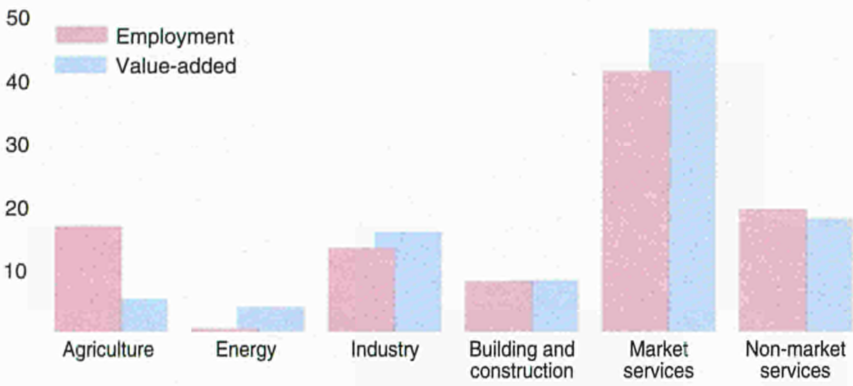


Salaries and household consumption

In 1988 the total income paid to wage and salary earners amounted to ECU 4.3 billion in industry, 1.3 billion in agriculture and 600 million in banking and insurance. Hours lost because of strikes totalled 1 592 000 in 1989, an increase of 28.6% in relation to the previous year.

The breakdown of household expenditure in the region is as follows: foodstuffs 32.2%, tobacco goods 1.9%, clothing 8.0%, housing 15.9%, fuel 4.0%, furniture 7.4%, health 1.4%, transport 14.1%, education 4.6% and other expenditure 10.5%.

Employment and value-added: distribution by branch – 1988 (%)



Mozzarella or industry?

Campania mainly produces fruit and vegetables and is the world's leading producer of tomatoes. A drawback for the agricultural economy in the region is the very small size of farm holdings (4.5 hectares on average) and the almost total lack of cooperation.

There is some livestock farming and the milk which is produced is used for typical products such as mozzarella cheese.

Olive groves cover more than 80 000 hectares and produce almost 2 million tonnes of olives per year. Vineyards cover more than 40 000 hectares and produce 330 000 tonnes of grapes per year. There are 7 000 hectares of citrus orchards, with an annual production of 150 000 tonnes.

Food processing and canning comprise numerous small family-run firms. The only steel works in the region, at Bagnoli close to Naples, was halved in size some months ago with the closure of the hot-rolling mill.

The distributive trades are the most important part of the services sector. Wholesale trade has been given a boost by the increased sales capacity of the CIS complex at Nola and by increasing cooperation among producer firms. Various problems affect retail trade: the excessive number of retail outlets, lack of professionalism and illicit trading. Hypermarkets are a recent popular innovation.

Agriculture

Number of holdings	253 884
Labour force	234 289 AWU
Agricultural area	867 000 ha
Livestock	433 000 LU
Gross value-added	10 261 ECU/AWU
Main products	
Fruit — citrus	22%
Vegetables	22%
Main crops	12%

Main enterprises

Name	Employees	Activity
Alenia SpA Aeritalia	20 350	Aeronautics
Ente Ferrovie dello Stato	16 716	State railways
Amministraz. Poste e Telecomunicazioni	10 647	Post and telecommunications
Fiat Auto	10 586	Car manufacturing
Enel	5 866	Production and distribution of electricity
Tirrenia di Navigazione	3 301	Sea and coastal water transport
Azienda Consortile Trasporti Pubblici	2 966	Urban transport

Pollution and waste: an expensive problem

There are various environmental schemes which affect Campania, especially the province of Naples which has been designated an area of 'high environmental risk'.

Recent press reports have spotlighted problems and situations which had been hitherto ignored or underestimated, such as illegal discharges or industrial and urban toxic waste, which have helped make Campania known as the 'rubbish tip of Italy'.

Throughout Campania there are only 76 urban waste-water treatment plants, although another 34 are being built. The city of Naples has only one treatment plant, since the San Giovanni plant is being repaired and the completed installation for the north of the city is not yet operational.

Atmospheric pollution in the region in 1988 included 60 000 tonnes of oxides of sulphur, 89 000 tonnes of nitrogen oxide, 23 000 tonnes of suspended particulate matter, 37 000 tonnes of carbon monoxide and 44 000 tonnes of lead produced by petrol engines. Noise pollution has risen above legal limits, with levels in 1988 between 70 and 79.2 d/B(A).

In order to cope with the disposal of annual amounts of 2 million tonnes of solid urban waste, 3.5 million tonnes of special non-industrial waste and 2.2 million tonnes of industrial waste, ECU 100 million (13% of the total amount for the whole country) has been set aside for Campania under Law No 441/1987 to improve arrangements for the collection and recycling or incineration of different types of waste.

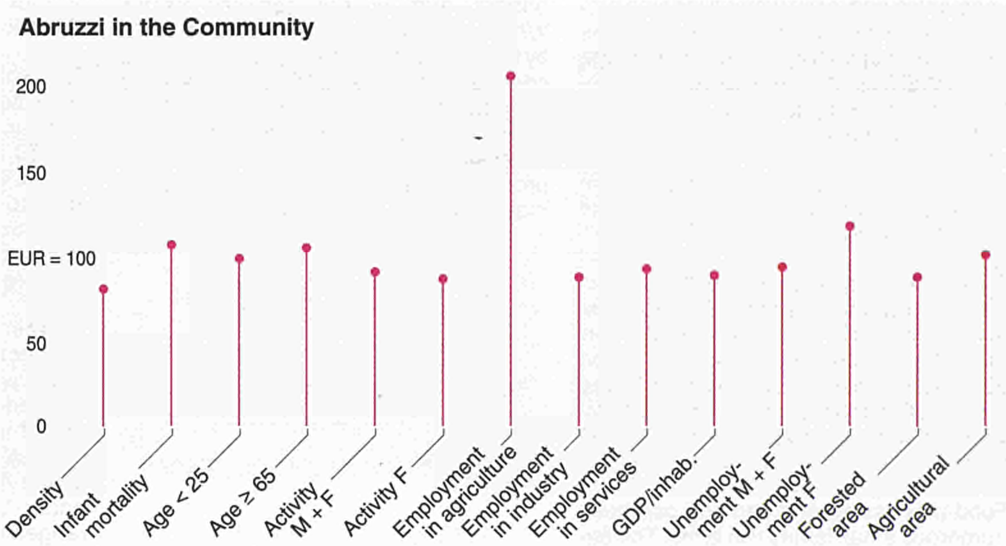
ITALIA

ABRUZZI

The Abruzzi region is subdivided into four provinces — L'Aquila, Teramo, Pescara and Chieti. They comprise 305 'comuni' of which one has more than 100 000 inhabitants and only 23 more than 10 000 inhabitants. The region is situated at the centre of the Italian peninsula facing the Adriatic, which it follows along 150 km of beaches and rocks. With an area of 10 794 km², and bordered on the east by the Adriatic and on the west by the Apennines, it is one of the most mountainous regions in Italy (the Corno Grande in the Gran Sasso massif, at 2 914 m, is the highest summit in the Apennines). The rivers, although numerous, are all seasonal except for the biggest — the Pescara and the Sangro. In the interior are the 500 km² of the Parco Nazionale d'Abruzzo, where rare examples of Mediterranean flora and fauna survive (chamois, wolves, bears, golden eagles).

The climate is varied — hot and dry on the coast, harsh and cold in the interior. Major roads and railway lines link the region to the south, west and north of Italy and the rest of Europe.

Vasto: fishing boats.



A bridge between the south and north of Italy

Up till a few years ago the Abruzzi was a land of great poverty in the Italian 'Mezzogiorno', but over the past decades it has developed to such an extent that it has escaped from the spiral of underdevelopment to become the 'first' region of the Mezzogiorno and the 'last' region of northern Italy. This confirms its pivotal role in the national economic system.

Its strong points are:

– its location at the centre of the peninsula and its function as a bridge between north, south and west;

– a balanced structure of production: flourishing agriculture with high-quality products; a system of widespread small and medium-sized businesses alongside large undertakings. A crafts sector with a long tradition of artistic work in copper, iron, wood and ceramics; a highly developed tourist industry for both winter (in the mountains) and summer (at the seaside);

– an absence of pollution and organized crime.

The weaknesses are:

– economic development is still insufficient to ensure prosperity at the level of the national average;

– government support is needed as the economy is still incapable of developing under its own steam;

– too many small and medium-sized businesses in traditional sectors;

– as yet insufficient firms in the industrial sector;

– preponderance of traditional services and the public sector.

Scale 1 : 2 000 000

Which EC regions are similar to Abruzzi?

Area:
slightly more than 10 000 km²
Stuttgart; Niederbayern (D)
Asturias; Navarra (E)
Cornwall, Devon (UK)

Population:
1.3 million inhabitants
around 100 inhabitants per km²
Cornwall, Devon (UK)
Asturias (E)
Unterfranken; Kassel (D)

Employment:
± 15% in agriculture
± 55% in services
Limousin; Basse-Normandie (F)
Ireland

Depopulation of the mountains and urbanization of the coast

The most serious imbalance is between the mountainous areas of the interior and the coastal strip. The largest province, L'Aquila, is situated entirely in the interior and has the lowest population density. The movement of the population of the Abruzzi from the mountains to the sea has led to the almost complete urbanization of the coastal strip. The effects on the interior have been impoverishment and a demographic ageing, reflected by an activity rate in the province of L'Aquila which is the lowest of the provinces in the Abruzzi — accompanied by geological degradation as a result of the absence of conservation measures. In the coastal strip, on the other hand, there is such a jumble of accommodation and activities that the environment has been changed with devastating effects. The policy of providing incentives for development has resulted in the setting-up of industrial zones, some of which (Vasto, Avezzano, Carsoli, Gissi, Val Vibrata, Val Sangro) have made genuine progress, while others (Val Pescara, L'Aquila) have run into trouble after initial success. The zones of Sulmona and Guardiagrele have turned out to be more or less failures. Outside these zones the main activities are agriculture and tourism.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
L'Aquila	5.0	300	60	2.7	47	10.7	11	25	65	:
Teramo	1.9	282	148	4.8	55	7.9	9	31	61	:
Pescara	1.2	296	247	3.5	51	8.7	8	29	63	:
Chieti	2.6	388	149	4.6	50	13.0	18	29	52	:
Abruzzi	10.8	1 267	117	3.9	51	10.2	12	28	60	89
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

ABRUZZI

Population almost stable

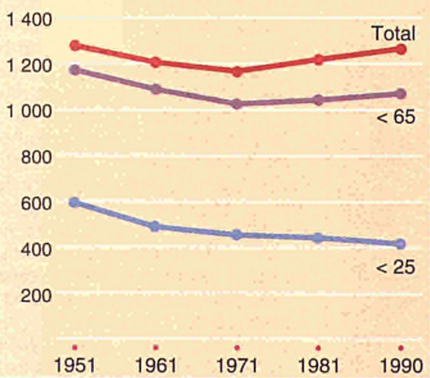
The province of L'Aquila has the largest area and the lowest population density.

After decades of emigration, the population started growing again in the 1970s, while the main feature of the 1980s is the immigration from third countries in particular. The population is ageing rapidly. The fall in the number of births and a slight increase in the number of deaths in recent years have brought the birth and mortality rates to nearly the same level. The composition of the population by age group has seen a decline in the younger groups and a shift towards the older groups.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	216.5	17.1	18.0	16.2
15-24	199.0	15.7	16.3	15.1
25-39	277.7	21.9	22.6	21.3
40-54	224.3	17.7	18.1	17.4
55-64	152.9	12.1	11.7	12.4
≥ 65	196.1	15.5	13.3	17.6
Total	1 266.5	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	5.7	0.4
of which EC countries	1.7	0.1
of which non-EC countries	4.0	0.3
Greece	0.5	0.0
USA	0.4	0.0
France	0.4	0.0
Germany	0.3	0.0
Morocco	0.3	0.0
Venezuela	0.3	0.0

Demographic account — 1981-90 (1 000)

Population 25.10.1981	1 217.8
Births	107.4
Deaths	97.7
Net migration	+ 39.0
Population 1.1.1990	1 266.5

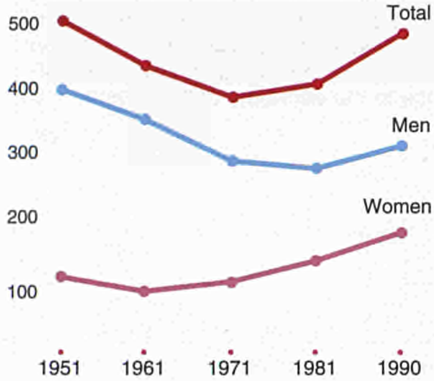
Women streaming onto the labour market

The activity rate for men is falling while for women it is rising. Against the background of the ageing of the population in employment, the job market is being invaded by young people, women, those leaving agriculture and some of those laid off by an industrial sector in stagnation. Education is focused on schools and vocational training. There are some 260 000 schoolchildren. There are two universities in the Abruzzi, with branches in all the provincial capitals and offering almost all faculties. There is still a high proportion of illiterates or persons with no certificate of educational attainment, but the percentage of persons with a diploma of higher education or a university degree is also higher than the national average.

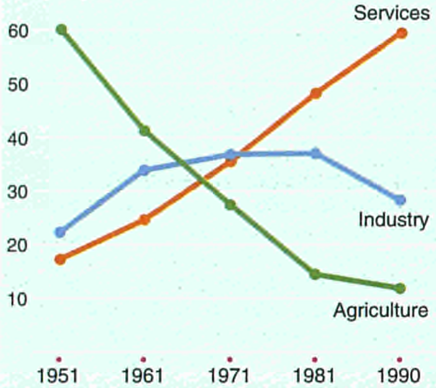
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	38.0	49.1
Primary	71.0	48.3
Lower secondary	53.0	47.3
Higher secondary (technical)	49.0	49.9
Higher secondary (general)	19.0	55.3
Higher education	30.0	50.0
Total	260.0	49.2

Employment (1 000)



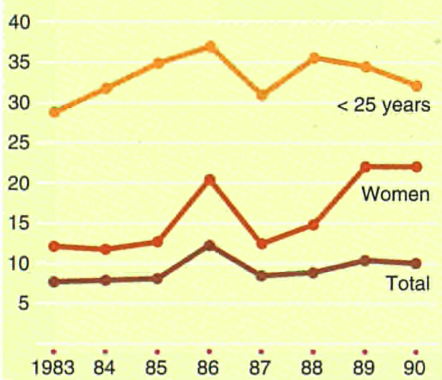
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	469.0
+ Non-residents having a job in the region	:
− Residents having a job outside the region	:
= Internal employment	481.0

Unemployment (%)



Shift from agriculture to services

The regional economy was transformed fairly rapidly. In 1951 60% of the employed were in agriculture, 22% in industry and 17% in services. In 1971 industry overtook agriculture, and in 1981 the services overtook industry, a trend which continued in 1990. In the 1950s the economy of the Abruzzi was still underdeveloped and predominantly agricultural. It was only in the 1960s that there was genuine development, which came to bear fully in the 1970s and continued throughout the 1980s. Industry was the real driving force behind this, and it was only in the 1980s that it was overtaken by the services sector. At present, the labour force leaving agriculture is being absorbed by the services sector rather than by industry, which is stagnating. The proportion of women in employment is rising, while the proportion of wage and salary earners is stable (65% of the total). Employment is high in construction. In the services sector there is a high proportion of employment in traditional branches such as the distributive trades, services and the public sector — frequently with a low value-added, masking what amounts to underemployment.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	9	74	16	66	1	3	5	3
Women	13	75	12	67	5	7	4	4
Total	11	75	15	66	2	4	5	3

Unemployment — increasing among women and falling among young people

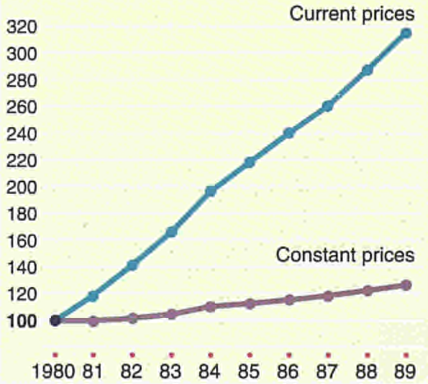
Although unemployment was still relatively high, it fell into line with the national average, since over the last few years it had grown at a lower rate than overall in Italy. The increased supply of labour was matched by a sustained demand, particularly from the services sector. However, the fall in the birth-rate has led to reduced pressure on the labour market from young people. Unemployment among those aged under 25 has declined substantially over the last three years, and it is only slightly above the national average.

Unemployment among women is higher than among men and is rising as more women try to enter the labour market.

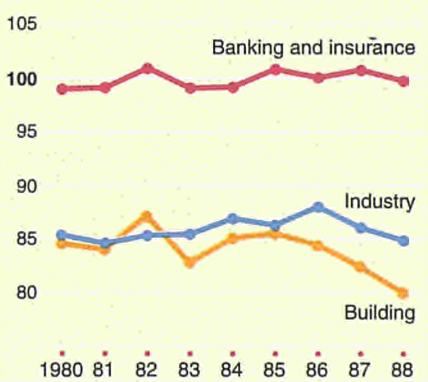
Small and large businesses against an agricultural backdrop

The structure of production in the region reflects the recent transformation of the economy from agriculture to industry and services. Agriculture, involving smallholdings, has succeeded in modernizing and offering high-quality products. Although industry has developed strongly, it retains weak points due to the existence of only a few large businesses alongside a huge fabric of small and medium-sized businesses. While the former are in a position to ride out the competitive challenges from the opening-up of European markets in 1992, the small businesses — mostly the result of local initiatives, operating in traditional sectors, non-innovating, labour-intensive, consumer-oriented and nurtured and maintained with incentives — will find it hard to overcome the challenge of 1992. Some of these businesses have made the quality leap, have achieved the quantitative and qualitative scale of medium-sized enterprises and have become competitive by investing in advanced technologies. There are already signs that the regional economy is opening up to the outside world. Both pure and applied research are carried out in the region, where there are major institutes and factories involved in research in the fields of pharmaceutics, biomedicine, electronics, aerospace and nuclear physics. The industrial infrastructure is spread throughout the region in industrial zones which have already been mentioned, the most important of which are Val Pescara, Val Sangro, Val Trigno, Val Vibrata and Conca del Fucino. A further activity worthy of note is seaside and mountain tourism, which is of considerable importance to the economy of the region.

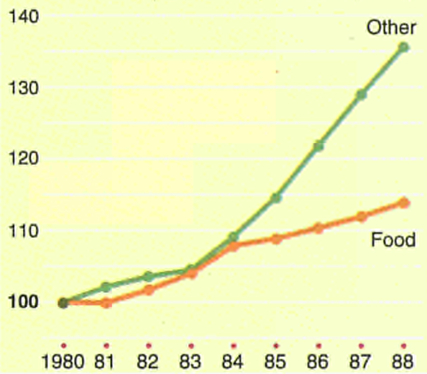
GDP (1980 = 100)



Wages (national level = 100)



Final consumption of resident households (1980 = 100; constant prices)



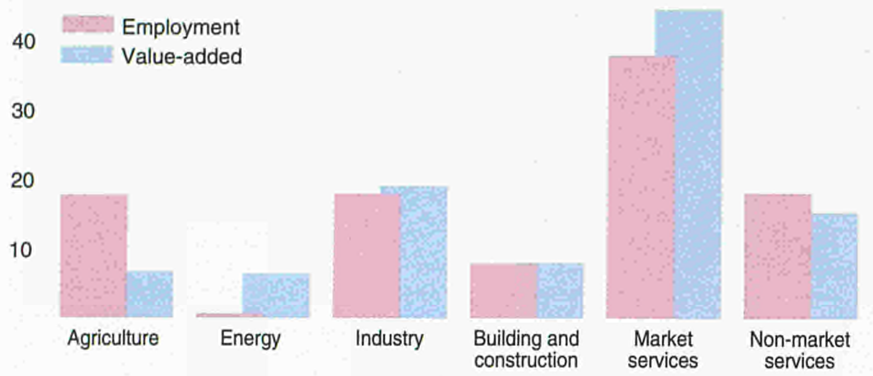
Low labour costs

Gross earnings per wage or salary earner in the region in 1988 were ECU 8 900 in agriculture, ECU 12 200 in industry (9 700 in construction) and ECU 27 900 in banking and insurance. The growth in earnings between 1980 and 1988 was 139% in agriculture, 159% in industry (145% in construction) and 151% in banking and insurance. The cost of labour in the region is 10 to 20% lower than the national average in all sectors, and only in banking is it nearly the same.

Consumption too high for income

The average monthly family income is 92.7% of the national average. If the families are broken down by annual income group, the largest is the ECU 9 760 to 13 000 group (17.0%), followed by the ECU 13 000 to 16 260 group (16.4%). 61.2% of families belong to the ECU 6 500 to 19 500 group, compared with the national figure of 57.4%. This means that there are fewer families with high incomes than in the rest of Italy. The average monthly per capita income is 92.7% of the national average. The proportion of total consumption in income is 93.5% compared with the national average of 91.8%, with 22% of consumption expenditure going on foodstuffs and 78% on non-food items.

Employment and value-added: distribution by branch – 1988 (%)



Livestock rearing and crafts alongside advanced technologies

The mostly small, agricultural holdings produce potatoes, beet, carrots, vegetables, wine, grapes, oil, fruit, sheep and dairy products. Traditional products are saffron and liquorice.

Industry in the Abruzzi has some major private or state-controlled companies located in development zones but with their head offices outside the region. SIV (glass) and Magneti Marelli (car batteries and starter motors) in Val Trigno, Honda (motorcycles) and Sevel (vans) in Val Sangro, Montefluos (chlorine), Italcementi (cement), Fater (pharmaceuticals) and Pirelli (transmission belts) in Val Pescara, Italtel (telephones) and Selenia (electronics and aerospace) in L'Aquila, Texas Instruments (digital circuits) in Avezzano, and Fiat (car components) in Sulmona are some of the main ones. In many areas — most notably in Val Vibrata — a network of small businesses specializing in fur and leather goods has been set up. Another example is Fara San Martino, where there are three businesses making pasta products.

The distributive trades and advanced services are particularly in evidence in Pescara, a specialized regional and interregional centre. Tourism is also increasing in importance.

Agriculture

Number of holdings	103 591
Labour force	73 076 AWU
Agricultural area	609 000 ha
Livestock	206 000 LU
Gross value-added	10 496 ECU/AWU

Main products	
Vegetables	22%
Wine	16%
Poultry — eggs	8%

Main enterprises

Name	Employees	Activity
Itatel Sit	3 025	Telecommunications equipment
Società Italiana Vetro	2 674	Shaping and processing of flat glass
Ind. Magneti Marelli	1 935	Manufacture of electrical equipment for vehicles
Amministraz. Poste e Telecomunicazioni	1 679	Post and telecommunications
Fiat auto	1 123	Manufacture of parts and accessories for motor vehicles
Sip	1 046	National telephone service
Cartiere Burgo	715	Manufacture of pulp, paper and paperboard

A region largely untouched by pollution

The region as a whole is untouched by serious environmental pollution, since it possesses the huge 'lungs' of the inland mountain area which is sparsely inhabited and does not have any large industrial installations. The critical areas are along the coast where most of the population is concentrated, leading to the uncontrolled urbanization of almost the entire coastal strip. The towns on the coast are subject to frequent flooding because of the construction of rainwater reservoirs in the surrounding hills. There is a serious problem with solid urban waste which is not processed but released directly into the sea. Setting up factories in the river basins — to add to the domestic waste — and the lack of controls have led to pollution of the watercourses. Culverting of the rivers has increased the flow rate of the water, with devastating results during spates. It is still possible to swim in the Adriatic, but it is becoming increasingly urgent to take steps to prevent the situation deteriorating.

Environmental awareness is, however, growing. Fortunately, most of the inland area is intact. The Parco Nazionale d'Abruzzo, with its 500 km^2, provides a haven for rare flora and fauna and also sets an example, since it has proved to be a going proposition and has brought increasing wealth to the local population. There are already zoning plans, with oases of nature and protected wetlands being set up, and new parks are due to be created throughout the region (Parco del Gran Sasso, Parco della Maiella, Parco del Velino-Sirente), while a river park has been proposed along the course of the Pescara.

ITALIA

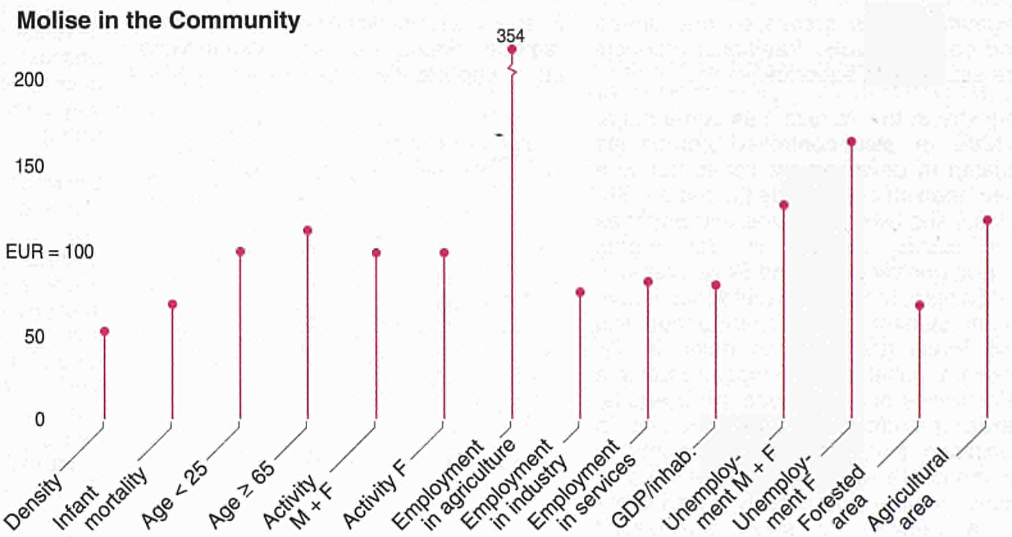
MOLISE

With an area of 4 438 km^2, Molise is the smallest region in southern Italy, and the youngest region in the country as a whole.

Molise is a typically inland and mountainous region, despite its 35 km of coast on the Adriatic. A good six-tenths of the region is composed of mountains, three-tenths of interior uplands and the remainder of coastal uplands. The absence of lowlands and the predominance of mountainous areas constitute a natural barrier to the social and economic development of the region. Climate is directly influenced by topography: there is a maritime climate in the narrow coastal strip, a temperate one in the uplands and a continental climate in the more inland and mountainous areas. Links with the rest of the country depend on an obsolete railway network linking the capital, Campobasso, with Rome and Naples. On the Adriatic coast, the railway station at Termoli provides rapid links with the cities of northern and southern Italy.

The port of Termoli is used mainly by fishing boats and by ferries linking the mainland with the Tremiti islands. Road transport is served by a network of fast roads.

Molise is an agricultural region with a large cereal acreage, especially durum wheat, the raw material for the region's many pasta manufacturers.



Calm — Isolation — Rural exodus

Molise's strong points are the following:

– the existence of three industrial centres at Termoli-Larino, Campobasso-Bojano and Isernia-Venafro;

– the role of the regional capital, centre for the region's administration, which provides a large number of jobs in the services sector;

– the importance of agriculture in terms of both employment and value-added;

– the absence of organized crime typical of other regions of southern Italy, which provides a certain measure of tranquillity.

The region's weak points are:

– depopulation, especially in the villages of the inland and mountain areas, which has led to a significant deterioration in the local environment;

– the isolation of the inland areas owing to the lack of major road and rail communications;

– dependence on other regions both for technological progress and for the development of a class of entrepreneurs capable of competing with other economically more advanced regions;

– a high level of emigration among young people and consequent ageing of the remaining population.

These elements show a region that has experienced vigorous industrial growth only recently but still suffers from serious problems of depopulation in many of its smaller towns and villages.

Scale 1 : 1 000 000

Which EC regions are similar to Molise?

Area:
± 4 400 km²
Luxembourg (B)

Population:
0.3 million inhabitants
less than 100 inhabitants per km²
Algarve (P)
La Rioja (E)

Employment:
± 25% in agriculture
± 25% in services
Alentejo; Açores (P)
Ellada

Land use:
± 66% agriculture
Danmark
North (UK)
Weser-Ems (D)

Three main development centres

The Molise region is divided into two provinces, Campobasso and Isernia, with surface areas of 2 909 km² and 1 529 km² respectively.

The most populous towns are Campobasso (51 206 inhabitants), Termoli (26 924) and Isernia (21 623).

The main centres of the region's economy are the coastal area at Termoli (Lower Molise), Campobasso (Central Molise) and Isernia (Upper Molise). Lower Molise has one relatively large employer, Fiat, with 3 800 employees, and a thriving agricultural sector. Central Molise is dominated by the services sector and the food processing industry, with Campobasso as the centre of social life. The province of Isernia has a growing manufacturing industry, with serious problems in inland areas furthest from the industrial centres.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Isernia	1.5	94	62	1.7	47	8.7	18	27	55	:
Campobasso	2.9	241	83	2.3	49	13.2	21	25	54	:
Molise	4.4	335	76	2.1	49	12.1	20	26	55	79
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

An ageing population

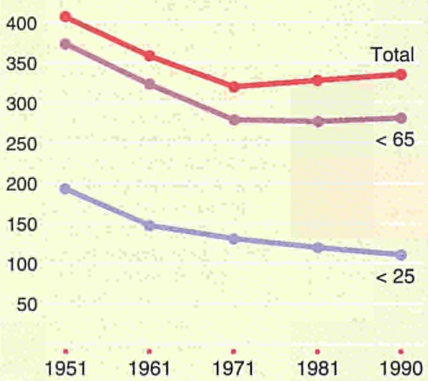
In the period 1951-71 large-scale emigration to other Community countries, to other parts of Italy and overseas led to a significant decline in the population. From 1971 to 1990 there was a gradual increase. Negative net migration persisted until 1981. While there has been a natural increase in population in recent years, the trend is increasingly towards zero growth. Large-scale emigration has caused many of the smaller towns and villages to lose over 60% of their population, while only a small number of larger towns have recorded significant gains.

The combination of emigration, a falling birth rate and rising average life spans has led to a fundamental change in the age profile of the population. Indeed, the population over 65 years of age represents a significantly higher proportion of the total in Molise than in southern Italy.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	59.1	17.6	18.5	16.8
15-24	51.9	15.5	16.0	15.0
25-39	72.5	21.6	22.4	20.8
40-54	56.8	16.9	17.8	16.6
55-64	40.7	12.1	11.8	12.5
≥ 65	54.3	16.3	14.0	18.3
Total	335.3	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	0.6	0.2
of which EC countries	0.1	0.0
of which non-EC countries	0.5	0.2
Morocco	0.1	0.0
Germany	0.0	0.0
USA	0.0	0.0
Argentina	0.0	0.0
Canada	0.0	0.0
France	0.0	0.0

Demographic account — 1981-90 (1 000)

Population 25.10.1981	328.4
Births	30.0
Deaths	27.7
Net migration	+ 4.6
Population 1.1.1990	335.3

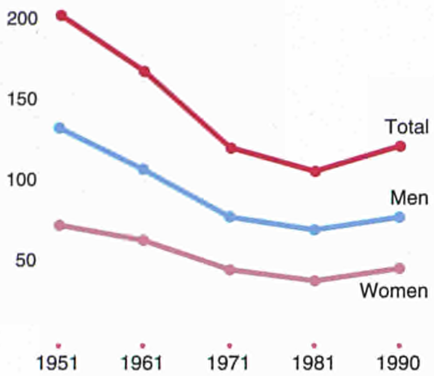
Efforts made to improve training

The activity rates for both men and women are close to the national average. There is an increasing demand for skilled workers. Technical and vocational schools are geared towards preparing young people for their first job, while academic education, available in few centres, limits students' choices. Higher education (university) has only been available for a short time in two faculties (agriculture, and economics and social science). The university is making its presence felt in local industry, with a large number of initiatives involving firms in the relevant fields. The region provides many vocational training courses (177 courses with 2 720 students), including 81 courses with 1 025 students for the craft sector, 44 courses with 977 students for services and 29 courses with 414 students in computing.

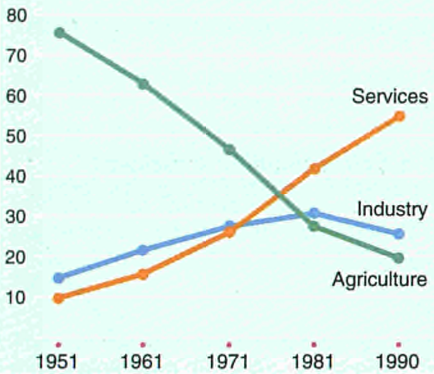
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	10.0	49.1
Primary	19.0	48.4
Lower secondary	14.0	47.1
Higher secondary (technical)	12.0	49.5
Higher secondary (general)	4.0	58.3
Higher education	2.0	50.0
Total	61.0	47.6

Employment (1 000)



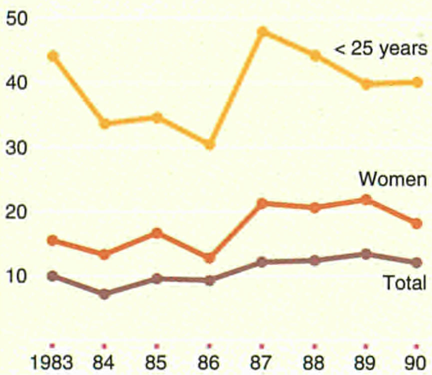
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	126.0
+ Non-residents having a job in the region	:
– Residents having a job outside the region	:
= Internal employment	135.0

Unemployment (%)



Agricultural employment remains significant

Agriculture is still of fundamental importance to the region's economy: despite widespread mechanization in the recent past, Molise has a high proportion of employment in agriculture (20%). What is more, nearly all the 136 municipalities in the region are rural, a clear indication of the importance of this sector.

The structural decline in agricultural employment is expected to continue in the short and long term, especially on marginal lands common in the mountainous and upland areas, as confirmed by the results of the recent agricultural census.

The level of female employment (35% of those in employment) has changed radically in its distribution by sector of the economy. Whereas, in 1951, 89% of working women were employed in agriculture, 8% in services and the rest in industry, the current breakdown is more than 60% in services, almost 30% in agriculture and the remainder in industry.

Despite these changes, the region's agriculture is today still marked by a high level of female participation, typical of the less-developed areas where the woman plays a fundamental role in running the family farm while her husband is employed in other activities.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	9	75	16	65	2	1	9	2
Women	11	79	11	54	1	9	8	6
Total	10	76	14	61	2	4	9	3

Unemployment fairly high

The unemployment rate is not particularly encouraging when compared with the national average, but is less worrying when compared with the other regions of southern Italy.

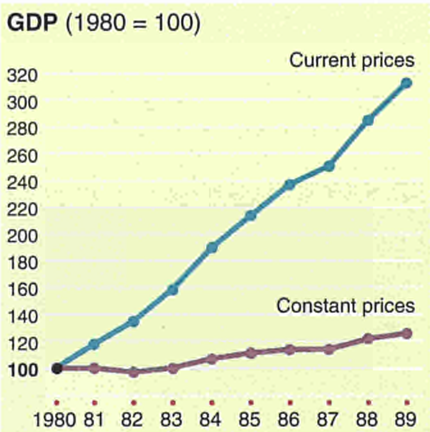
Of the total unemployed, 63% are seeking their first job, with equal numbers of men and women. What is more, a good 44.4% of people seeking work have senior school-leaving certificates or university degrees, far higher than the national average of 36.4%. Two-thirds of the unemployed are between 14 and 29 years of age, of whom 58% are women.

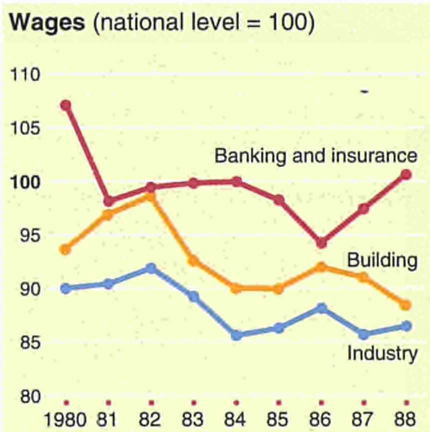
Small-scale businesses

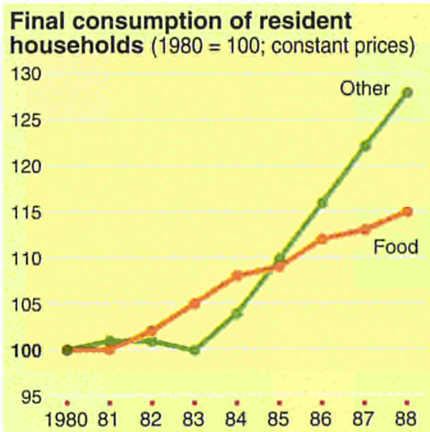
Molise produces 0.4% of the country's GDP.

In 1988, 10% of goods and market services were produced in agriculture, 35% in industry and the remaining 55% in services. In comparison with the picture nationwide, the region's economy is marked by the greater emphasis on agriculture and the lower level of activity in manufacturing and services. In the course of the 1980s agriculture increased its share of regional value-added, owing mainly to the contribution of grain crops and livestock rearing.

Though there is a large Fiat plant producing 'Fire' motors, the industrial sector is dominated by the building industry with small and medium-sized firms spread widely throughout the region. Another important industry is food processing: pasta, meat, milk products, oil and wine are the traditional products of the region. In the services sector the most important industries are distribution and hotels and catering, followed by transport and communications and banking and insurance. With few exceptions, in all sectors firms are small, and this makes for difficulties in marketing their products on a national scale.







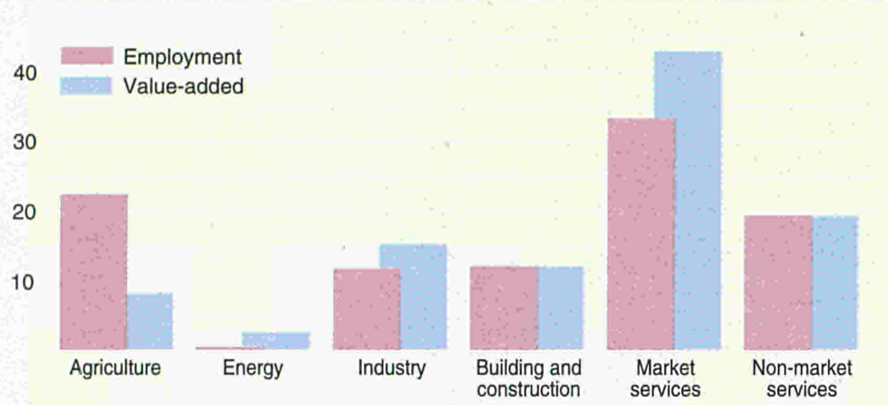
An assisted region

In 1988 the region's average monthly disposable household income placed it 15th among the Italian regions. There has been a moderate increase in household income in recent years. If we look instead at per capita earnings, the region rises to 13th place nationally, ahead of the other regions of southern Italy.

Pensions make an important contribution to household incomes in the region. Indeed, Molise is the region in Italy with the highest level of invalidity pensions, with average payments per head in 1988 of ECU 670 as against a national figure of ECU 338.

The number of invalidity pensions granted in Molise is 17.6 per 100 inhabitants, as against a national figure of 8.1 per 100. In certain respects Molise is a subsidized region with a high propensity to save.

Employment and value-added: distribution by branch – 1988 (%)



From agriculture to technological innovation in industry

Agriculture is the characteristic activity of the region, especially cereals and livestock rearing. The fall in the number of holdings has led to an increase in the average size of holdings. The drift of workers away from agriculture has partly been absorbed by the industries that grew up in the region in the 1970s and 1980s.

The construction of the Fiat factory in Termoli dates from 1973. An automotive industry involving major investment in technological innovation (the 'Fire' engine production line is entirely manned by robots) thus grew up alongside the region's chemical and engineering firms. The agri-food industry is expanding in the Campobasso-Bojano area with SAM active in the production and processing of poultry.

The region's pasta manufacturers (Fratelli Carlone) are winning an increasing share of the domestic and international market. Much remains to be done for the region's small cheese manufacturers to make Molise's traditional products (soft cheeses) better known and appreciated by consumers. In the province of Isernia a sizeable clothing industry has grown up (Pantrem SpA jeans and trousers) beside other industries such as Lever Sodel SpA. The services sector is characterized by small firms active in distribution, transport, banking and insurance.

Agriculture

Number of holdings	40 910
Labour force	25 984 AWU
Agricultural area	290 000 ha
Livestock	89 000 LU
Gross value-added	8 565 ECU/AWU
Main products	
Cereals	30%
Vegetables	10%
Milk	10%

Main enterprises

Name	Employees	Activity
Fiat Auto	3 071	Car manufacturing
Amministraz. Poste e Telecomunicazioni	1 056	Post and telecommunications
Sam (Società agricola molisana)	788	Slaughter
Enel	457	Production and distribution of electricity
Pantrem	345	Textiles, clothing
Sip	269	National telephone service
Fonderghisa	212	Casting of metals

A threatened environment

Although Molise has a low concentration of industry and its agriculture is typically extensive with limited use of chemicals, there are serious problems of environmental deterioration. This state of affairs is not apparent at first sight. Indeed, to the tourist passing through, the picture is that of a predominantly rural and unspoilt region. The reality, as revealed by a recent general survey of mountain areas, is that Molise is the region with the greatest hydrogeological problems in Italy.

The cause of the problem is the abandonment of land due to the drift of population away from mountain areas, where agricultural activity previously ensured the protection and conservation of the territory. The problem is aggravated by the increasing number of artificial lakes, by mining, and by the increasing surface area covered by asphalt and cement, which hinders the regular drainage of rainwater. The region therefore faces problems of environmental rehabilitation typical of heavily built-up areas, as well as those, equally serious, caused by the depopulation of mountain villages. Another problem is that the region has the highest percentage of forest area destroyed by fires (2.9% as against a national average of 0.9%). The figures for air and water pollution are significantly better, thanks to the region's low population density and its low level of industrial development. An exception to this rule is the industrial area of Lower Molise (Termoli), where there are a number of chemical plants.

ITALIA

PUGLIA

At the south-eastern tip of the Italian peninsula, Puglia covers over 19 000 km² in succession of broad plains and low-lying hills.

The only mountainous areas, the Gargano promontory and the Dauno sub-Apennines, do not exceed 1 150 m and are to be found in the north of Puglia, the least mountainous region in Italy.

Puglia is a very dry region. Its few rivers are torrential and are to be found on the Tavoliere, a tableland at the foot of the Gargano promontory that is one of the largest and agriculturally most productive plains in Italy.

Elsewhere, rainwater permeates the limestone bedrock to form underground watercourses that resurface near the coast.

Groundwater is therefore abundant, and there are many caves and potholes. The caves at Castellana Grotte are particularly spectacular.

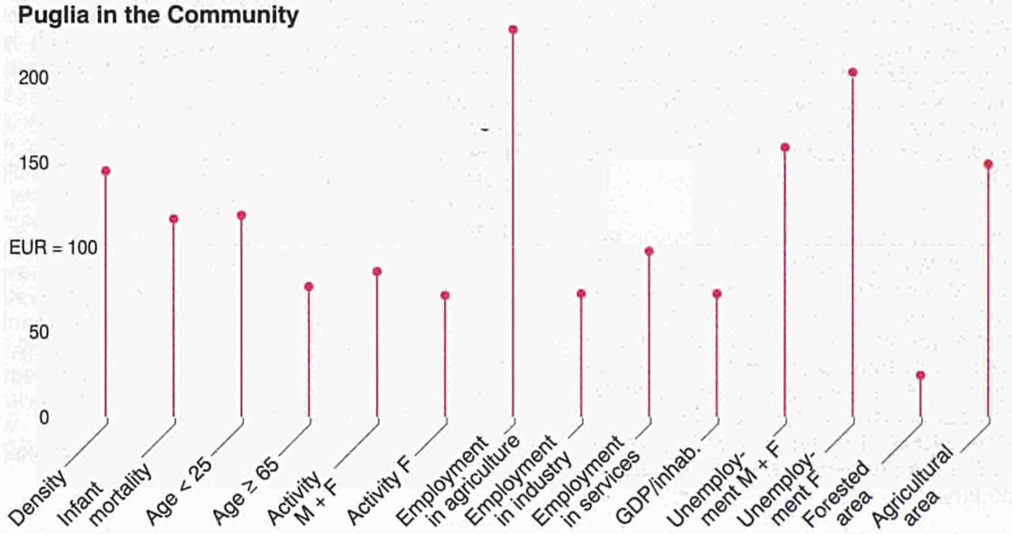
The climate is hot and dry in the summer, and what rain there is falls in the winter months and averages no more than 500 mm per year.

The region has a good network of roads but the railway network is somewhat inadequate, particularly in the south.

Puglia's 800 km of coastline is studded with ports, which make this region an important terminal for transport and tourism to Greece and the eastern Mediterranean.

Trulli *are an unusual form of rural dwelling found in the countryside around Alberobello (Bari).*

Puglia in the Community



A thriving industrial base with inadequate infrastructure

Among the region's strong points are:

– an urban development widely scattered throughout the territory. This encourages decentralized urban growth based on the various poles of development around Foggia, Barletta, Bari, Monopoli-Putignano, Taranto, Brindisi, Lecce and Casarano;

– a number of major research and development centres for new technology, among which are Tecnopolis-CSATA near Bari and the Centro ricerche dei nuovi materiali (New materials research centre) near Brindisi;

– an industrial base composed of small and medium-sized firms engaged in both traditional manufactures (textiles, clothing, wood and furniture, footwear) and modern industry (mechanical engineering, rubber, plastics and automotive).

Among the region's weak points are:

– a lack of integration between sectors of the economy — agriculture, industry, services — (especially in the provinces of Foggia, Brindisi and Taranto);

– the uncertainty as to the objectives and timescale of restructuring in the major depressed industries (the iron and steel industry in Taranto and in the power and chemicals industries in Brindisi);

– the fact that the infrastructure programme prompted by the emergency action plan has not yet been completed, and the situtation is particularly serious in the area of water supply and transport;

– Puglia contains extensive depressed areas mainly in the interior and periphery of the region (Dauno hills, Murgia hills and lower Salento peninsula).

Scale 1 : 2 000 000

Which EC regions are similar to Puglia?

Area:
nearly 20 000 km²
- Rheinland-Pfalz (D)
- Picardie (F)
- Kentriki Makedonia (GR)

Population:
± 4 million inhabitants
more than 200 inhabitants per km²
- East Midlands (UK)
- Nord-Pas-de-Calais (F)

Employment:
15 to 20% in agriculture
55 to 60% in services
- Andalucía (E)
- Ireland
- Limousin (F)

Economic development more vigorous along the coast

Puglia is divided into five provinces: Bari (the region's capital), Foggia, Taranto, Brindisi and Lecce.

There is great disparity of economic development within the region. Some areas are economically developed (province of Bari), some are starting to take off economically (Lecce), and others are in economic decline (Taranto) or suffering severe economic crisis (Foggia and Brindisi).

Disparities between provinces are overlaid by disparities between coastal areas and the interior, with the latter suffering as much from depopulation, as from declining industry.

The province of Foggia has the highest percentage of employment in agriculture and the lowest percentage of employment in industry, confirmation of the rural character of this province.

Taranto and Brindisi are centres for two major industries now being restructured (steelmaking and chemicals), a legacy of the government policy of industrialization in sourthern Italy from the early 1960s.

In Lecce small and medium-sized firms play an important part.

Employment in the province of Bari is highest in the services sector, where the public sector provides a significant number of jobs.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Foggia	7.2	704	98	3.2	44	15.0	21	19	61	:
Bari	5.1	1 538	299	5.0	49	12.2	13	26	62	:
Taranto	2.4	602	247	5.2	46	16.3	15	27	58	:
Brindisi	1.8	410	223	4.8	48	10.3	26	23	51	:
Lecce	2.8	816	296	7.0	48	19.1	18	28	54	:
Puglia	19.3	4 069	210	5.1	47	14.4	17	25	58	73
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

A youthful population

The population of Puglia, which passed four million in the 1980s, continues to grow. However, in the last few years there has been a striking fall in the growth rate, which in 1989 reached the post-war minimum.

Two factors contributed to this trend, a return to net emigration and the constant fall in the birth rate.

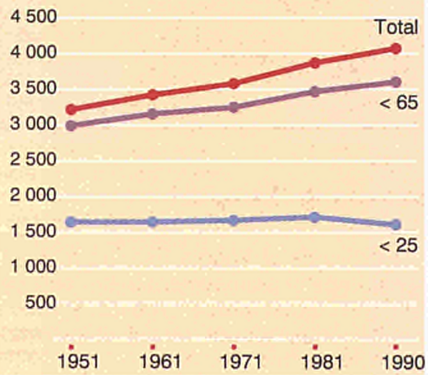
Emigration from the region's depressed areas to northern Italy and the rest of Europe was very heavy in the years between 1956 and 1971. Subsequently the trend declined as economic conditions improved, to the point where there was net immigration in the years between 1982 and 1985. Since 1986 the stagnation in employment has led to a new inversion of the trend, caused not so much by an increase in the number of people leaving but by a fall in the number coming to live in the region.

The birth rate has halved since 1964 but remains amongst the highest in Italy after Campania and Sicily.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	871.1	21.4	22.6	20.3
15-24	732.3	18.0	18.7	17.4
25-39	892.4	21.9	22.1	21.8
40-54	697.3	17.2	17.0	17.2
55-64	407.1	10.0	9.6	10.3
≥ 65	469.1	11.5	10.0	13.0
Total	4 069.3	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	7.7	0.2
of which EC countries	1.6	0.0
of which non-EC countries	6.1	0.2
Morocco	1.2	0.0
USA	0.5	0.0
Germany	0.5	0.0
Venezuela	0.3	0.0
Tunisia	0.3	0.0
Greece	0.3	0.0

Demographic account — 1981-90 (1 000)

Population 25.10.1981	3 871.6
Births	443.2
Deaths	245.3
Net migration	– 0.2
Population 1.1.1990	4 069.3

A low level of female employment

Activity rates differ greatly according to sex and age: that of men being double that of women.

The activity rate is very high in the 35-50 age group and very low at either end of the age spectrum, especially among young people in the 14-24 age group.

In recent years the local labour supply has been supplemented by a significant influx of foreign labour, especially from the countries of the Mediterranean basin.

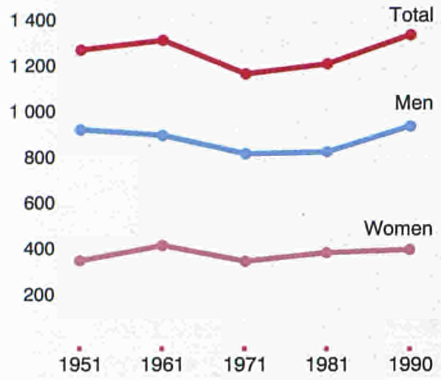
As regards education, in the 1989-90 school year, 211 000 pupils attended secondary schools. Of these 153 000 attended technical or vocational schools, while those attending schools of the *liceo* type with a view to a future university education totalled 58 000.

Puglia has two universities with a total student population of 81 000. The University of Bari, in particular, has a full range of faculties and also attracts students from bordering regions (Calabria and Basilicata) where there are fewer university places.

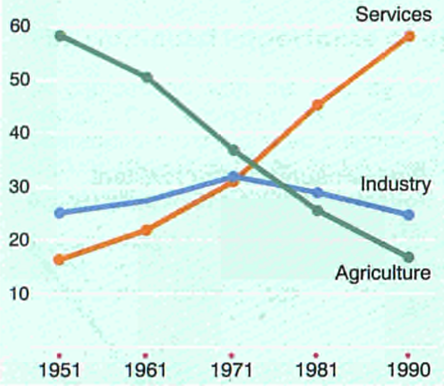
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	148.0	49.2
Primary	288.0	48.5
Lower secondary	215.0	47.6
Higher secondary (technical)	153.0	46.4
Higher secondary (general)	58.0	56.3
Higher education	81.0	46.9
Total	943.0	48.5

Employment (1 000)



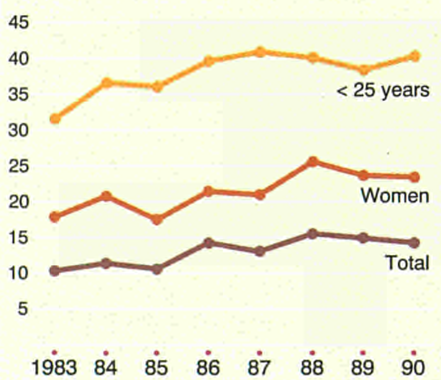
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	1 246.0
+ Non-residents having a job in the region	:
– Residents having a job outside the region	:
= Internal employment	1 285.0

Unemployment (%)



Employment: the shift from agriculture to services

Employment trends in the region are marked by a large drop in agricultural employment and a significant growth in the services sector.

The level of employment in industry in 1990 was the same as in 1951. However, its character was very different. Whereas in the early 1950s employment in this sector was concentrated in traditional small-scale craft industries, in 1990 employment was in high-tech engineering and electronics, as well as in the more traditional industries, which now have to cope with foreign competition. Employment is therefore more varied in kind.

Nevertheless, employment growth in the region has been almost wholly generated by the services sector, which has successfully absorbed a good proportion of the labour force shed by agriculture.

In recent years there has been a significant increase in female employment, boosted primarily by the growth of the services sector.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	11	76	13	71	2	2	9	3
Women	17	76	7	78	8	7	19	4
Total	13	76	11	73	4	4	12	3

Unemployment: a problem for women and young people

In 1990 Puglia had an unemployment rate lower than that of southern Italy, but higher than the national average.

Unemployment is heavily concentrated among young people, women and those with secondary school and university qualifications: almost 40% of young unemployed people have secondary school or university qualifications.

However, in the last three years the rising trend in unemployment appears to have been reversed, mainly as a result of a recovery in demand for labour.

Unemployment in the region may even be defined as a problem of finding one's first job (54% of unemployed people are looking for their first job) and of prolonged job-seeking: the current phase of industrial restructuring tends to prolong the period during which people are seeking a job. Thus the very presence of young secondary school and university graduates, who are far more sensitive to the quality of work, has tended to increase the number of young people in search of their first job and to increase the length of time needed to find a job.

Three major industrial centres in a network of small and medium-sized firms

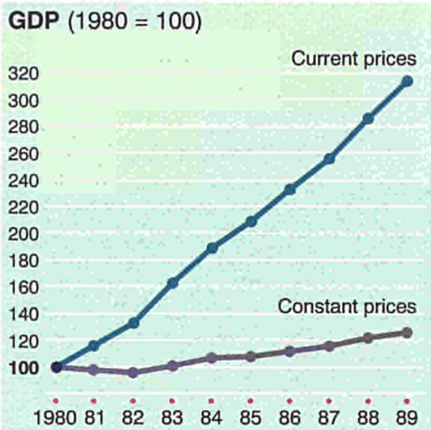
In the last 20 years the industrial base of the region's economy has changed radically.

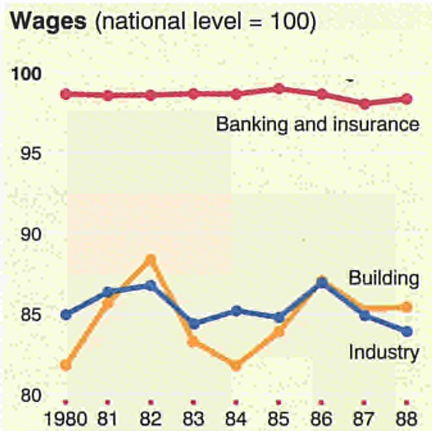
Alongside highly capital-intensive large-scale plants — such as ILVA (steel-making) in Taranto and Enichem (petrochemicals) in Brindisi and Manfredonia — a network of small and medium-sized firms has gradually expanded, and these now provide approximately 70% of the jobs in the region. The majority of such firms are financed by local capital.

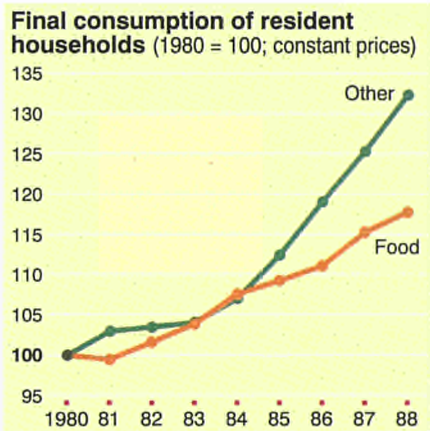
As a result, highly specialized areas have developed producing on a scale not only of domestic but also of international significance: food processing and vehicles in the province of Foggia; footwear, textiles, wood and furniture in the Barletta area north of Bari; wood and furniture in the Murge area to the west; engineering, rubber, wood and furniture and computer software around Bari itself; textiles and clothing at Monopoli-Putignano to the south; and footwear and textiles in the Casarano area.

In certain of these sectors — especially textiles, clothing, footwear, vehicles and food products — the region has attained a significant degree of competitiveness with foreign producers. A major contribution to the competitiveness of the region's economy stems from the existence of important research and development centres such as Tecnopolis-CSATA near Bari, the Cittadella dell ricerca (Centre for research and new materials) near Brindisi and the new software development centres, again near Bari.

A basic problem is that of promoting a more lively interaction among all these factors of production.







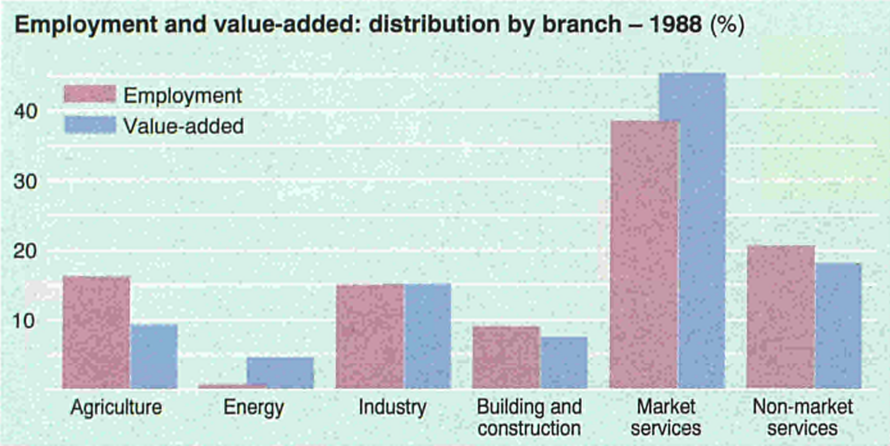
Puglia benefits from large income transfers

Thus, reasons for lack of competitiveness of companies are not to be found in rising labour costs, but rather in other factors both internal (organizational problems), and external (problems related to industrial agglomeration, lack of infrastructure to support economic activity, etc.).

A sector-by-sector breakdown of gross per capita earnings reveals very divergent trends, with the minimum levels in agriculture and the maximum in banking and insurance.

In Puglia disposable income is greater than earned income owing to the high level of income transfers, equivalent to approximately 10% of earned income.

In Puglia household consumption accounts for a larger share of disposable income than investment. The expenditure of disposable income in Puglia is marked by a larger share of household consumption and a smaller share of investment than in the majority of Italian regions. A breakdown of household consumption shows a higher level of expenditure on food products in comparison with the national average.



The continued importance of agriculture

In comparison with the country as a whole, the economy of Puglia is characterized by a greater emphasis on agriculture and services and a smaller part played by industry.

Industry has been the driving force in income generation while services have fuelled the growth in jobs.

Labour productivity varies widely being lowest in agriculture and highest in services.

In the last 10 years increases in productivity have been noted especially in industry, which has thus generally improved its competitive position both at home and abroad.

Agriculture

Number of holdings	324 526
Labour force	193 006 AWU
Agricultural area	1 619 000 ha
Livestock	260 000 LU
Gross value-added	14 711 ECU/AWU
Main products	
Vegetables	24%
Olives	21%
Fruits — citrus	14%

Main enterprises

Name	Employees	Activity
Ilva	16 427	Steel
Ente Ferrovie dello Stato	12 715	State Railways
Amministraz. Poste e Telecomunicazioni	5 490	Post and telecommunications
Benelli Industrie	2 700	Machinery for mining, quarrying, construction
Enel	2 366	Production and distribution of electricity
Fiat Geotech	1 794	Manufacture of agricultural and forestry machinery
Iveco Fiat	1 572	Manufacture of agricultural and forestry machinery

Rehabilitation and conservation of the environment

Conservation of Puglia's natural environment is somewhat piecemeal. There are a number of nature reserves, particularly on the Gargano promontory: the Falascone reserve, the Isle of Varano coastal reserve and the Umbra forest, with its thick woods of beech, turkey-oak and white pine.

Following years of unregulated tourism, which spoiled much of the Puglia coast with intensive urban development, the region drew up a tourist development plan, which included a programme for conserving and rehabilitating the coasts.

In the course of 1990, the regional authorities finalized two major conservation schemes.

The first, in application of Law No 183/89 on soil conservation, was the drafting of a four-year programme for the period 1989-92 concerning the setting up of regional and interregional basins for soil conservation and for the control and management of water resources.

The second was the drafting of a three-year regional environmental plan for the period 1989-91, involving a series of actions ranging from refuse disposal and water treatement to environmental information and education.

Projects for the creation of national parks and nature reserves, such as the Alta Murge park and nature reserves in the Dauno hills and the lower Salento peninsula, have been slower to get under way.

ITALIA

BASILICATA

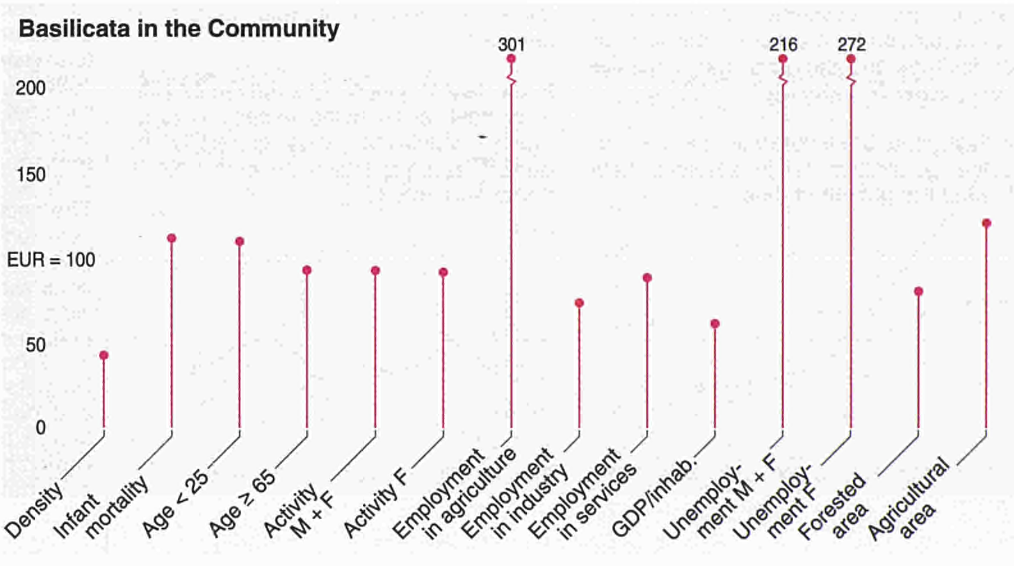
Basilicata covers an extensive part of the southern Apennines, between the river Ofanto in the north and the Monte Pollino massif in the south. It is bordered on the east by a large part of the Bradano depression which is traversed by numerous streams and declines to the coastal plains on the Ionian sea. The region has a short coastline on the Tyrrhenian side of the peninsula.

It is the most mountainous region in the south of Italy, with 47% of its area of 9 992 km^2 defined as mountainous, while 45% is hilly and 8% made up of plains.

Geological features of the region include the volcanic Monte Vulture and the seismic faults in the Melfi and Potenza areas in the north and around Monte Pollino in the south. There is also a problem of landslides, which are caused not only by the lithological structure of the substratum and its chaotic tectonic deformation but also by the lack of forested land.

The variable climate is influenced by three coastlines (Adriatic, Ionian and Tyrrhenian) and the complexity of the region's physical features. The climate is continental in the mountains and Mediterranean along the coasts.

Rivello: a typical hill-top village in the Potenza province.



A changing region, still in need of State aid

The strengths of the region include:

– the unsullied legacy of a rural way of life which has prevented the development and growth of organized crime;

– the appeal of its archaeology;

– the university, established about 10 years ago;

– agriculture, no longer used for subsistence farming (especially in the 'key' areas) but geared to the market;

– a natural environment which in many respects is still unpolluted.

The weaknesses are:

– a very high unemployment rate but also a problem of immigrant labour;

– the subdivision of landholdings, particularly in the interior;

– difficulty of access caused by the hilly relief of the region;

– a state of dependence on and ready acceptance of welfare and little inclination towards self-employment or private enterprise and preference for employment in the public sector.

Scale 1 : 2 000 000

Which EC regions are similar to Basilicata?

Area:
± 10 000 km²
- Cornwall, Devon (UK)
- Schwaben (D)

Population:
0.6 million inhabitants
less than 100 inhabitants per km²
- North Yorkshire (UK)
- Navarra (E)
- Kriti; Dytiki Ellada (GR)

Employment:
20 to 25% in agriculture
less than 30% in industry
- Açores (P)
- Castilla y León (E)

Unemployment rate:
± 20%
- Cantabria; País Vasco; Asturias (E)

Two worlds separated by the Apennines

Basilicata comprises two provinces, Potenza and Matera, which for historical reasons have different dialects. The dialect in the villages close to Apulia, from Matera to Melfi, is generally Pugliese while in the western part of the region the dialect is closer to that of Campania. The dialect along the Tyrrhenian coast is different from that spoken in the villages of the Sinni basin. Other dialects are found in the villages of the middle Basento valley, in the valley of Camastra and among the Albanian communities.

In the same way as its language, the economic structure of the villages in the region is geared to Apulia in the east and to Campania in the west. This division has always had an influence on the economy, cultural life, customs and traditions of a region which has never developed the sense of identity which can be found in other parts of Italy.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Potenza	6.5	413	63	1.6	48	22.5	24	27	49	:
Matera	3.5	210	61	3.1	48	19.3	17	26	58	:
Basilicata	10.0	623	63	2.1	48	21.5	22	27	52	62
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

BASILICATA

Emigration continues

Although Basilicata has never had a large population, there have nevertheless been quite considerable fluctuations in the demographic pattern of the region. In 1881 there were 539 258 inhabitants but by 1911 the population had decreased by 11% to 485 911, mainly as a result of emigration overseas. There was a slow increase in the population until the Second World War, after which there was a resurgence of emigration to other countries in Europe which continued until 1971 and the start of another period of steady increase.

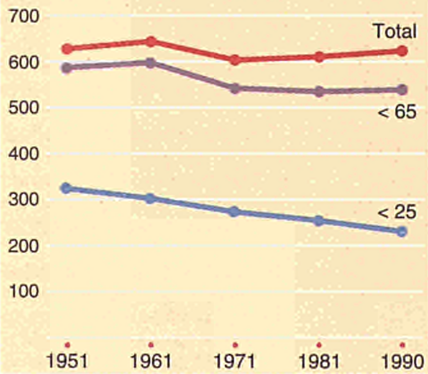
There are now 623 200 inhabitants, an increase of 13 000 since the 1981 census. This increase is the result of a natural increase of 21 700 minus the negative net migration of 8 700. Faced with the precarious economic situation of the region, people are still forced to emigrate to areas which provide better opportunities for work and a decent life.

The high birth rate (above 12 per 1 000) and the positive natural growth rate (about 4 per 1 000) mean that the effects of massive emigration are attenuated. The age structure of the population is not irregular, nor is there a lack of people of child-bearing age.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	124.6	20.0	20.8	19.2
15-24	103.9	16.7	17.2	16.2
25-39	134.8	21.6	22.1	21.2
40-54	103.4	16.6	16.6	16.6
55-64	71.1	11.4	11.2	11.6
≥ 65	85.4	13.7	12.1	15.2
Total	623.2	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	0.8	0.1
of which EC countries	0.2	0.0
of which non-EC countries	0.6	0.1
Morocco	0.2	0.0
USA	0.0	0.0
Germany	0.0	0.0
France	0.0	0.0
Argentina	0.0	0.0
India	0.0	0.0

Demographic account — 1981-90 (1 000)

Population 25.10.1981	610.2
Births	65.1
Deaths	43.4
Net migration	− 8.7
Population 1.1.1990	623.2

Too few jobs for a workforce wanting to become qualified

The activity rate has shown a negative trend in the last fifty years on account of the emigration of people of working age and the consequent ageing of the remaining population, by changes in agricultural employment and by a supply of labour which outstripped demand.

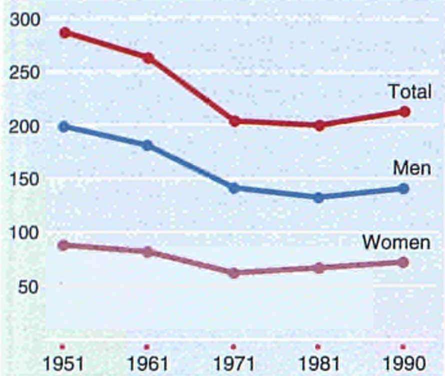
Nursery and primary schools in the region provide education for almost all the children in the relevant age groups (22 000 and 40 000 respectively, of whom 52% are boys). At the junior secondary, senior secondary and university levels there are 29 000 (53% male), 33 000 (48.5% male) and 2 000 (50% male) pupils or students respectively.

In addition to secondary schooling, there are also vocational training courses and job creation schemes.

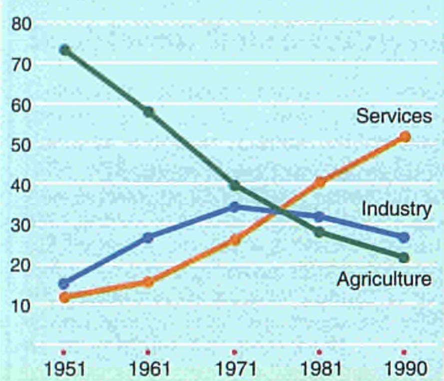
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	22.0	48.8
Primary	40.0	47.9
Lower secondary	29.0	47.0
Higher secondary (technical)	25.0	48.8
Higher secondary (general)	8.0	60.0
Higher education	2.0	50.0
Total	126.0	48.8

Employment (1 000)



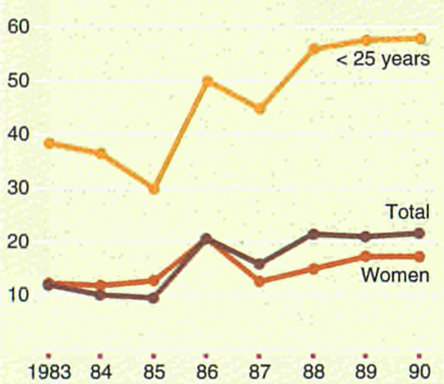
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	197.0
+ Non-residents having a job in the region	:
– Residents having a job outside the region	:
= Internal employment	207.0

Unemployment (%)



Women in agriculture, men in the building sector

Employment in the agricultural sector is still very high. Many of the jobs in this sector are filled by women (22 000 out of 43 000). Apart from indicating that Basilicata is still an agricultural region, this also reveals a situation of underemployment or latent unemployment, since much of the work is irregular and/or seasonal.

There are twice as many people employed in the building sector as in other branches of industry, whereas the ratio is 1:3 for Italy as a whole and 1:1 in the south of the country. Over the years the craft trades (carpentry, clothing, footwear and foodstuffs) have reorganized in terms of the number of workers and production units. On the other hand, there have been increases in the manufacturing sector and, to a lesser extent, in the non-ferrous metals sector.

Although jobs in the services sector have steadily expanded, the rate of growth has been less than in the south of Italy and the rest of the country. This slower growth is a result of the region's lesser degree of urbanization, its geographical position between Campania and Apulia which can provide a better response to the demand for services of many of the region's inhabitants, and lastly the lack of importance of the tourist sector.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	10	75	15	68	2	2	16	3
Women	7	78	15	64	14	8	20	6
Total	9	76	15	67	6	4	17	4

Highly qualified unemployed, and irregular work

The regional unemployment rate is about 20%.

There is a high proportion of women and young people. Some 80% of the young people looking for a first job have senior secondary or university qualifications and represent a third of all those seeking a job.

About 4 000 people (half of whom are employed in the chemicals sector) are receiving short-time working allowances. Although they are not counted among the unemployed, they pose problems of vocational retraining.

There is also a large number of unskilled workers who are involved in irregular work or farming, forestry or building activities, where job opportunities depend on money from the public sector.

Decades behind the rest of the country

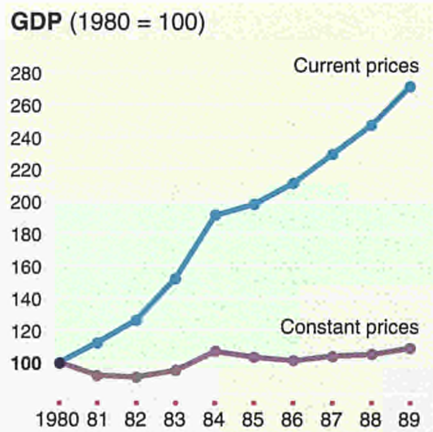
The production system is marked by a high rate of unemployment, the considerable importance of traditional sectors (agriculture, building, public administration), a low level of productivity, and a resulting lack of competitiveness.

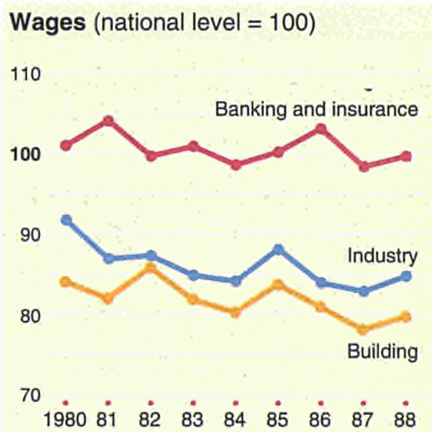
Although there has been a steady drop in the number of workers in this sector, agriculture still plays a considerable part in the economy of Basilicata, providing work for more than 20% of those in employment.

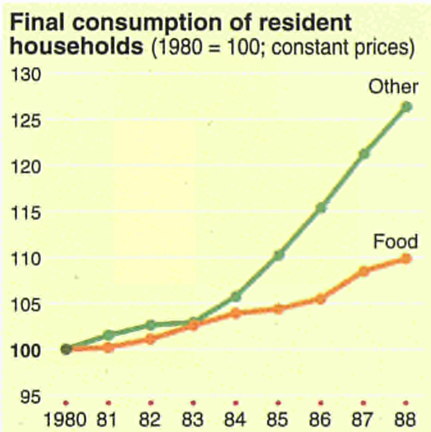
Among industrial activities the building sector contributes the same level of value-added as that of industry in the strict sense. The services sector comprises mainly government employment and the distributive trades and, rather than contributing to development, it seems instead to provide an excuse for maintaining levels of employment.

Productivity indicators show that Basilicata comes last among the regions of Italy. The considerable productivity gap in relation to the national economy has an effect on competitiveness within the system, with the result that, on the one hand, the percentage of final demand which is not met by regional GDP is high (31% in 1988) and, on the other, the level of exports from the region is slight.

Large-scale public intervention, designed to create a basis of essential infrastructure, has in the end turned into a stream of financial support for the population. Although this has lifted the general standard of living, it has failed to give any actual impetus to the development of a production structure which continues to be centred on the traditional activities of poorly developed areas and to demonstrate an essential inability to cope with the demand for goods and services. What this means is that the financial resources are partly channelled outside Basilicata, thus having little economic influence and impact within the region.







Low wages in agriculture and industry

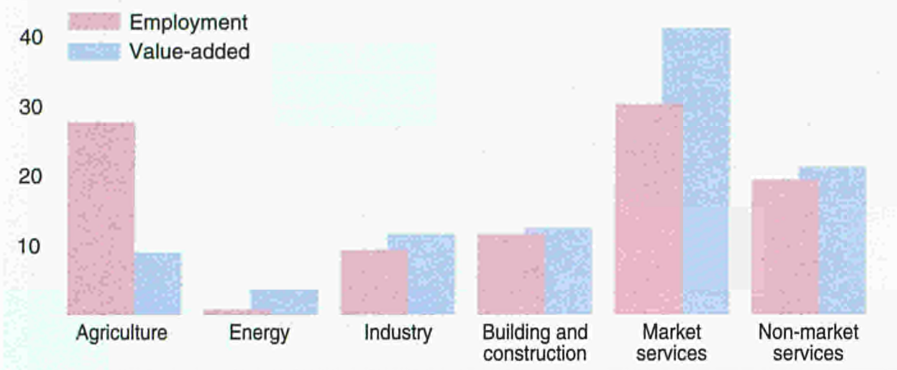
The low productivity of the regional economy inevitably affects income levels and they are consistently below the national average. It is only workers in the banking and insurance sector who reach levels comparable with the national average.

According to the data provided by the national accounts, the breakdown of salaried employment in the region is as follows: 8% for agriculture, 16% for industry in the strict sense, 14% for the building sector and 62% for the services sector.

Average household income is the lowest in Italy and 20% below the national average. Only 20% of households have an income in excess of ECU 19 500, which allows a certain standard of living, while for 38.4% of households the annual income does not exceed ECU 9 750.

There is a slight improvement in the position of Basilicata if per capita income is considered.

Employment and value-added: distribution by branch – 1988 (%)



Small farms, State industry, services lacking

Cultivation consists mainly of cereals (especially durum wheat) and herbaceous crops in rotation, which alternate with broad pasture lands. Sugar beet, tobacco, vegetables and fruit are also grown. Potatoes and maize are produced in the mountain areas. Olives and vines are also commonly found. A quality wine called 'Aglianico del Vulture' is produced around Rionero. There are large herds of cattle (647 000 head).

As a result of legislation in the early 1960s the first industrial estates appeared, with factories for the manufacture of electromechanical goods, foodstuffs, textiles and machinery and the processing of wood and chemicals. Other industrial centres are now developing as a result of government schemes prompted by the earthquake of 1980.

Craft industries are declining sharply, although pottery, earthenware, wickerware and wooden objects (casks, barrels, bowls, etc) are still produced.

The drift from the countryside and the new models of urban living have contributed to an increase in retail trade, and as a result there has been a sharp increase in the number of small retail outlets, although for the most part these are small shops run at a subsistence level.

Basilicata has many natural attractions but tourism is poorly developed (lack of facilities, inadequate transport facilities).

Agriculture

Number of holdings	74 954
Labour force	49 445 AWU
Agricultural area	675 000 ha
Livestock	186 000 LU
Gross value-added	7 908 ECU/AWU
Main products	
Cereals	21%
Vegetables	19%
Fruits — citrus	16%

Main enterprises

Name	Employees	Activity
Enichen Fibre	1 889	Manufacture of textiles
Amministraz. Poste e Telecomunicazioni	1 326	Post and telecommunications
Enel	923	Production and distribution of electricity
Sip	585	National telephone service
Ind. Magneti Marelli	412	Accumulators and batteries
Sita	498	Urban transport
Impes Group	405	Electrical equipment

The slow economic growth has preserved the environment

Basilicata's primary attraction is the variety of its natural beauty: the clayey calanchi hillsides of Matera, the green meadows of the volcanic Monte Vulture district with its two magnificent lakes, the picturesque woodlands in the mountains around Potenza, Vulture, Sira and Monte Pollino and the high rocky Tyrrhenian coastline with its shining beaches. The unmistakable towns of the region mostly retain their old charm and are more often than not located in serried levels around the mountain-top remains of an ancient castle.

There is also a rich heritage because of the lack of any economic development. Basilicata has always been synonymous with underdevelopment.

Since the Second World War there have been profound changes in the economic structure and the standards of living of the people of Basilicata, and to some extent these changes have narrowed the gap with the rest of the country, but the region has nevertheless retained many of the cultural, social and organizational ways which are typical of rural societies.

The process of economic growth, while it has certainly had an impact on Basilicata and stimulated considerable modernization, has not managed to produce elements which could trigger a process of development from within the region.

CALABRIA

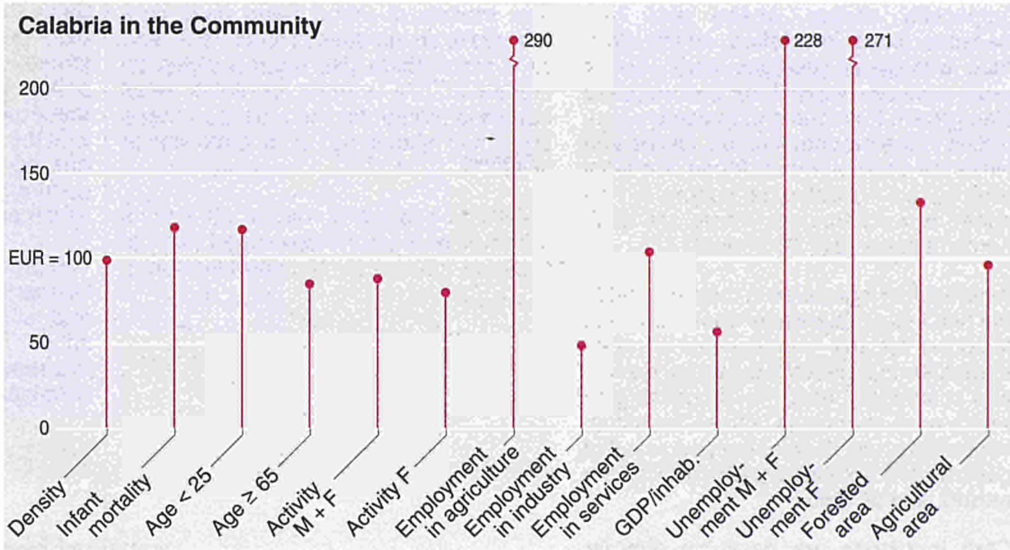
Calabria is at the end of the Italian peninsula to which it is connected by the Monte Pollino massif while on the east, south and west it is surrounded by the Ionian and Tyrrhenian seas. The region is a long and narrow peninsula which stretches north-south for 248 km and with a maximum width of 110 km. Some 42% of Calabria's area of 15 000 km² is mountainous and 49% is hilly while plains occupy only 9% of the region's territory.

The climate is influenced by the mountainous and hilly relief of the region: cold in the area of Monte Pollino, temperate with a very limited temperature range in the area of Aspromonte, while the Sila and Serre massifs ensure greater humidity on the Tyrrhenian coast and a drier climate on the Ionian coast.

The region is served by three heavily used roads: the two national highways along the coasts and the A3 motorway which links Salerno and Reggio di Calabria along the old inland route.

The underlying foundation of the region is crystalline and supports a surface of colloidal clays which tend to be washed away by water which cannot penetrate the deeper strata.

Tropea: seaview.



Failure to exploit tourism potential and available labour

With its pollution-free mountains in the Sila, Aspromonte and Pollino ranges and its 800 km of coastline and magnificent beaches, Calabria is one of Italy's regions most suited to tourism. Its tourist appeal could be one of the region's primary resources but its natural attractions, albeit essential, are not enough in themselves to boost tourist appeal, which is inevitably linked to proper and efficient infrastructure.

There have been noted improvements in this area in the last few years but in spite of these efforts and in spite of its outstanding geographic location, Calabria has not managed to achieve the position it deserves.

In Calabria there are around 200 000 people who are actively seeking employment and almost half of them are young people who are looking for their first job. This vast pool of available labour is confronted by an economic structure and especially an employment market which seem to offer such remote possibilities of work that any effort is discouraged, and this has obvious repercussions on local incomes and on the social and economic well-being of the region.

Scale 1 : 2 000 000

Which EC regions are similar to Calabria?

Area:
± 15 000 km²
Lüneburg; Weser-Ems (D)
Yorkshire and Humberside; North (UK)

Population:
2 million inhabitants
density close to EC average
East Anglia (UK)
Weser-Ems (D)

Employment:
more than 20% in agriculture
less than 20% in industry
Extremadura (E)
Voreio Aigaio (GR)

Unemployment rate:
over 20%
Cantabria; Canarias (E)
Campania (I)

Few internal differences within the region

The region of Calabria is divided into three provinces: Catanzaro (5 200 km²), where the regional capital is located, Cosenza (6 600 km²) and Reggio Calabria (3 200km²).

Cosenza, which had the highest population growth in the 10 years to 1990, also has the highest activity and unemployment rates. A look at the number of employees per sector of economic activity shows that in 1990 the province of Reggio Calabria had the highest percentage of workers in agriculture while Catanzaro had the highest percentage of workers in industry. For the services sector the figures were much the same for all three provinces.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Cosenza	6.6	785	118	6.7	50	26.9	22	18	61	:
Catanzaro	5.2	776	148	4.3	45	20.8	20	21	60	:
Reggio Calabria	3.2	592	186	2.4	47	18.9	24	15	60	:
Calabria	15.1	2 153	143	4.7	47	22.6	22	18	60	57
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

CALABRIA

An increasing and ageing population

Between 1951 and 1990 there was a slight but steady increase in the population of Calabria. Over this period, there was a steady drop in the age group of those under 25, while the population over 65 practically doubled.

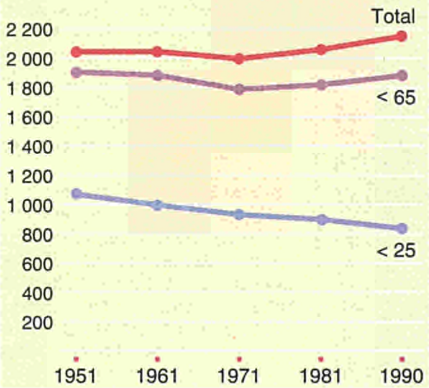
In 1972 the birth rate in Calabria was higher than that of Italy as a whole, and this gap has continued to widen.

Between 1980 and 1990 the population increased, a result of the natural population increase less the figure for those who left the region. There are few foreigners among the population. On 1 January 1990 those who were officially registered accounted for only 0.23% of the total population of the region. Some 16.8% of the registered foreigners were nationals of other EC Member States.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	463.0	21.5	22.4	20.7
15-24	373.0	17.3	17.8	16.9
25-39	481.0	22.3	23.1	21.7
40-54	346.0	16.1	16.2	15.9
55-64	220.0	10.2	9.8	10.5
≥ 65	270.0	12.6	10.7	14.3
Total	2 153.0	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	4.9	0.2
of which EC countries	0.8	0.0
of which non-EC countries	4.1	0.2
Morocco	1.3	0.1
USA	0.4	0.0
Australia	0.3	0.0
France	0.3	0.0
Germany	0.2	0.0
Canada	0.2	0.0

Demographic account — 1981-90
(1 000)

Population 25.10.1981	2 061.2
Births	244.7
Deaths	140.4
Net migration	– 12.9
Population 1.1.1990	2 152.6

A good standard of education but a low activity rate

The activity rate in Calabria in 1990 was much lower than the national figure. This low activity rate applies to both sexes.

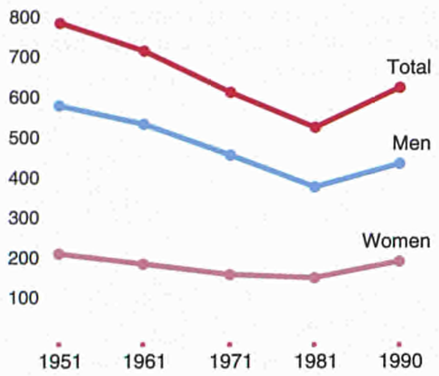
Because of the particular prevalence of the services sector — particularly public-sector employment — in the economy of Calabria, there is a considerable amount of daily commuting. However, this is only local commuting by people travelling from smaller towns to the provincial capitals.

The senior secondary schools in the region offer a wide range of vocational and technical options. In 1990 the number of pupils at senior secondary level (112 000) were divided between technical and vocational schools (71.4%) and schools of the *liceo* type (28.6%) which generally prepare pupils for university. There were 16 000 students enrolled at the universities in 1990.

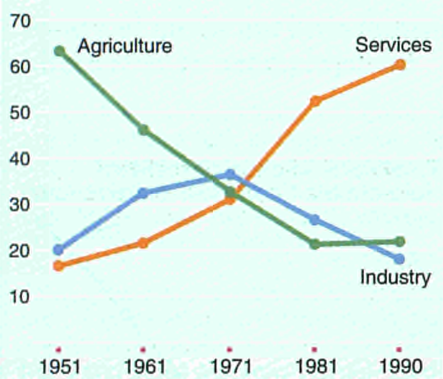
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	78.0	48.7
Primary	146.0	47.9
Lower secondary	105.0	47.6
Higher secondary (technical)	80.0	45.0
Higher secondary (general)	32.0	53.1
Higher education	16.0	43.7
Total	457.0	48.0

Employment (1 000)



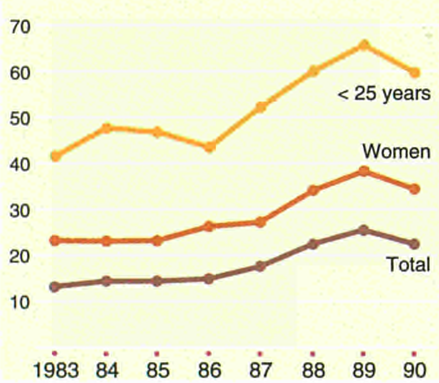
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	604.0
+ Non-residents having a job in the region	:
– Residents having a job outside the region	:
= Internal employment	670.0

Unemployment (%)



Agriculture: high but declining level of employment

Between 1951 and 1981 the number of persons in employment in Calabria fell by 260 000 (200 000 men and 60 000 women). In the last 10 years this trend has been reversed, with a growing number of men and women in employment and an overall increase of 100 000.

The region has experienced a more than normal drift from the land not just due to the age of the population. Between 1951 and 1990 the agricultural sector steadily shed jobs, with the number of those employed in the sector falling by two-thirds. Be that as it may, agricultural employment is still fairly high and is in fact more than twice the national average. This is an indication of the underdevelopment of the Calabrian economy.

Employment in the industrial sector has also shown a downturn, although less marked than in agriculture. In the same 40-year period the number of employees in the services sector has almost trebled.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Em-ployees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	7	79	14	71	2	8	11	5
Women	9	80	11	81	12	22	15	7
Total	8	79	13	74	56	13	12	5

Too many young people hopelessly searching for work

The region's unemployment rate is much higher than the average for the country as a whole and reaches dramatic levels where women are concerned.

There are no immediate prospects for a solution to this problem. No sector offers any hope for increasing job opportunities: neither industry, which provides employment for less than 20% of the workforce, nor the services sector, where jobs are mainly provided by the State as direct or indirect employer but where, in view of the present situation, there seems little likelihood of any expansion.

A region constantly searching for outside aid

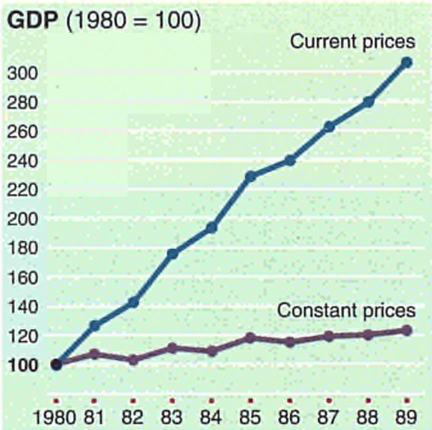
Calabria's contribution to the gross domestic product of Italy is around 2%, while its population is nearly 4% of the national total. The per capita GDP is thus well below the national average and Calabria ranks last among the regions of Italy.

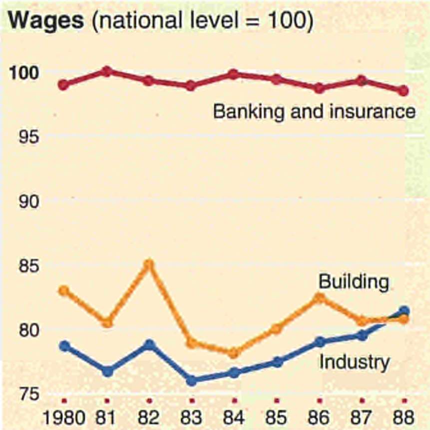
In general terms, the Calabrian economy may be described as a subsidized economy, since, even today, Calabria could not attract any investment and get consumption levels anywhere near those of the rest of the country without the flow of financial support from outside the region.

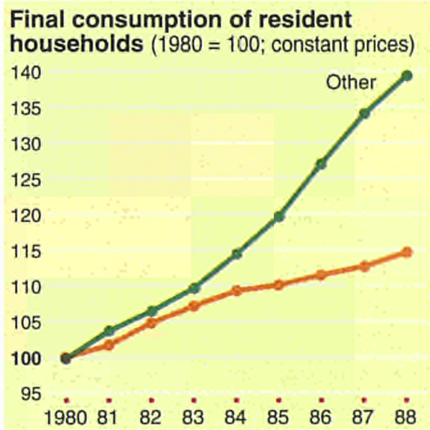
The basic characteristics of agriculture in Calabria have undergone little change in recent years. This applies both to the systems of production and to the structure of the agricultural holdings which have considerable difficulty, on account of their restricted size, in assimilating more modern farming techniques.

There is a low level of industrialization in the region. The attempt to locate one or two large-scale industries in specific areas with the aim of giving fresh impetus to the foundering local structure has been a failure.

The distributive trades remain an important element in the socio-economic structure of the region, despite, in some cases, stifling administrative structures. The vast number of firms — and 'vast' is the right word in view of the tremendous number of tiny economic units — comprises some 40 000 firms, for the most part family businesses which can satisfy only basic needs. There are few firms which are properly staffed with more than two or three employees.





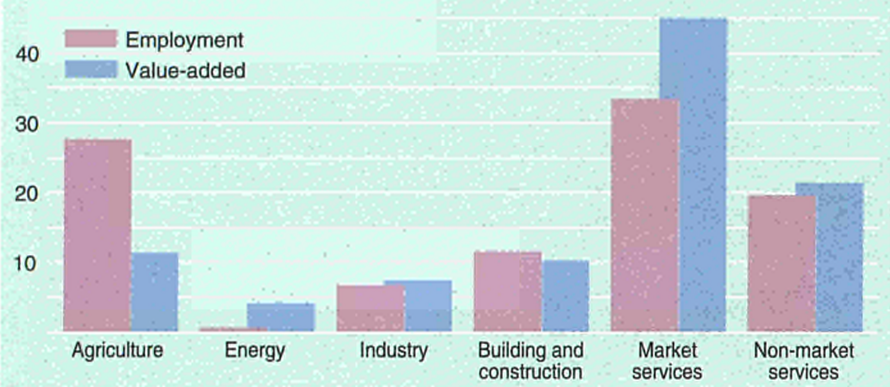


Incomes the lowest in Italy

The national accounts reveal how far industry in Calabria is below the national average for gross per capita earnings. If the national average for labour costs is given as 100, the average remuneration of wage and salary earners in Calabria between 1980 and 1988 turns out to be 78.3, with a peak of 81.5 in 1988. Earnings in the construction sector were higher during the same period, while in the banking and insurance sector the figure was more or less in line with the national average.

In 1988 Calabria was last in the list of Italian regions ranked by average household income. The regional figure was 25% below the national average. This figure had remained more or less constant in the previous three years and although the position of the region on the list had changed it was always near the bottom.

Employment and value-added: distribution by branch – 1988 (%)



Plenty of olives but little industry: small businesses as the alternative to unemployment

Typical features of agriculture in Calabria are the relative lack of large or middle-sized holdings and the high degree of fragmentation of farm structures. Holdings of less than two hectares make up 70% of the total in Calabria.

Olive groves account for two-thirds of the area under cultivation for tree crops, and are found throughout the region. Citrus fruits and vines are grown mainly along the south-east coast. Seed crops, particularly wheat are grown mainly on the plains and hillsides along the Ionian coast.

Business enterprise in Calabria is restricted to small-scale industry which because of its reduced scale tends to be confused with craft industries. Apart from one or two bigger firms which are controlled by industrial or financial groups from outside the region, industrial development in Calabria is primarily dependent on government intervention.

The local structure of production is incapable of generating independent development. Special mention should be made of the lack of development in the processing of the farm products which are such an important part of the economy in Calabria.

The last 20 years have seen a considerable increase in the distributive trade and the whole of the services sector. Commercial activities are the natural outlet for those who cannot find work in industry and for those who have left traditional farming activities. They therefore represent the alternative to unemployment or underemployment.

A region rich in natural resources

Calabria, with its rich natural resources, has tremendous tourist potential. Although it is a prime example of a coastal region, it also has outstanding mountain ranges covered with remarkable natural greenery and inhabited by a range of animals for which the regional authorities have instituted various schemes of protection and beneficial exploitation. Part of the Sila Grande, Sila Piccola and Aspromonte areas has been made into the Calabria National Park (18 000 hectares).

In addition to its mountains, the landscape of Calabria is marked by its *fiumare,* torrents which are dry in summer but which cascade in violent spate in winter. A typical feature of the Aspromonte area are its terraced fields, which are peculiar to Calabria. These four-sided terraces seem to break up the bleakness of the mountains and provide opportunities for farming. In the wooded Sila area, although some parts have been developed (Camigliatello, Villaggio Mancuso, Lorica and Villaggio Palumbo), many and indeed most parts have remained untouched. Camigliatello is a starting point for the Sila lakes, reservoirs which are surrounded by stands of pine trees, some of which are 400 or 500 years old and reach more than 40 metres into the sky.

The real attraction of Calabria lies in the striking contrasts which it offers: valleys and granite rock faces, cliff-top villages and endless beaches caressed by crystal-clear water.

Agriculture

Number of holdings	177 821
Labour force	115 903 AWU
Agricultural area	810 000 ha
Livestock	308 000 LU
Gross value-added	11 154 ECU/AWU
Main products	
Olives	40%
Vegetables	15%
Fruits — citrus	9%

Main enterprises

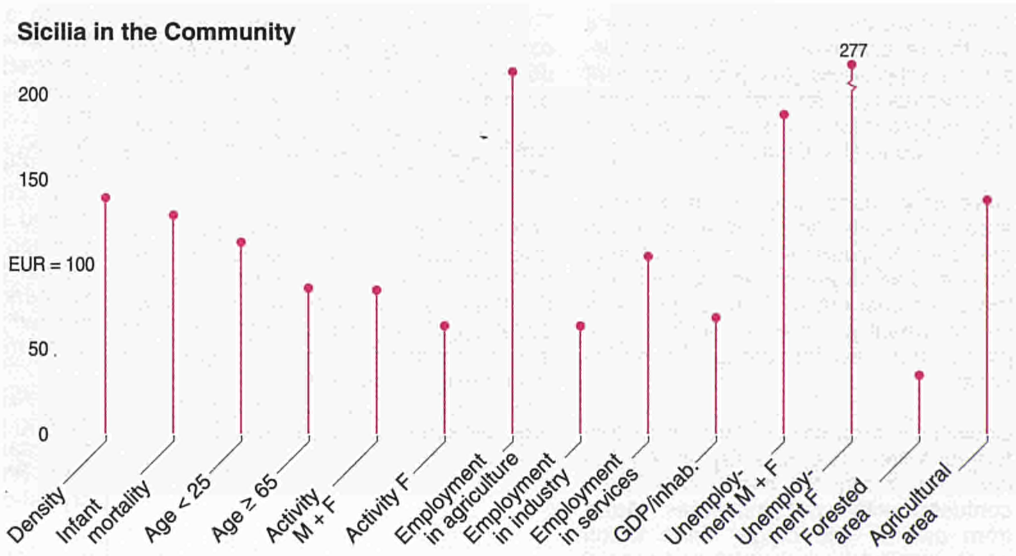
Name	Employees	Activity
Ente Ferrovie dello Stato	11 260	State Railways
Amministraz. Poste e Telecomunicazioni	2 516	Post and telecommunications
Enel	1 701	Production and distribution of electricity
Enichen Augusta Industriale	597	Manufacture of basic chemicals
Ferrovie Calabresi	735	Transport via railways
Saipem	461	Construction work involving special trades
Consorzio Cogitav	454	Construction work involving special trades

ITALIA

SICILIA

Sicily is the largest island in the Mediterranean. It is separated from the Italian peninsula by the strait of Messina (3 km) at the north-east corner of the island and from the coast of Tunisia by the Sicilian channel (150 km). It covers an area of 25 426 km², which rises to 25 708 km² if the Aeolian, Egadi, Pelagie, Pantelleria and Ustica islands are included. The coastline has a total length of 1 039 km, with fairly varied features: more indented in the north and more regular with wide crescent beaches in the south. The north east of the island is marked by the Peloritani, Nebrodi and Madonie mountains. Apart from the volcanic Mount Etna (3 263 m), the highest peak is the Pizzo Carbonara (1 979 m). The island is deficient in lakes and rivers with a regular flow of water. The climate is typically Mediterranean with temperatures which are high in summer and mild in winter. The Mediterranean influence is diminished in the interior because of the distance from the sea and also because of the altitude. Domestic and international services operate from the airports of Punta Raisi at Palermo and Fontanarossa at Catania. The ports at Palermo and Trapani link Sicily with Sardinia and North Africa.

The picturesque bay of Castellamare (Trapani) is the largest on the coast of Sicily.



Tourism and culture: the need for new structures and a suitable policy

Tourism is certainly one of the mainstays of the Sicilian economy, thanks to the natural beauty of certain areas and the existence of a variety of historical sites and cultural remains. Despite an increased number of hotel rooms and an improvement in the quality of other tourist services, the capacity of the region still seems inadequate to cope with the growing demand.

An increase in capacity and the conservation of old city centres and natural and historical sites are the main problems affecting this sector.

Another problem is the insufficiency of the transport and communications systems both on the island and with the outside. The rail network is inadequate, particularly where links with the inland provinces are concerned. There are gaps in the road network, especially in the provinces of Agrigento, Ragusa and Siracusa which receive not only tourist traffic but also a lot of traffic carrying food and petroleum products. The present ferry services to the mainland operated by Italian State Railways and private companies are also unable to cope with the amount of traffic, especially at certain peak periods.

Scale 1 : 2 000 000

Which EC regions are similar to Sicily?

Area:
just over 25 000 km²
Champagne-Ardenne;
Poitou-Charentes (F)

Population:
5.2 million inhabitants
Rhône-Alpes (F)
West Midlands (UK); Danmark

Employment:
± 15% in agriculture
more than 60% in services
Midi-Pyrénées; Bretagne (F)
Algarve (P)

Female unemployment rate:
± 35%
Andalucía; Extremadura (E)
Campania; Basilicata; Calabria (I)

Population and industry concentrated around the coast

The region of Sicily is divided into nine provinces: Palermo (the regional capital), Trapani and Agrigento in the west, Caltanissetta and Enna in the centre and Ragusa, Siracusa, Catania and Messina in the east. Nearly 60% of the entire population of Sicily resides in the three provinces of Palermo, Catania and Messina.

Palermo and Catania are the two administrative and economic centres of the region. They contain both central and regional government offices, various organizations and the major centres of commerce.

Industry is heavily concentrated along the coasts, with the petrochemicals industry located in the province of Siracusa (Augusta and Priolo) and at Gela in the province of Ragusa. In the agricultural sector the crops differ depending on the particular area. There is extensive cereal farming in the interior in the provinces of Caltanissetta, Enna and Catania, citrus fruits in the provinces of Palermo and Catania, vineyards in the province of Trapani and nursery farming in the province of Ragusa.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Trapani	2.5	439	179	2.6	46	26.9	18	22	60	:
Palermo	5.0	1 268	254	4.9	44	24.6	8	20	72	:
Messina	3.2	696	214	1.3	49	20.2	17	18	65	:
Agrigento	3.0	493	162	0.7	44	20.7	25	21	54	:
Caltanissetta	2.1	294	138	– 0.8	44	32.0	9	31	60	:
Enna	2.6	197	77	– 3.4	44	26.7	18	22	60	:
Catania	3.6	1 080	304	6.5	46	19.9	13	18	69	:
Ragusa	1.6	293	182	6.0	46	17.7	23	19	58	:
Siracusa	2.1	413	196	3.8	47	20.9	13	26	61	:
Sicilia	25.7	5 173	201	3.5	46	22.6	15	20	65	69
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

An ageing population and an influx of immigrants

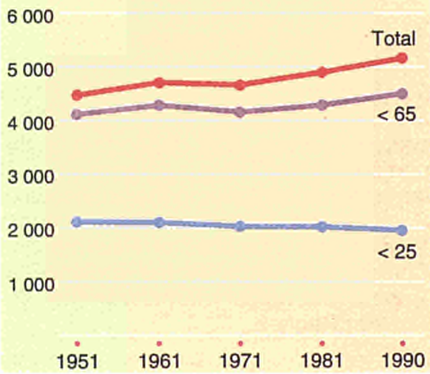
A particular feature of the demographic pattern in Sicily — at least until the end of the 1970s — was the negative impact of emigration, which considerably countered the positive trend of natural growth. The population of Sicily, at least until 1981, thus showed an annual rate of increase which was well below the natural rate. In the years following 1981, however, there was a marked upturn in the demographic pattern in Sicily and throughout the regions of southern Italy in general. With the downward trend of the birth rate, many municipalities which in the past had experienced considerable emigration now recorded balanced or even positive migration figures.

Sicily's geographical position has also meant that in recent years there has been a significant influx of immigrants, mainly from non-Community countries. On 1 January 1990 the records showed 25 484 foreigners registered, of whom 87.3% came from countries outside the Community. This underestimates the real situation since there are many illegal immigrants, whose numbers vary depending on the country of origin.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	1 083.3	20.9	22.6	19.9
15-24	878.8	17.0	17.6	16.4
25-39	1 136.3	22.0	22.3	21.7
40-54	868.9	16.8	16.7	16.9
55-64	547.6	10.6	10.2	10.9
≥ 65	657.8	12.7	11.2	14.2
Total	5 172.7	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	25.5	0.5
of which EC countries	3.2	0.1
of which non-EC countries	22.3	0.4
Tunisia	5.6	0.1
Morocco	2.2	0.0
USA	1.5	0.0
Germany	1.0	0.0
Greece	0.7	0.0
France	0.6	0.0

Demographic account — 1981-90 (1 000)

Population 25.10.1981	4 906.9
Births	574.3
Deaths	366.5
Net migration	+58.0
Population 1.1.1990	5 172.7

The labour market: limited female involvement

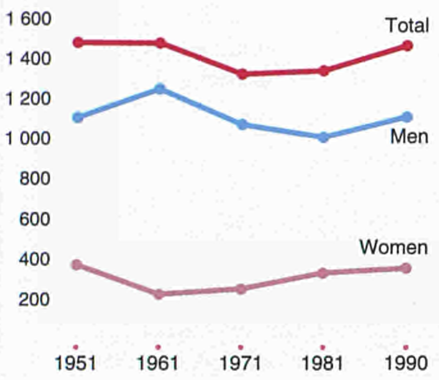
The activity rate in Sicily is lower than the national figure. The difference is primarily a result of the smaller participation of women in the labour market in Sicily than in other parts of Italy.

With regard to vocational training in the 1989-90 academic year, some 70.5% of those attending senior secondary school were at vocational or technical schools while 29.5% attended schools of the *liceo* type which generally prepare pupils for university. Enrolment at universities in 1989-90 totalled 109 000.

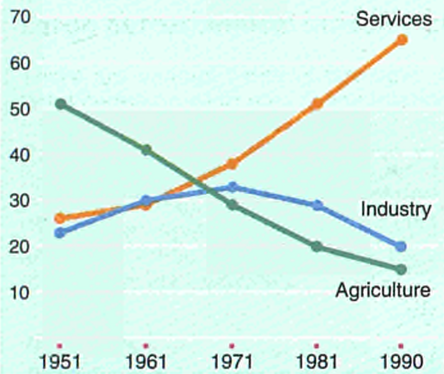
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	157.0	49.0
Primary	355.0	48.3
Lower secondary	252.0	47.3
Higher secondary (technical)	168.0	44.6
Higher secondary (general)	70.0	58.0
Higher education	109.0	50.4
Total	1 111.0	48.1

Employment (1 000)



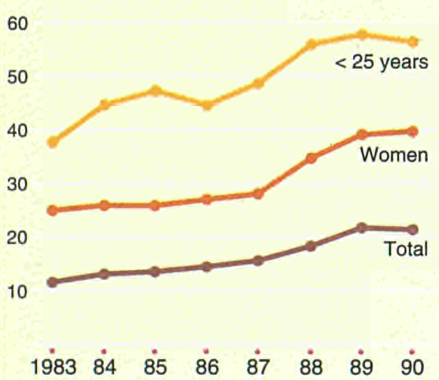
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	1 477.0
+ Non-residents having a job in the region	:
– Residents having a job outside the region	:
= Internal employment	1 583.0

Unemployment (%)



Employment by sector: public administration as main employer

Between 1951 and 1990 employment in the agricultural sector declined steadily while the services sector gained increasing importance. Since the 1970s the significance for the regional economy of employment in the industrial sector has gradually diminished, indicating that the provision of services greatly outweighs the production of goods.

Agriculture is still significant but the contribution from industry, based mainly on construction, is fairly limited which reveals the structural weakness of industry in the region.

The breakdown of employment in the services sector is marked by a high percentage of workers in the public sector and the distributive trades, while transport and communications and banking and insurance account for only 8.4% and 4.6% respectively.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	10	76	15	69	4	5	14	4
Women	10	78	12	77	10	9	10	4
Total	10	76	14	71	5	6	13	4

Youth and graduate unemployment

In the last 10 years unemployment has been marked by a constant upward trend.

Although 1990 saw a temporary halt in the upward trend of the unemployment figures for Sicily, the structure of employment in the region is still unbalanced compared with the rest of the country. Most of those in search of work are young people between the ages of 14 and 29. In April 1990 this age group accounted for 67% of all job seekers in Sicily. Among those with secondary school or university qualifications who are seeking employment, the percentage of young people is also very high (41%) and indicates the unemployment problem of highly qualified young people.

Recession in agriculture and industry, upturn in the services sector

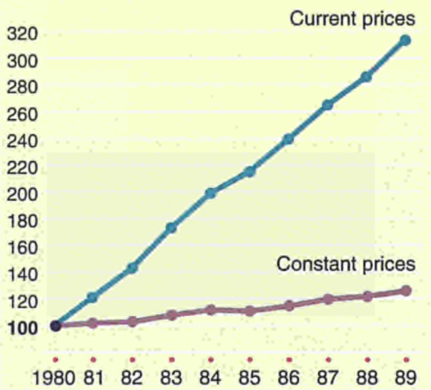
Output in the region experienced a growth rate which was relatively slower than the national average and the gap between Sicily and the rest of Italy was consequently further widened.

The figures for trade in agricultural foodstuffs between Sicily and abroad would seem to confirm the critical situation in this particular sector. It is a crisis which is marked by inadequate returns in the major areas of production and a consequent drift from the land, declining populations in smaller towns and villages and the irreversible impoverishment of the farming and peasant traditions which are typical of the region.

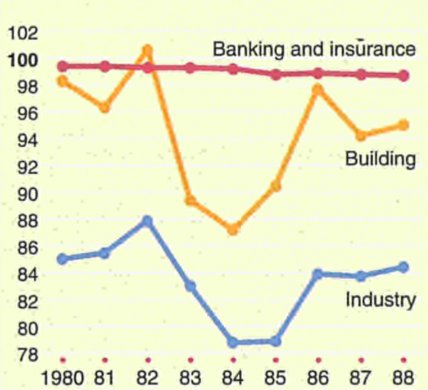
Industry has continued to exhibit a disjointed picture, marked on the one side by the rapid emergence of serious industrial problems and on the other by the consolidation of certain manufacturing sectors in readiness for 1992 and by the widespread growth of small businesses. The construction industry continued to be affected by recession in 1989, mainly in the public sector with regard to subsidized housing, the restoration of old town and city centres and large infrastructure projects.

As for the services sector, it continued to advance amid the difficulties of absorbing workers from the other sectors and the need to adapt to the modern requirements of the national post industrial economy. The results in the tourist industry were better than in the previous year but were still inadequate when it came to coping with the increasing demand.

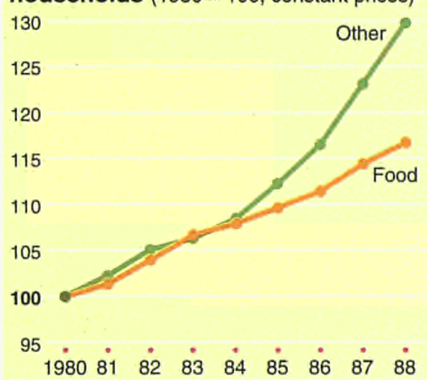
GDP (1980 = 100)



Wages (national level = 100)



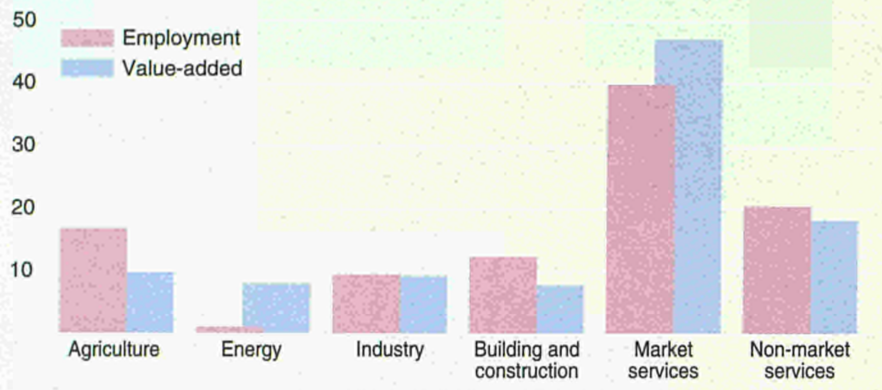
Final consumption of resident households (1980 = 100; constant prices)



Household consumption

In 1988 final household consumption in Sicily amounted to ECU 30.6 million. The largest proportion (25.5%) — and one which has risen steadily in the last 10 years — was spent on food. During the 1980s modest increases in spending on meat and pasta products were accompanied by much sharper increases in the amounts spent on fish, fruit and beverages (particularly non-alcoholic beverages). Expenditure on tobacco products showed some signs of recovery. A close look at the various categories of expenditure shows that overall expenditure on housing came to about 24% of expenditure on non-food items and services.

Employment and value-added: distribution by branch – 1988 (%)



Large petrochemical industry and small businesses

There are various types of farmland: a large cereal-growing area in the interior, citrus fruits in the north and east (the Conca d'oro valley behind Palermo and the Catania plain), vineyards in the province of Trapani, nursery farming at Ragusa for vegetables, flowers and fruit and other areas where almonds, olives and carobs are cultivated.

There is a fairly uneven pattern in the distribution of industry in the region. In the past the most important product for the mining sector was sulphur, but this has been superseded by the rock salt and potassium salts which can be found in the central and southern parts of Sicily. The province of Trapani accounts for 85% of the island's marble production. In the oil industry there has been heavy investment in plants at Augusta (ESSO) and Priolo (Praoil and ISAB) for the production of lead-free fuels and to reduce the effects of pollution. The chemicals industry is represented by Enichem at Gela, Priolo, Ragusa and Augusta. As for craft trades in Sicily, most of the work is connected with the construction and services sectors.

The distributive trades are of major importance in the services sector. The general trend is encouraged by the continuing growth in household spending on consumer items. Large scale distribution is the sector which has been most affected by the increased spending, especially in the provincial capitals.

Agriculture

Number of holdings	375 905
Labour force	190 297 AWU
Agricultural area	1 994 000 ha
Livestock	551 000 LU
Gross value-added	15 006 ECU/AWU
Main products	
Fruits — citrus	27%
Vegetables	23%
Wine	14%

Main enterprises

Name	Employees	Activity
Ente Ferrovie dello Stato	17 286	State Railways
Amministraz. Poste e Telecomunicazioni	6 113	Post and telecommunications
Enel	3 234	Production and distribution of electricity
Fiat Auto	3 052	Car manufacturing
Fincantieri Navali Ital	2 046	Shipbuilding
SGS Thomson Microelectronics	1 747	Electronics
Pirelli	1 104	Manufacture of tyres

Problems of urbanization, industrialization and drought

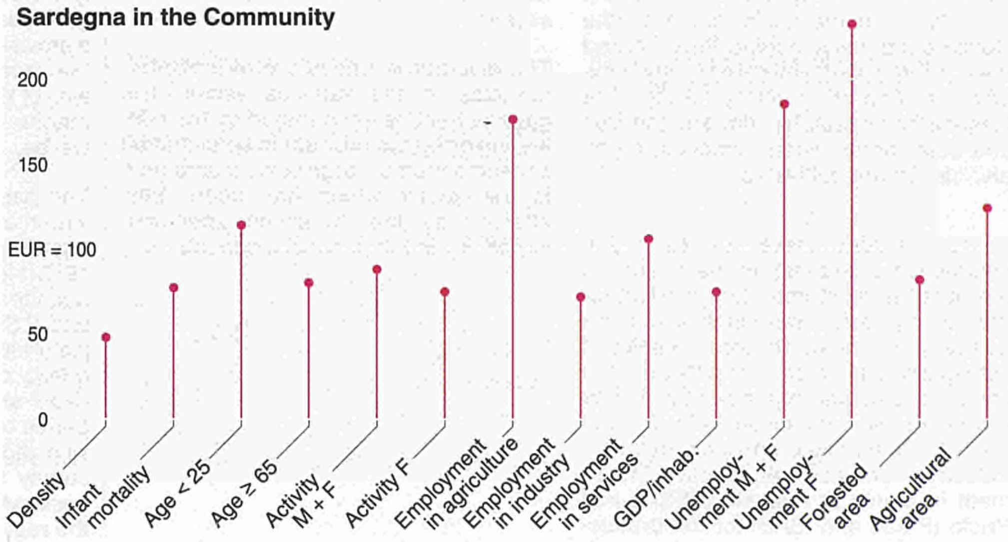
Sicilian regional laws provided the basis for drawing up a regional plan for the creation of protected areas for the conservation of environments of special natural interest and for social, leisure and cultural enjoyment. In the districts of San Vito lo Capo and Castellamare del Golfo (Trapani) the Zingaro supervised nature reserve has been created, which covers 1 600 hectares and runs along the coast for 7 km. Other reserves include those at the Foce del Belice (300 hectares) and the Bosco di Alcamo (350 hectares) and the supervised reserve at the Stagnone islands, together with the island of Mozia. The Madonie park was created in November 1989 and covers approximately 40 000 hectares (13% of the area of Sicily). The Etna park covers another 60 000 hectares, divided into a completely protected area, an area for traditional activities, an area for tourist facilities and a provisional area. The Nebrodi park is in the process of being created. With the aim of protecting marine life, Italy's first marine reserve has been created at Ustica.

The basic regional law in Sicily for environmental protection and the fight against pollution is Law No 39 of 18 June 1977. However, there seems to be little definite action, particularly in urban areas and at Siracusa and Gela. A series of projects have been designed to check the quality of rainwater and water in the sea, rivers and lakes. As a result of the long period of drought, action had to be taken with regard to reservoirs and the water supply system in order to remedy the crisis which was affecting many areas of the region.

ITALIA

SARDEGNA

A rocky coastline, broken up by small beaches.



Sardinia is the second largest island in the Mediterranean and is located in the centre of the western basin.

The geomorphological features of the island, which is much older than mainland Italy, make it quite different from the peninsula. History has left its mark on the natural and cultural heritage of the island producing a variety of distinct features.

Much of Sardinia's 24 000 km² is covered by hills (67.9%) and mountains (13.6%), divided by the broad Campidano plain which stretches from the west coast down to the south coast of the island.

Some 1 900 km long, with 512 km accounted for by the many small islands just off the coast, the entire coastline is marked by a variety of long rocky zones interrupted by small beaches. The mild climate is another attraction for the increasing number of tourists.

The ports and airports connect the northern and southern parts of the island with the main cities in the rest of Italy.

Internal communications are provided by a number of main routes which connect the four provincial capitals (Cagliari, Sassari, Oristano and Nuoro) but access to large areas in the interior of the island is poor.

Transformation hampered by conflicting factors

The first half of the century was marked by heavy emigration, with a third of the present population leaving the island for mainland Italy and elsewhere. At the beginning of the 1960s Sardinia began a process of economic transformation which provided the island with the first real alternatives to what had become a backward pastoral economy.

The arrival of certain large businesses and the shift towards the economic use of environmental resources have been the main sources of income in the last 30 years, with the result that productivity and employment in the primary sector has gradually become less significant. Numerous factors, mostly linked to the specific social and economic structure of the island, have nevertheless curbed any widespread and balanced growth, thus hindering to a large extent the initial ventures based on the policy of 'poles of development'.

More recent events, marked by recession in the two sectors (chemical and mining industries) which are vital for the economy of the island, have further weakened an approach which encouraged the introduction of outside factors instead of exploiting local resources. These resources include a rich environment, comprising natural habitats and valuable archaeological remains, and a range of productive potential (from agriculture to tourism) which could find here the ideal conditions for mutual integration. Its island character and centuries-old culture, give a strong sense of individuality to its people, which is no longer seen as a drawback but as an asset for future development.

Scale 1 : 2 000 000

Which EC regions are similar to Sardinia?

Area:
24 000 km²
- South-West (UK)
- Centro (P)
- Lorraine (F)

Population:
± 1.7 million inhabitants
± 70 inhabitants per km²
- Centro (P)
- Poitou-Charentes (F)
- Kentriki Makedonia (GR)

Employment:
10 to 15% in agriculture
over 60% in services
- Corse; Languedoc-Roussillon (F)
- Algarve (P)
- Notio Aigaio (GR)

Backwardness and rapid development

Sardinia is divided into four provinces: Cagliari, Sassari, Oristano and Nuoro. Oristano, the most recently created province, occupies about 10% of the area of the region, while the other three provinces are roughly the same size.

Considerable differences within the region mean that the island reproduces in miniature the same division which exists between developed and backward areas in continental Italy. The concentration of industry in the north (Sassari) and the south (Cagliari) of the island has led to a distinct separation of industrial activities and increased urban population. The province of Cagliari has benefited most from this process and its population density is now 60% above the regional average. The other two areas, which occupy the central part of the island, have remained primarily agricultural with a level of industrialization which is among the lowest in Italy. The situation is the most critical in the province of Nuoro, with its backward production base, a situation made worse, by poor accessibility, particular to the interior, and a very low population density, which is again one of the results of a century of emigration.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1990	1990	1981-90	1990	1990	1990	1990	1990	1989
Sassari	7.5	453	60	4.4	50	20.8	15	22	63	:
Nuoro	7.0	277	39	0.7	47	17.1	21	21	59	:
Oristano	2.6	160	61	3.2	46	17.1	20	20	60	:
Cagliari	6.9	768	111	5.1	49	20.8	10	25	66	:
Sardegna	24.0	1 658	69	3.9	49	18.9	14	23	63	75
Italia	301.3	57 576	191	1.8	49	10.2	9	32	59	104
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

SARDEGNA

A population distorted by past events

In the last nine years the average growth rate of the population of Sardinia has been about 0.4%, which is twice the national average.

The pattern of this growth mirrors general trends in the south of the Italian peninsula; a greater incidence of young people ensures a higher birth rate (around 10 per thousand) and a death rate (8 per thousand) lower than that of north and central Italy.

These figures are moving towards the national average more quickly than in the other regions of southern Italy. The steady return of long-term emigrants, a movement which has slowed only in the last few years, has gradually increased the number of persons aged over 40, with the greatest increase occurring in the 55 to 64 age-group.

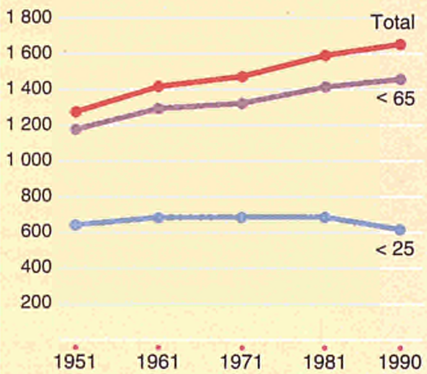
The high mobility rate, affecting 4.1% of the population (Italian average), is mainly the result of mobility within the region (74% of the total), with about half of the inhabitants now living in the province of Cagliari alone.

There is a limited number of foreign residents, mostly from countries outside Europe.

Population by age — 1990

	M + F 1 000	M + F %	M %	F %
< 15	317.6	19.1	20.0	18.3
15-24	301.9	18.2	18.8	17.6
25-39	388.3	23.4	23.8	23.0
40-54	291.1	17.6	17.5	17.6
55-64	162.5	9.8	9.5	10.2
≥ 65	196.1	11.9	10.4	13.3
Total	1 657.5	100.0	100.0	100.0

Population (1 000)



Resident population of foreign nationality — 1990

	1 000	% of total population
Total	5.8	0.4
of which EC countries	2.1	0.1
of which non-EC countries	3.7	0.3
Senegal	0.9	0.1
Germany	0.8	0.0
Morocco	0.8	0.0
Yugoslavia	0.8	0.0
France	0.4	0.0
United Kingdom	0.3	0.0

Demographic account — 1981-90
(1 000)

Population 25.10.1981	1 594.2
Births	149.7
Deaths	105.0
Net migration	+ 18.8
Population 1.1.1990	1 657.7

Disparity between labour supply and demand

The activity rate is below those of Italy and Europe. The rate of participation of women in the labour market is among the lowest in Italy and the majority of active females are registered as unemployed. The proportion of women in employment is currently about a third of the total, a figure which has been reached after a steady increase over the years.

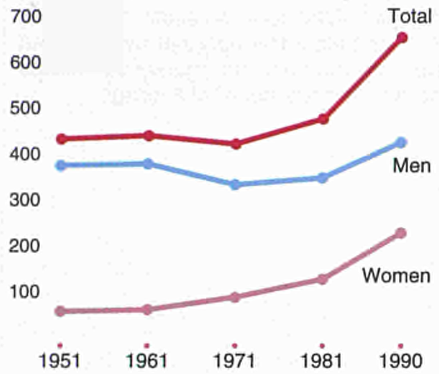
The male-female ratios are reversed in the school-age population, at least from the secondary level. A higher drop-out rate among boys of school age means that a greater number of girls attain secondary qualifications, which thus provides the market with a generally better qualified labour force.

The choice of vocational options after statutory schooling is still quite unaffected by the actual demand from the local labour market. This is also due to the lack of infrastructure within the region, which limits the options which are open, particularly to young people living in the interior of the island.

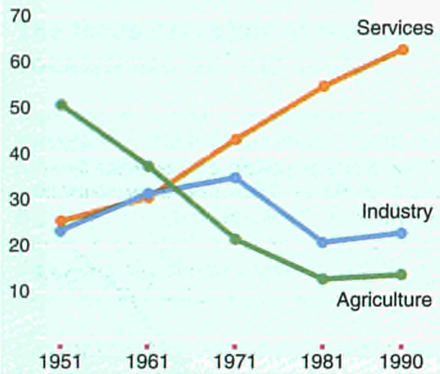
Number of pupils — 1990

	M + F 1 000	F %
Pre-school	50.0	49.0
Primary	111.0	48.0
Lower secondary	91.0	47.0
Higher secondary (technical)	72.0	49.0
Higher secondary (general)	28.0	55.0
Higher education	36.0	58.0
Total	388.0	50.0

Employment (1 000)



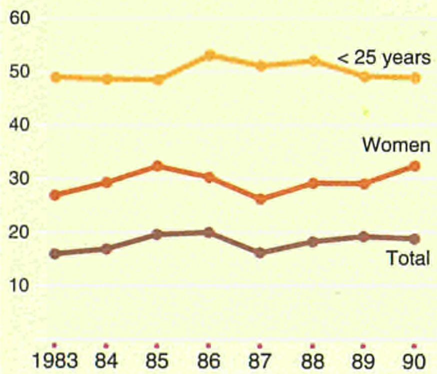
Employment structure (%)



Employment — 1988 (1 000)

Resident employment	509.0
+ Non-residents having a job in the region	:
− Residents having a job outside the region	:
= Internal employment	533.0

Unemployment (%)



From the countryside to the services sector

After a sharp fall prompted both by a shrinking of the agricultural base and by the process of industrial restructuring, employment in these two sectors now seems to have stabilized. At the same time the services sector has gradually absorbed the labour force released by the first two sectors and has also provided new job seekers with an increasing number of opportunities.

One feature of the situation in Sardinia, together with the other regions in the south of Italy, is the steady erosion in the number of self-employed workers. This has occurred not only in agriculture — where the phenomenon is apparent throughout Italy — but also in the industrial sector (down by 9% between 1982 and 1990). New ventures in the private sector involve almost exclusively the offer of relatively specialized services, with approximately a third of such ventures being managed by women.

The average age of those in employment in Sardinia is almost the same as the national average, but contributing factors here are a smaller number of young people (eight percentage points lower in the 14 to 29 age-group) and a greater number (by 22%) of those over 65.

Greater difficulty in finding a first job and higher levels of employment in agriculture are typical features of the situation in Sardinia, as throughout the south of Italy.

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1990	1990	1990	1990	1983	1990	1983	1990
Men	11	76	13	65	3	3	8	6
Women	16	76	9	71	4	10	8	6
Total	12	76	12	67	3	5	8	6

An army of unemployed

The high unemployment rate, especially in the case of young people, is one of the most difficult problems as far as the socio-economic situation of the region is concerned. This problem is difficult to overcome, even with the slight increase in the number of jobs available in recent years. The entry of new job seekers, 90% of whom are under 29 and 26% of whom have secondary school qualifications, simply tops up the pool of labour which already exists by about 43% of the total. The greater relative incidence of the younger age-groups is not enough to explain the gap which exists between the figures for youth unemployment in the region (and in the south of Italy) and those for the north of the country. The number of unemployed women exceeds that of men by about 10 000. A third of them are housewives, 28% of whom have secondary school or university qualifications (compared with 16% for men).

The proportion of unskilled labour in the unemployed is high (78%). This is influenced by a steady shift of the economy towards the services sector, together with the weakening of a management structure capable of absorbing a labour force with varying levels of qualification.

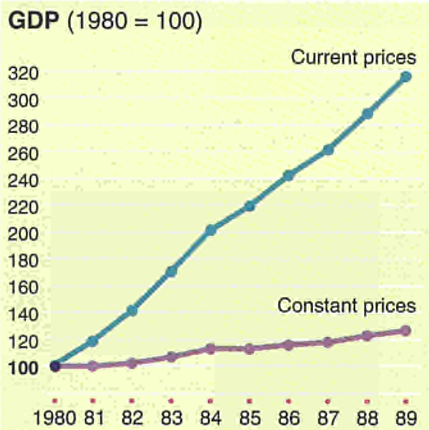
Self-employment as a solution has not been helped by the drift away from the countryside and the recession in the industrial sector, and the main forms of support for employment have come from public-sector schemes.

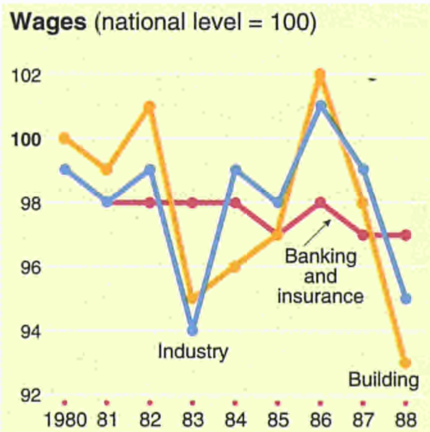
The search for a new development model

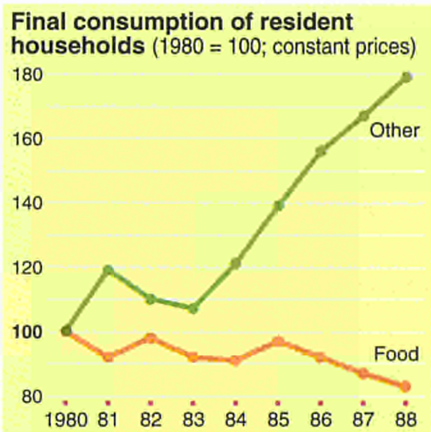
The economic structure of Sardinia underwent a profound alteration in the 1960s, when the start-up of large-scale installations in the chemical, steelmaking and power-generating sectors triggered a process of capital-intensive industrialization. These numerous installations are controlled by outside interests, affected the existing economic structure in a way which at the time disrupted employment and production levels. Events since then have demonstrated the inability to produce a widespread impact and to boost growth in the whole system (the thinking behind investment incentives). The outcome in fact has been to create an even clearer gap between smaller areas in the region with high economic and population growth and much larger areas with a level of backwardness which now seems resistant to treatment. Sardinia in fact suffers from a series of limitations and disadvantages which the events described have aggravated rather than solved. These include poor transportation networks (internal and external) and a lack of specialist skills.

The shake-up in the market and the new sectoral ideas have seriously undermined the concept and the stability of the large industrial installations and thrown into even greater relief how much the island economy is governed by outside factors. The emergence of new entrepreneurial skills, involved mainly in activities in the services sector, does not seem capable on its own of prompting any significant change.

The part of the services sector in regional GDP is below the national average but the contribution of non-market services is higher than the national average.







Public-sector employment: the main source of income

Average per capita income is approximately ECU 17 500, well above the average for the south of Italy. A decisive factor in this figure is the significant impact of public-sector employment (37.2% in the region, compared with 26.6% for Italy as a whole and 31% in the south of the country), which in Sardinia attains one of the highest income levels in the sector.

The average wage per person in the agricultural sector is above the national average. In the last 10 years it has shown one of the greatest increases in real terms (up by 20%). However, income per employee in other sectors is below the national average, with the greatest differences occurring in market services (12%) and construction (7%). The greatest increase in real terms, apart from the agricultural sector, concerns the income of employees in the industrial sector. The increase (12.9%) is nevertheless below the national increase (17.3%), which again indicates that the labour force in Sardinia is generally less well qualified.

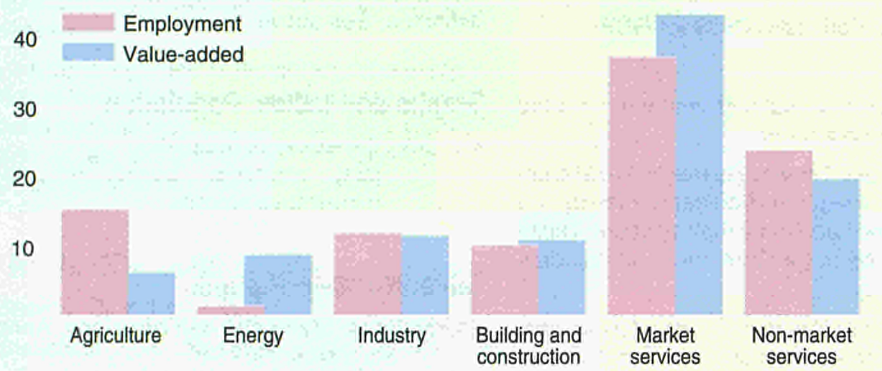
New attitudes and new demand

Expenditure on foodstuffs accounts for 25% of the total, a figure which is much lower than that recorded at the beginning of the 1980s.

The steady drop in this figure can be attributed to the smaller average size of families, which means that Sardinia is now more or less in line with the national average. One figure which is steadily increasing is the expenditure on non-food items, which in 1988 was up by 80% in relation to 1980. For the first time in recent years this category of consumption has attained levels which are the same as or slightly above the national average.

The biggest increase (20%) in relation to the national average concerns clothing and footwear, while there are also significant differences with regard to expenditure on health care (16%) and recreation and leisure activities (18%).

Employment and value-added: distribution by branch – 1988 (%)



The three branches of the economy: coexistence without contact

Agriculture is still a widespread activity throughout much of Sardinia. There is a limited group of farm owners who generally manage small or medium-sized holdings, mostly involved entirely or partly in pastoral farming, dairy production, and Sardinian cheeses which are exported to Europe and overseas.

Industrial activity is heavily concentrated in certain sectors: generation of electricity, which has developed tremendously in the last 20 years, due also to the increased demand for industrial purposes; the metalworking sector, mostly run by a centralized group of three firms producing lead, zinc, cadmium and sulphuric acid; the processing (mainly primary) of chemical and petroleum products; and the extraction of minerals (lead, zinc, coal and other industrial minerals).

An example of the use of local resources is the processing of cork, which in the northern part of the island has resulted in one of the few planned areas with well-developed horizontal and vertical integration.

The services sector has developed mainly around activities related to the tourist industry, but there is still a lack of business-related services, although there is some growth in this area.

The greatest problem, however, is still the lack of integration between the various components, in particular between the expanding tourist industry and the more traditional farming and manufacturing sectors.

Agriculture

Number of holdings	106 053
Labour force	76 064 AWU
Agricultural area	1 678 000 ha
Livestock	765 000 LU
Gross value-added	9 685 ECU/AWU
Main products	
Milk	21%
Vegetables	17%
Cattle	14%

Main enterprises

Name	Employees	Activity
Ente Ferrovie dello Stato	3 944	State railways
Amministraz. Poste e Telecomunicazioni	3 427	Posts and telecommunications
Enel	2 811	Production and distribution of electricity
Enichem Anic	2 048	Manufacture of chemicals
Aluminia	1 273	Manufacture of basic metals
Sip	1 051	National telephone service
Meridiana	716	Air transport

The environment: a vital asset to be protected

The need to protect and make the most of Sardinia's environmental resources is now a primary objective for the region.

Although the damage caused by industrial installations has been considerable but limited in scope, precisely because they are concentrated at specific locations, it is also true that the original beauty of many other parts of the region, including coastal areas, has been eroded by various schemes.

Any modernization of the infrastructure network or increase of tourist facilities should be properly assessed for its environmental impact before it is carried out.

The local authorities have gradually awakened to this need and there has been some major progress in this area. In various areas of the island there are plans for both forestry and marine nature reserves.

The problem of forest fires is still one of the biggest tasks to be tackled. Over the years, various environmental and social factors have contributed to this problem which, in spite of all the efforts which have been made, has caused the destruction of thousands of hectares of woodland in Sardinia.

Explanatory notes — Italy

The statistical data presented here have been compiled by either the national statistical institutes themselves or in collaboration with Eurostat. Despite the efforts which have been made, the comparability of the data between regions in different Member States cannot always be guaranteed.

In addition, the date at which the data were sent varied between Member States so that the Community totals may not always correspond exactly with the sum of the national totals.

Graph: The region in the Community

Source: Eurostat — regional databank, Regio

Reference period: 1988 (1989 for GDP)

Definitions:

– Infant mortality: Ratio of deaths before the age of one to live births.

– Activity rates: The activity rate is the ratio between the active population (labour force) and the population aged more than 14 years. These data are based on the Community labour force sample survey.

– Employment: Employment structure by sector of activity is measured at the place of residence.

– Gross domestic product: The GDPs are converted to purchasing power standards (PPS) and related to average population.

– Unemployment rates: The unemployment rate is the ratio between the number of unemployed and the labour force.

In accordance with the International Labour Organization recommendations,

– the unemployed are those persons who have no job, are looking for a job, have made serious efforts towards finding one and are immediately available for work;

– the labour force includes those persons who have a job and the unemployed.

Unit: The indicators are expressed as indices related to the Community average (this excludes the five new *Länder* of Germany and the French overseas departments).

Table: The subregions

Population

Source: 1980 — Istat (National Statistical Institute)

Activity rates

The figures for the State and the regions are calculated on the basis of the results of the Community labour force sample survey.

Unemployment rates

Source: Eurostat — Regio

Definition: See above

Employment

Sources: Labour force sample survey
Istat

GDP per inhabitant

Source: Eurostat — Regio

Definition: See above

Graphs and tables: Population

Sources: Censuses of population
Istat estimates based on administrative records

Table: Number of pupils

Source: Istat 'Statistiche dell'istruzione, Anno scolastico 1989-90'

The subdivisions are:

Pre-schooling: nursery schools;
Primary schooling: elementary schools;
First-cycle schooling; junior secondary schools;
Second-cycle vocational schooling: vocational, technical, primary teacher training schools;
Second-cycle general schooling: schools of the *liceo* type and art schools;
Higher education: universities.

Pupils in establishments up to the second-cycle general schooling level are not broken down by sex for 1989/90 and the breakdown is therefore based on the corresponding figures for the 1986/87 academic year.

Graph: Employment

The data for the census years 1951, 1961, 1971 and 1981 refer to persons who are economically active. This category includes the unemployed but not those seeking their first job. For the sake of consistency in the time series, the 1990 data (based on the annual labour force survey) refer to the same groups. The figures for the economically active for 1951 and 1961 include persons aged 10 and over; the lower age limit for inclusion in this category was subsequently raised to 14.

Graph: Unemployment

Source: Eurostat — Regio

Table: Characteristics of resident employment

Source: Community labour force sample survey

Definitions:

– Employees are defined as persons who work for a public or private employer and who receive compensation; non-conscript members of the armed forces are also included.

– The distinction between full-time and part-time work is generally made on the basis of a spontaneous answer given by the person interviewed.

– A job is regarded as temporary if the termination of the job is determined by objective conditions such as reaching a certain date, completion of an assignment or the return of an employee who has been temporarily replaced.

Graph: GDP (1980 = 100)

Source: Eurostat — Regio

Statistical note: Regional GDPs at current prices were deflated using the national GDP deflator.

Graph: Employment and value-added: distribution by branch

Source: Eurostat — Regio

Table: Agriculture

Sources: Survey on structure of agricultural holdings, 1987
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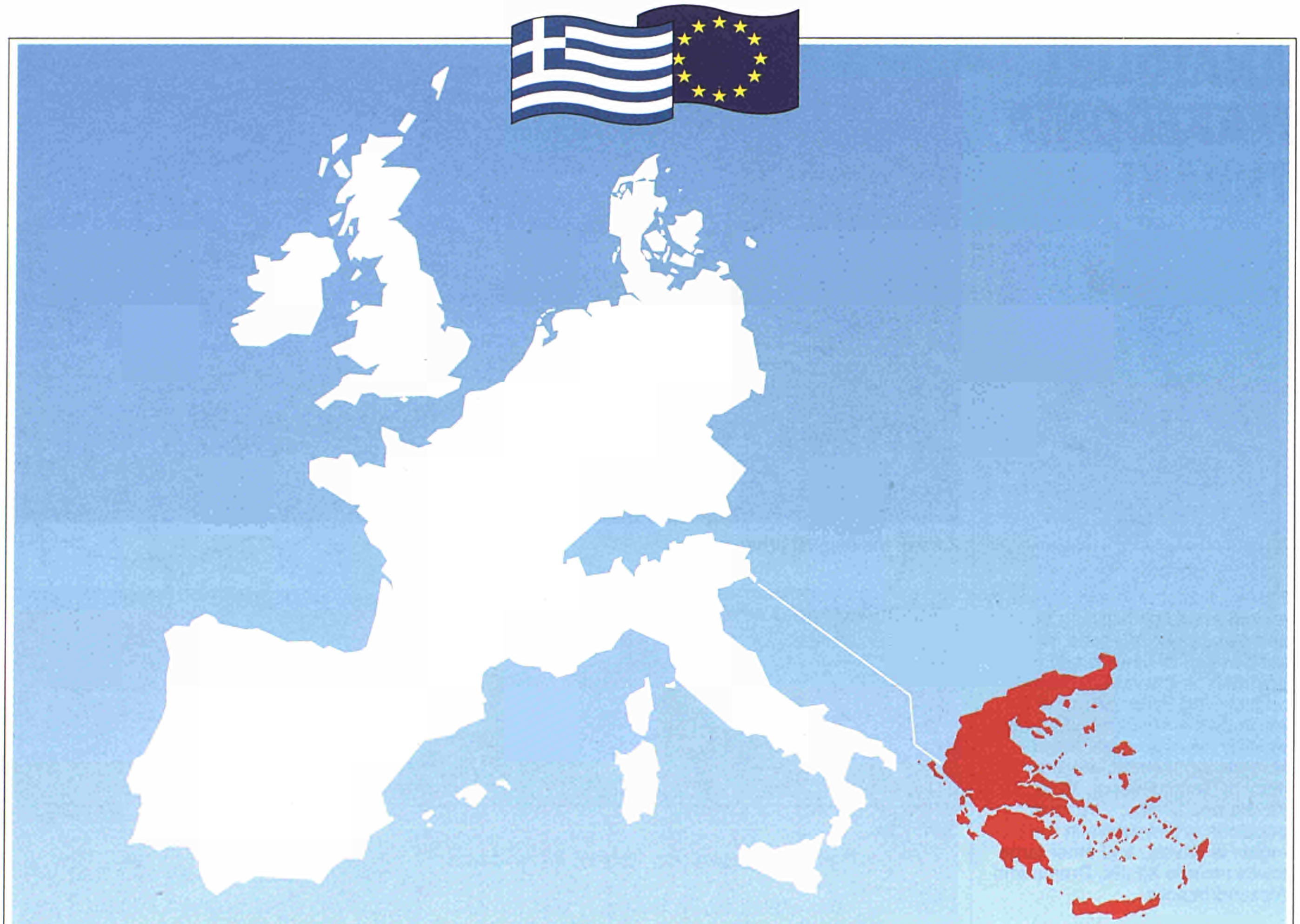
GREECE



Throughout its history Greece, in the south-eastern corner of Europe, has been strongly influenced by its contact with the sea. Many factors have combined to make it a maritime State: its position at the tip of the Balkan peninsula and at the junction of the sea routes between East and West; its mountainous terrain indented by the sea; and its hundreds of islands, large and small, some 115 of them inhabited, which account for around 13% of the population and roughly 19% of its territory.

Since the creation of the modern Greek State in 1830, there have been many changes in territory — the most recent being the annexation of the Dodecanese in 1948 — and political system: it became a republic in 1974, with a Chamber of Deputies elected by universal suffrage for a four-year period and a President elected by the Chamber for five years.

Law No 1622 of 1986 introduced the present territorial administrative system, with the creation of 13 administrative regions to replace the existing nine programming regions: their role is restricted basically to regional socio-economic planning. They work, as do the 51 departments *(nomi)* which date virtually from the creation of the Greek State, as a decentralized executive, an extension of central government which has been given no real power.

The municipalities (*dími* or *kinótites,* depending on size), which form the basis of the territorial administrative system, are the only directly elected territorial authorities — but with limited potential for action.

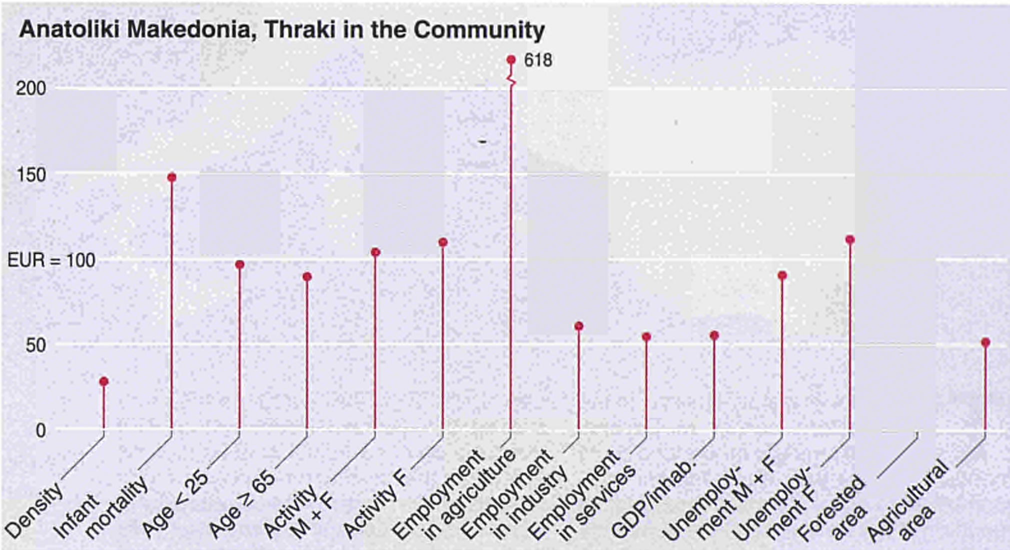
Mount Athos (336 km^2) is a monastic community of some 1 500 monks and has administrative and economic autonomy.

ANATOLIKI MAKEDONIA, THRAKI

Kavala, the biggest urban centre.

Eastern Macedonia and Thrace is an important link between Europe and Asia. It occupies the north-eastern part of Greece and is bounded on the east by Turkey, on the north by Bulgaria, on the south by the Aegean and on the west by the region of Central Macedonia. It comprises the *nomí* of Evros, Rodopi, Xanthi, Kavala and Drama. The most populous urban centre in the region is Kavala, and other large towns include Xanthi, Drama and Alexandroupolis.

Arable land accounts for 29% of the region's total area, pasture 33% and forest 31%. 75% of the total land under agriculture is flat, comprising essentially the plains of Xanthi, Komotini, Orestiada, Drama, Filipi and the Evros valley.



Largely unexploited resources

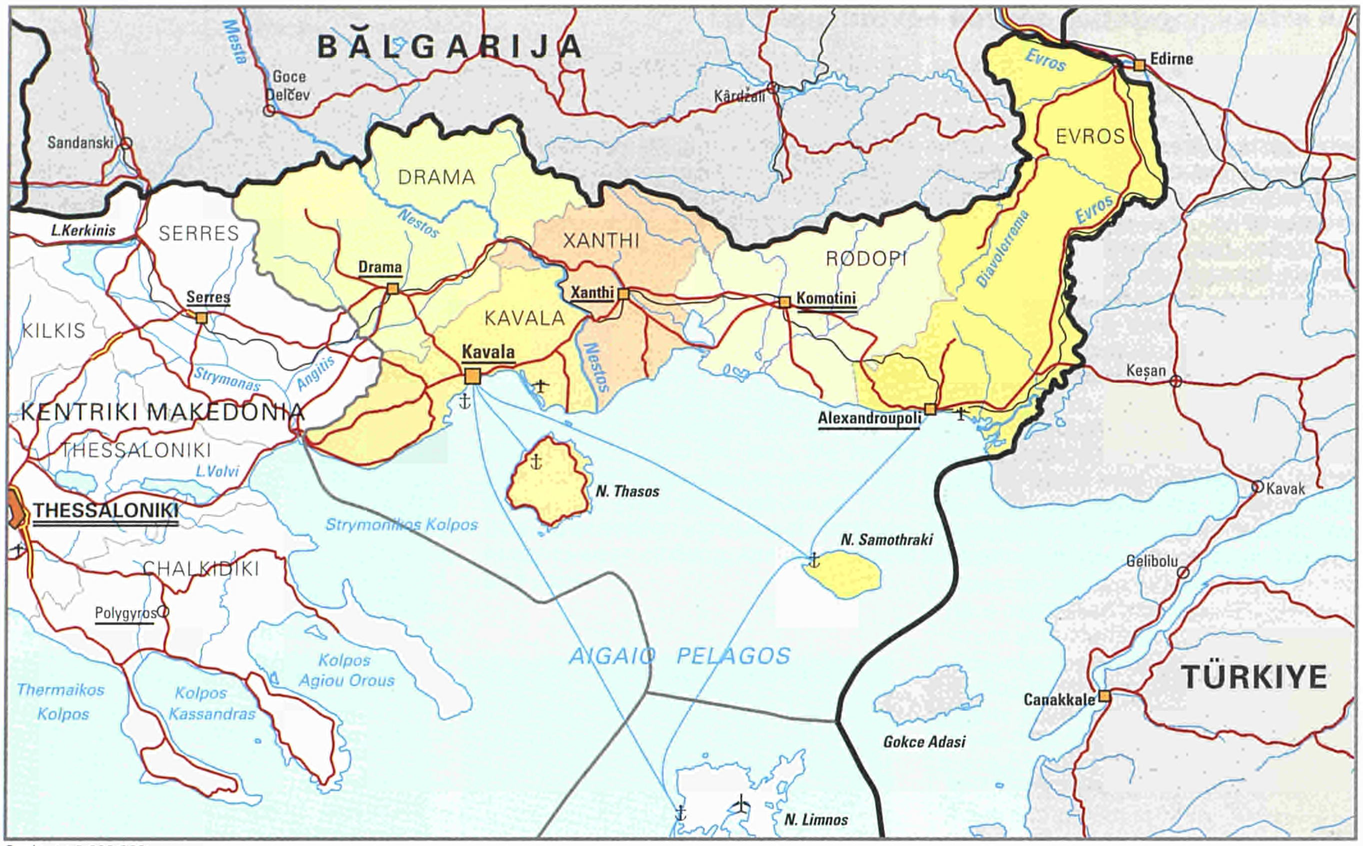
This markedly agricultural region is one of Greece's leading producers of cotton and sugar-beet. However, although the region's water resources are considerable, many areas are not systematically irrigated via modern networks, and this affects production and pushes up costs.

The region has considerable mineral resources (lignite, marble, uranium, etc.); its minerals are underexploited, although there has been some development.

The distance from Eastern Macedonia and Thrace to the main administrative, demographic and economic centres, together with the poor national and regional road network, the lack of facilities and the poor operating conditions of its commercial and passenger ports, mean that it has remained at a low level of development — indeed, it would appear to be the most isolated region in the country. On the other hand, its proximity to the other Balkan countries and its position relative to the Middle East mean that the region has potential as a link between these areas and the rest of Europe and as a hub for the transport and handling of goods.

Similarly, whilst the region has considerable tourist potential, it is significantly behind the rest of the country owing to the lack of a hotel infrastructure, difficulties with access, failure to promote its rich natural environment and, more generally, the low level of tourist services.

ANATOLIKI MAKEDONIA, THRAKI



Scale 1 : 2 000 000

Which EC regions are similar to Eastern Macedonia and Thrace?

Area:
14 000 km²
Northern Ireland (UK)
Trentino-Alto Adige (I)

Population:
0.6 million inhabitants
less than 50 inhabitants per km²
Alentejo (P)
Peloponnisos (GR)

Problems in the northern areas

The mountainous northern parts of Evros, Xanthi, Rodopi and Drama are problem areas. This has led to a flight from the area, which — together with the declining numbers engaged in agriculture — has swollen the population of the urban and semi-urban centres in the *nomí* of Kavala and Xanthi.

Investment has focused on the *nomós* of Kavala, as a result of which it has become a leading centre of agricultural and industrial activity. Thrace, on the other hand, which comprises the *nomí* of Evros, Xanthi and Rodopi, is one of the poorest areas in Greece and has to contend with the typical problems of a backward economy.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Evros	4.2	144	34	−3.2	:	:	:	:	:	48
Xanthi	1.8	90	50	1.9	:	:	:	:	:	43
Rodopi	2.5	103	41	−4.3	:	:	:	:	:	39
Drama	3.5	97	28	2.3	:	:	:	:	:	47
Kavala	2.1	136	64	0.4	:	:	:	:	:	94
Anatoliki Makedonia, Thraki	14.2	570	40	−0.9	55	5.7	46	22	32	56
Ellada	132.0	10 264	78	5.4	49	7.0	25	26	49	54
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

ANATOLIKI MAKEDONIA, THRAKI

An elderly population and low educational level

The region has a population of 570 261. Between 1961 and 1971 numbers fell by 12% as a result of major emigration to other parts of Greece and abroad. Migration slackened during the next decade and there was a marked population increase (6%). The region retained its population between 1971 and 1981 to a certain extent because of the incentives offered to new businesses. Between 1981 and 1991 there was a slight decrease (1%) as a result of migration to more developed parts of the country.

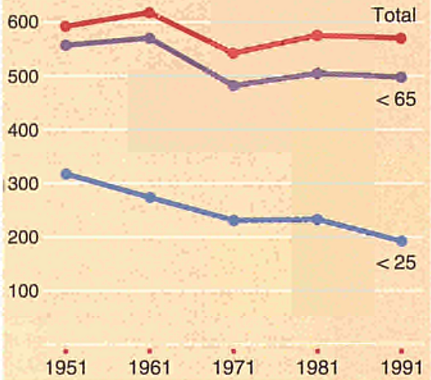
The fall in births over the past 30 years has led to an increasingly elderly population. The elderly, who made up 6% of the region's population in 1951, accounted for 13% in 1991. By contrast, the proportion of young people in the total population fell from 52% in 1951 to 33% in 1991.

The labour force is still underskilled. Only 8.5% have qualifications from universities or institutes of higher technical education, whilst 33% have completed at least the first level of secondary education.

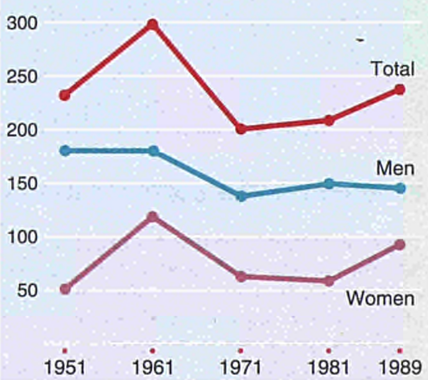
Population by age — 1989

	M + F 1 000	M + F %	M %	F %
< 15	114.2	20.8	22.0	19.6
15-24	70.0	12.7	13.1	12.3
25-39	106.5	19.4	18.8	20.0
40-54	113.3	20.6	20.6	20.6
55-64	75.9	13.8	14.3	13.4
≥ 65	69.8	12.7	11.2	14.1
Total	549.6	100.0	100.0	100.0

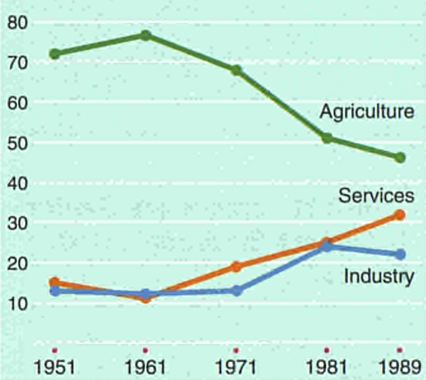
Population (1 000)



Employment (1 000)



Employment structure (%)



A majority still employed in agriculture

Although the proportion of the region's population employed in agriculture has fallen sharply, it is still higher than the national average.

At the same time the share of jobs in the secondary and tertiary sectors has expanded considerably, not least because of the increased incentives offered to new businesses. However, structural deficiencies still remain.

Employment in manufacturing is dependent on two or three branches, particularly foodstuffs and clothing/footwear, these accounting for 44% of manufacturing jobs in the region.

Unemployment was low in the late 1970s (4%), whereas by the late 1980s it had increased to something approaching the level for the country as a whole (7%). It is especially high amongst women and the under-25s.

Number of pupils — 1990

	M + F 1 000	F %
Pre-school	6.7	48.5
Primary	45.9	48.5
Lower secondary	20.0	46.4
Higher secondary	8.8	56.6
Higher education	:	:
Total	:	:

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1989	1989	1989	1989	1983	1989	1983	1989
Men	13	68	19	41	:	3	:	18
Women	12	73	15	35	:	9	:	15
Total	13	70	18	39	:	5	:	17

A significant mining sector

The primary sector generates 29% of regional GDP and accounts for 46% of total employment in the region. The main agricultural products are cotton, cereals, sugar-beet, tomatoes and tobacco, which account for some 70% of the region's total agricultural output. Livestock rearing, in spite of the region's major advantages, has not developed as much as it should, and only cattle are of any significance, with 22% of Greece's total. Fish catches total some 7 500 tonnes per year, which is one of the highest figures in Greece.

The secondary sector contributes 34% of regional GDP. The region's mineral resources set it apart and constitute one of its most fundamental assets. The *nomós* of Kavala has most of the region's mining activity (96%) and accounts for a full 26% of the mining output of Greece as a whole. Industrial development has stagnated because of the region's geographical position, and manufacturing concentrates on the processing of local produce, transport costs being high.

Industrial production is based on small units with low output, high production costs, credit problems and a lack of organization. None the less, the region also has well-organized export-oriented companies producing petroleum products, processed agricultural produce, ready-to-wear clothing, timber products and paper.

Agriculture

Number of holdings	:
Labour force	:
Agricultural area	415 000 ha
Livestock	212 000 LU
Gross value-added	:
Main products	
Main crops	27%
Cereals	26%
Vegetables	8%

Main enterprises

Name	Employees	Activity
Lazaridis G. Marmara Dramas AE	560	Processing of stone
Sekap Synetairistiki Kapnoviomichania Ellados AEVE	350	Manufacture of tobacco products
Petridi Odetti N. Kapnemporiki AE	285	Manufacture of tobacco products
Evroil AEVE	66	Wholesale

An ecological paradise

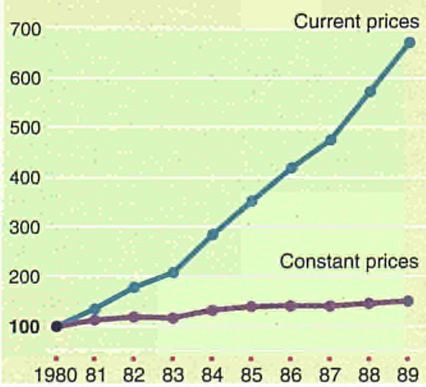
The region of Eastern Macedonia and Thrace is perhaps the most important in Greece from an ecological point of view. The wild beauty of the forest-clad mountains with their abundant rainfall, the unique wildlife of the river deltas and lakes with the rare species of birds that nest there, and the islands of Thasos and Samothrace are representative of the region's environment.

The Evros and Nestos deltas, the Kobournous marsh and the group of lakes comprising Porto Lago, Bournous, Arogi, Mesi, Mitrikos and Karakatsalis are four wetland areas in the region which are among the 11 in Greece protected under the Ramsar Convention. Many of the 408 species of birds found in Greece either nest here or rest during migration. However, various bodies and ecologists have expressed their concern at the construction by the National Electricity Board (DEI) of a hydroelectric dam on the River Nestos, which they believe will disturb the highly important aquatic biotope of the delta. The Dadia forest in Evros is regarded as the most important in Europe for birds of prey, 26 rare species of which live in this protected forest. These include Greece's last remaining pairs of imperial eagle, the rare snake eagle and the golden eagle.

The environment on the island of Thasos is struggling to recover from the summer fires that have repeatedly ravaged it, destroying its forests. Rare white Mediterranean seals have been sighted on the island of Samothrace.

The forests of the Greek part of the Rodopi mountain range contain areas of rare beauty and great ecological value. They are one of the last refuges in Europe of the capercaillie and the bear. The northernmost part of the *nomós* of Drama has the famous 'virgin forest', a strictly protected area with dense tracts of conifers.

GDP (1980 = 100)



ELLADA

KENTRIKI MAKEDONIA

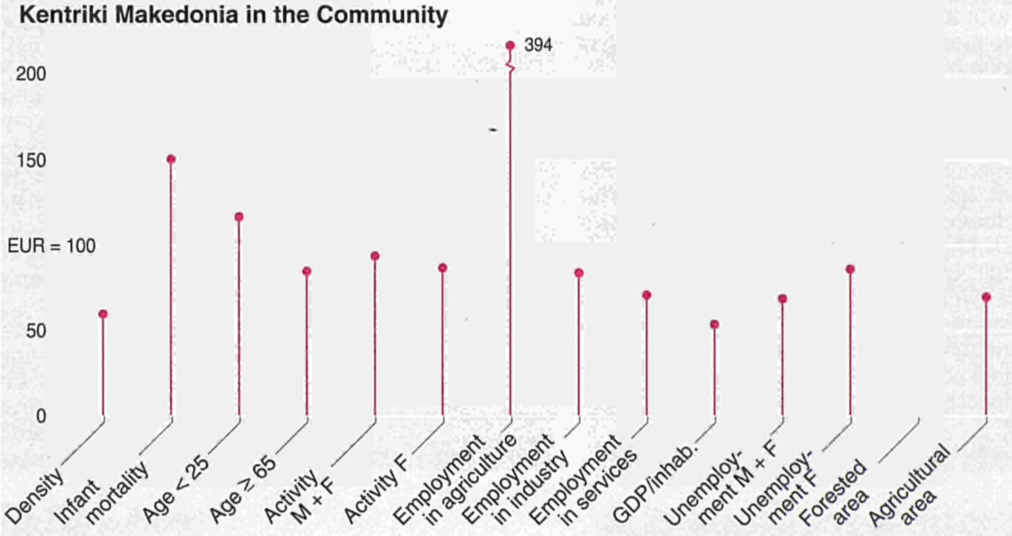
Central Macedonia is the land of Philip and Alexander the Great, with great historical and cultural riches. It is home to the self-governing monastic republic of Athos (or the Holy Mountain), with its inestimable orthodox heritage. Its geographical and strategic position has made it a crossroads for trade with the Balkan countries and Eastern Europe. It is northern Greece's leading region and takes in the central part of Macedonia, comprising the *nomí* of Thessaloniki, Imathia, Kilkis, Pella, Pieria, Serres and Chalkidiki.

It is bounded by Yugoslavia and Bulgaria to the north, by the region of Western Macedonia to the west, by the region of Eastern Macedonia and Thrace to the east and by the Aegean to the south. In demographic, economic and cultural terms it is Greece's second most important centre after Attica. The regional capital is Thessaloniki, Greece's second largest city. The region is low-lying, and the Macedonian plain is one of the largest in Greece and exceptionally fertile.

The combination of vast plains, wooded mountains, great rivers, a coastline and archaeological and historic monuments lend variety to the landscape. The region has a satisfactory communications network, and has extensive road and rail links with the rest of Greece and Europe. Thessaloniki also has Greece's second largest international airport and the country's second port.

The centuries-old monastic autonomous republic of Mount Athos is joined geographically to the region of Central Macedonia.

Kentriki Makedonia in the Community



A strategically well-located region

Central Macedonia is one of Greece's foremost producers of fruit, with some 65% of total production. As regards livestock rearing, the region is one of the country's largest producers of dairy products, while its cattle account for 36% of Greece's total. Industry is well established and has the twin advantages of being a post-war development, so that plant and management methods are relatively modern, and of having developed away from the urban areas.

The strategic position of the region is becoming increasingly important in the wake of developments in the neighbouring Balkan countries and Eastern Europe. With Thessaloniki as its centre, the region is now in a position to make a name for itself as a major economic centre, exploiting business opportunities in a market of some 110 million consumers. It constitutes the basic axis for north-south and east-west communications and could become a major transit and trade centre for a wide area. It is an important port for both the Balkans and the eastern Mediterranean, having a free zone and accounting for some 50% of Greece's total exports.

Finally, the natural beauty of the region, together with its historical, cultural and religious heritage, make it a major centre for winter and summer tourism. On the other hand, the unchecked development of tourism — particularly in Chalkidiki — has seriously affected the environment.

KENTRIKI MAKEDONIA

Scale 1 : 2 000 000

Which EC regions are similar to Central Macedonia?

Area:
19 000 km²
Picardie (F)
Puglia (I)

Population:
1.7 million inhabitants
Haute-Normandie (F)
Sardegna (I)

Thessaloniki and Chalkidiki: conurbation and holiday resort

In and around the Thessaloniki conurbation there is a concentration of population and economic activities, particularly in the fields of manufacturing, commerce and culture.

In the western parts of Central Macedonia agricultural production predominates, and manufacturing activities are closely linked to agriculture.

Tourist development is centred largely on Chalkidiki, whose natural beauty has made it the region's summer resort. However, the environment has suffered as a result of unchecked tourist development, and land prices and the cost of living have both increased.

Central and north-eastern Chalkidiki is an area of intensive quarrying activity. However, there is little development potential in this sector.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Imathia	1.7	138	81	3.2	:	:	:	:	:	63
Thessaloniki	3.7	978	265	12.2	:	:	:	:	:	54
Kilkis	2.5	82	32	0.4	:	:	:	:	:	43
Pella	2.5	138	55	4.4	:	:	:	:	:	63
Pieria	1.5	117	77	9.3	:	:	:	:	:	51
Serres	4.0	192	48	−2.2	:	:	:	:	:	45
Chalkidiki	2.9	92	31	16.0	:	:	:	:	:	57
Kentriki Makedonia	18.8	1 736	91	8.4	49	6.4	28	30	42	54
Ellada	132.0	10 264	78	5.4	49	7.0	25	26	49	54
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

KENTRIKI MAKEDONIA

Substantial migration

The population of Central Macedonia grew by 23% between 1951 and 1971. This increase was due mainly to internal migration from a number of rural areas in northern Greece to Central Macedonia in general and to the Thessaloniki area in particular. The development of industry and tourism has resulted in an even greater influx, and the region is now home to some 17% of Greece's total population. Around 800 000 people live in the city of Thessaloniki.

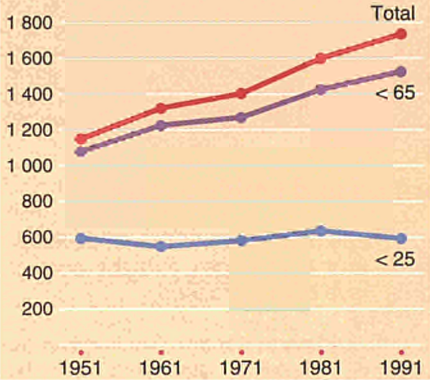
34% of the region's population is under the age of 25, and 12% over 65. The trend is towards an increasing deficit of births and an ageing population.

As far as the labour force is concerned, most of those in employment (52%) have only elementary education, while 16% have completed university or other higher education. A mere 0.5% of the labour force have obtained a postgraduate qualification.

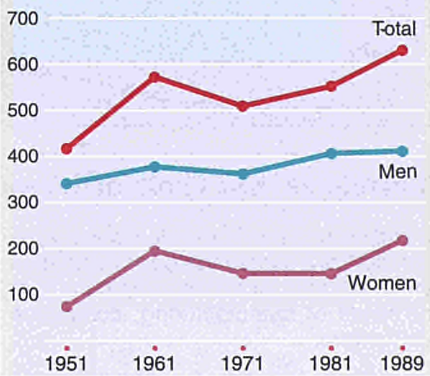
Population by age — 1989

	M + F 1 000	M + F %	M %	F %
< 15	303.7	18.8	19.8	17.8
15-24	251.8	15.5	15.5	15.6
25-39	321.8	19.8	19.4	20.3
40-54	335.8	20.7	20.9	20.6
55-64	213.4	13.2	13.2	13.1
≥ 65	193.7	12.0	11.2	12.6
Total	1 620.2	100.0	100.0	100.0

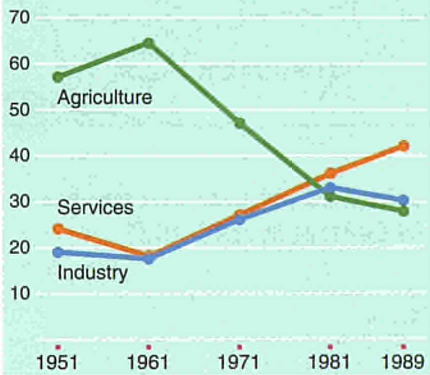
Population (1 000)



Employment (1 000)



Employment structure (%)



Industry: the economic mainstay of the region

The primary sector contributes some 21% of the region's GDP. The most important crops are permanent crops such as apples, pears and peaches, followed by grain cereals, which cover 58% of Central Macedonia's utilized agricultural area, sugar-beet and industrial oilseed and fibre crops.

The secondary sector is particularly well developed. Thessaloniki is home to more than 70 000 industrial, craft and commercial businesses, including an oil refinery, tobacco factories, chemical plants, steel mills, etc. The *nomós* of Imathia has a highly developed cotton industry, with ginning and spinning mills, as well as a fruit-processing industry.

The tertiary sector contributes some 22% of regional GDP, with Thessaloniki alone accounting for 71% of Central Macedonia's output.

Number of pupils — 1990

	M + F 1 000	F %
Pre-school	25.0	48.6
Primary	134.2	48.4
Lower secondary	73.6	48.6
Higher secondary	40.6	55.7
Higher education	:	:
Total	:	:

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Em-ployees	Employees: part-time		Employees: full-time, temporary contract	
	1989	1989	1989	1989	1983	1989	1983	1989
Men	11	71	18	48	:	2	:	18
Women	15	74	11	51	:	7	:	16
Total	12	72	16	49	:	4	:	18

One in four employed in Thessaloniki

A mere 28% of the region's employment is in the primary sector. Employment in manufacturing, on the other hand, has increased from 19% in 1951 to its current level of 30%. The largest increase has been in the services sector: from 24% in 1951, employment increased rapidly over the next 30 years and now stands at 42%.

The greatest concentration of employment is in the *nomós* of Thessaloniki, where one in four of the region's workforce is employed.

Some 7% of the region's economically active population is unemployed, the bulk of these (85%) being between the ages of 14 and 44. As regards the educational level of the unemployed, 46% have completed secondary education and 26% have completed university or other higher education.

Agriculture

Number of holdings	:
Labour force	:
Agricultural area	756 000 ha
Livestock	359 000 LU
Gross value-added	:
Main products	
Main crops	27%
Vegetables	15%
Cereals	12%

Main enterprises

Name	Employees	Activity
Elliniki Viomichania Zacharis AE	2 250	Manufacture of sugar
Makedonias-Thrakis Trapeza AE	1 237	Banking and finance
Michailidis A. Kapniki AE Myloi Giannitson	935	Food products
Megas Alexandros AEVE	63	Manufacture of tobacco products

A region of contrasts

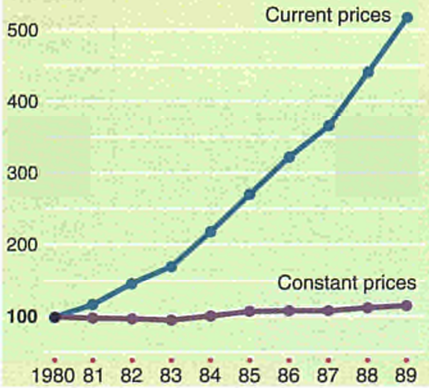
The environment of Central Macedonia is one of many contrasts. Within the same region the environmentally polluted area of Thessaloniki and the Gulf of Thermai coexist with the scenic beauty of Chalkidiki and Mount Athos, the waterfalls at Edessa and Naousa and three internationally significant wetland areas.

The city of Thessaloniki and the area around it are beset with severe pollution problems. The death of the Gulf of Thermai, atmospheric pollution, the major problem of urban and industrial waste, and noise pollution are the most obvious signs of damage to the region's environment.

The greenery and beaches of Chalkidiki make it one of Greece's summer paradises. Chalkidiki's third prong, the self-governing peninsula of Athos, is also an area of outstanding natural beauty. The Athos monasteries and their surroundings are uniquely scenic, quite apart from their cultural and religious interest. However, the Chalkidiki region often falls victim to the summer fires that ravage Greece's forests every year.

The mouths of the Aliakmonas and the Loudias, together with the Volvi, Koronia and Kerkini lakes, make up northern Greece's chain of ecologically important biotopes, protected under the Ramsar Convention.

GDP (1980 = 100)



ELLADA

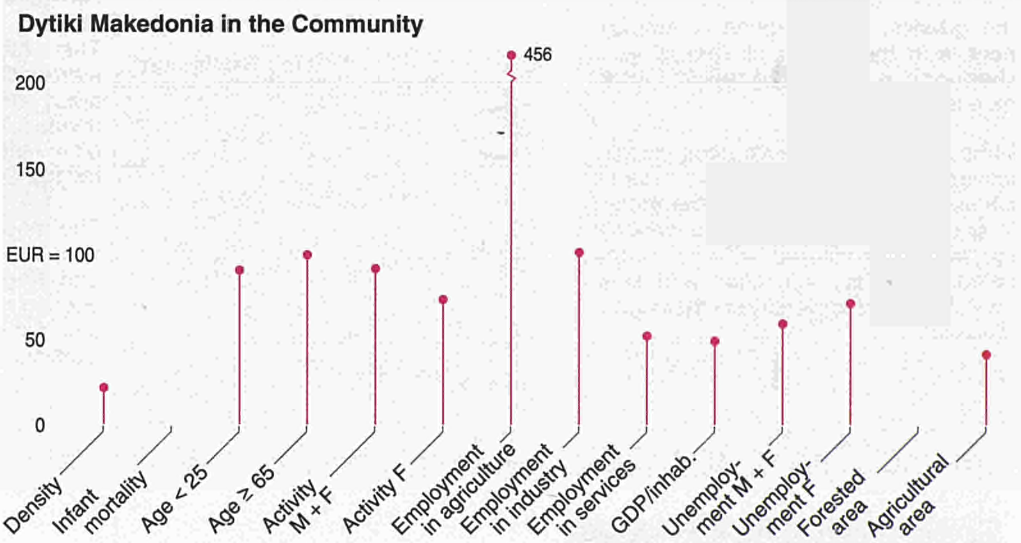
DYTIKI MAKEDONIA

Western Macedonia occupies a geographically isolated position in the north-western part of Greece. It is bounded by Albania, the former Yugoslavia, Central Macedonia, Thessaly and Epirus, and comprises the *nomí* of Kozani, Florina, Kastoria and Grevena. It covers an area of 9 451 km^2.

The regional capital is the town of Kozani and other important urban centres include Kastoria, Ptolemaida, Florina and Grevena.

The terrain is mountainous, the flat areas being restricted largely to upland basins, two of which (those of Ptolemaida-Kozani and Siatista-Grevena) are amongst the largest in the country. Distinctive features of the region's natural environment are its high mountains — the northern Pindus, Grammos and Voras — and its beautiful lakes such as the Greek part of Megala Prespa, Mikri Prespa or Lake Kastoria. The latter has a unique feature, its famous prehistoric lake settlement (dating from the Neolithic period) being one of the few of its kind in Europe. The Prespa lakes also form one of the most important biotopes in Greece.

Kastoria: a long tradition in the fur trade.

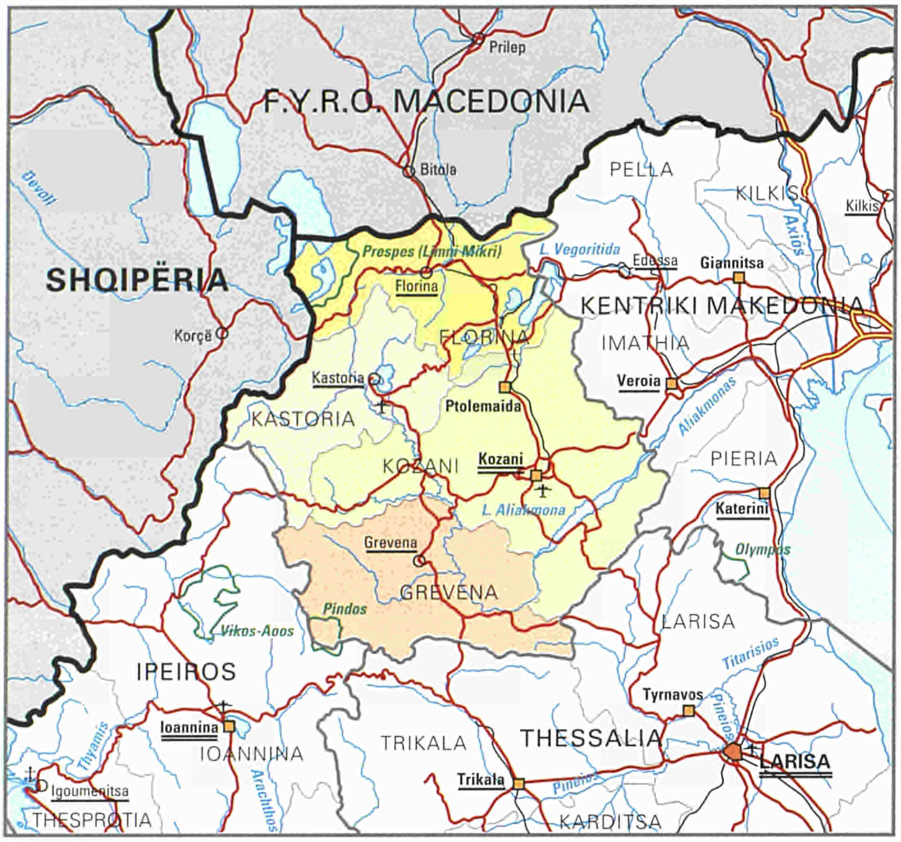


Five hundred years of the fur trade

Western Macedonia is one of the less highly developed regions of Greece owing to its geographical position and mountainous terrain. Its communications network is inadequate. Its major roads cross rough mountain passes, and in winter communications are hampered by snow. Its rail network does not serve passenger traffic, and the two airports — at Kastoria and Kozani — are underused.

Western Macedonia is rich in mineral deposits such as lignite, chromium, marble, etc. This has led to heavy industrialization, with the development of lignite extraction for power production. The generating capacity of the region's thermal power stations amounts to 55% of the national total. However, industrial development in the region has been rapid and unplanned, and this has caused tremendous problems in the primary sector (farmers forced into industrial jobs, devastation of agricultural land, particularly in the Kozani-Ptolemaida basin, one of the region's flat areas).

For over 500 years, the region has been a centre for the processing and making-up of furs. Within the region the fur industry comprises some 4 000 companies and employs around 30 000 skilled and unskilled workers. This is still a very dynamic branch despite the current international crisis in the fur trade and competition from the East European countries.



Scale 1 : 2 000 000

Which EC regions are similar to Western Macedonia?

Area:
9 000 km²
Freiburg (D)
Grampian (UK)
Corse (F)

Population:
0.25 million inhabitants
Luxembourg (B)
Corse (F)

Two axes of development

The area around the Kozani-Ptolemaida-Amindeo axis is the most heavily industrialized in the country after Attica and Thessaloniki. Most of the inhabitants here are employed as industrial workers in the large publicly-owned companies. There has also been a population increase in the large towns (Kozani, Ptolemaida) around the industrial centres, which has led to housing and infrastructure problems. However, the region's main problems are pollution from lignite extraction, atmospheric emissions from power stations and liquid effluent from chemical plants, the result being a deterioration in the environment and the quality of life.

The area around the Kastoria-Argos-Orestiko axis is given over to the fur trade, which is central to the area's livelihood and development, accounting for 90% of economic activity. However, this branch, and hence the economy of the whole area, is currently facing serious problems as a result of competition and the increased cost of production.

All other areas of the region are underdeveloped, with underemployment amongst the rural population, low earnings and constant emigration. The inhabitants of these areas are chiefly employed in agriculture and forestry.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Grevena	2.3	37	16	1.6	:	:	:	:	:	35
Kastoria	1.7	53	31	−0.8	:	:	:	:	:	40
Kozani	3.5	150	43	2.1	:	:	:	:	:	58
Florina	1.9	53	27	0.7	:	:	:	:	:	46
Dytiki Makedonia	9.5	293	40	1.3	53	10.0	35	32	33	50
Ellada	132.0	10 264	78	5.4	49	7.0	25	26	49	54
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

DYTIKI MAKEDONIA

Greece's most sparsely populated region

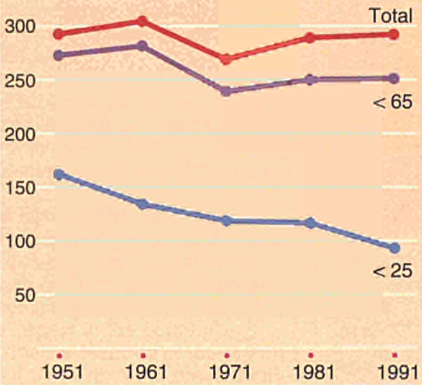
Western Macedonia is one of the country's smallest regions in terms of population, with just under 300 000 inhabitants. It is also the most sparsely populated region, with a mere 31 inhabitants per km^2. Between 1981 and 1991 the region's population increased by around 1%, as against an increase for the country as a whole of some 5%. The rural population has tended to migrate towards the urban centres (Kozani-Kastoria-Ptolemaida), and this has meant that population-ageing has been more acute in rural areas.

As regards the educational level of the population, a small percentage (6%) have a university degree or other higher-education diploma, 20% have completed secondary education and a large portion (66%) have completed primary education. The same picture emerges in respect of the region's labour force. The largest portion consists of people who have been to primary school only, or who have some knowledge of elementary education, whilst a mere 10% are graduates of universities or other institutes of higher education. A study of enrolment in education shows that primary school pupils account for 48% of total enrolment, pupils at lower or upper secondary schools for 36%, whilst very few go on to university or other institutes of higher education.

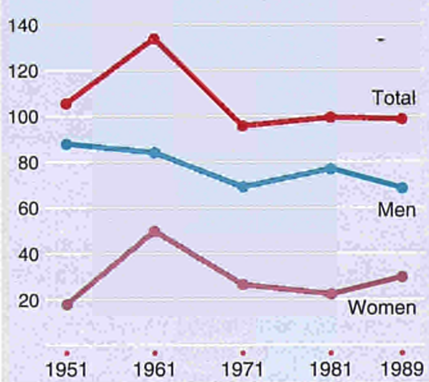
Population by age — 1989

	M + F 1 000	M + F %	M %	F %
< 15	47.9	19.0	20.0	18.0
15-24	31.0	12.3	12.0	12.7
25-39	49.5	19.7	21.0	18.4
40-54	47.4	19.0	18.4	19.3
55-64	39.8	15.8	16.0	15.6
≥ 65	35.5	14.2	12.6	16.0
Total	251.0	100.0	100.0	100.0

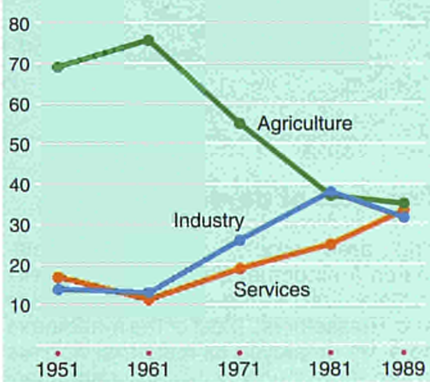
Population (1 000)



Employment (1 000)



Employment structure (%)



Youth unemployment a source of social problems

The primary sector's share in employment has fallen from 69% in 1951 to its current low level of 35%. Over the same period the secondary sector has expanded its share considerably and now accounts for just under one-third of all jobs in the region.

In Western Macedonia the recession has exacerbated the problem of unemployment in both urban and rural regions, with women more seriously affected than men. Young people, in particular, have been badly hit. This has resulted not only in an exodus of such workers to other regions but also in considerable social problems.

Number of pupils — 1990

	M + F 1 000	F %
Pre-school	5.6	48.3
Primary	25.1	49.0
Lower secondary	13.0	48.0
Higher secondary	6.2	58.0
Higher education	:	:
Total	:	:

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1989	1989	1989	1989	1983	1989	1983	1989
Men	10	67	23	43	:	2	:	13
Women	13	67	20	38	:	5	:	15
Total	11	67	22	42	:	3	:	14

A strong energy sector

Although the primary sector employs 35% of the labour force, it generates only 19% of GDP. The main crops are grain cereals and fodder crops.

The bulk of output in the secondary sector (some two-thirds) is generated by mining and quarrying and by energy production. The *nomós* of Kozani, which is the most heavily industrialized in the region, accounts for 97% of Western Macedonia's energy production and 16% of Greece's total. Western Macedonia has a number of large State-owned companies such as the DEI (National Electricity Board — lignite extraction and power generation) and Aeval (manufacture of nitrate fertilizers), which employ the bulk of the region's labour force. The private sector, on the other hand, is characterized by a wealth of very small businesses which have limited vertical integration, lack modern technology and skilled labour and have high operating costs.

Fur production used to be one of the region's main manufacturing activities, with some 4 000 companies generating 7% of Greece's total exports. Today, the fur trade has retrenched and a large number of businesses have closed down as a result of high interest rates, the cost of finance, international competition and high production costs. The rearing of animals for fur, which also contributed to the vertical integration of fur processing, is another sector that has been affected by the recession, animal numbers having fallen by some 50%.

Agriculture

Number of holdings	:
Labour force	:
Agricultural area	232 000 ha
Livestock	116 000 LU
Gross value-added	:

Main products	
Cereals	25%
Main crops	18%
Milk	16%

Main enterprises

Name	Employees	Activity
Ortoulidis AE Ypergola-Stathmos	62	Wholesale of food
P-K-Z Gounarika AE	50	Manufacture of wearing apparel
Astropez AVEE Gounarikon	50	Manufacture of wearing apparel
Kami Gounes AVEE	40	Processing of hides and skins

A Noah's Ark

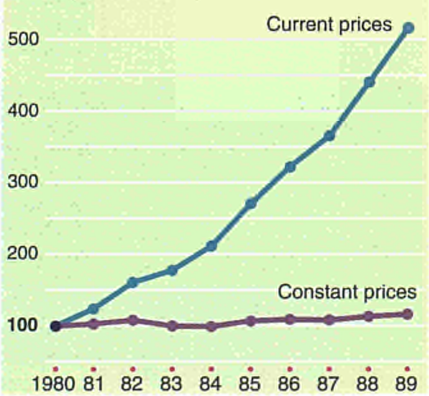
Lakes, such as the Greek part of Megali Prespa, Mikri Prespa, Kastoria, Vegoritida, etc., are the most characteristic features of Western Macedonia's environment. Other features are lofty mountains such as the northern Pindus, Kaïmaktsalan (in the Voras range) and Grammos, which are amongst the highest in Greece, and the River Aliakmonas, which, at 297 km, is the longest in Greece.

The Prespa lakes are the country's most important biotope, which is why they were designated a national park by presidential decree in 1974 and included amongst the acquatic biotopes which the international community has pledged to protect under the Ramsar Convention. A small part of Megali Prespa belongs to Greece (most of it being in Yugoslavia), whilst the greater portion of Mikri Prespa lies within Greece.

The Prespa lakes are a haven of wildlife, 1 300 species of plants and flowers having been recorded in this area. Many of these are peculiar to the area, being among the 600 endemic species found in the Greek countryside. The lakes contain a variety of fish such as carp, trout and eel. Fauna as well as flora flourish around the lakes (bears, deer, wild cats and wild boar). But the concentration of birds is even more impressive. Two hundred and fifty species, many of them rare and endangered, have made the Prespa lakes their home.

The environment has suffered most in the Ptolemaida area as a result of the National Electricity Board's lignite-fired power station.

GDP (1980 = 100)

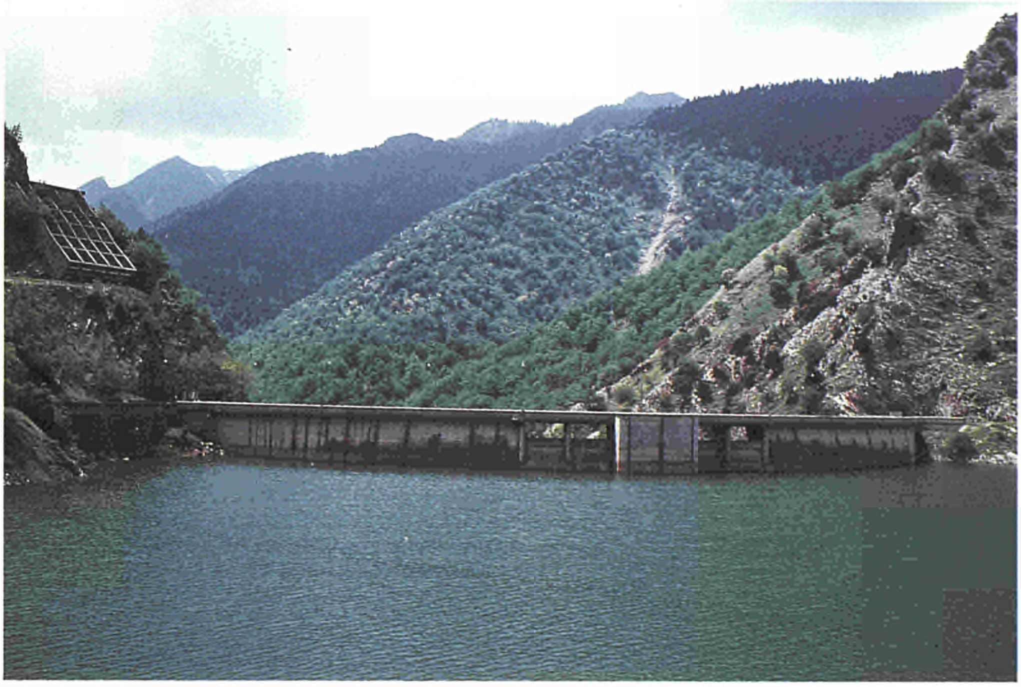


ELLADA

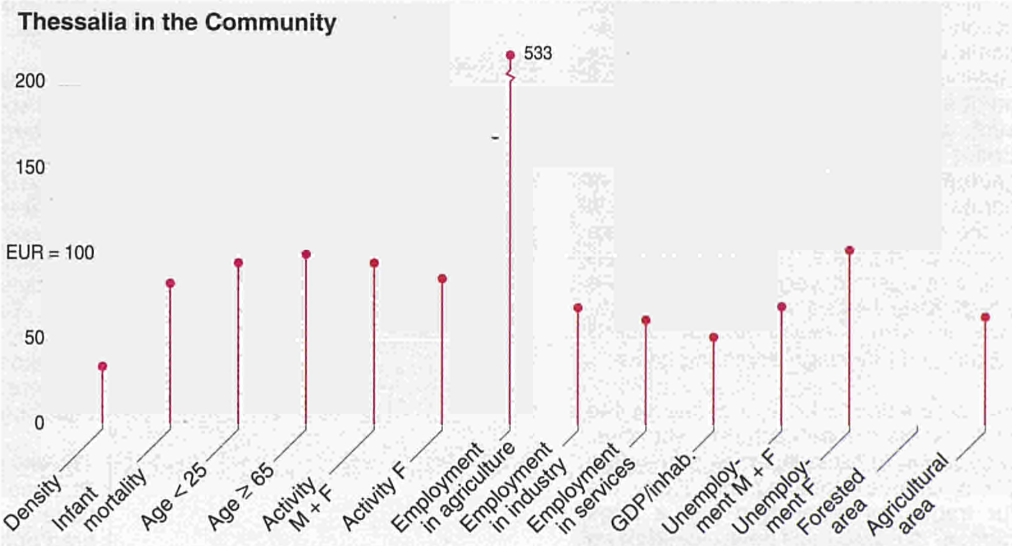
THESSALIA

Thessaly occupies the central part of mainland Greece and consists of a low-lying plain surrounded by high mountain ranges. It comprises the *nomí* of Larisa, Magnisia, Trikala and Karditsa, together with the Northern Sporades group of islands, the largest of which are Skiathos, Skopelos and Alonisos. The other main urban centres are Volos, Karditsa and Trikala.

36% of the area of Thessaly is lowland, 17% is semi-mountainous and 47% is mountainous. Although this is Greece's flattest region, with the country's largest single plain, it also contains the loftiest summit in both Greece and the Balkan peninsula, Mitikas peak of Mount Olympus (2 917 m), mythological abode of the 12 gods of ancient Greece. The Thessalian plain is crossed by the Pinios, Greece's third longest river, whilst the damming of the Megdovas river has created the Tavropos reservoir, where there is a major hydroelectric power station.



Tavropos: one of many Greek artificial lakes which produce electricity and help irrigation.



Geographically favourable position

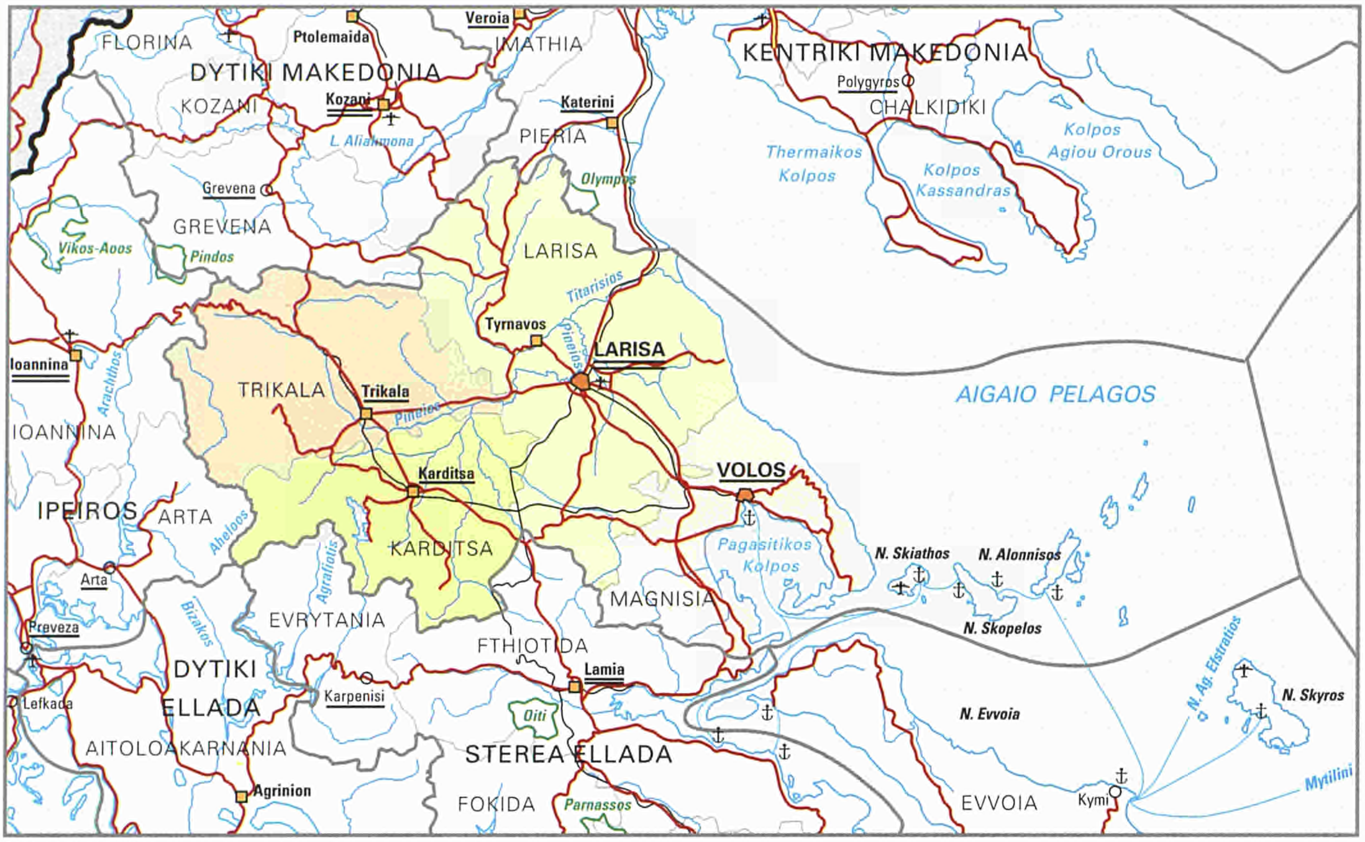
Thessaly is one of the most developed regions in the country, showing a population increase of around 10% over the 20 years from 1971 to 1991.

The Thessalian plain is the most extensive in Greece, with considerable farming activity, and main crops include wheat, cotton, maize and sugar-beet.

Only 41% of Thessaly's cultivated land is irrigated, and agricultural holdings are small (more than 20% cover an area of less than 5 ha) and highly fragmented. Furthermore, the labour force is underemployed, agricultural machinery underused and land is expensive to buy or lease. As a result, costs in the region are relatively high.

Thessaly's geographical position is a distinct asset. Its agricultural produce can be transported readily and quickly to the large urban centres of consumption such as Athens and Thessaloniki. Another factor here is the good transportation network. Larisa is a hub of Greece's road and rail systems, whilst the port of Volos is one of the largest in the country.

Substantial agricultural output and a sound transportation network have prompted the development of industries processing agricultural products (e.g. cotton ginning, spinning, weaving, flour milling, sugar refining, pulp mills, etc.).



Scale 1 : 2 000 000

Which EC regions are similar to Thessaly?

Area:
14 000 km²
Northern Ireland (UK)
Trentino-Alto Adige (I)

Population:
0.7 million inhabitants
± 50 inhabitants per km²
Limousin (F)

Employment:
± 40% in agriculture
Galicia (E)

Larisa and Volos as centres of development

Thessaly's economic development has centred chiefly around the cities of Larisa and Volos, each of which has its own character and pattern of activity. There is a high level of manufacturing activity in Volos, which has attracted heavy industry and has also traditionally been a centre of general and mechanical engineering. Larisa has industrial activities linked directly to agriculture, with a large number of factories processing agricultural produce.

In the western part of the region (Trikala, Karditsa), economic activity is centred on agriculture and livestock rearing, with only a few small industries processing agricultural produce. The per-capita GDP of this area is well below that of the *nomí* in the eastern part of the region.

The eastern part of the region is the focus of considerable tourist activity.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Karditsa	2.6	126	48	1.3	:	:	:	:	:	54
Larisa	5.4	269	50	5.9	:	:	:	:	:	54
Magnisia	2.6	198	75	8.4	:	:	:	:	:	54
Trikala	3.4	138	41	2.7	:	:	:	:	:	42
Thessalia	14.0	731	52	5.1	50	7.8	39	26	35	52
Ellada	132.0	10 264	78	5.4	49	7.0	25	26	49	54
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

THESSALIA

Returning migrant workers

The region's increase in population (+10% between 1971 and 1991) is due mainly to its economic development and the return of emigrant workers from other parts of Greece and abroad. 40% of the population lives in urban areas, 14% in semi-urban and 46% in rural areas, which underlines the agricultural nature of the region. However, over the past few years there has been some migration from the mountainous and semi-mountainous areas to the cities, particularly Volos and Larisa. In 1951, some 52% of the region's population was under 25, but this was down to 33% in 1991. Over the same period, the proportion of people aged 65 or over increased from 7 to 14%.

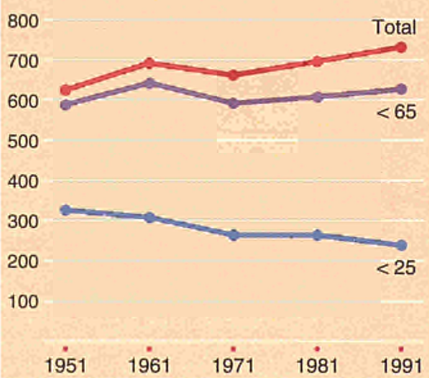
The educational level is low. Thessaly accounts for some 7% of the total national population but a mere 4% of Greece's university graduates, 6% of its graduates from other institutes of higher education and 5% of those who have completed secondary education.

Even so, development of the manufacturing and services sectors has brought about an increase in skilled and non-manual workers with a relatively good level of training. Thus, out of the total labour force, 11% are graduates of universities or other institutions of higher education, 22% have completed secondary education and 58% primary education. The setting-up of a number of institutions of further education has helped improve the quality of the labour force.

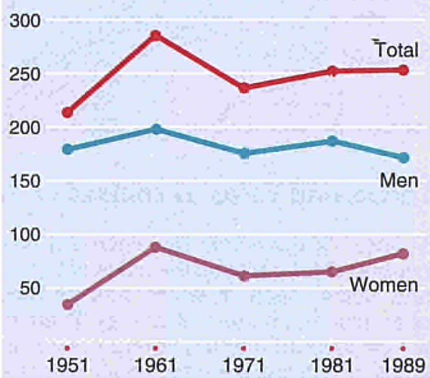
Population by age — 1989

	M + F 1 000	M + F %	M %	F %
< 15	136.1	20.4	21.0	19.7
15-24	83.0	12.4	12.0	12.8
25-39	123.8	18.5	18.8	18.2
40-54	140.5	21.0	20.8	21.1
55-64	91.2	13.6	14.0	13.3
≥ 65	94.6	14.1	13.4	14.9
Total	669.1	100.0	100.0	100.0

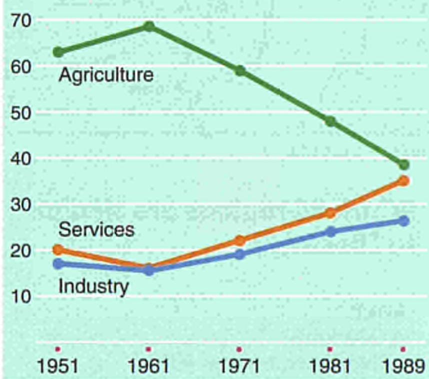
Population (1 000)



Employment (1 000)



Employment structure (%)



High proportion of self-employed

The self-employed account for a large proportion of those in work (64%) owing to the family nature of agricultural holdings and the rapid increase in services and retail trade.

The structure of employment has changed in recent years, with a shift from the primary to the secondary and, more particularly, tertiary sectors. The highest proportions of those employed in agriculture are in Karditsa and Trikala, where production activities have not yet been industrialized. In Larisa, the bulk of employment outside agriculture is in foodstuffs, clothing, footwear and textiles, whilst in Magnisia employment is mainly centred on manufacturing. Overall, the labour market is far from dynamic.

Unemployment has followed the average rate of increase for the country as a whole and stands at around 7% of the economically active population. However, the region has one of the highest rates of unemployment amongst the under-25s (42% compared with a national average of 34%).

Number of pupils — 1990

	M + F 1 000	F %
Pre-school	10.8	48.2
Primary	59.8	48.3
Lower secondary	31.8	47.1
Higher secondary	17.6	56.0
Higher education	:	:
Total	:	:

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1989	1989	1989	1989	1983	1989	1983	1989
Men	9	70	21	41	:	2	:	30
Women	10	75	15	34	:	3	:	30
Total	9	72	19	39	:	2	:	30

Numerous family businesses

Thessaly produces 50% of Greece's cotton, and has attracted a large number of textile mills, with ginning plants accounting for 23% of the national total. Although the region produces 13% of Greece's tobacco, there are only a couple of tobacco-processing plants. Cereals account for 60% and industrial crops for 28% of cultivated land, and other major crops include almonds, melons, lentils, apples and pears. Livestock rearing is also well developed, particularly goat and sheep rearing, pig rearing and cattle rearing.

The development of agriculture has made it possible to set up units for the processing of agricultural produce. The main feature of manufacturing in Thessaly is the large number of small family-run businesses. Units employing between one and five people account for 90% of the region's total, whilst some 35 units have 200 employees or more.

Profitable branches of manufacturing include drinks, textiles, metal products, transport equipment and cement.

Development over the past few years has also brought about an improvement in disposable income. As far as wages and salaries are concerned, the lowest earnings in manufacturing are in the petroleum and coal industries, and the highest in iron-ore extraction. In retail trade the lowest earnings recorded were half the figure in manufacturing.

The summits and the plain

Although the region of Thessaly is best known for its plain, it also contains two of Greece's highest mountains and some of the most impressive scenery in the country. Olympus, the highest mountain in Greece, has a wealth of flora and fauna, and Pilio is regarded by many as the most beautiful mountain in the country. Olympus, which Thessaly shares with the region of Central Macedonia, was the mythological abode of the 12 gods of ancient Greece — and for good reason, as the range has the most majestic summits in the land. Olympus' rich flora, which includes many rare species, some of them peculiar to the mountain, are protected by law. The highest peaks, the plateau of the Muses, Mavrolongos and the Enipea ravine, have been declared a national park.

Pilio is one of Greece's most densely wooded mountains. Its eastern slopes are home to extensive forests of oak, beech and, more especially, chestnut. Pilio has some of the most remarkable traditional villages on mainland Greece.

The Aegean is studded with the islands of the Northern Sporades, which add further colour to the region. The uninhabited island of Piperi, which forms the centre of the Northern Sporades Marine Park, is home to the largest colony of the endangered Mediterranean monk seal *(Monachus monachus)*.

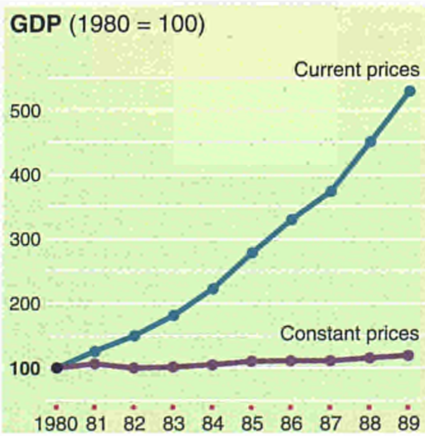
Thessaly's other natural highlights include Meteora and the Vale of Tembi. Meteora, near Kalambaka, is a 'forest' of gigantic detached rocks crowned with monasteries, some of them still active. The monastic community of Meteora is the largest in Greece after that of Athos.

Agriculture

Number of holdings	100 940
Labour force	88 572 AWU
Agricultural area	499 000 ha
Livestock	313 000 LU
Gross value-added	9 206 ECU/AWU
Main products	
Main crops	37%
Cereals	15%
Fruits — citrus	10%

Main enterprises

Name	Employees	Activity
Elliniki Viomichania Eidon Diatrofis AE	655	Food products
Ellinika Sidirokramata AE	400	Mining, quarrying
Viokarpet AE Viomichania Tapiton kai Flokatis	350	Manufacture of carpets and rugs
IMAS AVEE Paragogi Imanton kai Epexergasmenon Proionton Elastikou	260	Manufacture of rubber and plastic products
Exalco Elliniki Viomichania Dielaseos Alouminiou AE	223	Aluminium production



ELLADA

IPEIROS

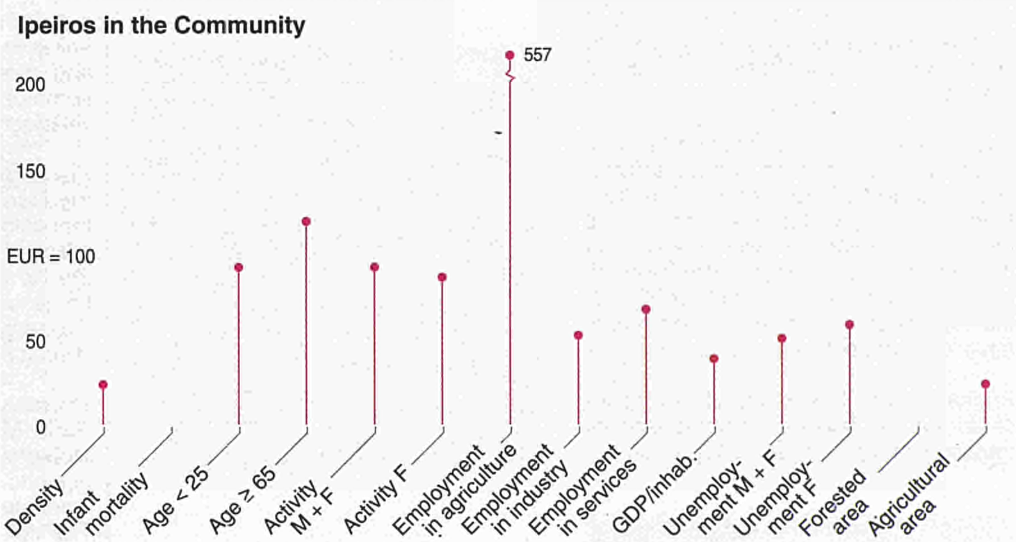
Epirus is a mountainous region comprising the north-west corner of Greece between the country's largest mountain range, the Pindus, on the east and the Ionian Sea on the west; to the north the international border separates the region from northern Epirus, which is part of Albania but has a largely Greek population.

The region consists of the *nomí* of Arta, Thesprotia, Ioannina and Preveza. The capital and largest town is Ioannina and other urban centres are Arta, Preveza and Igoumenitsa. 24% of the population is urban, 9% semi-urban and 67% rural.

Epirus is the most mountainous region in Greece, with very little flat land, most of it being at the mouths of the rivers. The largest plains are those of Arta and Ioannina. Of the total area of Epirus only 10% is lowland, 13% is semi-mountainous and 77% is mountainous. Three-quarters of the land is unfit for cultivation and 23% of the region is covered by forests. Thanks to the abundant rainfall and snowfall the region has large rivers. Its climate is continental in the interior and mild and Mediterranean in the plains and along the coast.

In general Epirus is poor, infertile, sparsely populated and isolated.

Ioannina, one of the urban centres of Epirus.



The region's isolation

The mountainous terrain and poor soil have contributed to the region's economic backwardness, resulting in a flood of emigration to the major urban centres. The main economic activity is agriculture and the rearing of livestock, particularly sheep and goats. However, as agriculture does not provide sufficient income or a satisfactory quality of life, craft industries have developed, with goldsmiths, silversmiths, weavers, coppersmiths and wood carvers.

The high mountains hamper communications. There are no railways and the road network is inadequate, the road link to Athens being a particular problem. Epirus is thus largely isolated from the rest of Greece. In recent years, however, development in the region has been significantly helped by the shipping links from the port of Igoumenitsa, both to other Greek ports, particularly Corfu with its tourist trade, and abroad, with the ferry service to Italy forming the only sea route to Western Europe; air services to Athens and other cities have also come to be important.

Epirus is also the only route for communications with Albania, and current political developments there enhance the importance of the region, both for Greece and for the rest of Europe.

Epirus has not yet suffered from tourist development, but tourism is growing steadily thanks to the region's archaeological importance, its fine coastline, its traditional architecture and its open spaces.

Scale 1 : 2 000 000

The mountains or the sea?

Topographically Epirus is divided into mountains and coastal plains. On account of the mountainous terrain it is one of the most sparsely populated regions, with a large number of scattered settlements. The proportion of inhabitants living in rural settlements is more than twice the national figure. The rural areas have serious transport and communications problems and the quality of social services available is generally low.

This phenomenon is particularly marked in the mountain settlements, which had 38% of the population in 1981. The main activity in these areas is livestock rearing, and there is also a considerable amount of forestry. The major urban centres have developed in the plains and along the coast, where living conditions and the availability of services are much better. Because of the region's isolation, great importance attaches to its capital Ioannina, which is a notable cultural, intellectual and social centre.

The coastal areas have been opened up for tourism, whereas the mountains are largely lacking in tourist infrastructure, despite their inestimable natural beauty and folk heritage.

Which EC regions are similar to Epirus?

Area:
9 000 km²
Hannover; Freiburg (D)
Grampian (UK)

Population:
0.3 million inhabitants
less than 60 inhabitants per km²
Corse (F)
La Rioja (E)
Dytiki Makedonia (GR)

Employment:
± 40% in agriculture
± 40% in services
Galicia (E)

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Arta	1.7	79	47	– 1.5	:	:	:	:	:	38
Thesprotia	1.5	44	29	7.1	:	:	:	:	:	38
Ioannina	5.0	157	31	6.7	:	:	:	:	:	37
Preveza	1.0	59	57	5.4	:	:	:	:	:	48
Ipeiros	9.2	339	37	4.5	51	3.2	43	20	38	39
Ellada	132.0	10 264	78	5.4	49	7.0	25	26	49	54
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

An increasingly empty region

Epirus is the region in Greece which has suffered most dramatically from emigration, and in 1991 its population was roughly the same as in 1951. The 1960s saw a drop in population of 12%, despite the fact that in the course of the decade the surplus of births amounted to 10.5% of the 1961 population. This means that more than 20% of the population emigrated, either abroad or to Athens, where there were job opportunities in manufacturing and the construction sector.

Over the same period a dramatic change can be seen in the age structure of the region's population: while the population grew by just 2.6% between 1951 and 1991, the number of young people under 25 fell by 30%. In contrast, the population over 65 increased by 180%.

Lastly, with regard to the natural population trend it should be noted that the problem of a low birth rate is more marked here than in the country as a whole.

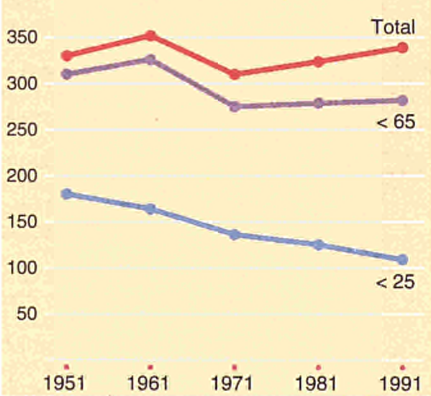
Epirus has a serious population problem which affects the labour supply and the quality of the work-force.

In general terms it can be said that the level of training in Epirus is well below the national average. The main reasons are emigration (which has changed the population structure), the widely scattered population pattern (which combines with the mountainous terrain, the adverse weather conditions and the poor road network to prevent children from many mountain villages from pursuing their studies), together with traditional attitudes and prejudices.

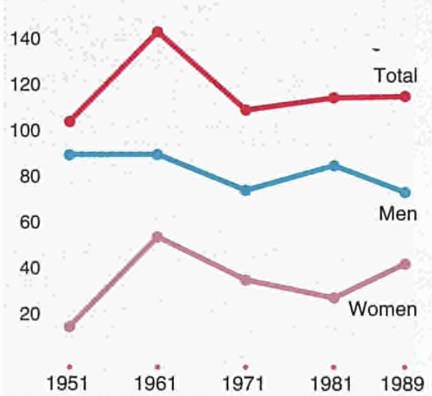
Population by age — 1989

	M + F 1 000	M + F %	M %	F %
< 15	58.8	19.6	21.5	17.8
15-24	38.0	12.7	12.2	13.2
25-39	51.4	17.1	17.0	17.2
40-54	60.1	20.0	20.0	20.0
55-64	41.1	13.7	14.3	13.2
≥ 65	50.6	16.9	15.0	18.6
Total	300.1	100.0	100.0	100.0

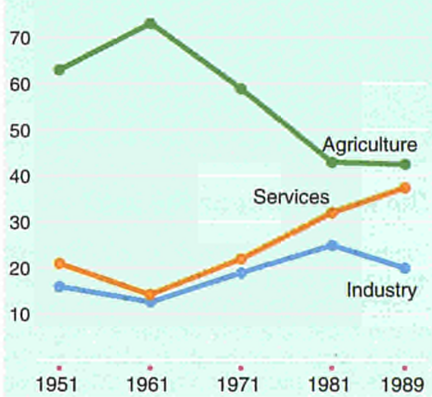
Population (1 000)



Employment (1 000)



Employment structure (%)



Agriculture: no attraction for the young

The major part (43%) of those in employment work in the primary sector, and of these 57% are aged between 45 and 64, which indicates young people's disinclination to engage in the region's traditional activities.

As regards occupational status, the economy's agricultural bent means that the majority are self-employed. Over time we can see a transfer of workers from the primary to the other two sectors of the economy, more particularly to services.

The overall level of unemployment in Epirus in the last few years has been fairly low compared with the national average. It should be noted, however, that because of the structure of the economy there is a certain amount of underemployment and unpaid work, so that the official unemployment figure is a poor reflection of the situation on the labour market.

Because of the low level of skills required and the significance of the primary sector, unemployment is relatively high (18%) for those with secondary education, who are obviously not inclined to do manual work but do not have the skills required to get on in manufacturing industry or the services sector.

Number of pupils — 1990

	M + F 1 000	F %
Pre-school	4.9	49.0
Primary	26.3	48.2
Lower secondary	14.1	47.4
Higher secondary	8.6	55.9
Higher education	:	:
Total	:	:

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Em-ployees	Employees: part-time		Employees: full-time, temporary contract	
	1989	1989	1989	1989	1983	1989	1983	1989
Men	9	68	24	39	:	1	:	25
Women	7	68	26	28	:	5	:	12
Total	8	68	24	35	:	2	:	21

Low wages and incomes

Livestock rearing is particularly important, and the region has 11% of all sheep in Greece. Livestock products such as leather, wool, milk, meat, butter and cheese (particularly Gruyère-type cheese from Kalpaniko, Dodoni or Metsovo) are produced by small industrial units.

Industry is not highly developed, with small units, mainly in the food sector, processing local products.

Transport, communications, the distributive trades, and banking and insurance contribute 21.6% of Epirus' GDP. The region has two major ports, Igoumenitsa and Preveza, for exporting its products and handling goods in general. In addition, its natural attractions — Dodoni, the Vikos gorge, the villages of Zagori, its Byzantine churches and so on — offer opportunities for the development of tourism.

The other sectors — housing, public administration, health, education, social security, etc., which belong to the public sector — contribute 25.7% of the region's GDP.

Disposable income is below the national average, as is per-capita GDP; at less than half the Community average, Epirus has one of the lowest levels of per-capita GDP in Greece.

In recent years, however, there has been a rise in the proportion of disposable income used for purchasing consumer durables and improving the quality of life. This is due to the changing emphasis in the economy, the change in social models and lifestyle and the improvements in transport and communications.

The earnings of employees in manufacturing in the region are 11.6% below the average for Greece as a whole, while those in retail trade are 10.5% below the average.

The low level of earnings in manufacturing is due to the low level of skills, the relatively small-scale and family nature of production units and the abundance of labour.

The magic of mountains and water

The great mountain range of the Pindus, on the one hand, and the Ionian Sea, on the other, embrace an area with high mountains, luxuriant forests, beautiful rivers, traditional villages and important biotopes.

The Vikos-Aoös and Pindus national parks are protected as areas of outstanding natural beauty and ecological importance, since they are home to plant and animal species which are rare not only in Greek but also in European terms. Their forests are the habitat of the Greek bear, which is an endangered species with a population numbering only a few dozen. The Aoös canyon is still in an almost pristine state. The scenery is further enhanced by the fine bridges and monasteries created in past ages by the famous masons of Epirus. Vikos is one of the best-known gorges in Greece; through it flows the river with the purest water of all, the Voidomatis. Around the gorge are the villages of Zagori, which are protected settlements with a particular traditional flavour. However, the plan which the National Electricity Board (DEI) has already embarked upon for the construction of dams and power stations on the rivers in the two national parks is regarded by many as an invasion which will upset the ecological balance and open the way to environmentally-intrusive human activities in the area.

The Gulf of Amvrakia is a biotope of exceptional importance. The area is a good example of great development potential which has remained more or less untouched up to now, with a varied natural environment of exceptional importance. These special features of the Gulf of Amvrakia have already aroused international interest both in large-scale development programmes and in the designation of protected areas for flora and fauna.

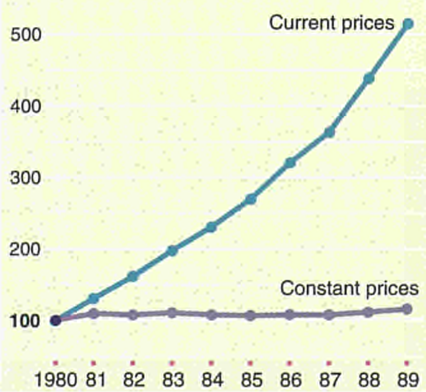
Agriculture

Number of holdings	53 950
Labour force	48 798 AWU
Agricultural area	125 000 ha
Livestock	236 000 LU
Gross value-added	4 955 ECU/AWU
Main products	
Sheep and goats	18%
Milk	17%
Fruits — citrus	14%

Main enterprises

Name	Employees	Activity
Dodoni AE Agrotiki Viomichania Galaktos Ipeirou	260	Food products
VIKI Ktinotrofia kai Viomichania Kreatos Ipeirou AE	190	Food products
Enosis Agrotikon Synetairismon Ioanninon Oinopoieion Zitsis	90	Manufacture of beverages
Chitas AE	60	Food products
Karampela N. Adelfoi Viomichania Epexergasias Xylou AEVE	15	Products of wood and cork

GDP (1980 = 100)



ELLADA

IONIA NISIA

The region of the Ionian Islands — also known as the Heptanese, since there are seven main islands — consists of the islands in the Ionian Sea off the western coast of Greece. Since they have long been subject to influences from Western Europe, the islands form a separate historic and cultural unit within Greece. The region is divided administratively into the four *nomí* of Kerkira, Levkada, Kefallinia and Zakinthos and comprises the islands of Corfu (Kerkira), Zakinthos, Cephalonia (Kefallinia), Levkada, Ithaca (Ithaki), Paxi and a number of smaller islands.

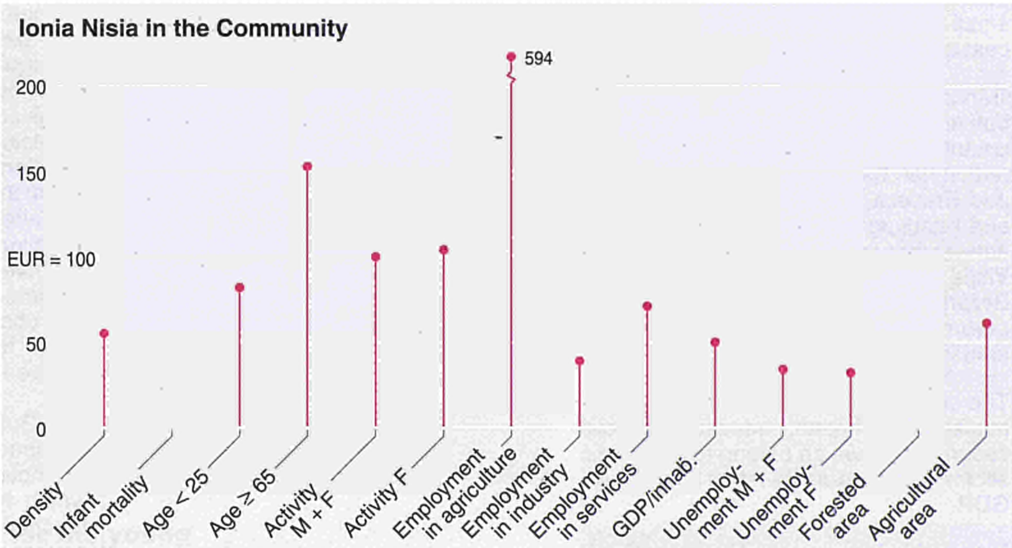
There are no high mountains, and the terrain is hilly with small fertile plains. 38% of the area is classified as lowland, 24% as mountainous and 38% as semi-mountainous.

This is one of the most earthquake-prone areas of Greece and the Mediterranean.

The Ionian Islands are the sunniest part of Greece, but the southerly winds bring abundant rainfall.

They have various harbours, with regular ferry connections to Western Greece. Some islands also have air services to Athens.

Tourism is increasingly important for the economy of the Ionian Islands.



Between Greece and the West

The region is noted for its natural beauty and its long history and cultural tradition. It is also well placed geographically, since it is close to both mainland Greece and Western Europe and thus forms a convenient stepping stone, in particular for passenger traffic between Greece and the West.

These factors have favoured the continuous development of tourism, which has become the most dynamic branch in the region's economy.

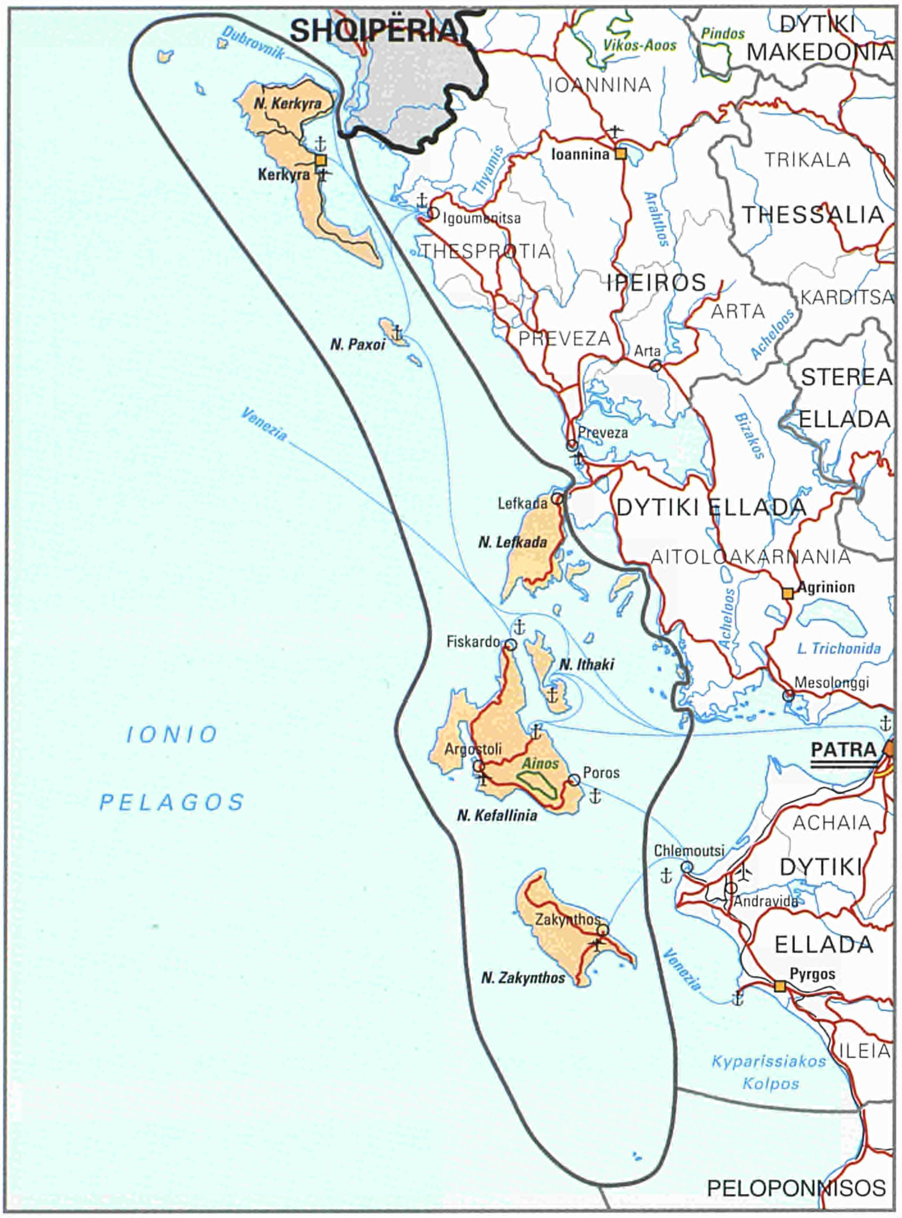
Tourist development has resulted in the concentration of activities on certain islands (Corfu, Zakinthos), the concentration of population in the main urban centres (Kerkira, Argostoli, Zakinthos), the depopulation of the majority of villages, the gradual abandonment of farming and a low level of general development and manufacturing activity. The primary and secondary sectors have serious weaknesses and problems and constitute, in a sense, complementary activities alongside tourism.

Agriculture is marked by low productivity and a small proportion of irrigated land.

Manufacturing activity is at a low level, as the sector comprises only small craft-type units, mainly engaged in processing agricultural produce.

The last few years have seen the development of fish farming, which has given a boost to the fisheries sector. One of the most important fish-breeding centres in the Mediterranean is at Livadi on Kefallinia.

IONIA NISIA



Scale 1 : 2 000 000

Corfu — show-case of tourism in the region

Kerkira is the region's largest *nomós* in terms of population, with a particularly high population density which is more than twice the national average. 65% of its land area is lowland. On account of its geographical position, its international airport and its ferry connections, Corfu is the western gateway to Greece.

The economy of the *nomós* has grown up around tourism and services. Corfu is second only to Rhodes in number of foreign visitors, and the *nomós* of Kerkira generates some 60% of the region's GDP.

The *nomós* of Kefallinia is the region's largest in area but also the most sparsely populated. Its economy is based on agriculture, which has a traditional structure with low productivity, and on tourism. A further source of income is seamen's and emigrants' remittances.

The *nomós* of Zakinthos relies exclusively on agriculture and tourism.

The *nomós* of Levkada is the smallest in the region and in Greece. Its proximity to the mainland has erased its island character, giving Levkada stronger links with Etoloakarnania than with the other islands.

The economy of Levkada is based on agriculture (mainly olive growing) and tourism.

Which EC regions are similar to the Ionian Islands?

Area:
2 300 km²
Cheshire (UK)
Açores (P)

Population:
200 000 inhabitants
75-100 inhabitants per km²
Flevoland (NL)

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Zakynthos	0.4	33	81	9.1	:	:	:	:	:	58
Kefallinia	0.9	32	36	3.2	:	:	:	:	:	43
Kerkyra	0.6	105	164	5.6	:	:	:	:	:	50
Lefkada	0.4	21	59	−4.4	:	:	:	:	:	42
Ionia Nisia	2.3	191	83	4.6	54	3.4	41	20	38	50
Ellada	132.0	10 264	78	5.4	49	7.0	25	26	49	54
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

IONIA NISIA

Population retained thanks to tourism

The population of the region has increased somewhat less over the last 10 years than that of the country as a whole. In contrast to a fall in the population of the *nomós* of Levkada, the other *nomí* show a steady increase, mainly due to the development of tourism.

The *nomós* of Kerkira is one of the most densely populated in the country. The same pattern of scattered settlements heavily dependent on major towns is also found in the other *nomí*, with the exception of Levkada.

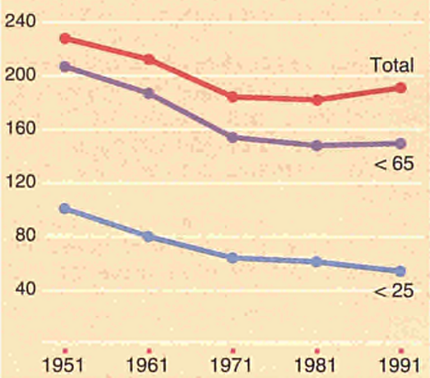
Since 1971 there has been a gradual decline in emigration, with a corresponding increase in returning emigrants. The outflow of population from the region, mainly towards Athens and Patras, has been stemmed to a certain extent by the development of tourism. The distribution of population within the region remains a serious problem, however, since there is continuing internal migration towards the towns.

The level of skills in the work-force is low, as is the level of education, with only 7.2% overall holding a higher-education diploma and 21.1% a leaving certificate from any sort of secondary school; these percentages are about half the national average.

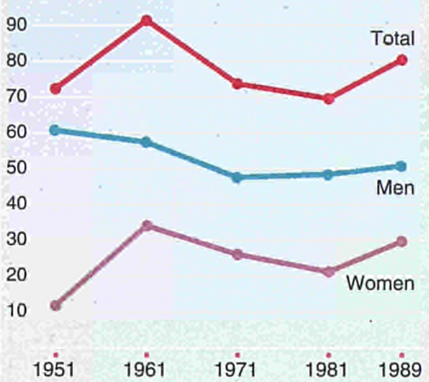
Population by age — 1989

	M + F 1 000	M + F %	M %	F %
< 15	31.9	17.6	18.7	16.4
15-24	19.8	11.0	11.0	11.0
25-39	32.8	18.0	18.8	17.4
40-54	30.0	16.5	17.7	15.3
55-64	27.8	15.4	14.2	16.5
≥ 65	39.1	21.5	19.6	23.4
Total	181.4	100.0	100.0	100.0

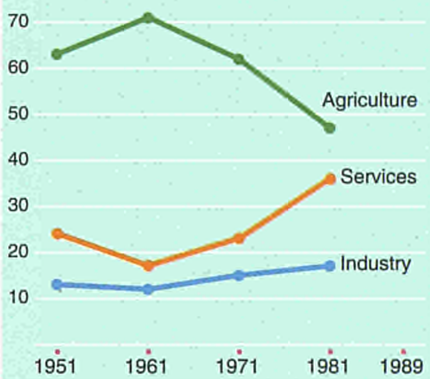
Population (1 000)



Employment (1 000)



Employment structure (%)



Low unemployment

Employment in the region is centred on the tertiary and primary sectors.

The most important branch in the tertiary sector is distributive trades, restaurants and hotels, which accounts for roughly 50% of total employment in the sector. Of the total working population, 44% are self-employed and 31% are wage or salary earners. Unpaid family workers, most of whom are women, are employed mainly in the distributive trades and tourism and to a lesser extent in agriculture.

Unemployment in the region is not too serious, being well below the levels for Greece as a whole or for the Community.

Unemployment among women is also low. The unemployment rate for young people under 25, however, is anything but negligible and, in conjunction with the high average age of the work-force, constitutes a serious problem for the region.

Number of pupils — 1990

	M + F 1 000	F %
Pre-school	2.3	49.0
Primary	14.8	49.0
Lower secondary	7.9	48.7
Higher secondary	3.8	58.7
Higher education	:	:
Total	:	:

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1989	1989	1989	1989	1983	1989	1983	1989
Men	14	61	26	35	:	1	:	25
Women	10	60	30	25	:	4	:	11
Total	12	61	27	31	:	2	:	21

Small and medium-sized businesses to the fore

Per-capita GDP is below the average for Greece. The breakdown of GDP among sectors of production is as follows: primary, 20%; secondary, 18% and tertiary, 62%. The mainstay of the economy is small and medium-sized businesses in the secondary and tertiary sectors.

Of the few industrial units operating in the region today, a good number are struggling to survive. Craft industries, on the other hand, are doing quite well, and here the influence of tourism is clear. One important group of small businesses is engaged in producing tourist goods, while another processes products from the primary sector.

Labour costs have been affected by the lack of a high-quality work-force and the geographical distribution of production units. In 1989 (fourth quarter) labour costs per employee in manufacturing industry amounted to ECU 632 compared with ECU 489 in retail trade (average monthly wages).

Compared with those at national level, earnings in the region in manufacturing are some 14% lower and in retail trade about 3% higher.

The turtle beaches

Greenery against a background of blue sea is the characteristic feature of the islands in the Ionian Sea. Although forests cover only 18% of the area, they are supplemented by olive groves and orchards, for example in Corfu. The islands with the greatest forest cover are Kefallinia and Zakinthos.

Kefallinia has one of Greece's 10 protected national parks, the Enos National Park with the famous Apollo firs. The centre of interest for nature lovers, however, is Zakinthos, which is the most important breeding ground anywhere in the Mediterranean for the loggerhead turtle.

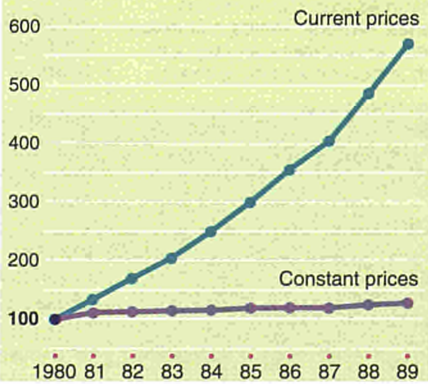
Agriculture

Number of holdings	30 490
Labour force	23 369 AWU
Agricultural area	79 000 ha
Livestock	28 000 LU
Gross value-added	6 420 ECU/AWU
Main products	
Olives	38%
Fruits — citrus	16%
Vegetables	12%

Main enterprises

Name	Employees	Activity
Agrotiki Etairia Viomichanikon Engatastaseon	95	Food products
Koskinas EKP Emporikai kai Viomichanikai Epicheiriseis AEVE	70	Food products
Viobeton Evangelou AVEE	45	Manufacture of basic metals
Plotin Kerkyras Touristiki kai Xenodocheiaki AE	20	Hotels

GDP (1980 = 100)



ELLADA

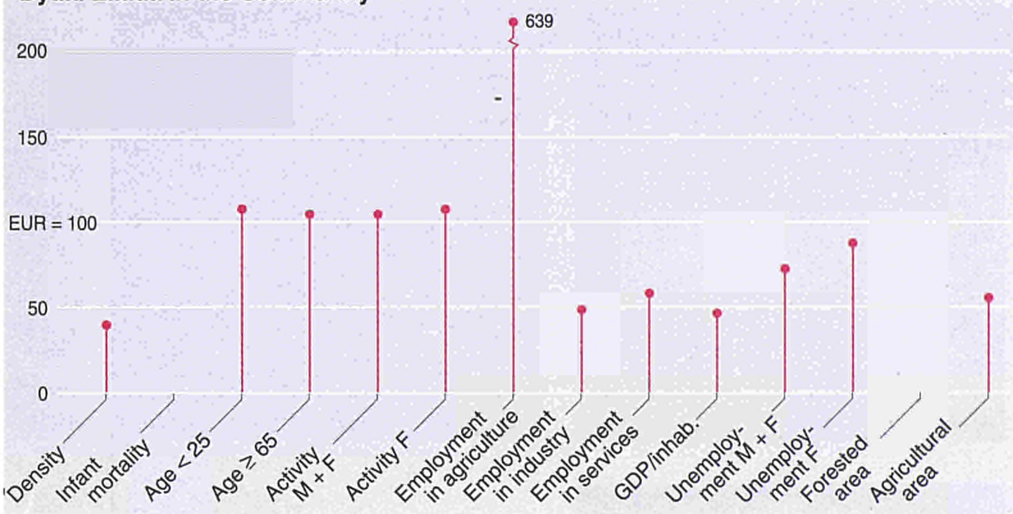
DYTIKI ELLADA

Western Greece is the region of ancient Olympia, the cradle of the Olympic games. It is the region of the historic monasteries of Agia Lavra and Mega Spileo, where the banner of the revolt which led to the liberation of Greece was raised in 1821. It comprises the *nomí* of Etoloakarnania, Achaia and Ilia. It does not constitute a natural, geographical or historical entity, since the *nomí* of Achaia and Ilia form a natural extension of the Peloponnese and are identified geographically, historically and culturally with it, while Etoloakarnania is an extension of Central Greece. The region is essentially cut in two, the only link between the two parts being the ferry between Rio and Antirio. It comprises the western and north-western parts of the Peloponnese and the western part of Central Greece. The capital is Patras, the third largest city in Greece, while other towns are Pirgos, Egio, Agrinio and Mesolongi.

The region is mainly semi-mountainous, but there are a number of flat areas, amongst them the plain of Ilia (the largest in the Peloponnese) and the plains of Agrinio, Katochi and Mesolongi. It is also rich in water resources (e.g. the Acheloos, Evinos, Mornos, Pinios and Alfios rivers) and in lakes and lagoons with important aquatic biotopes.

Patras, administrative centre of Western Greece and one of the country's main ports, has regular sailings to and from Italy.

Dytiki Ellada in the Community



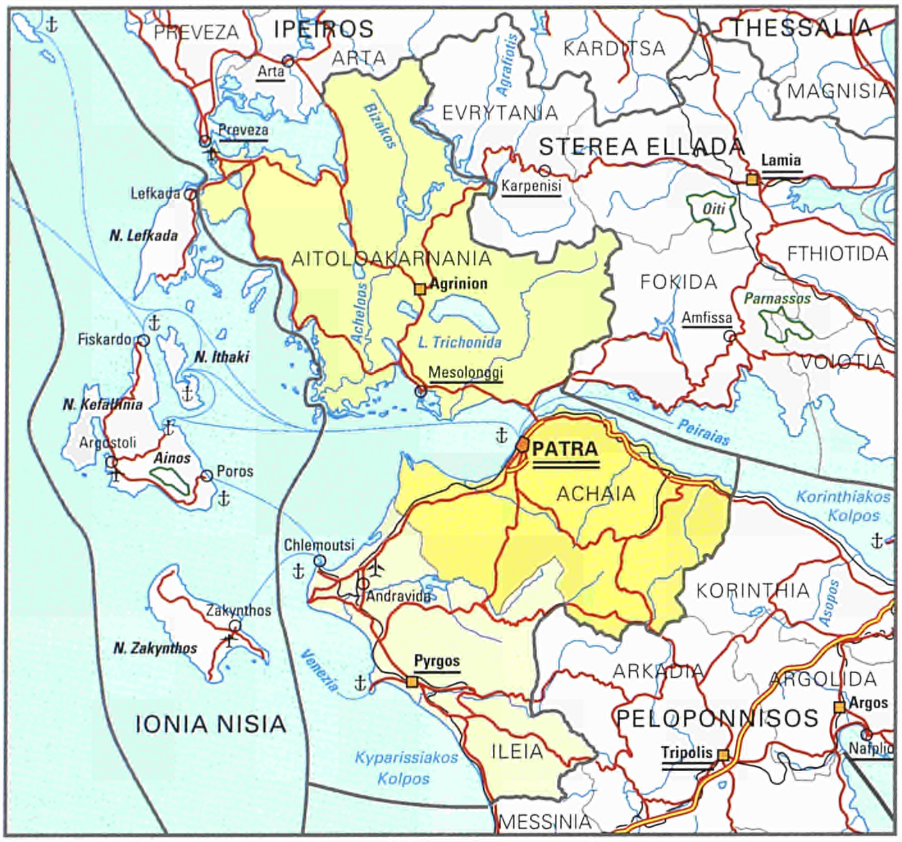
Agricultural produce and a manufacturing tradition

The abundance of water, the extensive irrigated areas and the fertile plains favour the development of farming and livestock rearing.

The region is one of the main producers of tobacco in Greece (24% of total production); it also produces tomatoes, groundnuts and potatoes, while cattle and sheep make up a substantial proportion of the total for the country.

Despite this, the agricultural sector is facing difficulties because of the small size of holdings, the fragmentation of holdings, overcultivation and the general lack of crop planning.

Industry is highly developed, and the region constitutes the fourth largest industrial centre in the country. Contributory factors are the proximity of Athens, a tradition of manufacturing and commerce, the large pool of labour, the scientific and technological potential, an adequate road network and good communications with Western Europe. Its geographical position makes it the principal sea gateway to and from Western Europe, and the port of Patras has a considerable cargo trade and is the largest port in Greece in terms of passenger movements.



Scale 1 : 2 000 000

Which EC regions are similar to Western Greece?

Area:
11 000 km²
Murcia (E)
Abruzzi (I)

Population:
0.7 million inhabitants
± 60 inhabitants per km²
Basilicata (I)

Patras predominant

The depopulation of the mainly mountainous areas of the region, the ageing of the population and the uncontrolled movement to the urban centres (Patras, Agrinio) and plains are a major impediment to balanced development.

The central area — the *nomós* of Achaia — has become more industrialized than the other areas, which have remained mainly agricultural. Because of the abundance of water, the *nomí* of Etoloakarnania and Ilia account for all the farming and livestock rearing in the region.

Patras contains most of the population of the region and is a magnet for activities in an extensive part of it.

The *nomós* of Achaia as the centre of the region (in terms of education, culture, communications, manufacturing, transit trade and administration) provides such an attraction that the other *nomí* are overshadowed.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Aitoloakarnania	5.5	231	42	5.0	:	:	:	:	:	42
Achaia	3.3	297	91	8.0	:	:	:	:	:	51
Ileia	2.6	174	66	8.6	:	:	:	:	:	47
Dytiki Ellada	11.4	702	62	7.1	55	7.7	47	19	34	47
Ellada	132.0	10 264	78	5.4	49	7.0	25	26	49	54
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

DYTIKI ELLADA

Underqualified labour force remains a problem

The pursuit of a better life and job prospects in the urban centres and abroad led to an exodus — mainly of the rural population in the mountainous areas — which reached its high point between 1960 and 1980. In recent years emigration abroad has fallen to virtually zero and has been outweighed by the return of emigrants and the arrival of students (mainly in Patras and Mesolongi) from throughout the country.

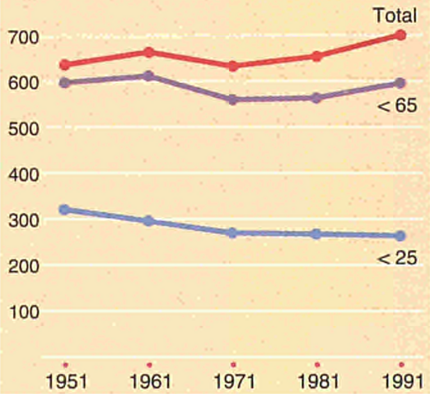
The breakdown of the population varies within the region, with Achaia having one of the highest proportions of urban population in the country, while the other two *nomí* are marked by high proportions of rural population.

The level of skills in the region's labour force in terms of formal education is not high. Only 11% have any higher-education qualification, while 25% have a secondary school leaving certificate, these figures being much lower than the national averages of 17 and 30% respectively. The creation of a large number of tertiary education establishments in recent years has not raised the quality of the labour force. This is because of the influx of students from all over the country who do not remain in the region when they have completed their studies.

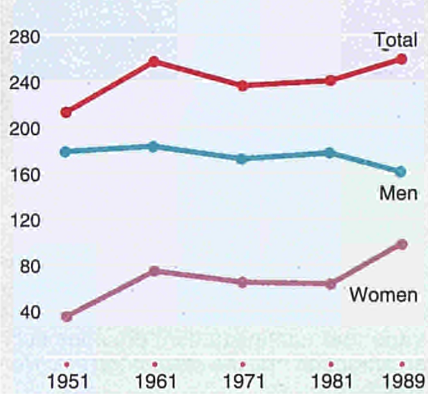
Population by age — 1989

	M + F 1 000	M + F %	M %	F %
< 15	143.9	22.5	24.0	21.0
15-24	96.1	15.0	14.4	15.6
25-39	119.1	18.6	18.5	18.7
40-54	110.1	17.1	17.2	17.1
55-64	76.5	12.0	12.4	11.4
≥ 65	95.4	14.8	13.5	16.2
Total	641.2	100.0	100.0	100.0

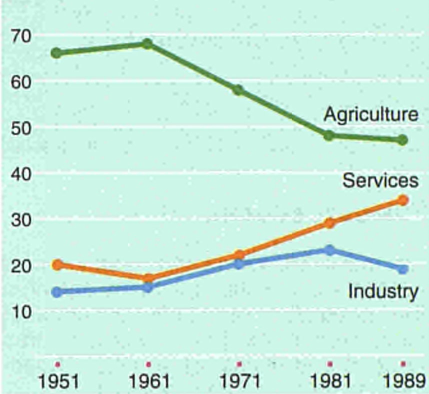
Population (1 000)



Employment (1 000)



Employment structure (%)



Declining employment in agriculture and industry

During the 1980s employment declined not only in agriculture but also in manufacturing industry, while the proportion of jobs in the tertiary sector rose substantially over the same period. Nevertheless, in 1989, 47% of those in work were still employed in the primary sector, as against 19% in the secondary sector and 34% in the tertiary sector.

Unemployment in the region is closely linked to the shedding of jobs in agriculture and the closure of several factories and plants. Deindustrialization is likely to push the region's unemployment rate still higher.

Number of pupils — 1990

	M + F 1 000	F %
Pre-school	9.4	48.9
Primary	59.0	48.3
Lower secondary	30.5	47.8
Higher secondary	16.7	57.0
Higher education	:	:
Total	:	:

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1989	1989	1989	1989	1983	1989	1983	1989
Men	12	66	23	39	:	1	:	19
Women	12	66	22	30	:	6	:	16
Total	12	66	23	36	:	3	:	18

Difficult times for manufacturing

Western Greece has 10% of Greece's agricultural holdings and its utilized agricultural area accounts for 9% of the country's agricultural land. The principal crops are tobacco, tomatoes, potatoes, vines, fodder crops, melons and fresh vegetables. Livestock farming is highly developed.

Although the secondary sector employs 19% of the labour force, it contributes 27% of GDP, of which 60% is produced in the Patras area. The main products are cement, textiles, foodstuffs, wine, etc. The backbone of manufacturing is the two sectors of textiles and foodstuffs.

However, manufacturing industry is stagnating, and the Patras area is rapidly becoming deindustrialized. Ten large companies have closed down in recent years, while more than 100 have gone bankrupt — most of them in the building industry, clothing and textiles. The labour force in the secondary sector is mainly skilled and is better paid than in other sectors of the economy.

The services sector contributes about 20% of the region's GDP, of which 49% is generated in the *nomós* of Achaia. Service businesses, in particular, offer great potential for development, as the region has a wide range of market openings.

In 1989, for instance, the monthly labour cost per worker in manufacturing was ECU 790.8, while in the retail trade it was ECU 452.3. The lowest earnings were in printing and publishing and the highest in the metalworking branch. Monthly earnings in manufacturing in the region are about 8% below the national average, and in retail trade about 5% below.

A region of wetlands

Because of the abundant rainfall in Western Greece, the aquatic biotopes are probably the most characteristic feature of the region's environment. Along the low sandy shore of the Ionian Sea there are lagoons separated from the sea by spits of land. The Kotichi lagoon in the *nomós* of Ilia is one of the aquatic biotopes protected under the international Ramsar Convention. The importance of the lagoon for birds derives from its favourable geographical location on the main migration routes, and, with the exception of the Livari lagoon near Pilos, it is the last of a series of major aquatic biotopes along the western coasts of the Balkans.

Another protected biotope in the region is the coastal area of Mesolongi. This comprises the largest single lagoon in Europe (15 000 hectares), which is of major importance for fish and birds. It also represents a rich source of production, yielding some 1 000 tonnes of fish a year. However, overfishing and the effluent from factories are diminishing the natural potential of the lagoon.

The mouths of the Acheloös are another complex ecosystem with rare fauna and flora. To these aquatic biotopes must be added the lakes of Trichonida, Amvrakia, Lisimachia, Ozeros, Voulkaria and Kaiafa, the lagoon of Etoliko, the reservoirs on the River Pinios in Ilia and the Kremasta reservoir in Etoloakarnania.

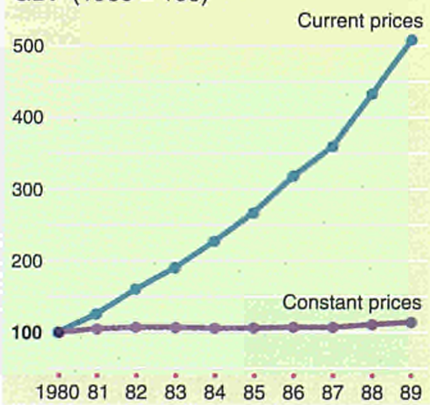
Agriculture

Number of holdings	:
Labour force	:
Agricultural area	357 000 ha
Livestock	265 000 LU
Gross value-added	:
Main products	
Main crops	20%
Olives	19%
Fruits — citrus	15%

Main enterprises

Name	Employees	Activity
Peiraiki-Patraiki Klostoyfantourgia Patron AE	1 774	Textile industry
Kritikos Char. G. Emporoviomichaniki AE	305	Textile industry
Viomichania Katergasias Dermaton Ellados	180	Processing of hides and skins
AVEX AVE Xyleias	151	Wood and paper industry

GDP (1980 = 100)



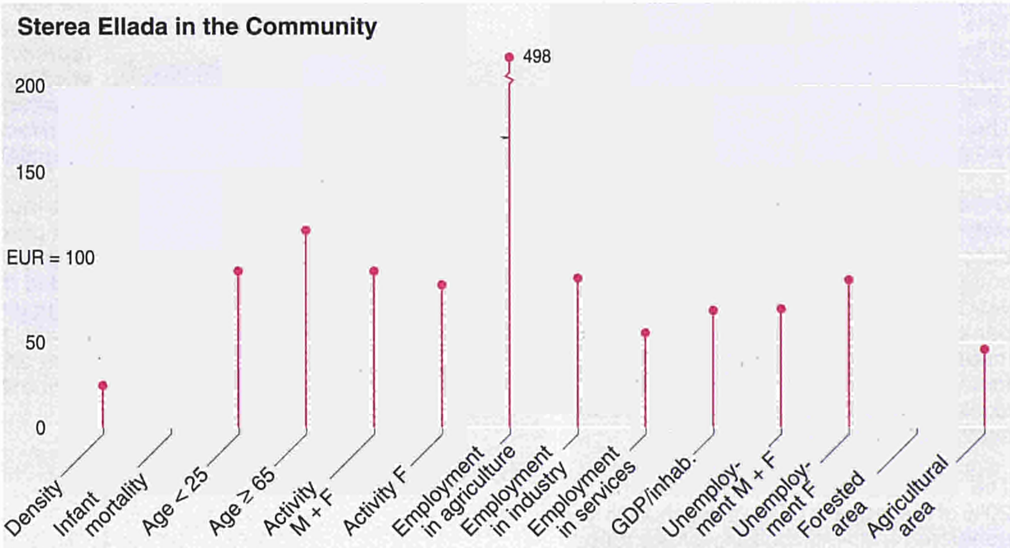
ELLADA

STEREA ELLADA

Central Greece comprises the five *nomí* of Viotia, Evvia, Evritania, Fthiotida and Fokida. The *nomós* of Evvia is made up of the islands of Evvia — the second largest island in Greece, which is joined to the mainland by the movable bridge over the Strait of Evripos — and Skiros. The capital of the region is Lamia, and other major towns are Chalkida, Thiva and Livadia. The region has an area of 15 549 km^2 and a population of 578 876.

Central Greece is a predominantly mountainous region. 69% of its area is mountainous or semi-mountainous and is given over mainly to agriculture and livestock rearing.

Chalcis, one of the centres of industrial development in Central Greece.



Extensive heavy industry and an underdeveloped infrastructure

The main agricultural products of the region are oil, cotton, cereals and potatoes. Evvia is one of the country's largest producers of meat and poultry. However, of significance for the future of the primary sector is the abandonment of farmland in the mountain areas, with the population moving to the towns and cities. Another major problem affecting farming productivity is the small size and fragmented nature of the farms.

All branches of industry are represented in the region. The Inofita-Thiva-Chalkida-Lamia axis has one of the largest concentrations of heavy industry in Greece. However, the infrastructure is inadequate, and there are problems of pollution either from industrial effluent or from the mining activities nearly everywhere in the region. The transport network is in need of improvement and the telephone network is incomplete.

Tourism in the region is restricted mainly to the summer resorts in the *nomós* of Evvia and in a small area of Fthiotida (Delphi and Parnassus). There is, however, potential for tourism along the coasts and in the fields of medicinal, farm and conference tourism.

Scale 1 : 2 000 000

Which EC regions are similar to Central Greece?

Area:
16 000 km²
East Midlands (UK)
Schleswig-Holstein (D)

Population:
0.5 million inhabitants
less than 50 inhabitants per km²
Alentejo (P)
Peloponnisos (GR)

Striking imbalances

In Central Greece there are clear distinctions between the areas with a high concentration of industry along the Inofita-Schimatari-Thiva-Chalkida-Lamia axis, the fertile plains of Kopaida and Sperchios, the 'problem' areas comprising the *nomí* of Evritania and Fokida and the mountainous areas of the other three *nomí,* and finally the tourist centres of northern and southern Evvia, Delphi and Parnassus.

The mountainous areas of Evritania and Fokida are relatively isolated due to the terrain and the inadequacy of the road network.

88% of the inhabitants of Central Greece are concentrated in the *nomí* of Evvia, Viotia and Fthiotida, which account for 74% of the land area of the region. These three *nomí* also contain all the urban centres of the region — Thiva, Chalkida, Lamia and Livadia — which act either as industrial satellites of Athens (Thiva, Chalkida) or as magnets for the population of the mountainous areas (Lamia, Chalkida), while the capitals of the *nomí* of Evritania (Karpenisi) and Fokida (Amfissa) are semi-urban settlements.

Per-capita GDP in Viotia is above the regional and national averages and is more than double the figure for Evritania.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Voiotia	3.0	134	45	14.4	:	:	:	:	:	108
Evvoia	4.2	209	50	11.0	:	:	:	:	:	59
Evrytania	1.9	24	13	−10.1	:	:	:	:	:	39
Fthiotida	4.4	168	38	3.9	:	:	:	:	:	62
Fokida	2.1	44	21	−0.8	:	:	:	:	:	55
Sterea Ellada	15.5	579	37	7.6	49	6.5	39	30	31	69
Ellada	132.0	10 264	78	5.4	49	7.0	25	26	49	54
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

STEREA ELLADA

An ageing society despite a rising population

In the 10 years from 1981 to 1991 the population of Central Greece has increased faster than in Greece as a whole because of the considerable inflow of people to Viotia and Evvia. In Evritania and Fokida, on the other hand, the decline in population is a matter of great concern.

Emigration abroad can now be considered as having stopped, but there is still a movement of population — particularly from the mountain areas — to either Athens or the more developed areas of the region.

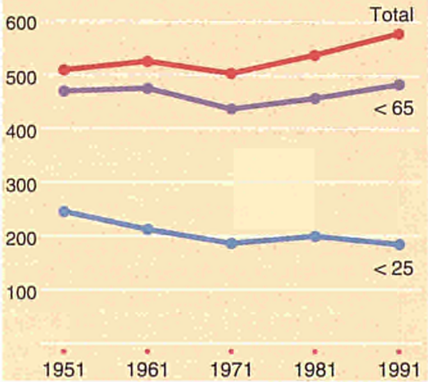
The ageing of the population is a visible danger for the region as a whole, but more particularly for the 'problem' (i.e. mountainous) areas, which are turning by the day into 'geriatric communities' with no prospects for the future.

The level of education in the region is low, with 67% of those in employment having had only elementary education, 7% having completed lower secondary school and 13% upper secondary school. 2.8% have a diploma from a technical college and 6.85% a university degree.

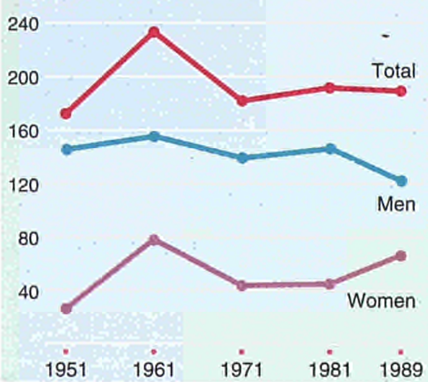
Population by age — 1989

	M + F 1 000	M + F %	M %	F %
< 15	96.1	19.7	20.8	18.6
15-24	59.9	12.2	11.8	12.7
25-39	87.3	17.9	17.8	18.0
40-54	95.1	19.4	19.1	19.7
55-64	69.6	14.4	15.3	13.4
≥ 65	80.1	16.4	15.2	17.6
Total	488.2	100.0	100.0	100.0

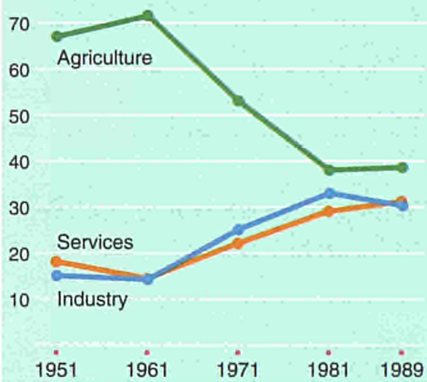
Population (1 000)



Employment (1 000)



Employment structure (%)



Youth unemployment high but falling

Formerly employment in the region was mainly in agriculture, but the structural changes in farming, emigration and the movement of the population to the towns and cities have substantially reduced the primary sector's share of employment, which amounted to only 29% in 1989. At the same time, industry has increased its share of employment (particularly between 1950 and 1970) and the services sector has expanded, so that for every 100 workers in the primary and secondary sectors, there are 45 people employed in services. Nevertheless, the services sector is less highly developed than in most other regions of Greece.

Unemployment in Central Greece has been lower in recent years than the national average. Of particular concern in the region is youth unemployment, which was more than twice the figure for the European Community in 1988 and 1989, although it is fortunately showing a downward trend. On the other hand, unemployment among women is below the levels for Greece and the European Community, and is falling.

Number of pupils — 1990

	M + F 1 000	F %
Pre-school	8.0	55.3
Primary	41.5	48.3
Lower secondary	22.5	47.9
Higher secondary	13.4	56.4
Higher education	:	:
Total	:	:

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Em-ployees	Employees: part-time		Employees: full-time, temporary contract	
	1989	1989	1989	1989	1983	1989	1983	1989
Men	9	67	24	50	:	1	:	16
Women	8	68	24	32	:	7	:	23
Total	9	67	24	44	:	3	:	18

Industry boulevard

Per-capita GDP in the region is more than one-fifth higher than in Greece as a whole. The main reason for this is the economic strength of the *nomí* of Viotia, Evvia and Fthiotida, which have highly-developed primary and secondary sectors and, because of the proximity of Athens, a well-developed tourist industry.

The main crops are industrial oilseed and fibre plants, grain cereals and olive trees, while livestock rearing is also of importance. Another important branch is bee-keeping.

The greatest contribution to the region's output, however, comes from the secondary sector (44%), the main branch being manufacturing. Along the Athens-Lamia highway there is a major concentration of light and heavy industry, with an aluminium plant, power stations, shipyards, etc. The degree of industrial development has pushed earnings to a level higher than in the rest of the country.

In 1989 average per-capita earnings in manufacturing (ECU 981) were approximately 11% above the national average. The best-paid workers were those employed in the production of basic metal products and in the oil and coal industries, since these are branches which require qualifications, while the lowest earnings were in the clothing and footwear industries, which employ mainly unskilled workers. The corresponding figure for a worker in retail trade was ECU 423.

Agriculture

Number of holdings	:
Labour force	:
Agricultural area	401 000 ha
Livestock	242 000 LU
Gross value-added	:
Main products	
Main crops	20%
Vegetables	16%
Cereals	12%

Main enterprises

Name	Employees	Activity
Eviop Tempo Elliniki Viomichania Ilektrikon Eidon	700	Manufacture of electrical and electronic equipment
Mimikou M. AFOI AE Kotopoula Choirina-Agrotika	660	Food products
Daring kai SIA AENE	500	Manufacture of metal products

A region of mountains and forests

With two national parks and one *nomós* — Evritania — 50% of which is covered by forests, the region of Central Greece is one of the greenest in the country. Agrafa, Timfristos, Vardousia, Iti, Parnassus and Giona are high, densely-wooded mountains, and two of them — Iti and Parnassus — have been designated national parks.

Iti is one of the most beautiful mountains in Greece, with magnificent, endless forests of Apollo firs. In the unforested parts there are meadows full of rare wild flowers.

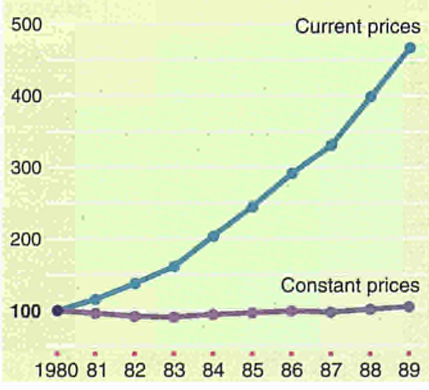
Parnassus has been developed as the centre of winter tourism which is an important factor in the region. There are two ski resorts on its slopes, and the routes to its summit are favourites with mountaineers. On one of the slopes of Parnassus are the ruins of the famous Delphic oracle.

The Proussos gorge is an impressive natural monument. Along the gorge of the River Karpenisiotis there is a riot of greenery, and everywhere there are towering summits with tree-covered or bare slopes.

A strange natural phenomenon of the region is the Strait of Evripos, where the water changes its direction of flow every six hours.

Environmental problems are encountered in places in the region where there are large ore-processing plants, as well as in the industrial zones which have sprung up along the main Athens-Thessaloniki highway and in Chalkida. In addition, the region's forests — and particularly those on Evvia — have often been ravaged by forest fires.

GDP (1980 = 100)



ELLADA

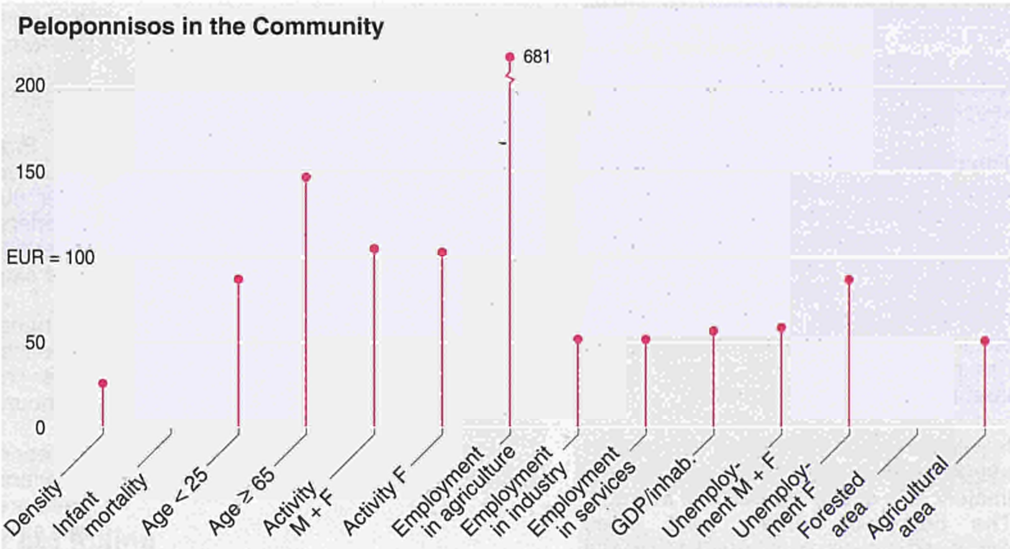
PELOPONNISOS

The Peloponnese is the southernmost peninsular both in Greece and in Europe. The narrow isthmus, some 6 km wide, that linked it to mainland Greece was cut through by a man-made canal in 1893, turning the Peloponnese into an island washed to the north by the Gulf of Corinth, to the west by the Ionian Sea and to the east by the Aegean.

As a result of the new administrative demarcation, the Peloponnese consists of the *nomí* of Argolida Arkadia, Korinthia, Lakonia and Messinia. Two of the Peloponnese's *nomí*, Ilia and Achaia, have been incorporated into the region of Western Greece.

The regional capital is Tripoli and the other urban centres are Korinthos (Corinth), Argos, Navplio, Sparti and Kalamata. The Peloponnese is a mountainous region, with two-thirds of its total area covered by great mountain ranges that run from north to south as a continuation of the Pindus. The region's lowlands are in the coastal areas, the most extensive plains being those of Argolida, Korinthia, Messinia and Lakonia. Seismic activity is a characteristic feature of the region. The areas that are most prone to earthquakes are the coasts around the isthmus of Corinth and the Messinia area.

The Corinth canal separates the Peloponnese from Central Greece.

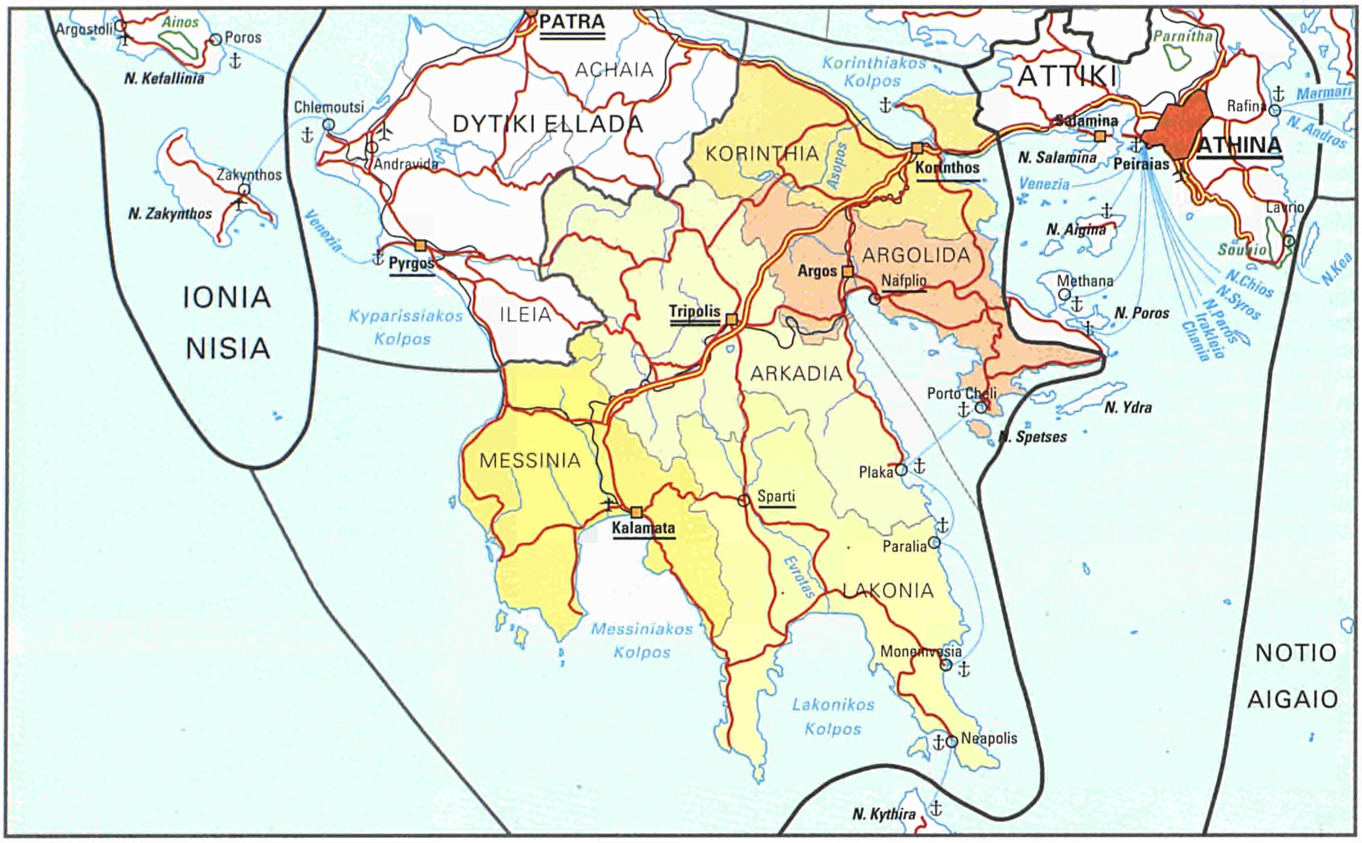


Mild climate and fertile soil

The region has a strong agricultural emphasis and is the country's leading producer of oranges, olive oil and mushrooms. However, with the exception of intensive crops such as apricots, productivity is low owing to problems of irrigation, fragmentation of agricultural land, transport facilities and the poor social conditions of the rural population.

The region has rich deposits of lignite and one of the largest power stations in the country. However, the quality of life suffers as a result of environmental pollution from lignite extraction and the operation of power stations.

The region is served mainly by a road network, which could be improved. There is also a rail network (except in Lakonia), which is narrow-gauge, single-track and poorly laid out. Sea connections are underdeveloped, and insufficient use is made of the port of Kalamata, which could play an important role in trade between continental Europe and the countries of the eastern Mediterranean and the Arab world. Kalamata is the only part of the region that is served by an airport. Poor communications have inhibited development in the region, which has major tourist potential.



Scale 1 : 2 000 000

Which EC regions are similar to the Peloponnese?

Area:
15 000 km²
Yorkshire and Humberside (UK)
Lüneburg (D)

Population:
0.5 million inhabitants
less than 50 inhabitants per km²
Alentejo (P)
Sterea Ellada (GR)

The industrial and agricultural north

The northern part of the region in particular — Korinthia, Argolida — ranks as one of the leading agricultural regions in the country due to the high productivity of the land under cultivation and the development of intensive crops.

The secondary sector is also well developed in the north, with a heavy concentration of industry along the Isthmia-Korinthos-Examilia and Argos-Navplio axes. As a result, these areas — unlike those in the south of the region — have no particular problem with depopulation.

Coastal summer resorts have also been developed, particularly in the *nomós* of Korinthia, and there is considerable tourist activity in the *nomós* of Argolida (ancient Mycenae and Epidavros).

The interior contains the region's largest *nomós*, Arkadia, which is mainly mountainous. The large amount of semi-mountainous terrain suitable for grazing has allowed stock rearing to develop. Arkadia also contains the Megalopoli area, which is rich in lignite deposits and has one of the largest power stations in the country.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Argolida	2.2	97	45	4.5	:	:	:	:	:	60
Arkadia	4.4	104	23	−3.8	:	:	:	:	:	49
Korinthia	2.3	142	62	15.7	:	:	:	:	:	72
Lakonia	3.6	95	26	1.8	:	:	:	:	:	47
Messinia	3.0	167	56	4.7	:	:	:	:	:	55
Peloponnisos	15.5	606	39	5.0	54	5.8	50	18	31	57
Ellada	132.0	10 264	78	5.4	49	7.0	25	26	49	54
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

PELOPONNISOS

Can the region retain its population?

The region's population has increased over the past few years, more as a result of the fall in outward migration and the return of emigrants than natural population growth.

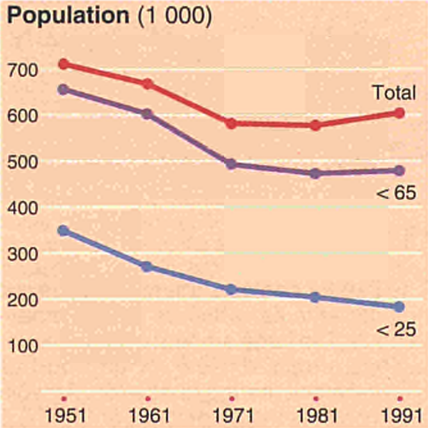
Many of the region's *nomí* are unable to stem flight from the land (mainly by young people), owing to adverse conditions in the primary sector and the lack of manufacturing activity. There is therefore a preponderance of elderly people.

The educational level of the region's population is low, thus limiting the development of new sectors of production requiring skilled labour. It is also difficult for the work-force to shift to new jobs in growth industries in the secondary and tertiary sectors. However, the growing numbers of students in higher, further and secondary education are an encouraging sign.

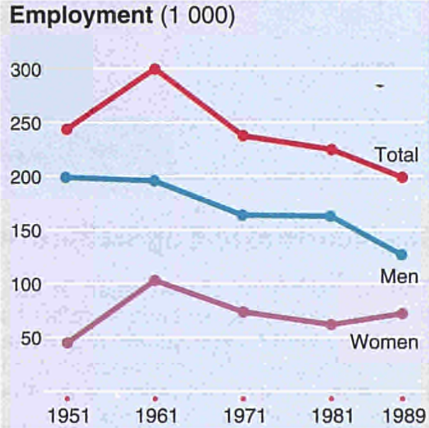
Population by age — 1989

	M + F 1 000	M + F %	M %	F %
< 15	90.1	18.5	19.4	17.7
15-24	57.1	11.8	11.9	11.6
25-39	83.7	17.2	17.3	17.2
40-54	83.3	17.2	17.9	16.4
55-64	71.1	14.6	14.5	14.7
≥ 65	100.6	20.7	19.0	22.4
Total	485.8	100.0	100.0	100.0

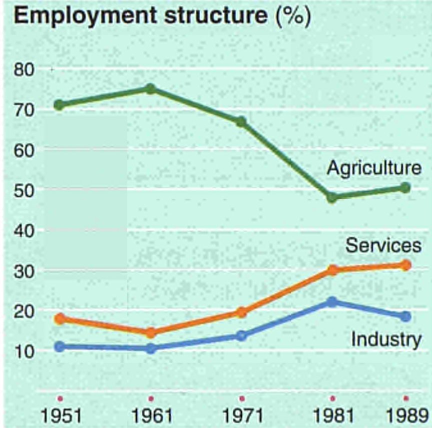
Population (1 000)



Employment (1 000)



Employment structure (%)



Employment in agriculture predominates

The bulk of the labour force (around half) is employed in the primary sector, with only some two-fifths employed in the secondary sector. Workers are predominantly self-employed. This is explained by the small share of the secondary and tertiary sectors in the region's overall employment structure.

Unemployment in the Peloponnese is lower than the national average. It is, however, comparatively high amongst the under-25s due to the region's strong agricultural bias. Adverse conditions for the rural population drive young people away from the primary sector, whilst the secondary and tertiary sectors are not sufficiently developed to absorb the labour force.

Number of pupils — 1990

	M + F 1 000	F %
Pre-school	7.2	48.1
Primary	42.7	48.0
Lower secondary	22.7	47.5
Higher secondary	13.4	58.4
Higher education	:	:
Total	:	:

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1989	1989	1989	1989	1983	1989	1983	1989
Men	11	62	27	33	:	5	:	17
Women	9	60	32	23	:	6	:	9
Total	10	61	29	29	:	5	:	15

Widely-known agricultural products

The primary sector accounts for 27% of regional GDP, although it employs 51% of the labour force, which is an indication of its low productivity. The main crops in terms of area are permanent crops (which account for 27% of utilized area), grain cereals, fodder crops, potatoes and vines, the latter accounting for 18% of the total area under vines in Greece. The Peloponnese region is also famous for the figs and olives of Kalamata, the currants of Corinth and the wines of Nemea.

Activities in the secondary sector are centred mainly on foodstuffs and clothing/ footwear. Manufacturing activity as a whole is problematic owing to the small family-based nature of units and the haphazard development of the sector, there being no overall regional development policy.

The tertiary sector is not particularly well developed.

The region of vivid memories

The Peloponnese is characterized by its natural variety and the countless signs of its long history.

The high mountains give way to plains and valleys, which in turn stretch down to the deeply indented coastline with its extensive beaches. The mountains of Arkadia cradle, amidst luxuriant vegetation, villages such as Vitina, Dimitsana, Karitena, Langadia and, further south, the hamlets of the Parnonas range and the Taigetos, which ends in the Mani peninsula. The rocky landscapes and traditional stone towers of the Mani make impressive sights. No list of the region's charms would be complete without mention of the Diros caves with their stalactites and stalagmites and underground lakes.

The historic monuments also provide a variety of scenery and impressions. Ancient citadels and palaces alternate with medieval castles and deserted Byzantine towns. Ancient Corinth, the Homeric acropolis at Argos, Tirintha, Mycenae with its Cyclopean walls and the Gate of the Lions, the fortresses of Palanidi above Navplio and Bourtzi in the Gulf of Argolis, the citadel of Monemvassia on its rocky outcrop, the deserted Byzantine city of Mistras, the fortresses of Methoni, Koroni and Pilos, Nestor's Palace and many other sites ultimately mould the character of this region and leave their mark on its landscape.

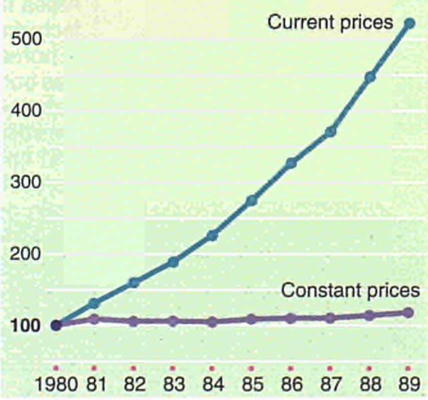
Agriculture

Number of holdings	:
Labour force	:
Agricultural area	448 000 ha
Livestock	240 000 LU
Gross value-added	:
Main products	
Fruits — citrus	28%
Olives	28%
Vegetables	12%

Main enterprises

Name	Employees	Activity
Karelia G. Adelfoi Kapnoviomichania AE	905	Manufacture of tobacco products
Papadimitriou Haven Viomichaniki Exagogiki Emporiki AE	148	Food products
Vekka Viomichania Epexergasias Kreatos Konservon & Allantikon AE	100	Food products

GDP (1980 = 100)



ELLADA

ATTIKI

Attica comprises only one *nomós*, which includes the capital, Athens. Included in the region are the islands of Salamina, Egina, Poros, Idra, Spetses and Kithira. Athens is the largest city in Greece in terms of economy, population and culture.

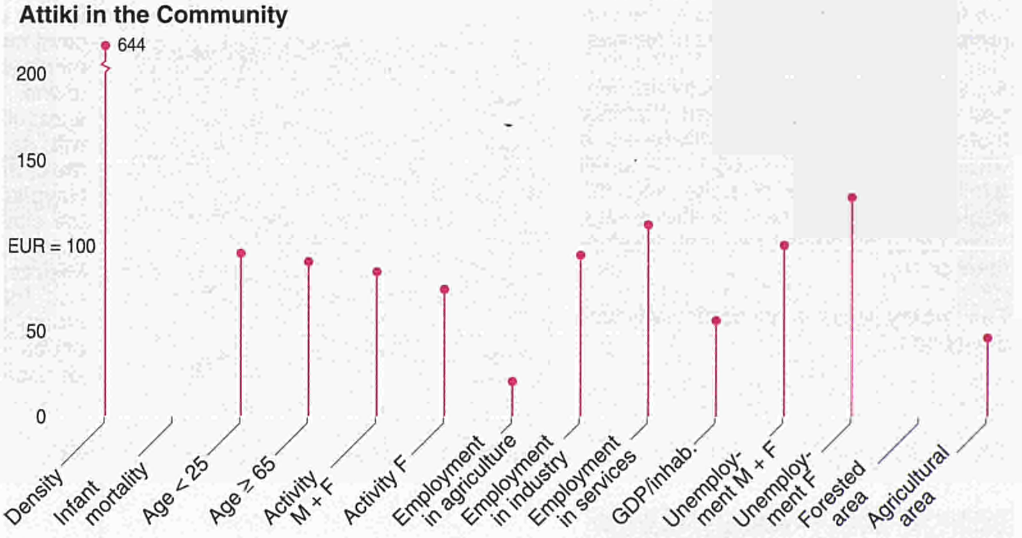
65% of the region is semi-mountainous, 30% lowland and 5% mountainous. The main plains are those of Megara, Mesogia, Keratea, Marathonas and Oropos. The highest mountain in Attica is Parnitha (1 143 m), other mountains being Gerania, Penteli and Imittos.

The region enjoys a dry Mediterranean climate, the average annual temperature in Athens being 17.4 °C.

The region's economy is based on the development of industry and services. The boom in building activity is drastically reducing the amount of agricultural land.

Since ancient times, Athens has been the centre of the Greek world and is still the heart of modern Greece.

Attiki in the Community

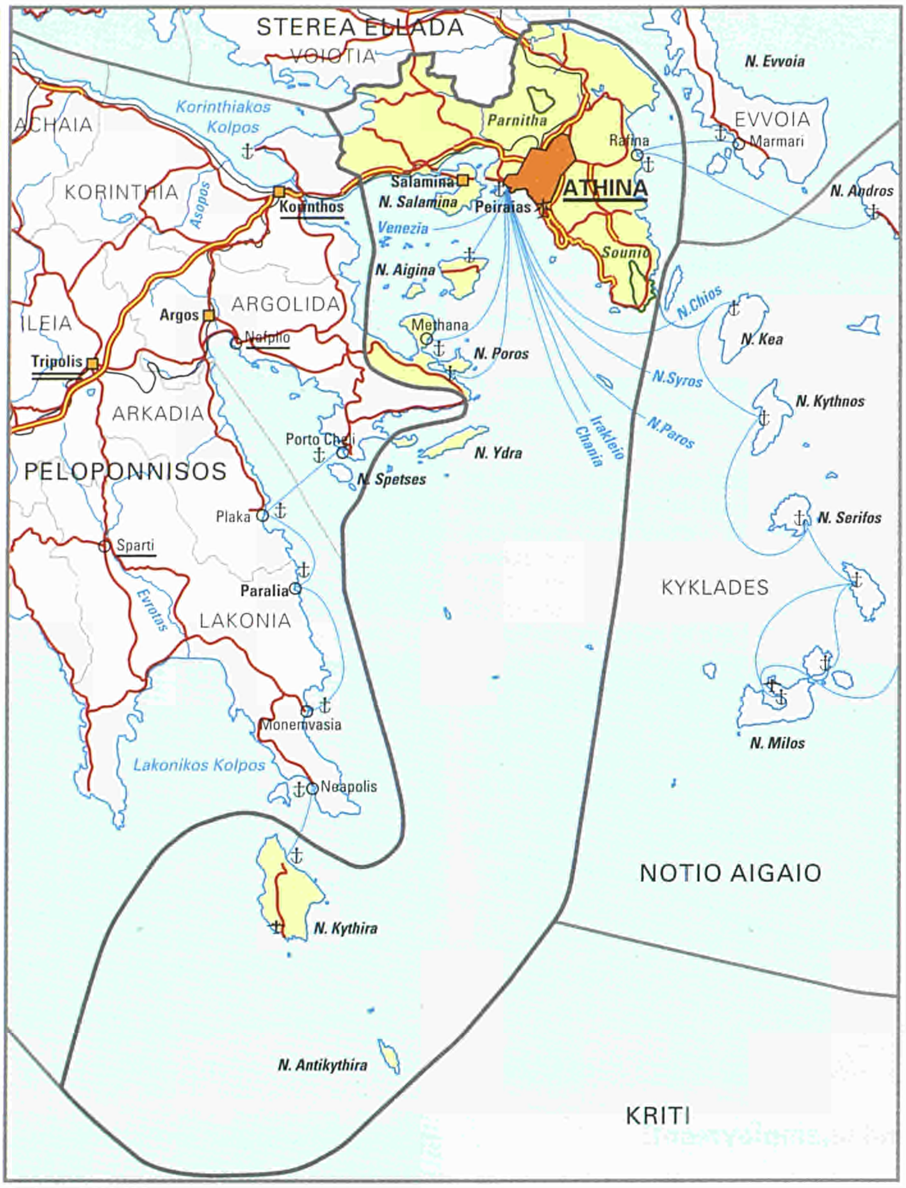


The price of development

Despite its relatively small size, Attica is of great political, economic and historical importance, containing as it does the national capital, Athens, which is the leading centre in terms of population, economy and culture.

Attica has the highest concentration of manufacturing, commercial and banking activity and is home to 34% of the population of Greece. It has both light and heavy industry. It is the main hub of communications in Greece, with facilities for the rapid transport of raw materials and finished products, principally through the port of Piraeus, which is linked directly to all the main ports of the Mediterranean, and also by road, rail and air. The region accounts for 44% of total national employment and has a plentiful supply of manpower, particularly skilled labour. It is the main educational centre of the country, with thousands of students attending its establishments of higher education. It also has a wealth of ancient monuments and sites (Parthenon, Agora, etc.) which attract millions of visitors from all over the world.

The concentration of both economic activity and population in Attica has led to uncontrolled building, high land and housing costs, a shortage of accommodation and an increase in rents, inadequate public transport, an increase in unemployment and crime, etc. Attica also has serious environmental problems: air and noise pollution and the deterioration of the natural environment.



Scale 1 : 2 000 000

A region of contrasts

The region of Attica has four administrative divisions: Athens, Piraeus, Eastern Attica and Western Attica. Development in Athens has been concentrated around the Acropolis and in Piraeus around the port area.

The character of Attica began to change at the end of the 1960s with the explosive urbanization of the basin. The disproportionate growth of the capital has created problems almost everywhere in the region.

The western areas are socially homogeneous (working-class), with low incomes predominating and with a high degree of damage to the environment and the quality of life.

The eastern areas show a more varied social composition. In some parts (e.g. Nea Ionia) the population is solidly working-class, while other areas (e.g. Kifisia) are more or less middle-class. Eastern Attica contains inland towns and villages (Acharnes, Koropi, etc.) where the main source of income is crop and livestock farming. Along the coast there are holiday facilities, and the main source of employment is tourism. On the whole, however, average and high incomes predominate, and living conditions are better in Eastern Attica.

The Athens area has large concentrations of population in high-density areas with a working-class structure as a result of the low rents and the communications available. It faces an acute problem of air pollution and damage to the environment and the quality of life.

Which EC regions are similar to Attica?

Area:
3 800 km²
Liège; Hainaut (B)

Population:
3.5 million inhabitants
Ireland
Stuttgart (D)

Density:
± 1 000 inhabitants per km²
Zuid-Holland (NL)
West Yorkshire (UK)

Employment:
⅔ in services
1-2% in agriculture
Madrid (E)
South-East (UK)

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Attiki	3.8	3 523	925	4.6	46	8.8	2	33	65	57
Ellada	132.0	10 264	78	5.4	49	7.0	25	26	49	54
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

Half of Greece lives in Attica

In 1991 the total population of the region was 3 522 769, representing 35% of the population of the country.

In the 1960s and 1970s the population of Attica grew at a much faster rate than that of Greece as a whole. This increase was the result not of natural growth but of large-scale movements of population from the other regions to the capital, leading to the explosive urbanization of the Attic basin and the disproportionate growth of Athens.

Between 1981 and 1991, however, population growth at 4.5% was lower than the national average (5.3%). This was due to the deterioration in the environment and the quality of life, as well as to the improvements achieved in the other regions in recent years.

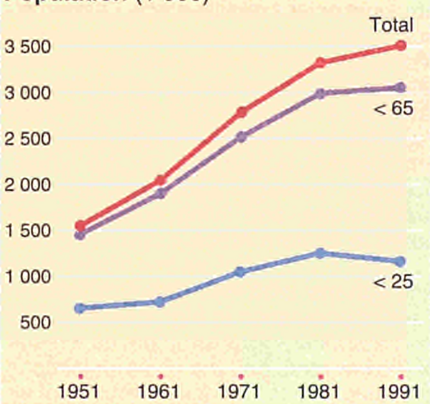
The labour force comprises 46% of the population of working age in the region. Attica has 77% of those with postgraduate qualifications and about half of the university graduates in Greece.

The labour force in the region has an adequate level of qualifications, with 17% having higher-education diplomas or university degrees and 40% having successfully completed lower or upper secondary school.

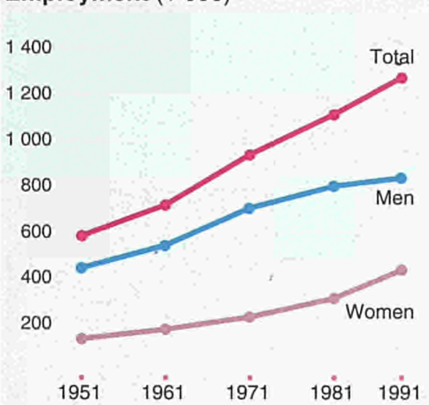
Population by age — 1989

	M + F 1 000	M + F %	M %	F %
< 15	711.5	19.3	20.7	18.0
15-24	521.8	14.1	13.5	14.7
25-39	792.1	21.4	21.0	21.8
40-54	738.4	20.0	20.5	19.5
55-64	454.9	12.3	12.3	12.3
≥ 65	476.2	12.9	12.0	13.7
Total	3 694.9	100.0	100.0	100.0

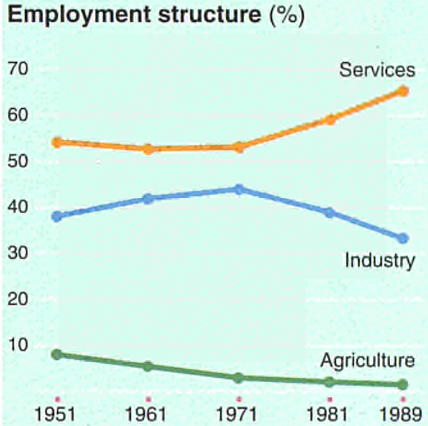
Population (1 000)



Employment (1 000)



Employment structure (%)



Opportunities for employment — and unemployment!

The concentration of economic activity in the region means that it accounts for some 44% of total employment in Greece, with an increase of 54% in the number of jobs between 1950 and 1990.

The increase in employment in the services sector is due to the preponderance of government and private-sector administrative activities and the Greek worker's preference for employment in public services or bodies.

18% of those employed in the region are self-employed (craft and cottage industries). The high concentration of company head offices explains the large proportion of employers (41% of the national total). Wage and salary earners account for 71% of those in employment. The branches employing the largest numbers are the chemical industries, followed by textiles, mechanical engineering and transport. There have been large rises in employment in the clothing, footwear and plastics sectors, while the number of jobs has fallen substantially in recent years in the textiles and furniture industries.

Unemployment is the highest of any region in Greece and is rising steadily. This is due not only to deindustrialization and the fall in private investment but also to the overconcentration of population in the region. The problem of unemployment mainly affects young people under 25, older workers and the less skilled and unskilled.

Number of pupils — 1990

	M + F 1 000	F %
Pre-school	38.3	49.6
Primary	284.7	48.5
Lower secondary	159.3	48.0
Higher secondary	105.0	54.6
Higher education	:	:
Total	:	:

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1989	1989	1989	1989	1983	1989	1983	1989
Men	9	78	14	69	:	2	:	13
Women	16	78	6	76	:	7	:	8
Total	11	78	11	71	:	4	:	11

Services first and foremost

The primary sector (agriculture, forestry and fisheries) is underdeveloped and accounts for barely 2% of regional GDP and 1.5% of employment.

Attica is the largest industrial centre in the country, and the secondary sector (manufacturing, energy and construction) contributes 28% of the region's GDP. The region's heavy industry (oil refining, shipbuilding, mechanical engineering, etc.) and light industry (tobacco-processing, textiles, etc.) account for over 50% of the industrial goods produced in Greece and employ 33% of the region's labour force.

The tertiary sector (transport, communications, distributive trades, banking and insurance) contributes 33% of regional GDP. Athens and Piraeus are the largest commercial centres in Greece, with large numbers of major foreign and Greek companies, both privately and publicly owned, and the largest retail establishments.

The other sectors (housing, public administration, health, education and other services), basically belonging to the public sector, contribute 37% of regional GDP. Growth in regional GDP is higher than the national average.

In 1989 average labour costs were higher than the national average in retail trade only.

In manufacturing, unit labour costs have been affected by the fall in productivity and have risen swiftly. In 1990 this increase was the highest recorded since 1984 and once again compares unfavourably with the average increase in the other countries of the EC.

The lowest earnings in manufacturing industry are in the clothing and footwear branches and the highest in the hydrocarbon and natural gas industries. The earnings of civil servants and employees in semi-public bodies and banks are regulated under the incomes policy.

Nature's revenge

The once beautiful landscape and the healthy climate of Attica have fallen victim to the uncontrolled development of the last few decades, which has seen one-third of the population of the country and most of its economic activity concentrated in the region.

The movement of population has damaged not just the environment but more particularly Athens itself, which has become one of the most polluted capitals of Europe. The pressure on housing in Athens has meant that the green 'lungs' of the city have been replaced by concrete, while in the rest of Attica the forests are being destroyed not only by unrestrained building activity but also by the fires which are such a frequent feature of the summer months.

The enormous number of cars, the narrow streets and the lack of parking facilities are creating major traffic problems. The vehicle exhaust fumes, factory chimneys and central heating plants are pouring out the chemical smog which has become a permanent feature of the sky over Athens. Despite the admission of each car into the centre of the city on alternate days only, the pollution levels frequently exceed the safety limits, and emergency measures have to be taken.

One particularly badly affected area is the Elevsina plain, where there is a large number of factories. Nothing in Elevsina (the ancient Eleusis) or around the Saronic gulf in general reminds one of former days, when this was one of the richest fishing grounds in Greece.

Attica's two national parks — Parnitha and Sounio — are protected areas.

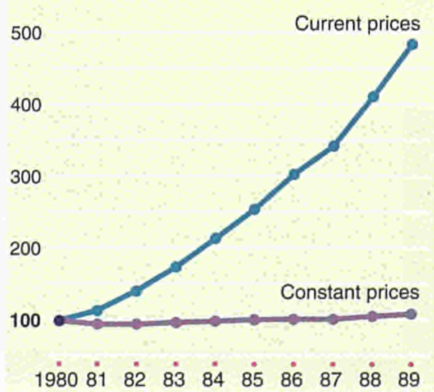
Agriculture

Number of holdings	:
Labour force	:
Agricultural area	100 000 ha
Livestock	56 000 LU
Gross value-added	:
Main products	
Poultry — eggs	23%
Vegetables	19%
Flowers	10%

Main enterprises

Name	Employees	Activity
Dimosia Epicheirisi Ilektrismou	31 000	Production and distribution of electricity
Organismos Tilepikoinonion Ellados AE	28 422	National telephone service
Agrotiki Trapeza Ellados	6 762	Banking and finance
Trapeza Pisteos AE	3 339	Banking and finance
Motor Oil (Ellas) Diylistiria Korinthou AE	1 200	Petroleum industry

GDP (1980 = 100)



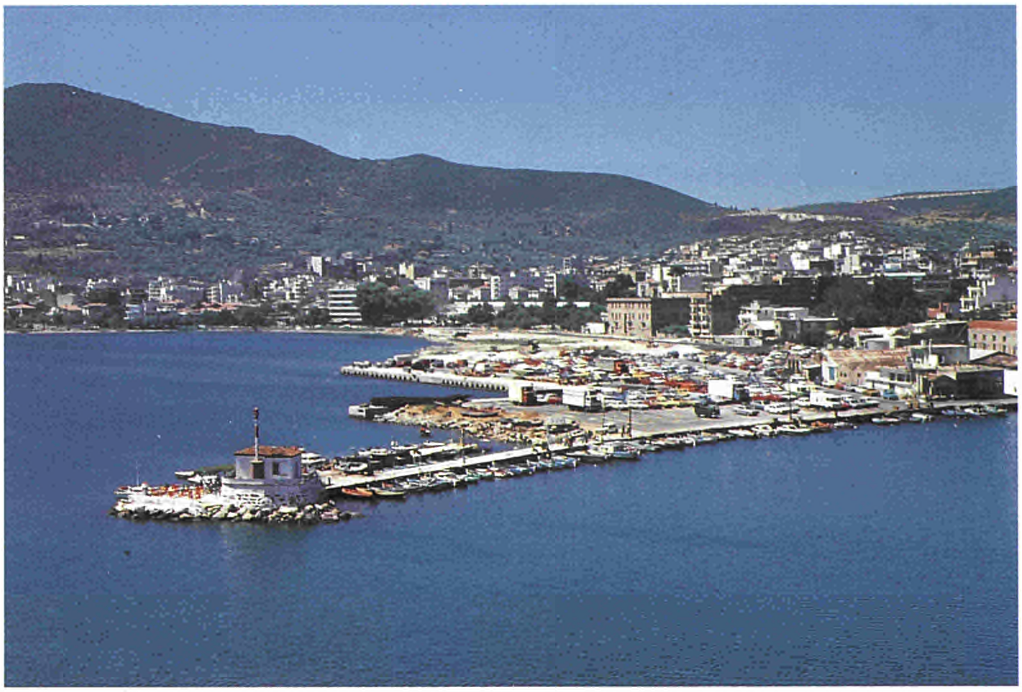
ELLADA

VOREIO AIGAIO

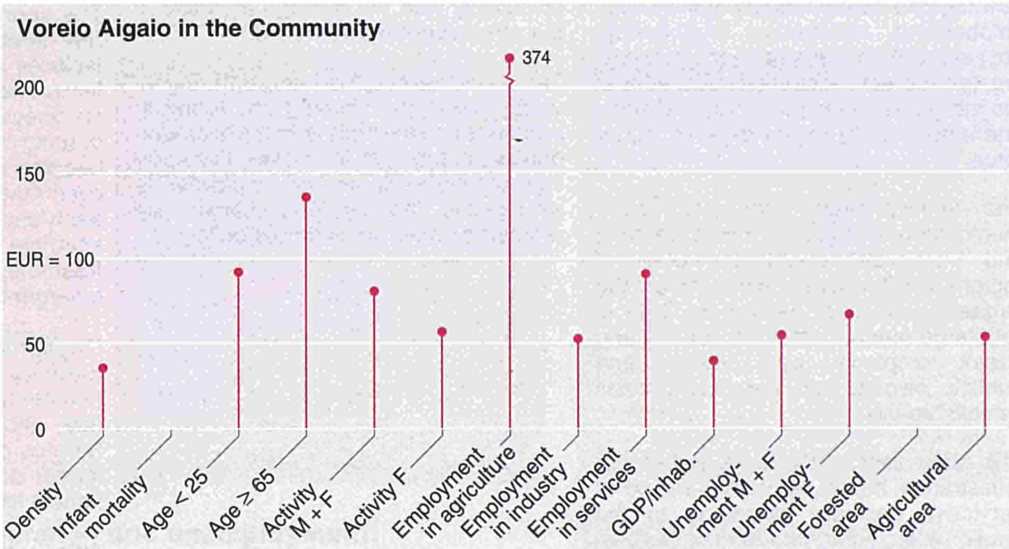
The Northern Aegean region is the home of the mathematician Pythagoras, of the poets Alcaeus and Sappho and — in modern times — of Adamantios Korais. It comprises the north-eastern part of the Aegean Sea, close to the shores of Asia Minor. The region consists of the *nomí* of Lesvos, Chios and Samos. The capital of the region is the town of Mitilini.

The islands are mountainous and any plains are small, the most important being on Lesvos. The climate is temperate, with mild winters and cool summers. This and the islands' scenic attractions constitute the basis for the ever-increasing amount of tourist traffic to the region.

The islands have shipping connections mainly with Piraeus and air services to Athens.



Mitilini, the capital of the Northern Aegean region, is also the seat of its university and the headquarters of the Ministry of the Aegean.



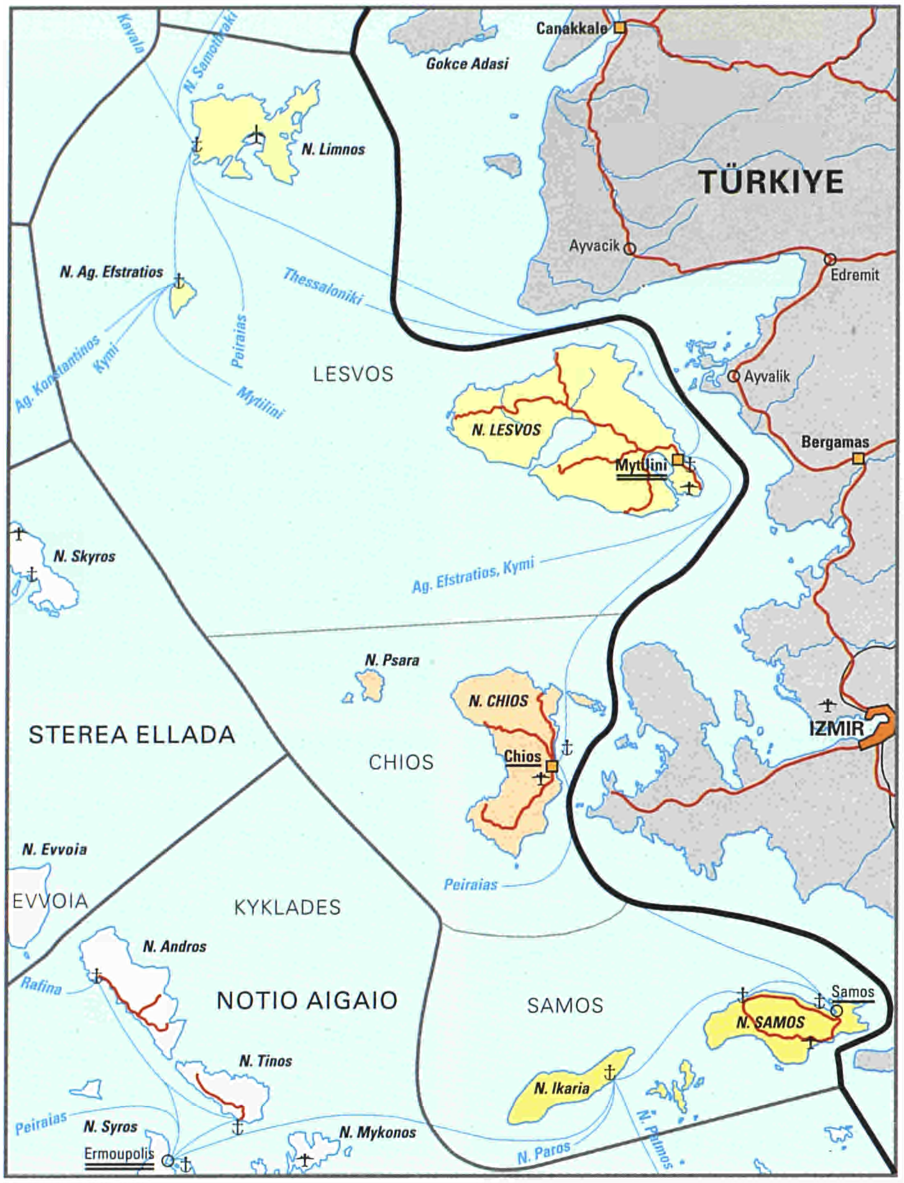
Development hampered by high transport costs

With its island structure, the region is characterized by a shortage of land, limited natural resources and particular communications problems.

It is linked to the mainland — and above all to Athens — by regular air services, but the bulk of traffic is by regular ferry services, although it is a long trip taking some 10 hours. Communications between the islands are not satisfactory and can be difficult, especially in winter. This creates problems in the shipment of goods to and from the region, and the high transport costs are a factor inhibiting development.

The primary sector has limited development potential. None the less, the region is one of Greece's leading producers of olives and the world's only source of mastic. It also has a strong nautical tradition. The islands' climate and natural beauty have favoured the development of tourism, attracting thousands of visitors every year.

VOREIO AIGAIO



Scale 1 : 2 000 000

Which EC regions are similar to the Northern Aegean region?

Area:
3 800 km²
Hainaut (B)
Attiki (GR)

Population:
200 000 inhabitants
± 50 inhabitants per km²
Luxembourg (B)
La Rioja (E)
Notio Aigaio (GR)

Active population:
25-30% in agriculture
50-55% in the services sector
Extremadura (E)
Açores (P)

Agriculture predominant on Lesvos and Samos, more urbanization on Chios

The *nomós* of Lesvos, consisting of the islands of Lesvos, Limnos and Agios Evstratios is mainly lowland and agriculture is well developed, together with industrial processing of agricultural products. Lesvos has the only urban centre in the region, Mitilini.

The *nomós* of Chios comprises the islands of Chios, Psara, Inouses and Antipsara. It is mountainous, with a small rural population, a high degree of urbanization, and the highest population density anywhere in the region.

The *nomós* of Samos consists of a group of three islands — Samos, Ikaria and Foúrni. It is an outlying area at the eastern extremity of the Central Aegean. The terrain is mountainous, with an abundance of water and extensive forests. Agricultural production is important and there has been major tourist development. Ikaria has important mineral water springs. A feature of the *nomós* is that it has no urban population but is divided into a large number of small settlement units, mainly in a rural environment.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Lesvos	2.2	104	48	−0.9	:	:	:	:	:	41
Samos	0.8	42	54	3.3	:	:	:	:	:	42
Chios	0.9	53	58	5.7	:	:	:	:	:	38
Voreio Aigaio	3.8	198	52	1.7	42	4.7	25	17	57	40
Ellada	132.0	10 264	78	5.4	49	7.0	25	26	49	54
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

VOREIO AIGAIO

An end to emigration

A serious problem for the region has long been the fall in population, although the trend seems to have been halted in the period 1981-91. Emigration has tailed off and there are signs of a return flow.

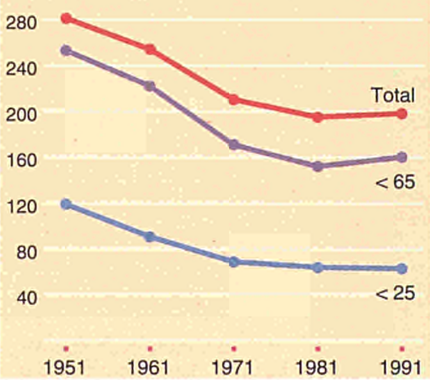
There is a clear ageing trend in the region, with the population under 25 falling from 42% in 1951 to 32% in 1991, while those over 65 increased from 10 to 19%.

There is a lack of dynamism in the region's labour market, since fewer and fewer young people are coming into the work-force. The population's level of education is below the national average, although there are no great differences between the levels for men and for women.

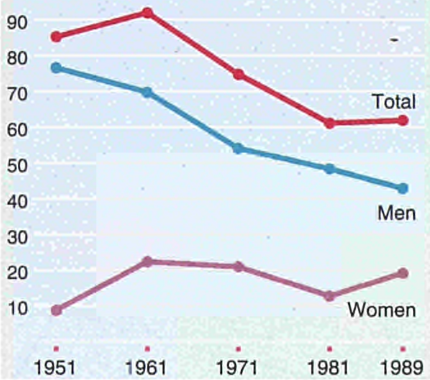
Population by age — 1989

	M + F 1 000	M + F %	M %	F %
< 15	37.7	19.8	20.5	19.0
15-24	23.0	12.0	12.9	11.3
25-39	35.3	18.5	18.0	19.0
40-54	33.5	17.5	18.0	17.0
55-64	24.4	13.0	13.0	13.0
≥ 65	36.7	19.2	17.6	20.7
Total	190.6	100.0	100.0	100.0

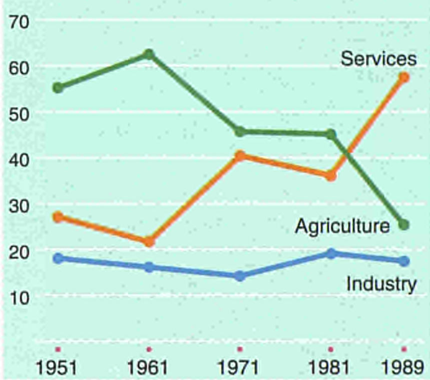
Population (1 000)



Employment (1 000)



Employment structure (%)



Tourism as the main employer

Whereas in 1951 there was 55% of the labour force working in agriculture and 27% in services, in 1989 the respective percentages were 25 and 58%. Employment in the secondary sector has remained stable at about 17%. The self-employed amount to 34% of the labour force, while the number of wage and salary earners is close to the national average (about 45%). Unemployment in the region is below the national average, but the figures do not represent the actual situation, given that neither the agricultural sector nor tourism provide full-time employment.

Unemployment among young people under 25, although it has fallen significantly, remains at the high levels which are typical nationally.

Number of pupils — 1990

	M + F 1 000	F %
Pre-school	2.8	49.8
Primary	14.9	48.7
Lower secondary	7.2	48.2
Higher secondary	3.7	56.3
Higher education	:	:
Total	:	:

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1989	1989	1989	1989	1983	1989	1983	1989
Men	11	69	20	49	:	10	:	17
Women	10	71	20	39	:	12	:	9
Total	11	70	20	45	:	11	:	15

Three-fifths of value-added generated by the services sector

It is the tertiary sector which is the backbone of the economy, generating 58% of value-added, while the primary and secondary sectors contribute 22 and 20% respectively. The low productivity of agriculture is due mainly to extensive farming methods, the lack of water resources and the fragmentation of holdings. Of the region's agricultural area, 60% is under permanent crops, particularly olives, and 23% under arable crops, particularly barley.

Manufacturing activity is mainly in small units with old equipment at cottage or craft industry level which depend mainly on products from the primary sector. The main branches of manufacturing in the region are food and drink, tanning, clothing and textiles. There has been rapid expansion in the tertiary sector.

The lowest wages are found in retail trade and the highest in the electricity and gas sector and in salt works. Women in manufacturing earn 74% of the wages of men, while in retail trade they are better paid, with 78% of the wages of their male colleagues. Government employees are among the best paid in the region, as there is a high proportion of well-paid army personnel on account of the area's frontier position.

'Floating gardens' with traditional villages

A 'floating garden' is how the writer Stratis Mirivilis described his home island of Lesvos, and this description also applies to the other islands of the Northern Aegean region. Lesvos with its luxuriant olive groves, Chios with its mastic trees, Samos with its vineyards, together with the other smaller islands are treasure houses of folk tradition and their environment is often still intact.

A major feature of the islands is the traditional villages, which have been declared conservation areas. The best examples are Mithimna and Molivos on Lesvos and Pirgi, Mesta and Anavatos on Chios.

At Sigri on Lesvos there is the famous petrified forest, which has been declared a protected natural monument. It consists of tree trunks which were covered by volcanic material a million years ago. There are similar petrified remains nearby on the little island of Nisiopi and in the surrounding sea.

The islands have unpolluted seas and beaches. Environmental problems arise mainly in the enclosed bays of Gera and Kalloni, where waste is discharged from canneries and other industries.

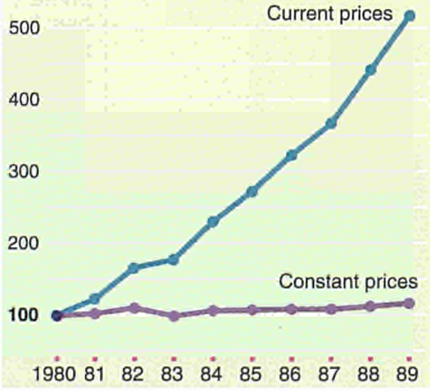
Agriculture

Number of holdings	:
Labour force	:
Agricultural area	116 000 ha
Livestock	58 000 LU
Gross value-added	:
Main products	
Olives	31%
Milk	14%
Sheep and goats	12%

Main enterprises

Name	Employees	Activity
Naftiliaki Etairia Lesvou AE	325	Water transport
Sourlangas EN. AE Viomichania Dermatos	250	Processing of hides and skins
Peiraiki-Patraiki Klostirio Samou AE	198	Textile industry

GDP (1980 = 100)



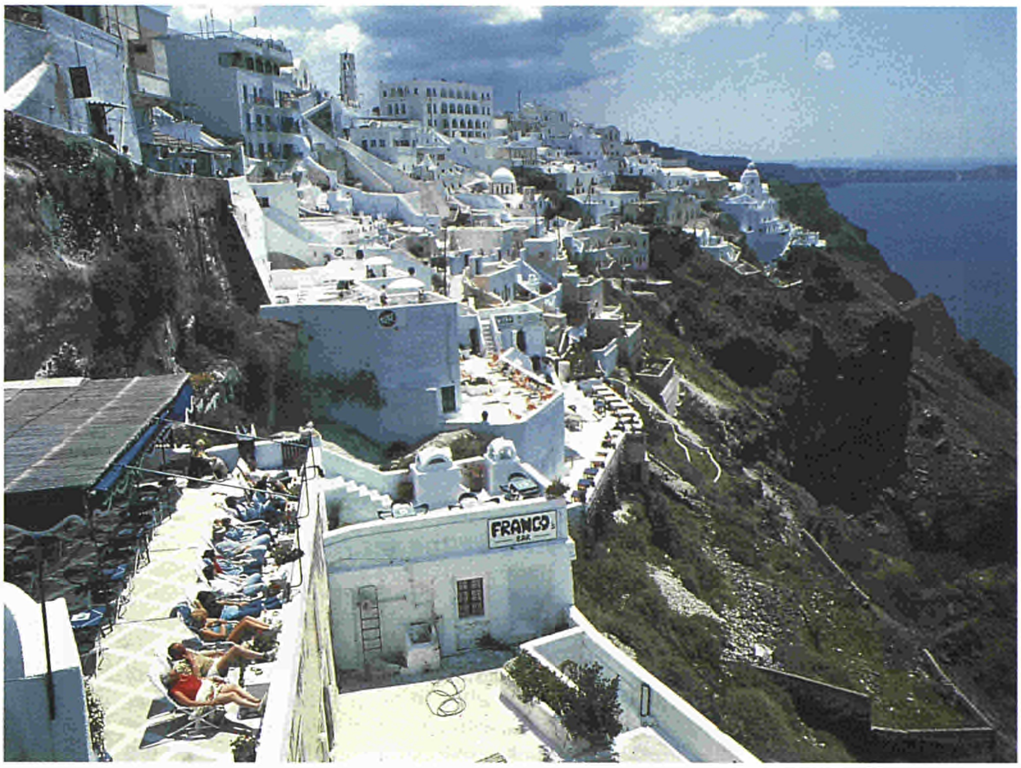
ELLADA

NOTIO AIGAIO

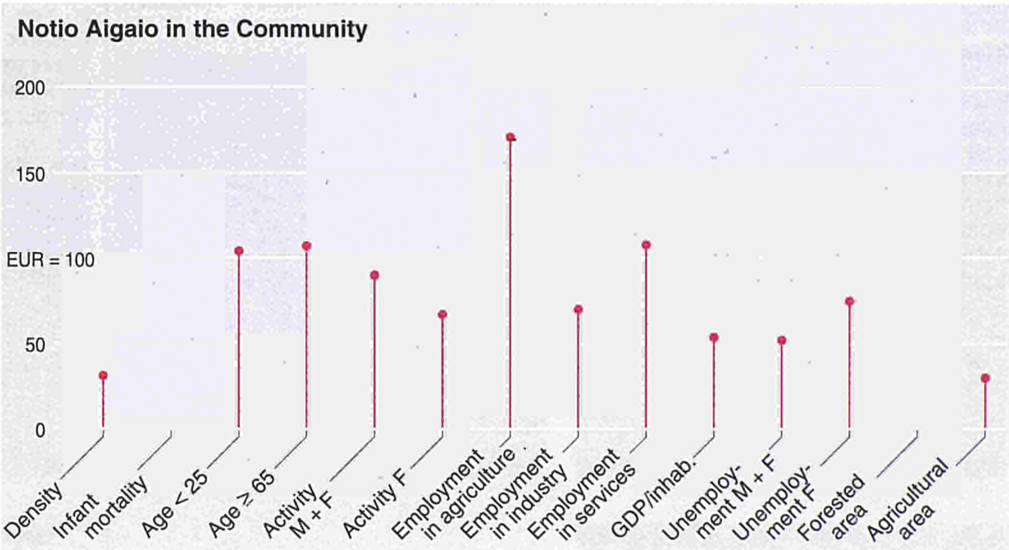
The Southern Aegean region comprises a group of about 35 large islands and a multitude of uninhabited rocky islets. The islands of the *nomós* of the Cyclades are situated in the heart of the Aegean Sea, in an imaginary circle around Delos, the sacred centre and sanctuary of Apollo. They are mountainous, wooded islands with very little arable land. Some of the best known of them are Mikonos, Paros and Santorini.

At the south-eastern end of the Aegean there are the islands of the *nomós* of the Dodecanese, which are thought to be the summits of the mountains of Aegeis, the land which was a continuation of Asia Minor and sank hundreds of thousands of years ago. This *nomós* includes the islands of Rhodes, Patmos and Kos.

The capital of the Southern Aegean is Ermoupoli on the island of Siros in the *nomós* of the Cyclades. The climate is one of the healthiest in the Mediterranean, with mild winters, cool summers and high sunshine totals.



Santorini is one of the main tourist centres in the Southern Aegean region.



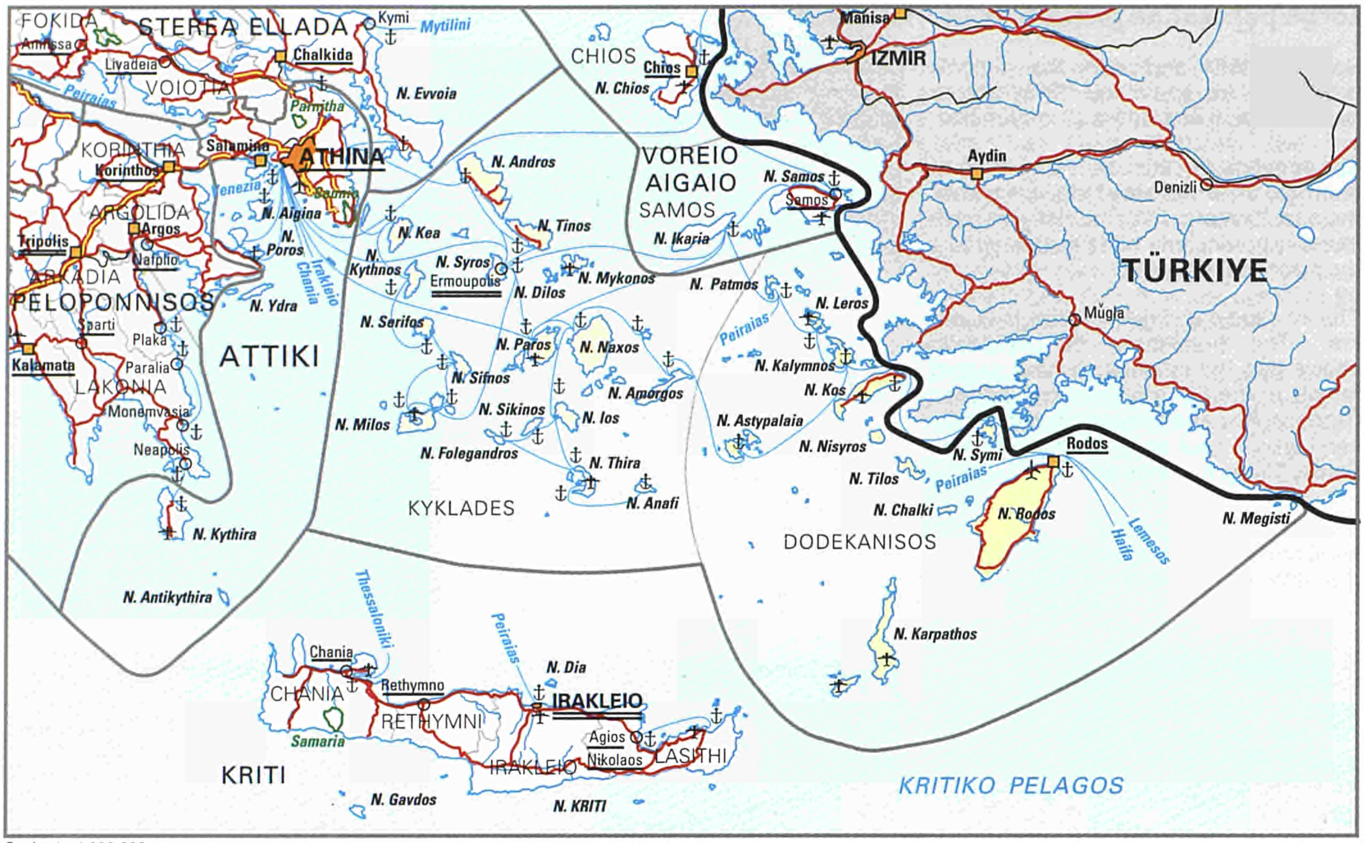
Tourism: the motor of development

The region's economy is based mainly on tourism. Rhodes is the largest tourist centre in the eastern Mediterranean. Other well-known resorts are Mikonos, Paros, Santorini, Kos and Patmos. The upsurge in tourism has led to the decline and gradual abandonment of the primary and secondary sectors, which in turn has led to the depopulation of many of the region's islands.

The primary sector is faced with structural problems due to the fact that what little farmland there is on the islands is fragmented and inadequately irrigated.

The region possesses — especially in the Cyclades — some of the richest fishing grounds in Greece. There is a strong development in the extractive industries, with the Cyclades leading in the production of emery, Santorin earth, kaolin, bentonite and talc. Marble from Paros, Naxos and Tinos is also well known.

Trade in the region has expanded considerably as a result not only of the high level of tourist activity but also of the favourable customs tariffs applying in the Dodecanese.



Scale 1 : 4 000 000

Which EC regions are similar to the Southern Aegean region?

Area:
5 300 km²
- Cantabria (E)
- Düsseldorf (D)
- Friesland (NL)

Population:
200 000 inhabitants
± 50 inhabitants per km²
- Luxembourg (B)
- La Rioja (E)
- Voreio Aigaio (GR)

Different levels of development

The economy of the *nomós* of the Dodecanese is based mainly on tourism and trade. Rhodes is the main economic and social centre, the other islands acting only as satellites.

In the Dodecanese the islands are a long way both from each other and from the centre (Piraeus), while in the Cyclades the islands are closer together and not so far from the centre. Naxos is the largest and most fertile island in the *nomós.* The economy of the Cyclades is based on farming, the extractive industries and tourism. Ermoupoli, the traditional trading and shipping centre, has lost its former splendour and is now overshadowed by Athens.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Dodekanisos	2.7	162	60	12.0	:	:	:	:	:	55
Kyklades	2.6	100	39	13.1	:	:	:	:	:	52
Notio Aigaio	5.3	263	50	12.4	47	4.7	9	27	64	54
Ellada	132.0	10 264	78	5.4	49	7.0	25	26	49	54
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

NOTIO AIGAIO

Large population increase in tourist areas

Between 1981 and 1991 the region's population increased by 12%, but in tourist areas it soared by 50% or more.

The population of the non-tourist areas of the region has remained stationary over the past 10 years. The small islands have found it particularly difficult to maintain their population levels.

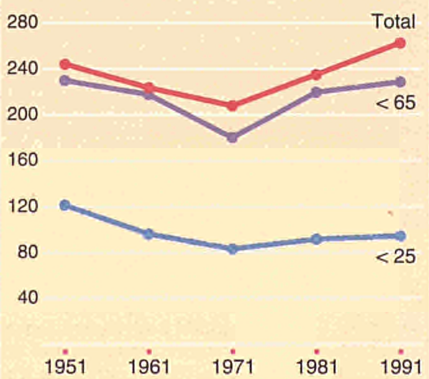
The average population density is 50 per km². The breakdown of population shows that the inhabitants have settled mainly in the three large urban centres (Rhodes, Kos and Ermoupoli) and the six semi-urban centres (Kalimnos, Naxos, Paros, Tinos, Mikonos and Thira).

The level of education of the labour force is below the national average, but the tourism training colleges in Rhodes are helping to raise the quality. They supply trained staff not only to the region itself but also to many tourist areas all over Greece.

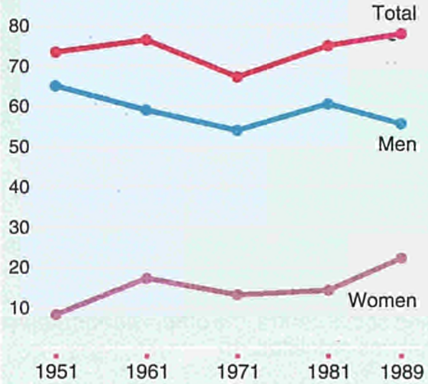
Population by age — 1989

	M + F 1 000	M + F %	M %	F %
< 15	53.0	22.9	24.5	21.4
15-24	29.7	12.9	12.2	13.5
25-39	44.1	19.1	18.7	19.5
40-54	43.5	18.9	19.0	18.8
55-64	25.4	11.0	11.0	11.0
≥ 65	34.9	15.2	14.6	15.8
Total	230.6	100.0	100.0	100.0

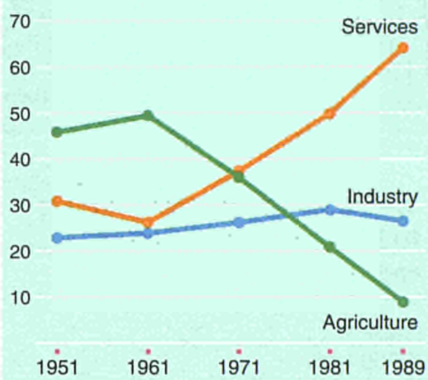
Population (1 000)



Employment (1 000)



Employment structure (%)



Two-thirds of the working population employed in services

In the 1960s the region was predominantly agricultural. In the 1970s, with the expansion of tourism, there was a steep fall in the level of employment in the primary sector, accompanied by a small increase in the secondary sector and a sharp rise in the tertiary sector. Today just under two-thirds of the working population are employed in the services sector, most of them in tourism.

The region's unemployment rate is one of the lowest in Greece. However, this does not reflect the actual situation, since employment in tourism is not stable owing to seasonal fluctuations. Unemployment in the under-25 age group has increased considerably, while the unemployment rate for women has fallen.

Number of pupils — 1990

	M + F 1 000	F %
Pre-school	4.0	47.8
Primary	22.9	48.6
Lower secondary	10.9	48.6
Higher secondary	5.3	58.2
Higher education	:	:
Total	:	:

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Em-ployees	Employees: part-time		Employees: full-time, temporary contract	
	1989	1989	1989	1989	1983	1989	1983	1989
Men	12	72	16	58	:	2	:	14
Women	13	77	10	62	:	4	:	8
Total	12	74	14	59	:	2	:	12

A dynamic tourist industry

The region's agricultural sector plays a relatively minor part. The main crops in terms of area are grain cereals, permanent crops, fodder crops and vines.

Rhodes is the only island with significant industrial production, while in the Cyclades there is considerable mining activity. Manufacturing in the region includes tourism-related activities such as ceramics, pottery, carpet-making, etc., the food, drink and clothing sectors, and the processing of agricultural products.

It is the tertiary sector (particularly tourism and the distributive trades) which is vigorous and constantly expanding. Tourism contributes millions of dollars a year to the economy, and provides employment for thousands of people.

The lowest wages are to be found in the electrical goods branch of manufacturing and in retail trade, while the highest are in the transport branch. Women working in manufacturing earn 30% less than their male colleagues, while in retail trade the difference is considerably less.

Because of the region's frontier situation, highly paid military personnel make up a large proportion of the civil servants and push up labour costs in the tertiary sector.

An archipelago of many faces

A grey, arid landscape, usually plunging from a great height deep into the blue sea and flattening out only down in the bays with their sandy beaches. The grey monotony is broken by small olive groves, vineyards and gardens with fig trees. Dazzling white houses, a multitude of churches large and small, and windmills perched in even the most unlikely niches in the rocks. This, in a few words, is the picture of a typical Greek island.

A typical island in the Cyclades has its harbour and, on a hill some way inland, its *chora* or main town, with its characteristic Aegean architecture and its ancient fortress.

The main centre of a typical Dodecanese island is the harbour, with its old captains' houses bearing witness to the prosperity of bygone ages.

Soil erosion, overgrazing, forest fires on the larger wooded islands (Rhodes and Karpathos), overfishing and uncoordinated development are the main environmental problems of the islands. The terraces with dry-stone walls built by the inhabitants all over the hillsides to obtain cultivable land have been abandoned, with the result that the walls collapse and the topsoil is washed away by the rain. In addition, the vegetation is being destroyed as a result of the large number of free-ranging sheep and goats and the abandonment of pastures.

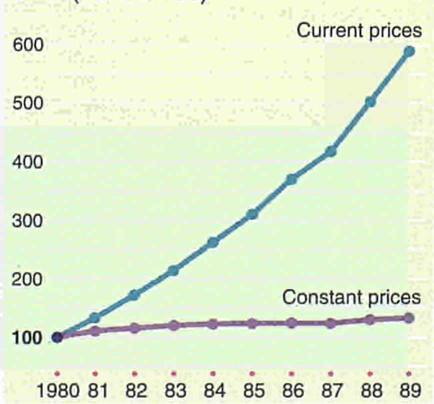
Agriculture

Number of holdings	:
Labour force	:
Agricultural area	89 000 ha
Livestock	81 000 LU
Gross value-added	:
Main products	
Vegetables	13%
Sheep and goats	13%
Milk	13%

Main enterprises

Name	Employees	Activity
Rodiaki Potopoiia AE	67	Manufacture of beverages
Rodoil Elliniki AE Petrelaiou & Ygraeriou	50	Sale of liquid and gaseous fuels
Dodekanisiaki ANE	46	Water transport

GDP (1980 = 100)



ELLADA

KRITI

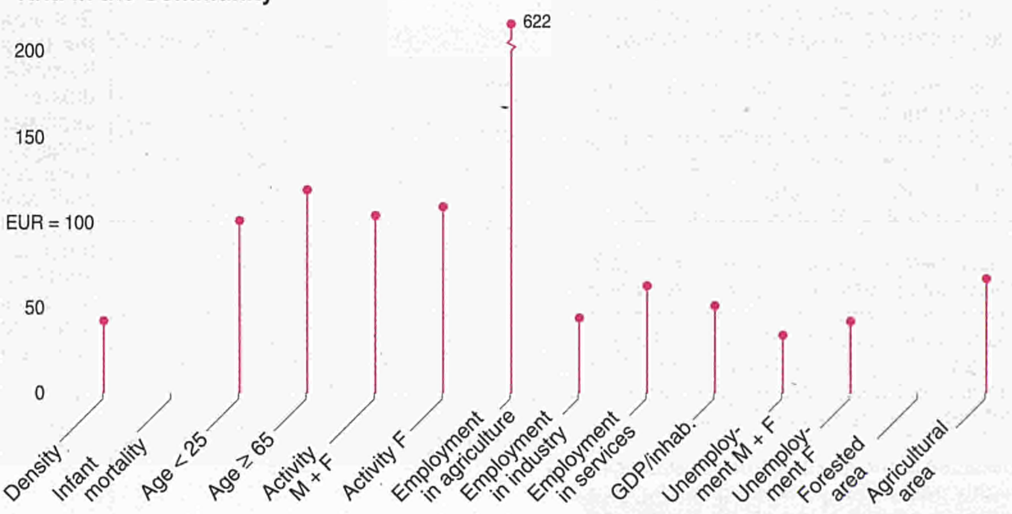
Crete, the land of Zeus, is the southernmost point in Europe and the fifth largest island in the Mediterranean, covering an area of 8 261 km². It comprises the *nomi* of Iraklio, Chania, Lassithi and Rethimni, and the regional capital is Iraklio.

Crete is one of Greece's mountainous regions, and the variety of its landscape lends it a unique beauty. The coastal regions consist of indented shorelines and beaches, whilst the interior is divided from west to east by the ranges of the Psiloritis, the White mountains and Dikti, through which run the famous gorges of Samaria, Nimbros and the Kourtaliotiko. The natural environment, combined with the unique monuments of the Minoan civilization (the palaces of Knossos, Festos and Zakros) and the climate, have contributed to the boom in tourism and the development of Crete.

The main characteristics of the Cretan people are their deep love of their island, their love of freedom, a deeply-rooted sense of honour and their observance of tradition. These characteristics, combined with the Cretan dialect, set the island apart from the rest of Greece.

Chania is one of the centres of the rapid development of tourism that Crete has seen in recent years.

Kriti in the Community



A high-quality environment: the island's strength

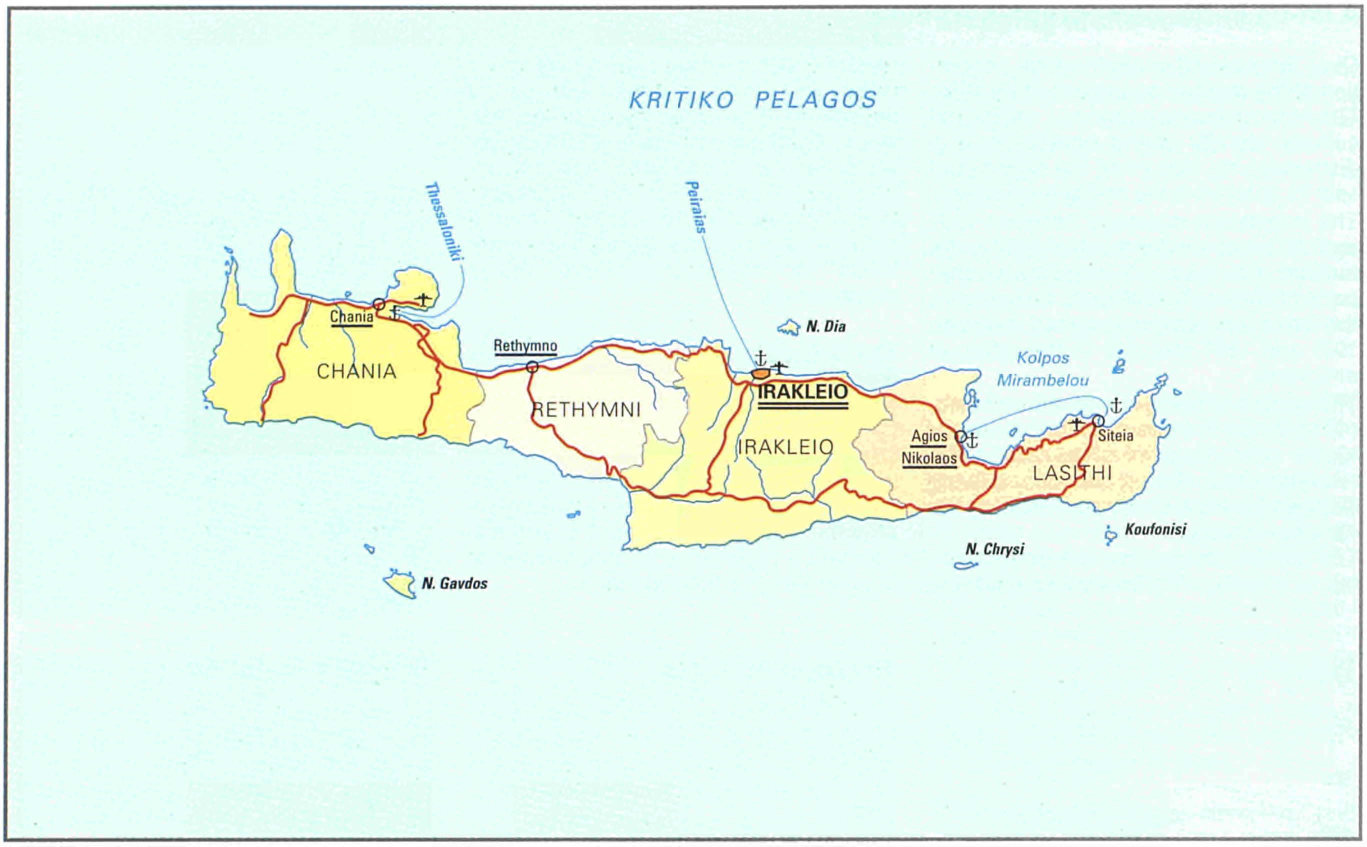
The island's battles for independence, union with Greece and the Cretan people's passionate nature and love of their island have created a basic cohesion which is one of the main factors in the region's development.

Local associations of agricultural cooperatives and producers have been particularly active, and competitive factories for the processing and packaging of agricultural produce have been set up. Furthermore, the climate of Crete favours the cultivation of out-of-season crops throughout the year, making the region the country's chief supplier of early fruit and vegetables, avocados and grapefruit.

Even so, agricultural output is low due to the low proportion of irrigated land, legislation that allows the fragmentation of holdings and poor transport and marketing facilities.

Crete now has daily ferryboat connections to mainland Greece and to the surrounding islands during the summer months. The development of maritime transport, the existence of two airports, the establishment of an adequate communications network and Crete's natural beauty and history have all contributed to the tourist boom, with Crete now accounting for 22% of the total number of hotels in Greece and 28% of the hotel beds.

The absence of an industrial tradition and the geographical position of Crete have hampered the development of industry; the small number of industrial activities pursued are craft and family ventures with low productivity.



Scale 1 : 2 000 000

Which EC regions are similar to Crete?

Area:
8 300 km²
North Yorkshire (UK)
Kassel (D)
Alsace (F)

Population:
0.5 million inhabitants
Trier (D)
Cumbria (UK)

Density:
50 inhabitants per km²
Ireland
Luxembourg (B)

Employment:
45-50% in agriculture
Dytiki Ellada (GR)

Two rival cities

The development of tourism and agriculture have had a major impact on regional contrasts. The high-growth areas have thus developed more, whilst the problems of the disadvantaged areas have been compounded. The development of Crete has been concentrated in the north, where the region's main urban centres are situated, particularly around the cities of Chania and Iraklio, which are in constant economic, social and cultural rivalry.

Trade in agricultural products is handled exclusively via the northern ports and airports, which are Crete's sole transit centres. In addition, the two main conurbations account for all secondary-sector production, with the region's industrial and craft activity wholly concentrated in the industrial zones which have grown up around Iraklio and Chania. As a result, urban utilities and social services (e.g. hospitals, universities, communications) are more highly developed than in the more sparsely populated south of the island.

Climatological differences between the north and the south have contributed to the diversity of crops, with tropical vegetation thriving in the south whilst grapes and olives are grown in the plains of the interior and in the north. The plains also differ from the region's mountainous areas in respect of employment patterns and the quality of life. The mountainous areas are oriented more towards stock rearing, and the level of development is exceptionally low.

	Area	Population			Activity	Unempl.	Employment			GDP/inhab.
	1 000 km²	1 000	Inhab./km²	Change (%)	%	%	% Agricult.	% Industry	% Services	EUR (PPS) = 100
		1991	1991	1981-91	1990	1990	1989	1989	1989	1989
Irakleio	2.6	264	100	8.3	:	:	:	:	:	53
Lasithi	1.8	71	39	1.0	:	:	:	:	:	55
Rethymno	1.5	69	46	10.6	:	:	:	:	:	49
Chania	2.4	133	56	5.7	:	:	:	:	:	51
Kriti	8.3	537	64	6.9	57	2.5	:	:	:	52
Ellada	132.0	10 264	78	5.4	49	7.0	25	26	49	54
EUR 12	2 253.7	327 931	146	3.2	54	8.3	7	33	60	100

A let-up in the demographic problem

Over the past 40 years the total population of the region has increased by 16%. The homogeneous economic, social and cultural identity of the population is a distinguishing feature of the region and sets its apart from the rest of the country.

The population decrease between 1961 and 1971 was not the result of a fall in the number of births but of migration to other parts of Greece and abroad. Conversely, the rapid population increase between 1971 and 1991 was due to the return of emigrants.

The surplus of births over deaths has led, over the past few years, to a substantially higher percentage of under-25s in the total population than of over-65s, with the average life expectancy approaching the national average.

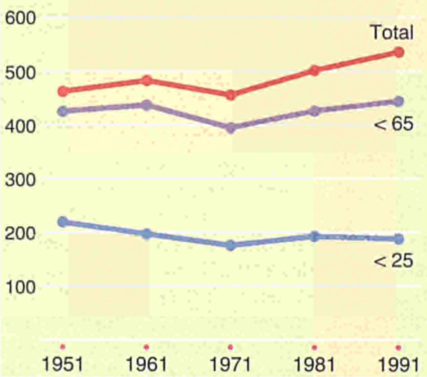
The population increase has boosted the labour supply, while improvements in the level of education have been an important factor in the economic and social development recorded over the last few years. Graduates of institutes of higher education or universities account for 9.3% of the labour force, with slightly different figures for the two sexes. This difference is more pronounced at other levels of education, where males predominate.

The University of Crete does not provide the region with skilled labour, as the students come from all parts of the country and leave after completing their studies. The breakdown of enrolment by level of education shows a tendency for men to move into productive employment after the nine years of compulsory education and a preference among women to continue into further education.

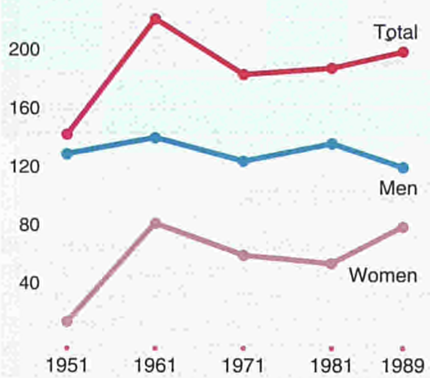
Population by age — 1989

	M + F 1 000	M + F %	M %	F %
< 15	97.9	21.7	22.4	21.1
15-24	60.6	13.5	13.5	13.5
25-39	77.3	17.2	16.8	17.5
40-54	82.1	18.2	18.4	18.1
55-64	56.0	12.5	13.1	11.8
≥ 65	76.2	16.9	15.8	18.0
Total	450.1	100.0	100.0	100.0

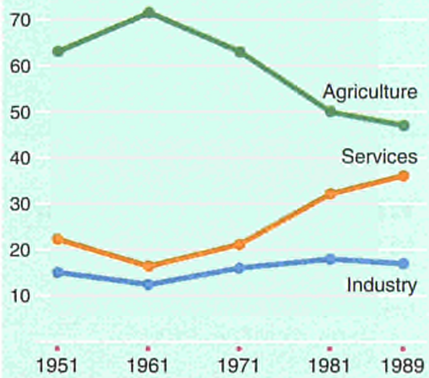
Population (1 000)



Employment (1 000)



Employment structure (%)



Low unemployment thanks to the continued strength of the agricultural sector

The agricultural sector is still the island's main employer, despite the fact that it has lost some 40% of its work-force over the past 30 years. Its 47.4% share in the region's employment is well above the national average. The downward trend seems to have slowed appreciably during the past decade. The industrial sector still plays a secondary role due to the lack of a manufacturing tradition, while employment in the market and non-market services sector has doubled within the space of 30 years.

Low unemployment is one of the main strengths of the Cretan economy. A mere 2.5% of the active population was registered as unemployed in 1990, and even for women and young people the rate is lower than both the national and European averages. Unemployment in the 40-plus age group is virtually non-existent due to the availability of jobs in agriculture.

Number of pupils — 1990

	M + F 1 000	F %
Pre-school	8.7	48.6
Primary	47.4	48.4
Lower secondary	24.3	47.9
Higher secondary	11.6	58.6
Higher education	:	:
Total	:	:

Characteristics of resident employment (%)

	< 25 years	25-54 years	≥ 55 years	Employees	Employees: part-time		Employees: full-time, temporary contract	
	1989	1989	1989	1989	1983	1989	1983	1989
Men	12	62	26	38	:	2	:	21
Women	10	62	29	27	:	4	:	14
Total	11	62	27	34	:	2	:	19

Balanced growth in agriculture and tourism

In contrast to other island regions in Greece, there is still a healthy balance between growth in the primary and tertiary sectors, even if investment is currently geared more towards tourism.

Although the tertiary sector's share in regional GDP has risen steadily over the past 20 years due to the development of tourism, the primary sector still plays a particularly important part in the island's economy. This is due to specialization in dynamic crops such as early fruit and vegetables and the adoption of high-yield production processes (especially sheep and goat rearing) despite the lack of modernization. Contrary to popular belief, fishing is not a major activity and employs less than 1% of the active population.

Industry plays a minor part in the island's economy. The only branch of any significance is agri-foodstuffs, which accounts for 25% of industrial employment but nevertheless fails to take full advantage of agricultural potential. The economic importance of the construction sector, which has profited from urbanization and the boom in tourism, is comparable to that of manufacturing industry.

Tourism is the second mainstay of Crete's economy. This is borne out by the sevenfold increase in the number of hotel beds between 1975 (11 456) and 1990 (77 678). Although the economic impact of tourism is difficult to pin down, it influences, directly or indirectly, all sectors of the economy, especially services.

Stepping-stone to Africa

The flora of Crete represents a transitional stage between Europe and Africa. For example, Europe's only self-sown palm grove is found in Vai in Crete. It is protected as an area of outstanding natural beauty.

One of the most notable features of Crete are the celebrated gorges that cleave its mountains. The Samaria, Nimbros and Kourtaliotiko gorges are amongst the best known.

The Samaria gorge is 18 km long and between 3 and 300 m wide. From early May until late October thousands of visitors walk through the gorge to enjoy its beauty. In 1962 it was declared a national park in order to protect the plants, birds and animals that live there, and above all to create a haven for the Cretan ibex, a type of wild goat whose sole natural habitat is there and which is endangered by illegal hunting. Ibex have also been introduced on the Cretan islet of Dia. In 1980 the Samaria gorge was awarded a prize by the Council of Europe as one of the continent's most beautiful areas.

In addition to the Idaean cave, the Cretan mountains have numerous other caves and are home to a number of rare wild flowers and birds of prey. The island of Gaidouronisi, which also belongs to the region of Crete, contains Greece's only cedar forest.

Agriculture

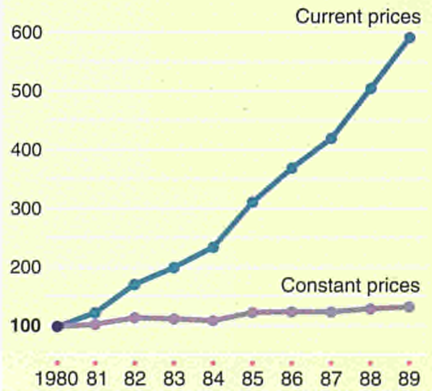
Number of holdings	98 410
Labour force	83 829 AWU
Agricultural area	316 000 ha
Livestock	206 000 LU
Gross value-added	8 595 ECU/AWU

Main products	
Olives	27%
Fruits — citrus	26%
Vegetables	16%

Main enterprises

Name	Employees	Activity
Minoikai Grammai ANE	1 000	Water transport
Naftiliaki Etairia Kritis AE	430	Water transport
Paschalis AE Paragogi Eisagogi Agrotikon Proionton	366	Food products
Plastika Kritis AE	150	Manufacture of plastics
Kylindromyloi Kritis AE	147	Food products

GDP (1980 = 100)



Explanatory notes — Greece

The statistical data presented here have been compiled by either the national statistical institutes themselves or in collaboration with Eurostat. Despite the efforts which have been made, the comparability of the data between regions in different Member States cannot always be guaranteed.

In addition, the date at which the data were sent varied between Member States, so that the Community totals may not always correspond exactly with the sum of the national totals.

Graph: The region in the Community

Source: Eurostat — Regional databank, Regio

Reference period: 1988 (1989 for GDP)

Definitions:

– Infant mortality: Ratio of deaths before the age of one to live births.

– Activity rates: The activity rate is the ratio between the active population (labour force) and the population of more than 14 years. These data are based on the Community labour force sample survey.

– Employment: Employment structure by sector of activity is measured at the place of residence.

– Gross domestic product: The GDPs are converted to purchasing power standards (PPS) and related to average population.

– Unemployment rates: The unemployment rate is the ratio between the number of unemployed and the labour force.

In accordance with International Labour Organization recommendations,

– the unemployed are those persons who have no job, are looking for a job, have made serious efforts towards finding one and are immediately available for work;

– the labour force includes those persons who have a job and the unemployed.

Unit: The indicators are expressed as indices related to the Community average (this excludes the five new *Länder* of Germany and the French overseas departments).

Table: The subregions

Unemployment rates

Source: Eurostat — Regio

Definition: See above

GDP per inhabitant

Source: Eurostat — Regio

Definition: See above

Graphs and tables: Population

The data are taken from the population censuses of 1951, 1961, 1971, 1981 and 1991.

Graphs: Employment — Employment structure

Source: Population censuses

Table: Characteristics of resident employment

Source: Community labour force sample survey

Definitions:

– Employees are defined as persons who work for a public or private employer and who receive compensation; non-conscript members of the armed forces are also included.

– The distinction between full-time and part-time work is generally made on the basis of a spontaneous answer given by the person interviewed.

– A job is regarded as temporary if the termination of the job is determined by objective conditions such as reaching a certain date, completion of an assignment or the return of an employee who has been temporarily replaced.

Graph: GDP (1980 = 100)

Source: Eurostat — Regio

Statistical note: Regional GDPs at current prices were deflated using the national GDP deflator.

Table: Agriculture

Sources: Survey on structure of agricultural holdings, 1987
Regional accounts for agriculture, 1987
Livestock surveys, 1989

Table: Main enterprises

Source: ICAP

ıomenclature of territorial units for :ics (NUTS) was established by the tical Office of the European Com- ies, in cooperation with the Com- ɔn's other departments, so as to ɟe a single, uniform breakdown of ırial units for the production of nunity regional statistics.

The present NUTS nomenclature subdivides the economic territory of the European Community into 71 regions at NUTS 1, 183 at NUTS 2 and 1 044 at NUTS 3.

ƖUTS levels and national administrative divisions

NUTS 2		NUTS 3	
Provinces	9	Arrondissements	43
—	1	Amter	15
Regierungsbezirke	40	Kreise	543
Development regions	13	Nomoi	51
Comunidades autónomas	17	Provincias	50
+ Ceuta y Melilla	1	+ Ceuta y Melilla	2
Régions	22	Départements	96
+ DOM	4	+ DOM	4
—	1	Planning regions	9
Regioni	20	Provincie	95
—	1	—	1
Provincies	12	COROP — Regio's	40
Comissões de coordenação regional	5	Grupos de Concelhos	30
+ Regiões autónomas	2		
Groups of counties	35	Counties/Local authority regions	65
	183		1 044

1987	1988	1989	1990	1991
		ECU 1 =		
43.0392	43.4284	43.3806	42.4252	42.2232
7.88413	7.95152	8.04928	7.85644	7.90852
2.07159	2.07439	2.07015	2.05211	2.05076
156.2203	167.5755	178.8404	201.4120	225.216
142.1915	137.6007	130.4058	129.3156	128.468
6.92848	7.03643	7.02387	6.91416	6.97333
0.775443	0.775671	0.776818	0.767769	0.767808
1494.708	1537.333	1510.469	1521.941	1533.23
43.0392	43.4284	43.3806	42.4252	42.2232
2.33428	2.33478	2.33526	2.31214	2.31097
162.5810	170.0592	173.4131	181.1076	178.614
0.704679	0.664434	0.673302	0.713856	0.701012

Symbols and abbreviations

–	None
0	Less than half of the unit used
∅	Average
≥	Greater than or equal
<	Less than
:	Not available
GDP	Gross domestic product
PPS	Purchasing power standard
M	Male
F	Female
AWU	Annual work unit
LU	Livestock unit
inhab.	Inhabitant
km	Kilometre
ha	Hectare
SK	'Stadtkreis' — see explanatory note for Germany
LK	'Landkreis' — see explanatory note for Germany

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