

Contract n° 2008.CE.16.0.AT.020 concerning the ex post  
evaluation of cohesion policy programmes 2000-2006 co-  
financed by the European Fund for Regional Development  
(Objective 1 and 2)

Work package 4  
“Structural Change and Globalisation”

## ANNEXES TO INCEPTION REPORT

Prepared for: European Commission  
Directorate General Regional Policy  
Policy development

Milan, November 27, 2008

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## Annex A Selected Regional Indicators

| INDICATOR  | UNIT              | DESCRIPTION  | Typology | YEARS AVAILABLE | NUTS LEVEL AVAILABLE | 2-digit NACE AVAILABILITY | SOURCE              | NOTES   |
|--|-------------------|--|----------|-----------------|----------------------|---------------------------|---------------------|---|
| Area of the region                               | km2               | Surface  | D        | 1990-2006       | 0,1, 2,3             |                           | EUROSTAT            |   |
| Crude rate of net migration                      | %                 | It is equal to the difference between the crude rate of increase and the crude rate of natural increase (that is, net migration is considered as the part of population change not attributable to births and deaths). | D        | 1990-2006       | 0,1,2,3              |                           | EUROSTAT            | Missing years   |
| Rate of dependency                               | %                 | Total population / population 25-64  | D        | 1990-2006       | 0,1,2,3              |                           | EUROSTAT            |   |
| Internal mobility by region                      | %                 | Immigration + emigration inside the country/population for 1000 inhabitants  | D        | 1996-1999       | 0,1,2                |                           | ESPON Project 1.1.4 |   |
| Migratory balance                                | %                 |  | D        | 1996-1999       | 0,1,2                |                           | ESPON Project 1.1.4 |   |
| Mobility by region relative to national mobility | %                 | Mobility of the region / average mobility of the country   | D        | 1996-1999       | 0,1,2                |                           | ESPON Project 1.1.4 |   |
| Population                                       | Thousands         | Annual average   | D        | 1990-2006       | 0,1,2,3              |                           | EUROSTAT            | Missing regions   |
| Population density                               | Thousands per km2 | Annual average population / Surface  | D        | 1990-2006       | 0,1,2,3              |                           | EUROSTAT            | Missing regions   |
| Gross Domestic Product                           | Millions of PPP   |  | E        | 1995-2005       | 0,1,2,3              |                           | EUROSTAT            | National GDP according to the ESA95 is broken down in accordance with the regional distribution of gross value added at basic |

|                                    |                  |   |   |           |         |     |                     |                           |
|------------------------------------|------------------|---|---|-----------|---------|-----|---------------------|---------------------------|
|                                    |                  |   |   |           |         |     |                     | prices.                   |
| Gross Domestic Product per capita  | PPP              | Gross Domestic Product per inhabitant   | E | 1995-2005 | 0,1,2,3 |     | EUROSTAT            |                           |
| Gross Value Added                  | Millions of Euro | GVA generated by all economic sectors   | E | 1995-2005 | 0,1,2,3 |     | EUROSTAT            | At basic prices           |
| Gross Value Added in manufacturing | %                | GVA generated by manufacturing sector (NACE D) as % of GDP  | E | 1997-2004 | 0,1,2   | NO  | RKF**               |                           |
| Gross Value Added in services      | %                | GVA generated by services sector (NACE G to P) as % of GDP  | E | 1995-2005 | 0,1,2,3 | NO  | EUROSTAT            |                           |
| Rate of employment                 | %                | Ratio between number of employed persons and number of people aged 15-64  | E | 1999-2007 | 0,1,2   |     | EUROSTAT            |                           |
| Rate of unemployment               | %                | Ratio between number of unemployed persons and number of people aged 15-64  | E | 1999-2007 | 0,1,2   |     | EUROSTAT            |                           |
| Growth rate of GDP per capita      | %                | Percentage change on previous year  | E | 1995-2005 | 0,1,2,3 |     | EUROSTAT            |                           |
| Growth rate of GVA                 | %                | Percentage change on previous year  | E | 1995-2005 | 0,1,2,3 | NO  | EUROSTAT            |                           |
| Growth rate of employment          | %                | Percentage change on previous year  | E | 1999-2007 | 0,1,2   | YES | EUROSTAT            | Missing years and regions |
| Accessibility of the region        | Thousands        | Daily population accessible by car  | F | 1999      | 0,1,2,3 |     | ESPON project 1.2.1 |                           |
| Gross fixed capital formation      | Millions of Euro | It measures the net new investment by enterprises in the domestic economy in fixed capital assets during an accounting period.  | F | 1995-2005 | 0,1,2   |     | EUROSTAT            |                           |
| Multimodal Accessibility Potential |                  | Time based indicator. Multimodal accessibility-indicator is calculated by S&W within the framework of ESPON project 1.2.1. Standardised on the ESPON-average (100). The classification gives a five class typology ranging. | F | 2001      | 0,1,2,3 |     | ESPON Project 2.1.1 |                           |
| Number of commercial airports      | Units            | Commercial airports present in the region   | F | 2001      | 0,1,2,3 |     | ESPON Project 1.2.1 |                           |

|  |       |   |   |           |         |  |                     |  |
|--|-------|---|---|-----------|---------|--|---------------------|--|
| Number of commercial seaports                                      | Units | Commercial seaports present in the region   | F | 2001      | 0,1,2,3 |  | ESPON Project 1.2.1 |  |
| Number of local units by sector                                    | Units | The local unit is an enterprise or part thereof (e.g. a workshop, factory, warehouse, office, mine or depot) situated in a geographically identified place. | F | 1995-2006 | 0,1,2   |  | EUROSTAT            |  |
| Road network at regional level                                     | Km    | Length of the road network  | F | 1978-2006 | 0,1,2   |  | EUROSTAT            |  |
| Rail network at regional level                                     | Km    | Length of the rail network  | F | 1978-2006 | 0,1,2   |  | EUROSTAT            |  |
| Navigable inland waterways networks at regional level              | Km    | Length of the navigable inland waterways network  | F | 1978-2006 | 0,1,2   |  | EUROSTAT            |  |
| R&D personnel in all sector  | %     | R&D personnel in all sectors as % of total employment   | H | 1980-2007 | 0,1,2   |  | EUROSTAT            |  |
| R&D personnel in business enterprises sector                       | %     | R&D personnel in business as % of total employment  | H | 1980-2007 | 0,1, 2  |  | EUROSTAT            |  |
| R&D personnel in government sector                                 | %     | R&D personnel in government as % of total employment  | H | 1980-2007 | 0,1,2   |  | EUROSTAT            |  |
| R&D personnel in higher education sector                           | %     | R&D personnel in higher education as % of total employment  | H | 1980-2007 | 0,1,2   |  | EUROSTAT            |  |
| Share of students at tertiary level                                | %     | Number of students (ISCED 5-6) at regional level as % of total country level students (ISCED 5-6)   | H | 1998-2006 | 0,1,2   |  | EUROSTAT            |  |
| Share of population aged 25-64 with tertiary education             | %     | Tertiary education defined as corresponding to 5 and 6 ISCED97 codes  | H | 1999-2007 | 0,1,2   |  | EUROSTAT            |  |
| Share of people aged 25-64 participating in education and training | %     | Education and training = Life Learning Programmes   | H | 1999-2007 | 0,1,2   |  | EUROSTAT            |  |

|   |                               |  |    |           |       |    |          |                           |
|---|-------------------------------|--|----|-----------|-------|----|----------|---------------------------|
| Employment in high-tech sectors                     | %                             | Employment in high-tech manufacturing and knowledge-intensive high-technology services as % total employment   | IT | 1994-2006 | 0,1,2 | NO | EUROSTAT |                           |
| Number of total publications                        | Units per million inhabitants | Scientific publications  | IT | 1997-2004 | 0,1,2 |    | RKF**    |                           |
| Patent applications to the EPO                      | Units per million inhabitants | A patent is a legal title of industrial property granting its owner the exclusive right to exploit an invention commercially for a limited area and time. Patent data provide a measure of R&D output. | IT | 1977-2004 | 0,1,2 |    | EUROSTAT |                           |
| High-tech patent applications to the EPO            | Units per million inhabitants | Number of patent applications in the high technology field   | IT | 1977-2004 | 0,1,2 |    | EUROSTAT |                           |
| ICT patent applications to the EPO                  | Units per million inhabitants | Number of patent applications in the ICT field   | IT | 1977-2004 | 0,1,2 |    | EUROSTAT |                           |
| Business enterprise expenditure on R&D - BERD       | %                             | R&D expenditure in business sector as % of GDP   | IT | 1980-2005 | 0,1,2 |    | EUROSTAT | Missing years and regions |
| Gross domestic expenditure on R&D - GERD            | %                             | Total intramural R&D expenditure as % of GDP   | IT | 1980-2005 | 0,1,2 |    | EUROSTAT | Missing years and regions |
| Governmental Intramural Expenditure on R&D - GOVERD | %                             | R&D expenditure in government sector as % of GDP   | IT | 1980-2005 | 0,1 2 |    | EUROSTAT | Missing years and regions |
| Higher Education Expenditure on R&D - HERD          | %                             | R&D expenditure in higher education sector as % of GDP   | IT | 1980-2005 | 0,1,2 |    | EUROSTAT | Missing years and regions |
| R&D expenditure on Gross Value Added                | %                             | GERD expenditure in millions of PPS over Gross Value Added   | IT | 1995-2005 | 0,1,2 |    | EUROSTAT |                           |
| Export  | Millions of Euro              |  | I  | 2000-2006 | 0     |    | EUROSTAT |                           |

|   |                  |  |   |           |         |     |                |  |
|---|------------------|--|---|-----------|---------|-----|----------------|--|
| FDI flows/positions by country partner and by economic activity INWARD  | Millions of Euro | It is the category of international investment made by an entity resident in one economy (direct investor) to acquire a lasting interest in an enterprise operating in another economy (direct investment enterprise). | I | 2000-2006 | 0,1,2   |     | EUROSTAT /CSIL | HS classification                                    |
| FDI flows/positions by country partner and by economic activity OUTWARD | Millions of Euro |  | I | 2000-2006 | 0,1,2   |     | EUROSTAT /CSIL | HS classification                                    |
| FDI intensity   |                  | Average value of inward and outward Foreign Direct Investment flows divided by GDP, multiplied by 100  | I | 2000-2007 | 0,1,2   |     | EUROSTAT /CSIL |  |
| Import  | Millions of Euro |  | I | 2000-2006 | 0       |     | EUROSTAT       | HS classification                                    |
| Economically active population  | Thousands        | It comprises employed and unemployed persons   | L | 1999-2007 | 0,1,2,3 |     | EUROSTAT       |  |
| Employment by economic activity   | Thousands        | All persons aged 15 and over who during the reference week worked at least one hour for pay or profit, or were temporarily absent from such work. Family workers are included.   | L | 1995-2007 | 0,1,2,3 | NO  | EUROSTAT       | Only broad sectors (agriculture, industry, services) |
| Long-term unemployment rate   | %                | Long-term unemployment (12 months and more) on total unemployment  | L | 1999-2007 | 0,1,2   |     | EUROSTAT       |  |
| Youth unemployment rate   | %                | Unemployment 15-25 years on total unemployment   | L | 1999-2007 | 0,1,2   |     | EUROSTAT       |  |
| Average weekly hours worked in manufacturing sectors                    | Units            | Average number of hours worked per week  | M | 1980-2006 | 0,1,2   | NO  | CSIL           |  |
| Gross investment in manufacturing sectors                               | Millions of Euro | Includes all new and existing tangible capital goods, whether bought from third parties or produced for own use, having a useful life of more than one year including non produced tangible goods such as land.        | M | 1995-2006 | 0,1 2   | YES | EUROSTAT       | Missing years and regions                            |
| Investment per person employed in manufacturing sectors                 | € thousand       | It is defined as gross investment in tangible goods divided by the number of persons employed  | M | 1995-2006 | 0,1,2   | YES | EUROSTAT       | Missing years and regions                            |

|  |                            |  |   |           |       |     |                |                           |
|--|----------------------------|--|---|-----------|-------|-----|----------------|---------------------------|
| Labour productivity in manufacturing per employee    | € thousand per employee    | GVA in manufacturing sector / employment in manufacturing sector   | M | 1997-2004 | 0,1,2 | NO  | EUROSTAT       |                           |
| Labour productivity in manufacturing per hour worked | € thousand per hour worked | GVA in manufacturing sector / weekly hours worked in manufacturing sector  | M | 1997-2004 | 0,1,2 | NO  | EUROSTAT /CSIL |                           |
| Number of persons employed in manufacturing sectors  | Thousands                  | It is defined as the total number of persons who work in the observation unit (inclusive of working proprietors, partners working regularly in the unit and unpaid family workers), as well as persons who work outside the unit who belong to it and are paid by it (for example, sales representatives, delivery personnel, repair and maintenance teams). | M | 1995-2006 | 0,1,2 | YES | EUROSTAT       | Missing years and regions |
| Share of employment in manufacturing total           | %                          | Employment in manufacturing sectors / Total manufacturing employment   | M | 1995-2006 | 0,1,2 | YES | EUROSTAT       | Missing years and regions |
| Wages and salaries in manufacturing                  | Millions of Euro           |  | M | 1995-2006 | 0,1,2 | YES | EUROSTAT       |                           |

\* D = Demographics; E = Economic performance; H = Human capital; I = Internationalisation; L = Labour force; M = Manufacturing

\*\* DG Research Regional Key Figures Database (based on integrated Eurostat/OECD data, Eurostat, ISI - CWTS via DG-RTD)

## **Annex B    Template for case studies**

### **Preliminary version**

Max 25 pages

### **Synthesis (2 pages)**

This is an executive summary of the case study, which should serve as a stand-alone text summarising main findings and lessons learned.

#### **1. Introduction (1)**

This section should introduce the purpose and context of the case study as well as main sections of the report. It should clarify the main research questions and the methodologies applied. It should also briefly present the logic of case study's selection.

#### **1. Regional profile (1)**

This is a concise section introducing a broad socio-economic, political, administrative and cultural context of the region with a focus on relevant information for understanding processes of structural change and globalisation analysed in the following sections.

### **2. Structural change and globalisation (8)**

#### **2.1. Searching the roots of change: socio-economic history of the region (1)**

This is a short account of the socio-economic history of the region and its role in the national and international economy, which should help to explain medium and long standing historical trends related to structural change and process of globalisation. This part should help to introduce and interpret evidence of change to be presented in the following sections and should focus on the historically most important sectors (e.g. textiles in Toscana) as well as typical forms of economic cooperation (e.g. industrial districts).

#### **2.2. Evidence of structural change (4)**

Regional structural change in the context of globalisation should be assessed taking into account the most important areas for the economy and society. This can include changes in (i) economic specialisation with a focus on the proportion high/medium/low tech sectors including analysis of absorption capacity, (ii) changes in organisation of production systems and service delivery with a focus on supply chain (based on interviews and company case studies), (iii) innovation potential including innovation collaboration patterns (possibly based on targeted surveys or/and case studies), (iv) change in skill base and labour mobility including changes in employment and labour productivity by sector.

Note: General tables and data to be delivered by Task 2.

#### **2.3. Regional performance in comparative perspective (1)**

This section will place regional broad macro economic indicators in the perspective of national and EU average, to determine the extent to which economic trends detected are region-specific.

Note: Tables and data to be delivered by Task 2.

#### **2.4. Understanding geography of change of structural change (1)**

The analysis will identify whether structural change identified above are geographically concentrated in the regional territory. Regional and sectoral variables will be brought together. This should be closely linked to the previous chapters.

Note: Tables, and structural data to be delivered by Task 2.

### **2.5. Relocation strategies in the region, and impact (1)**

The analysis will first assess statistical data that could be (in part) relevant to account for relocation and its impact at regional level. Specific examples of relocation strategies by firms will be studied through fieldwork.

## **3. Regional policy, structural change and globalisation (11)**

### **3.1. Regional policy context (2)**

This section will present a brief description of regional governance system followed by a synthetic description of all relevant policy strategies and measures, be it EU, national, regional or local, tackling globalisation and structural change issues (policy mix). It is up to the researchers to identify relevant measures even if they don't refer to structural change or globalisation explicitly. The purpose of this section is to position ERDF actions in the overall regional policy context.

### **3.2. Performance of Objective 2 programme (7)**

#### **3.2.1. General and specific policy priorities of the Ob.2 programme (2)**

This section will look at the whole programme and identify specific measures that are most relevant in supporting (or minimising effects of unfavourable) structural changes.

Note: Analytical grid to be delivered by the core team.

#### **3.2.2. General assessment of the effects of the programme (5)**

The demonstrable effects related to structural change will be assessed on the basis of an in depth examination of the measures selected under 3.2.1. An overall assessment of the effects of the programme will be inferred from such an analysis. The researcher will combine analysis of accessible data with a series of interviews with major regional stakeholders and/or surveys of firms benefiting from selected measures. The assessment should include several mini-case studies of concrete projects. The selection of indicators and scope will depend on the context of the specific programme and available evidence.

### **3.3. Assessment of the qualitative effects of Objective 2 programmes (2)**

The effects of the Objective 2 programme will be assessed in qualitative terms through semi-structured interviews with regional stakeholders. It should take into account the overall context of regional policy mix.

## **Conclusions: lessons learned (2)**

The conclusions of the report will be drawn in terms of:

- relevance of structural change and globalisation challenge for the region and regional policy;
- lessons learned concerning the effectiveness of policy instruments activated in support to structural change in the regional context concerned;
- classification of the findings on structural change and ERDF programme's effects.

## Annex C Glossary's list of entries

Absorptive Capacity  
Accessibility  
Agglomeration effects  
Capacity Frontier  
Capital Accumulation  
Collective Learning  
Congestion effects  
Comparative Advantage  
Competitiveness, regional competitiveness  
Critical Mass  
Cross-Over Technology  
Cumulative Process  
Economies Of Scope, Economies Of Scale  
Endogenous Development  
Endogenous Potential  
Exogenous shocks  
Endowments, regional initial endowments  
Flexible Specialization  
Foreign Direct Investment, vertical FDI,  
horizontal FDI  
Geographic Concentration  
Gini Coefficient  
Globalisation  
Innovation, process innovation, product  
innovation, organisational innovation,  
marketing innovation  
Innovation system, national innovation  
system, regional innovation system,  
sectoral innovation system  
Input-Output Relations  
Knowledge Economy  
Linkage Effect  
Localisation  
Locational Advantages  
Multi National Enterprise (MNE), Multi  
National Company  
New Economy  
New Technology Based Firms  
Off-shoring  
Open Economy  
Outsourcing  
Productivity  
Relocation  
Research and Development  
Restructuring  
Revealed Comparative Advantage  
Sectors, low tech, high tech, medium low,  
medium high tech sectors,  
Small and Medium Sized Enterprises  
Specialisation, Regional specialisation, Vertical  
Specialization  
Spin-Off  
Start Up  
Structural Change  
Sub-contracting  
Supply chains  
Technological Change, technological progress  
Technological Spill-Overs, technological  
externalities  
Technology  
Tradable goods and services / non tradable  
goods and services  
Trade openness  
Trade Barriers  
Value added chains  
Vulnerability

**Annex D Regional fact sheets**

## BAYERN

In 2005, the main manufacturing sectors of the Bavarian economy were “transport equipment”, “electrical and optical equipment” and “machinery and equipment n.e.c.”, with the first one accounting for 18% of the region manufacturing employment. Gross domestic expenditures in Research and Development amounted to 2.9% of the regional GDP in 2005. Moreover, employment in high tech sectors represented 5.7% of the regional employment in 2005. ICT patents registered in 2002 were 151.7 per million inhabitants. As regards transport infrastructures, in 2005 the ratio between total motorway kilometres and total land area expressed in square kilometres was 0.034, while the same figure was 0.56 as regards “other roads”. The 2000-2006 Objective programmes eligible area was situated in the eastern part of Bayern, near the Czech border, covering 41,000 sq. km. Three sub-regions could be distinguished: the area at the state border with the Czech Republic, the urban Objective 2 district in Schweinfurth, Nuremberg and Fürth and the so-called transitional districts. Major weaknesses of the eligible area were the over-average share of production, the generally low level of productivity and an economic structure strongly oriented towards low tech activities. At Nuts 3 level, 13 areas were covered by the 2000-2006 Objective 2 programme and were predominantly rural. The priorities of the 2000-2006 Objective 2 programme in Bayern were: completing infrastructures; increasing business competitiveness; encouraging R&D activities; developing tourism and improving urban living conditions. Bayern residents living in the areas covered by Objective 2 programme were 6.2% of the total population. Of these, over 60% live in predominantly rural areas, about 10% in intermediate rural areas and the rest in predominantly urban areas.

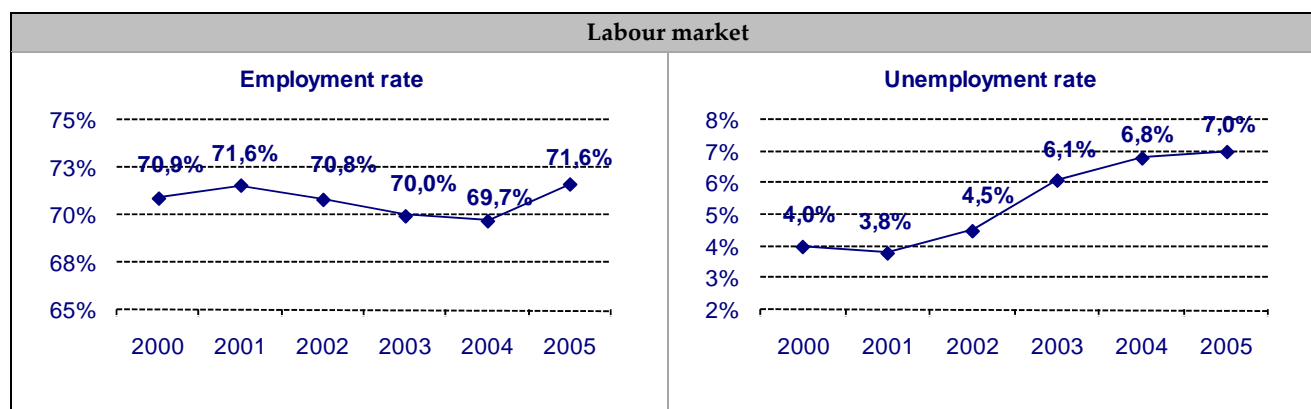
The following Tables provide some regional statistics on the socio-economic condition, the manufacturing sector and the Structural Funds (ERDF) expenditure in the previous programming period.

| Basic regional data                |             |         |         |       |
|------------------------------------|-------------|---------|---------|-------|
| Annual Data                        | Unit        | 2000    | 2005    | Δ (%) |
| Population                         | Million     | 12.192  | 12.456  | 2.2   |
| PPP Per Capita GDP*                | Eur         | 26,510  | 30,367  | 14.5  |
| Gross Value Added, at basic prices | Eur million | 323,400 | 358,596 | 11.2  |

\*ESA 95 expenditure classification. Source: CSIL processing of Eurostat data

| Employment by economic sector, 2000-2005. Percentage values |            |            |        |
|---|------------|------------|--------|
|   | 2000       | 2005       | Δ (%)  |
| Agriculture   | 3.6        | 3.0        | -15,8% |
| Industry  | 35.8       | 32.0       | -10,6% |
| Services  | 60.6       | 65.0       | 7,2%   |
| <b>Total</b>  | <b>100</b> | <b>100</b> |        |

Source: Eurostat



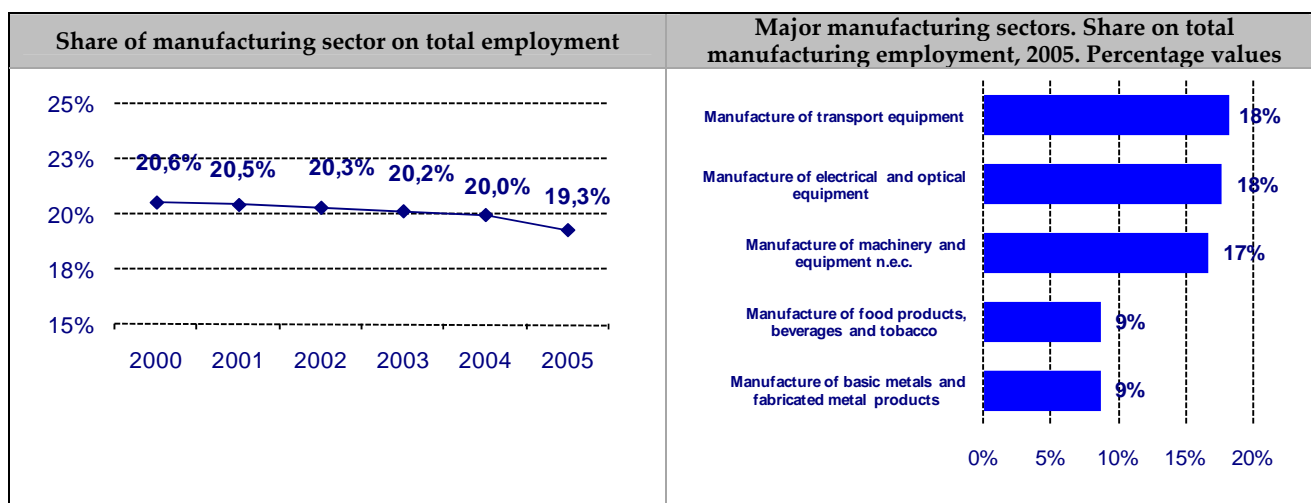
Source: CSIL processing of Eurostat data

| Knowledge based economy            |                             |                   |      |       |
|------------------------------------|-----------------------------|-------------------|------|-------|
| Annual Data                        | Unit                        | 2000              | 2005 | Δ (%) |
| R&D expenditure (GERD*)            | % of GDP                    | 2.79 <sup>a</sup> | 2.91 | 4.3   |
| R&D expenditure (BERD**)           | % of GDP                    | 2.20 <sup>a</sup> | 2.31 | 5.0   |
| Employment in high-tech sectors*** | % of total employment       | 5.6               | 5.7  | 1.4   |
| Population with tertiary education | % of 25-64 years population | 18.7              | 20.7 | 11.2  |

\*Gross domestic expenditure on R&D; \*\*Business enterprise expenditure on R&D; \*\*\*high-tech manufacturing and knowledge-intensive high-technology services; a=1999 data. Source: CSIL processing of Eurostat data

| Manufacturing sector*              |  |        |       |       |
|------------------------------------|--|--------|-------|-------|
| Annual Data                        | Unit   | 2000   | 2005  | Δ (%) |
| N. of local manufacturing units    | Thousand   | 7.7    | 7.4   | -4.3  |
| Regional specialisation index      | Ratio between manufacturing employment rate in the region and manufacturing employment rate in Italy | 1.19   | 1.21  | 1.3   |
| Gross investment in tangible goods | Eur million, current prices  | 11,406 | 9,213 | -19.2 |
| Investment per person employed     | Eur, current prices  | 9,500  | 8,000 | -15.8 |

\*NACE code D. Source: CSIL processing of Eurostat data



Source: CSIL processing of Eurostat data.

| Objective 2 areas demographic data*           |   |     |                              |     |  |    |                                     |     |   |     |                                      |
|---|---|-----|------------------------------|-----|--|----|-------------------------------------|-----|---|-----|--------------------------------------|
| Residents living in Objective 2 areas in 2004 | 771,011 (6% of total)   |     |                              |     |  |    |                                     |     |   |     |                                      |
| -of which                                     | <table border="1"> <tbody> <tr> <td>24%</td> <td>in predominantly urban areas</td> </tr> <tr> <td>11%</td> <td>in intermediate rural, close to a city areas</td> </tr> <tr> <td>0%</td> <td>in intermediate rural, remote areas</td> </tr> <tr> <td>44%</td> <td>in predominantly rural, close to a city areas</td> </tr> <tr> <td>21%</td> <td>in predominantly rural, remote areas</td> </tr> </tbody> </table> | 24% | in predominantly urban areas | 11% | in intermediate rural, close to a city areas | 0% | in intermediate rural, remote areas | 44% | in predominantly rural, close to a city areas | 21% | in predominantly rural, remote areas |
| 24%   | in predominantly urban areas  |     |                              |     |  |    |                                     |     |   |     |                                      |
| 11%   | in intermediate rural, close to a city areas  |     |                              |     |  |    |                                     |     |   |     |                                      |
| 0%  | in intermediate rural, remote areas   |     |                              |     |  |    |                                     |     |   |     |                                      |
| 44%   | in predominantly rural, close to a city areas   |     |                              |     |  |    |                                     |     |   |     |                                      |
| 21%   | in predominantly rural, remote areas  |     |                              |     |  |    |                                     |     |   |     |                                      |

\*Aggregation of NUTS3 data. Source: DG Regio, OECD.

| ERDF expenditure 2000-2006 |                    |                                     |
|----------------------------|--------------------|-------------------------------------|
| Field Of Intervention      | EUR                | EUR per person living in Ob 2 areas |
| 1 Productive environment   | 291,264,536        | 378                                 |
| 2 Human resources          | 0                  | 0                                   |
| 3 Basic Infrastructure     | 218,357,089        | 283                                 |
| 4 Miscellaneous            | 7,966,291          | 10                                  |
| <b>TOTAL</b>               | <b>517,587,916</b> | <b>671</b>                          |

Source: DG Regio.

## BRETAGNE

In 2005, “food products, beverages and tobacco” was by far the leading manufacturing sector of the Bretagne economy, accounting for 41% of the region manufacturing employment. Other important sectors were “electrical and optical equipment” and “basic metals and fabricated metal products”. Gross domestic expenditures in Research and Development amounted to 1.57% of the regional GDP in 2005, with a downward trend compared to 2000. Moreover, employment in high tech sectors represented 4.7% of the regional employment in 2005, with a decrease compared to 2000. ICT patents registered in 2002 were 86.1 per million inhabitants. As regards transport infrastructures, in 2005 the ratio between total motorway kilometres and total land area expressed in square kilometres was 0.002, while the same figure was 2.39 as regards “other roads” and 0.043 as regards railway lines. The areas eligible for 2000-2006 Objective 2 programme comprised: rural areas mainly based on agriculture and the fishing industry; areas depending on the defence industry; the territories with an important role in ICT; remaining areas with an economic fabric mainly composed of SMEs. The presence of four specialised research centres on the territory is an important factor contributing to face international competition. They are: civil and defence electronics (Brest); ICT (Lannion), sea resources (Brest, Lannion), zoopôle (Saint-Brieuc). The priorities of the 2000-2006 Objective 2 programme in Bretagne included: improving labour skills; increasing territory attractiveness and business competitiveness; developing rural areas. Bretagne residents living in the areas covered by Objective 2 programme were 40.6% of the total population. Of these, 55% lived in predominantly rural areas and the rest in intermediate rural areas..

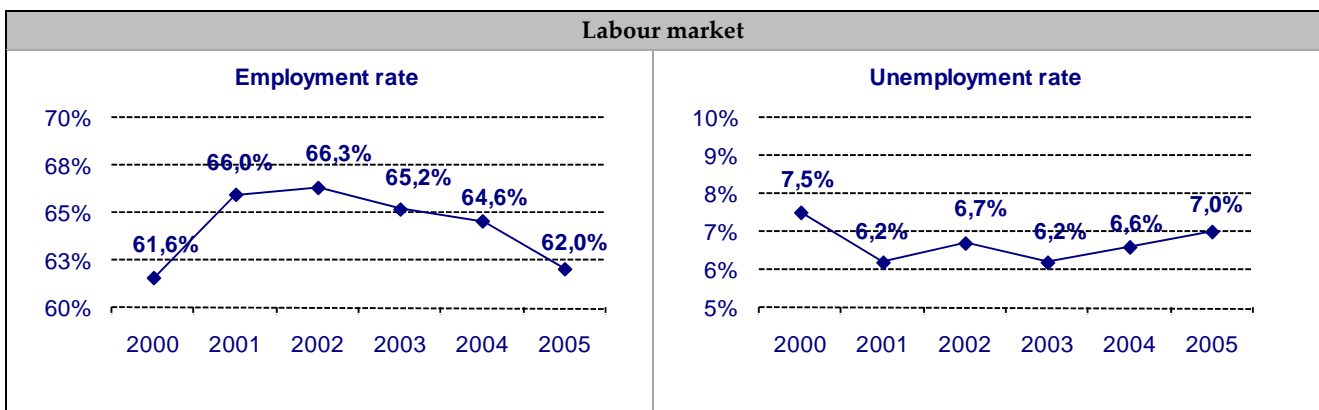
The following Tables provide some regional statistics on the socio-economic condition, the manufacturing sector and the Structural Funds (ERDF) expenditure in the previous programming period.

| Basic regional data                |             |        |        |       |
|------------------------------------|-------------|--------|--------|-------|
| Annual Data                        | Unit        | 2000   | 2005   | Δ (%) |
| Population                         | Million     | 2.939  | 3.071  | 4.5   |
| PPP Per Capita GDP*                | Eur         | 18,936 | 22,299 | 17.8  |
| Gross Value Added, at basic prices | Eur million | 53,807 | 66,912 | 24.4  |

\*ESA 95 expenditure classification. Source: CSIL processing of Eurostat data

| Employment by economic sector, 2000-2005. Percentage values |      |      |       |
|---|------|------|-------|
|   | 2000 | 2005 | Δ (%) |
| Agriculture   | 7.7  | 6.2  | -19.4 |
| Industry  | 27.2 | 23.1 | -14.9 |
| Services  | 65.1 | 70.6 | 8.4   |
| Total   | 100  | 100  |       |

Source: Eurostat



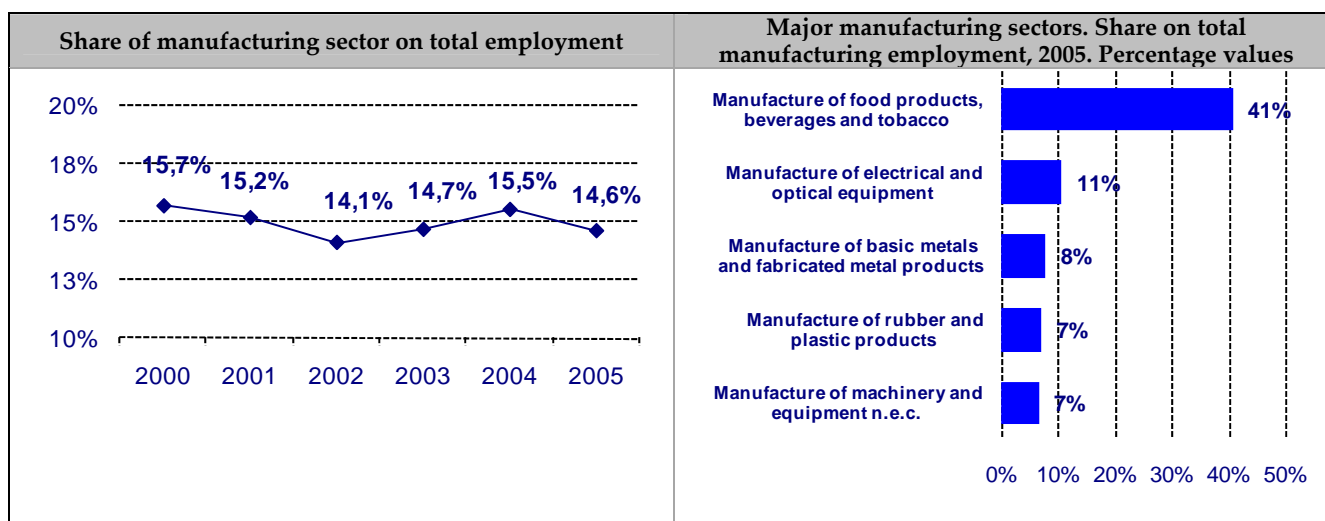
Source: CSIL processing of Eurostat data

| Knowledge based economy            |                             |      |                   |       |
|------------------------------------|-----------------------------|------|-------------------|-------|
| Annual Data                        | Unit                        | 2000 | 2005              | Δ (%) |
| R&D expenditure (GERD*)            | % of GDP                    | 1.72 | 1.57 <sup>a</sup> | -8.7  |
| R&D expenditure (BERD**)           | % of GDP                    | 1.11 | 0.99 <sup>a</sup> | -10.8 |
| Employment in high-tech sectors*** | % of total employment       | 5.3  | 4.7               | -10.6 |
| Population with tertiary education | % of 25-64 years population | 16.6 | 21.7              | 30.5  |

\*Gross domestic expenditure on R&D; \*\*Business enterprise expenditure on R&D; \*\*\*high-tech manufacturing and knowledge-intensive high-technology services; a=2004. Source: CSIL processing of Eurostat data

| Manufacturing sector*              |  |       |       |       |
|------------------------------------|--|-------|-------|-------|
| Annual Data                        | Unit   | 2000  | 2005  | Δ (%) |
| N. of local manufacturing units    | Thousand   | 12.3  | 13.0  | 5.5   |
| Regional specialisation index      | Ratio between manufacturing employment rate in the region and manufacturing employment rate in Italy | 0.95  | 1.02  | 7.1   |
| Gross investment in tangible goods | Eur million, current prices  | 1,441 | 1,018 | -29.3 |
| Investment per person employed     | Eur, current prices  | 8,000 | 5,800 | -27.5 |

\*NACE code D. Source: CSIL processing of Eurostat data



Source: CSIL processing of Eurostat data

| Objective 2 areas demographic data*           |   |
|---|---|
| Residents living in Objective 2 areas in 2004 | 1.240,284 (40.6% of total)                        |
| -of which                                     | 0% in predominantly urban areas                   |
|   | 45% in intermediate rural, close to a city areas  |
|   | 0% in intermediate rural, remote areas            |
|   | 55% in predominantly rural, close to a city areas |
|   | 0% in predominantly rural, remote areas           |

\*Aggregation of NUTS3 data. Source: DG Regio, OECD

| ERDF expenditure 2000-2006 |                    |                                     |
|----------------------------|--------------------|-------------------------------------|
| Field Of Intervention      | EUR                | EUR per person living in Ob 2 areas |
| 1 Productive environment   | 181,340,698        | 146                                 |
| 2 Human resources          | 41,466,094         | 33                                  |
| 3 Basic Infrastructure     | 149,174,923        | 120                                 |
| 4 Miscellaneous            | 5,949,884          | 5                                   |
| <b>TOTAL</b>               | <b>377,931,599</b> | <b>305</b>                          |

Source: DG Regio

## ETELÄ-SUOMI

In 2005, the main manufacturing sectors of the Etelä-Suomi economy were “electrical and optical equipment”, “pulp, paper and paper products; publishing and printing” and “machinery and equipment n.e.c.”, with the first one accounting for 17% of the region manufacturing employment. Gross domestic expenditures in Research and Development amounted to 3.53% of the regional GDP in 2005, with a stable trend compared to 2000. Moreover, employment in high tech sectors represented 12.2% of the regional employment in 2005, with no significant variation compared to 2000. ICT patents registered in 2002 were 196.6 per million inhabitants. As regards transport infrastructures, in 2005 the ratio between total motorway kilometres and total land area expressed in square kilometres was 0.011, while the same figure was 0.39 as regards “other roads” and 0.029 as regards railway lines. In Etelä-Suomi three 2000-2006 Objectives 2 programmes were operative: Southern Finland, Western Finland and Åland Islands. In the Southern Finland programmes the most urgent needs acknowledged were in the fields of know-how and human resources improvement, with the greatest potentials considered to be the development of IT business, enterprise service sector, industry, construction and welfare services. The areas covered by the Southern Finland Objectives 2 programme consisted of parts of the regions of Varsinais-Suomi, Kanta-Häme, Päijät-Häme, Kymenlaakso, Itä-Uusimaa, Uusimaa and South Karelia. The Southern Finland programmes’ priorities were: improvement of business environment; development of new technologies; improving social and living conditions. Etelä-Suomi residents living in the areas covered by the Southern Finland programme were 27% of the total population. Of these, over 70% lived in predominantly rural areas and the rest mostly in intermediate rural areas.

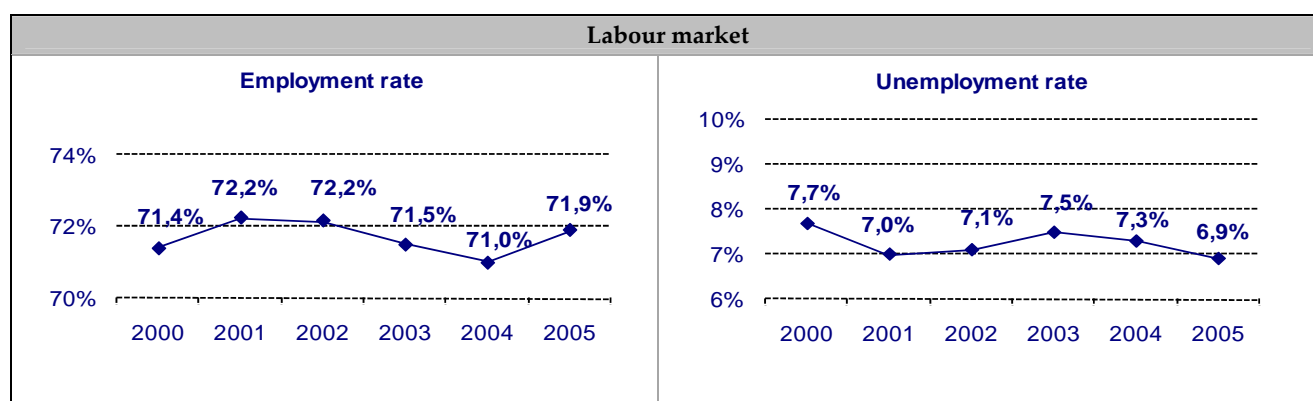
The following Tables provide some regional statistics on the socio-economic condition, the manufacturing sector and the Structural Funds (ERDF) expenditure in the previous programming period.

| Basic regional data                |             |        |        |       |
|------------------------------------|-------------|--------|--------|-------|
| Annual Data                        | Unit        | 2000   | 2005   | Δ (%) |
| Population                         | Million     | 2,521  | 2,588  | 2.7   |
| PPP Per Capita GDP*                | Eur         | 26,301 | 29,823 | 13.4  |
| Gross Value Added, at basic prices | Eur million | 60,674 | 77,826 | 17.9  |

\* ESA 95 expenditure classification. Source: CSIL processing of Eurostat data.

| Employment by economic sector, 2000-2005. Percentage values |      |      |       |
|---|------|------|-------|
|   | 2000 | 2005 | Δ (%) |
| Agriculture   | 3.3  | 2.5  | -23.8 |
| Industry  | 25.8 | 24.2 | -6.2  |
| Services  | 70.8 | 73.2 | 3.4   |
| Total   | 100  | 100  |       |

Source: Eurostat.



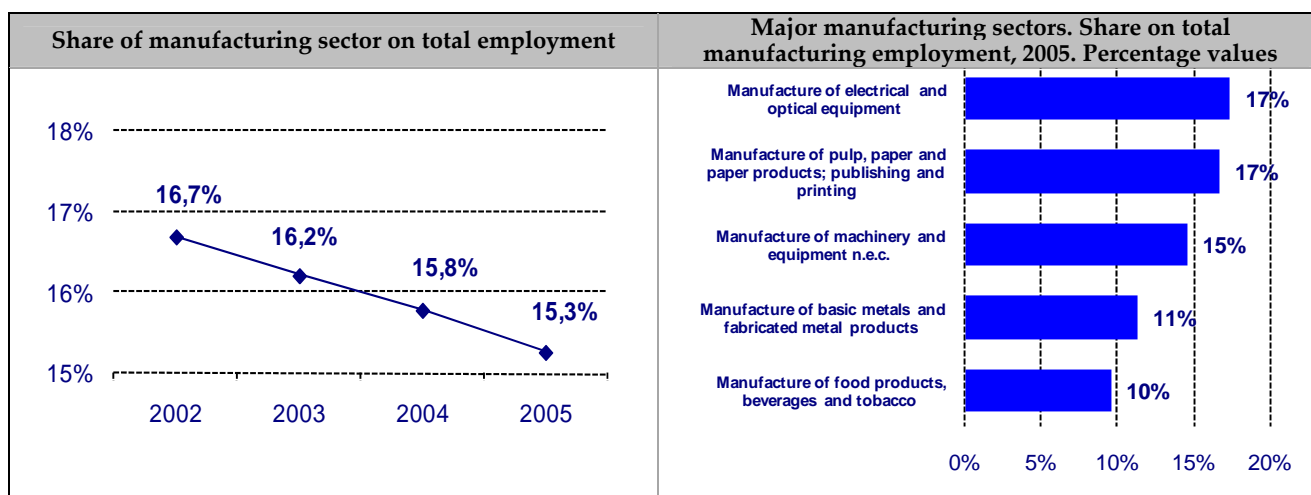
Source: CSIL processing of Eurostat data.

| Knowledge based economy            |                             |      |      |       |
|------------------------------------|-----------------------------|------|------|-------|
| Annual Data                        | Unit                        | 2000 | 2005 | Δ (%) |
| R&D expenditure (GERD*)            | % of GDP                    | 3.55 | 3.53 | -0.6  |
| R&D expenditure (BERD**)           | % of GDP                    | 2.47 | 2.45 | -0.8  |
| Employment in high-tech sectors*** | % of total employment       | 12.4 | 12.2 | -0.9  |
| Population with tertiary education | % of 25-64 years population | 30.4 | 32.0 | 5.5   |

\*Gross domestic expenditure on R&D; \*\*Business enterprise expenditure on R&D; \*\*\*high-tech manufacturing and knowledge-intensive high-technology services. Source: CSIL processing of Eurostat data.

| Manufacturing sector*              |  |                   |       |       |
|------------------------------------|--|-------------------|-------|-------|
| Annual Data                        | Unit   | 2000 <sup>a</sup> | 2005  | Δ (%) |
| N. of local manufacturing units    | Thousand   | 12.1              | 11.8  | -3.0  |
| Regional specialisation index      | Ratio between manufacturing employment rate in the region and manufacturing employment rate in Italy | 0.94              | 0.91  | -2.9  |
| Gross investment in tangible goods | Eur million, current prices  | 1,689             | 1,639 | -2.9  |
| Investment per person employed     | Eur, current prices  | 8,100             | 8,500 | 4.9   |

\*NACE code D; a=2002 data. Source: CSIL processing of Eurostat data.



Source: CSIL processing of Eurostat data

| Objective 2 areas demographic data*           |   |
|---|---|
| Residents living in Objective 2 areas in 2004 | 696,919 (27% of total)                            |
| -of which                                     | 0% in predominantly urban areas                   |
|   | 15% in intermediate rural, close to a city areas  |
|   | 12% in intermediate rural, remote areas           |
|   | 53% in predominantly rural, close to a city areas |
|   | 20% in predominantly rural, remote areas          |

\*Aggregation of NUTS3 data. Source: DG Regio, OECD

| ERDF expenditure 2000-2006 |                    |                                     |
|----------------------------|--------------------|-------------------------------------|
| Field Of Intervention      | EUR                | EUR per person living in Ob 2 areas |
| 1 Productive environment   | 72,919,484         | 105                                 |
| 2 Human resources          | 22,509,404         | 32                                  |
| 3 Basic Infrastructure     | 69,750,713         | 100                                 |
| 4 Miscellaneous            | 3,587,964          | 5                                   |
| <b>TOTAL</b>               | <b>168,767,565</b> | <b>242</b>                          |

Source: DG Regio

## NOORD-NEDERLAND

In 2005, the main manufacturing sectors of the Noord-Nederland economy were “food products, beverages and tobacco”, “basic metals and fabricated metal products” and “pulp, paper and paper products; publishing and printing.”, with the first one accounting for 19% of the region manufacturing employment. Gross domestic expenditures in Research and Development amounted to 1.01% of the regional GDP in 2005, with no variation compared to 2000. Moreover, employment in high tech sectors represented 15% of the regional employment in 2005 with a decrease compared to 2000. ICT patents registered in 2002 were 16.6 per million inhabitants. As regards transport infrastructures, in 2005 the ratio between total motorway kilometres and total land area expressed in square kilometres was 0.035, while the same figure was 1.95 as regards “other roads” and 0.038 as regards railway lines. The areas covered by the 2000-2006 Objective 2 programme involved three provinces: Friesland, Groningen and Drenthe. These areas are characterised by a relatively underdeveloped economic structure with a small percentage of small- and medium-sized businesses, few local employment initiatives and low export orientation. Moreover, the proportion of agriculture and industry was still higher than the Dutch average. Yet new sectors, such as telecommunications, medical technology and biotechnology, were beginning to emerge. The 2000-2006 Objective 2 programme priorities included: consolidating the private sector; developing urban centres; improving the functioning of the labour market. Noord-Nederland residents living in the areas covered by the Objective 2 programme were 66.7% of the total population. Of these, 84% lived in intermediate rural areas the rest in predominantly rural areas.

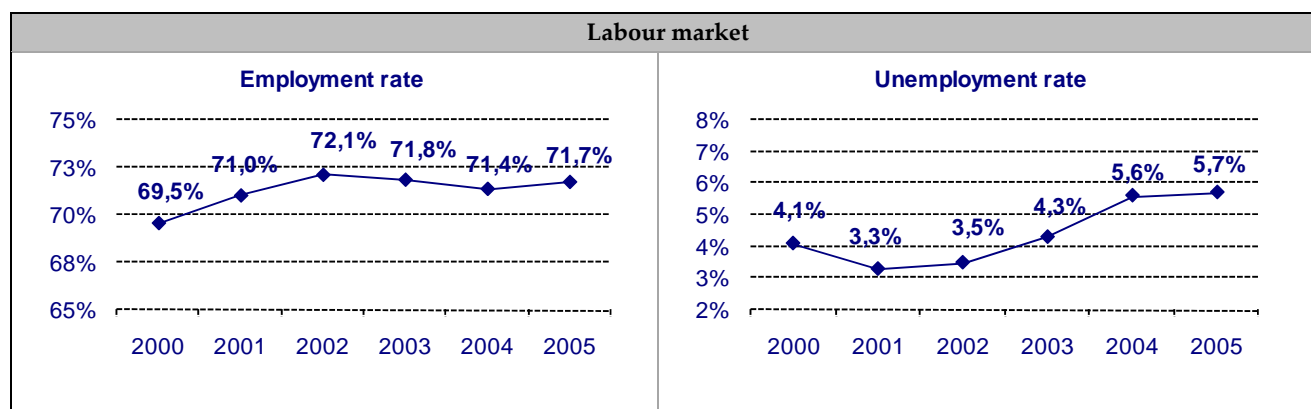
The following Tables provide some regional statistics on the socio-economic condition, the manufacturing sector and the Structural Funds (ERDF) expenditure in the previous programming period.

| Basic regional data                |             |        |        |       |
|------------------------------------|-------------|--------|--------|-------|
| Annual Data                        | Unit        | 2000   | 2005   | Δ (%) |
| Population                         | Million     | 1,664  | 1,701  | 2.2   |
| PPP Per Capita GDP*                | Eur         | 23,410 | 27,918 | 19.3  |
| Gross Value Added, at basic prices | Eur million | 33,911 | 44,279 | 30.6  |

\*ESA 95 expenditure classification. Source: CSIL processing of Eurostat data.

| Employment by economic sector, 2000-2005. Percentage values |      |      |       |
|---|------|------|-------|
|   | 2000 | 2005 | Δ (%) |
| Agriculture   | 4.5  | 4.7  | 6.0   |
| Industry  | 24.5 | 23.1 | -5.6  |
| Services  | 71.1 | 72.2 | 1.5   |
| Total   | 100  | 100  |       |

Source: Eurostat.



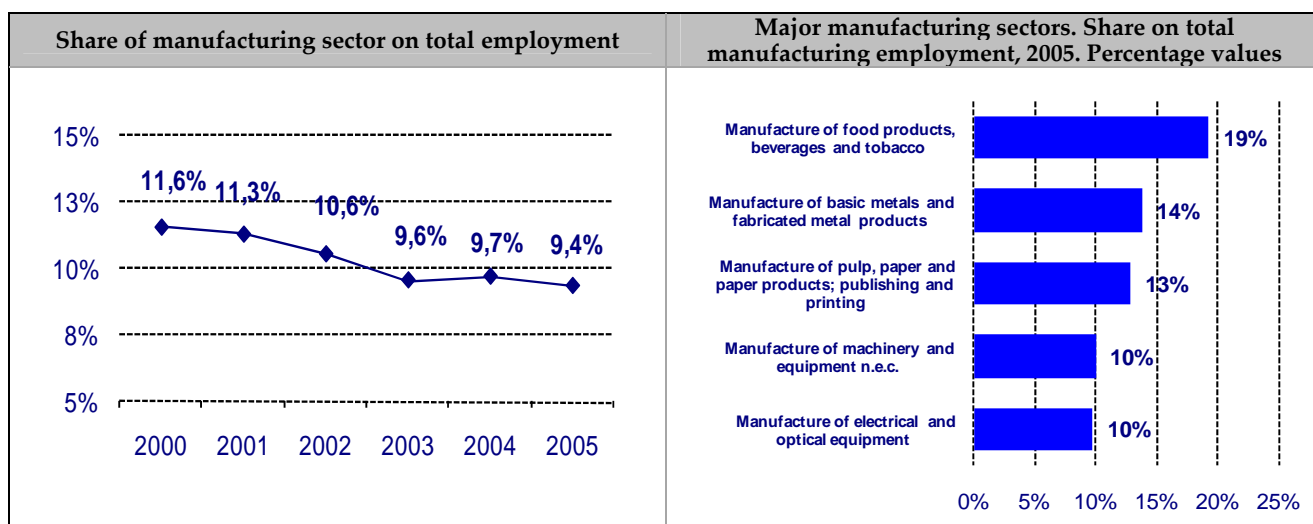
Source: CSIL processing of Eurostat data

| Knowledge based economy            |                             |      |      |       |
|------------------------------------|-----------------------------|------|------|-------|
| Annual Data                        | Unit                        | 2000 | 2005 | Δ (%) |
| R&D expenditure (GERD*)            | % of GDP                    | 1.01 | 1.01 | 0     |
| R&D expenditure (BERD**)           | % of GDP                    | 0.49 | 0.46 | -6.1  |
| Employment in high-tech sectors*** | % of total employment       | 17.3 | 15.0 | -13.5 |
| Population with tertiary education | % of 25-64 years population | 17.1 | 21.7 | 27.0  |

\*Gross domestic expenditure on R&D; \*\*Business enterprise expenditure on R&D; \*\*\*high-tech manufacturing and knowledge-intensive high-technology services. Source: CSIL processing of Eurostat data.

| Manufacturing sector*              |  |       |        |       |
|------------------------------------|--|-------|--------|-------|
| Annual Data                        | Unit   | 2000  | 2005   | Δ (%) |
| N. of local manufacturing units    | Thousand   | 5.1   | 5.4    | 6.2   |
| Regional specialisation index      | Ratio between manufacturing employment rate in the region and manufacturing employment rate in Italy | 1.00  | 0.99   | -0.7  |
| Gross investment in tangible goods | Eur million, current prices  | 660,2 | 778,8  | 18.0  |
| Investment per person employed     | Eur, current prices  | 7,300 | 10,200 | 39.7  |

\*NACE code D. Source: CSIL processing of Eurostat data.



Source: CSIL processing of Eurostat data.

| Objective 2 areas demographic data*           |  |
|---|--|
| Residents living in Objective 2 areas in 2004 | 1.134,156 (66,7% of total)                               |
| -of which                                     | 0% <i>in predominantly urban areas</i>                   |
|   | 84% <i>In intermediate rural, close to a city areas</i>  |
|   | 0% <i>In intermediate rural, remote areas</i>            |
|   | 16% <i>In predominantly rural, close to a city areas</i> |
|   | 0% <i>In predominantly rural, remote areas</i>           |

\*Aggregation of NUTS3 data. Source: DG Regio, OECD.

| ERDF expenditure 2000-2006 |             |                                     |
|----------------------------|-------------|-------------------------------------|
| Field Of Intervention      | EUR         | EUR per person living in Ob 2 areas |
| 1 Productive environment   | 243,426,966 | 215                                 |
| 2 Human resources          | 6,540,386   | 6                                   |
| 3 Basic Infrastructure     | 130,166,771 | 115                                 |
| 4 Miscellaneous            | 4,176,114   | 4                                   |
| TOTAL                      | 384,310,237 | 339                                 |

Source: DG Regio.

## NORDRHEIN-WESTFALEN

In 2005, the main manufacturing sectors of the Nordrhein-Westfalen economy were “basic metals and fabricated metal products”, “machinery and equipment n.e.c.” and “electrical and optical equipment”, with the first one accounting for 23% of the region manufacturing employment. Gross domestic expenditures in Research and Development amounted to 1.78% of the regional GDP in 2005, with an increase compared to 2000. Moreover, employment in high tech sectors represented 4.48% of the regional employment in 2005. ICT patents registered in 2002 were 48.8 per million inhabitants. As regards transport infrastructures, in 2005 the ratio between total motorway kilometres and total land area expressed in square kilometres was 0.064, while the same figure was 0.81 as regards “other roads”.

The region comprises typical old industrial area with high unemployment, low economic growth and poor gross investment rates. In particular SMEs were affected by the ongoing process of structural change due to lack of innovation capacities and capital resources. With the decline of steel production, the regional government focused on supporting innovation oriented start-ups, and encouraging internationalisation in selected sectors. At Nuts 3 level, 15 regions were covered by the 2000-2006 Objective 2 programme.

The 2000-2006 Objective 2 programme in Nordrhein-Westfalen had two priorities: supporting and financing start up businesses; and encouraging innovation, especially in the ICT sectors. Nordrhein-Westfalen residents living in the areas covered by Objective 2 programme were 15.7% of the total population. Of these, the large majority (over 97%) lived in predominantly urban areas.

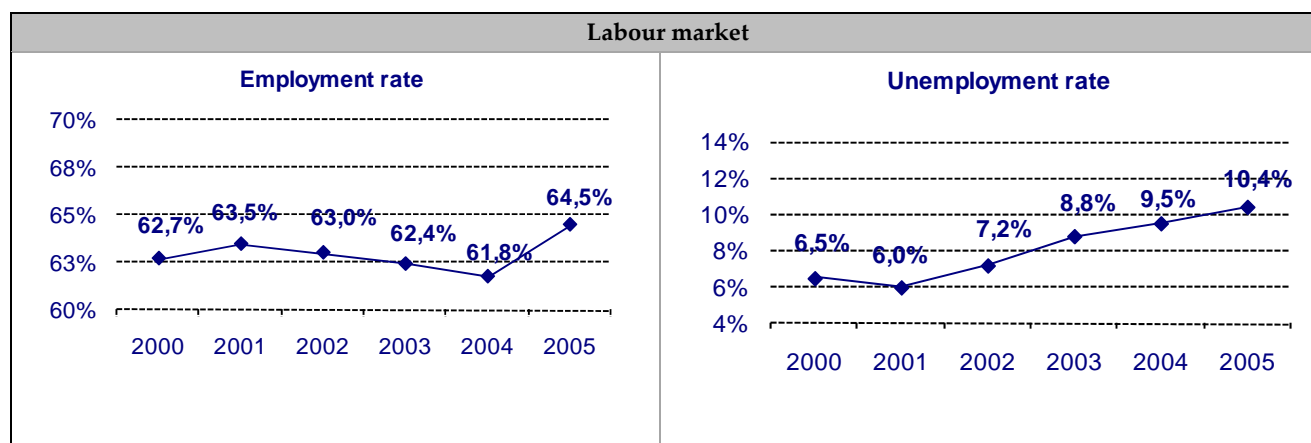
The following Tables provide some regional statistics on the socio-economic condition, the manufacturing sector and the Structural Funds (ERDF) expenditure in the previous programming period.

| Basic regional data                |             |         |         |       |
|------------------------------------|-------------|---------|---------|-------|
| Annual Data                        | Unit        | 2000    | 2005    | Δ (%) |
| Population                         | Million     | 18.004  | 18.066  | 0.3   |
| PPP Per Capita GDP*                | Eur         | 22,689  | 25,597  | 12.8  |
| Gross Value Added, at basic prices | Eur million | 408,814 | 439,621 | 7.5   |

Source: CSIL processing of Eurostat data \* ESA 95 expenditure classification.

| Employment by economic sector, 2000-2005. Percentage values |      |      |       |
|---|------|------|-------|
|   | 2000 | 2005 | Δ (%) |
| Agriculture   | 1.8  | 1.6  | -11.1 |
| Industry  | 33.9 | 29.8 | -12.0 |
| Services  | 64.3 | 68.6 | 6.7   |
| Total   | 100  | 100  |       |

Source: Eurostat



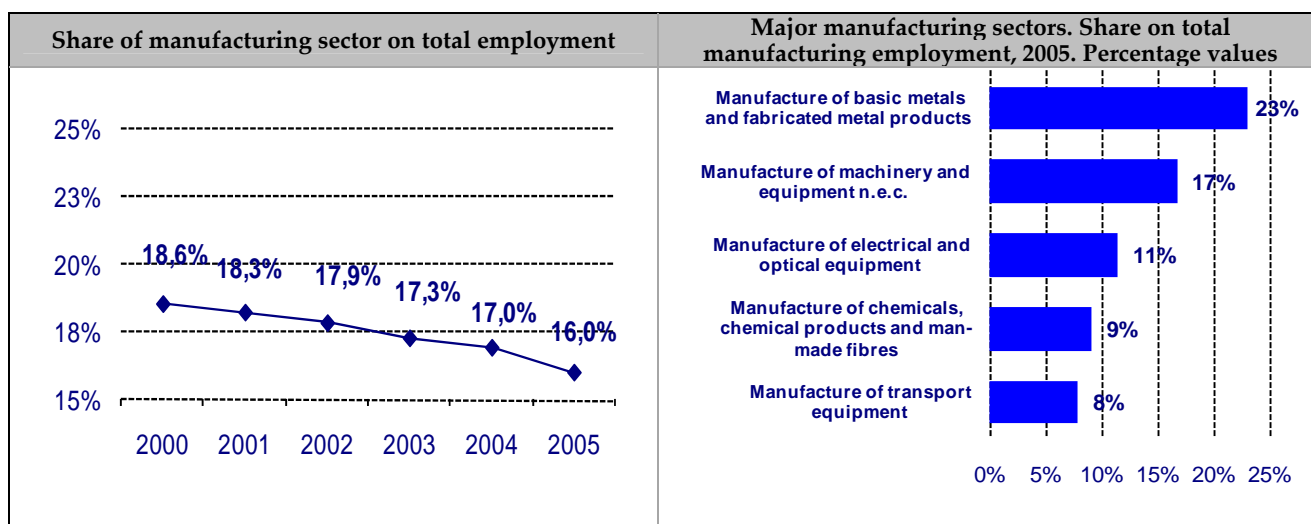
Source: CSIL processing of Eurostat data

| Knowledge based economy            |                             |                   |      |       |
|------------------------------------|-----------------------------|-------------------|------|-------|
| Annual Data                        | Unit                        | 2000              | 2005 | Δ (%) |
| R&D expenditure (GERD*)            | % of GDP                    | 1.74 <sup>a</sup> | 1.78 | 2.3   |
| R&D expenditure (BERD**)           | % of GDP                    | 1.12 <sup>a</sup> | 1.10 | -1.8  |
| Employment in high-tech sectors*** | % of total employment       | 4.08              | 4.48 | 9.8   |
| Population with tertiary education | % of 25-64 years population | 15.3              | 17.6 | 15.5  |

Source: CSIL processing of Eurostat data \*Gross domestic expenditure on R&D; \*\*Business enterprise expenditure on R&D; \*\*\*high-tech manufacturing and knowledge-intensive high-technology services; a=1999.

| Manufacturing sector*              |  |        |        |       |
|------------------------------------|--|--------|--------|-------|
| Annual Data                        | Unit   | 2000   | 2005   | Δ (%) |
| N. of local manufacturing units    | Thousand   | 10,505 | 10,750 | -2.2  |
| Regional specialisation index      | Ratio between manufacturing employment rate in the region and manufacturing employment rate in Italy | 1.08   | 1.01   | -6.8  |
| Gross investment in tangible goods | Eur million, current prices  | 11,699 | 9,127  | -22.0 |
| Investment per person employed     | Eur, current prices  | 8,300  | 7,400  | -10.8 |

\*NACE code D. Source: CSIL processing of Eurostat data



Source: CSIL processing of Eurostat data

| Objective 2 areas demographic data*           |  |
|---|--|
| Residents living in Objective 2 areas in 2004 | 2,836,684 (16% of total)                         |
| -of which                                     | 98% in predominantly urban areas                 |
|   | 2% in intermediate rural, close to a city areas  |
|   | 0% in intermediate rural, remote areas           |
|   | 0% in predominantly rural, close to a city areas |
|   | 0% in predominantly rural, remote areas          |

\*Aggregation of NUTS3 data. Source: DG Regio, OECD

| ERDF expenditure 2000-2006 |             |                                     |
|----------------------------|-------------|-------------------------------------|
| Field Of Intervention      | EUR         | EUR per person living in Ob 2 areas |
| 1 Productive environment   | 499,038,406 | 28                                  |
| 2 Human resources          | 7,342,289   | 0                                   |
| 3 Basic Infrastructure     | 242,277,699 | 13                                  |
| 4 Miscellaneous            | 103,387,836 | 6                                   |
| TOTAL                      | 852,046,230 | 47                                  |

Source: DG Regio

## NORRA MELLANSVERIGE

In 2005, the main manufacturing sectors of the Norra Mellansverige economy were “basic metals and fabricated metal products”, “pulp, paper and paper products; publishing and printing.” and “machinery and equipment n.e.c.”, with the first one accounting for 36% of the region manufacturing employment. Gross domestic expenditures in Research and Development amounted to 1.32% of the regional GDP in 2005. Moreover, employment in high tech sectors represented 3.7% of the regional employment in 2005 with a decrease compared to 2000. ICT patents registered in 2002 were 15.9 per million inhabitants. As regards transport infrastructures, in 2005 the ratio between total motorway kilometres and total land area expressed in square kilometres was 0.001, while the same figure was 0.19 as regards “other roads”. Over the 2000-2006 period, the Västra programme was one of the different Objective 2 programmes operating in Norra Mellansverige. The eligible areas of the Västra programme span over parts of three counties; Värmland (Norra Mellansverige), Örebro (Östra Mellansverige) and Västra Götaland (Västsverige). These areas featured a shortage of skilled workers due to large numbers of employees retiring. Manufacturing remained a large provider of employment but the areas where manufacturing dominates the economic base proved very vulnerable to structural changes. Moreover, the level of higher education in the region was generally low. The priorities of the 2000-2006 Objective 2 Västra programme were: the development of industry and business climate and the co-operation between industry and educational institutions. Norra Mellansverige residents living in the areas covered by the Objective 2 Västra programme were 71% of the total population. 100% of these lived in predominantly rural areas.

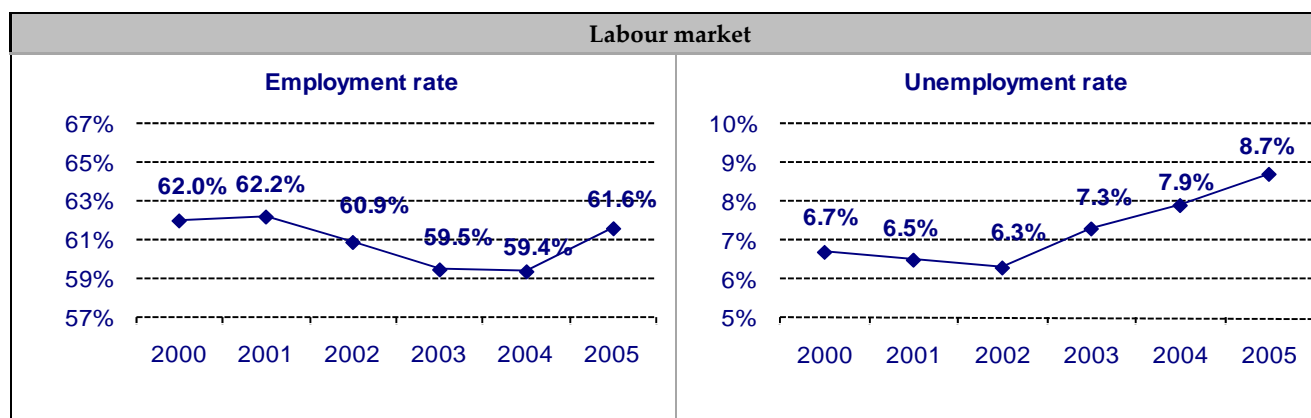
The following Tables provide some regional statistics on the socio-economic condition, the manufacturing sector and the Structural Funds (ERDF) expenditure in the previous programming period.

| Basic regional data                |             |        |        |       |
|------------------------------------|-------------|--------|--------|-------|
| Annual Data                        | Unit        | 2000   | 2005   | Δ (%) |
| Population                         | Million     | 0.840  | 0.825  | -1.1  |
| PPP Per Capita GDP*                | Eur         | 20,901 | 23,995 | 14.8  |
| Gross Value Added, at basic prices | Eur million | 19,042 | 20,360 | 6.9   |

Source: CSIL processing of Eurostat data. \*ESA 95 expenditure classification

| Employment by economic sector, 2000-2005. Percentage values |      |      |       |
|---|------|------|-------|
|   | 2000 | 2005 | Δ (%) |
| Agriculture   | 3.0  | 2.9  | -3.8  |
| Industry  | 28.7 | 26.5 | -7.8  |
| Services  | 68.3 | 70.7 | 3.4   |
| Total   | 100  | 100  |       |

Source: Eurostat



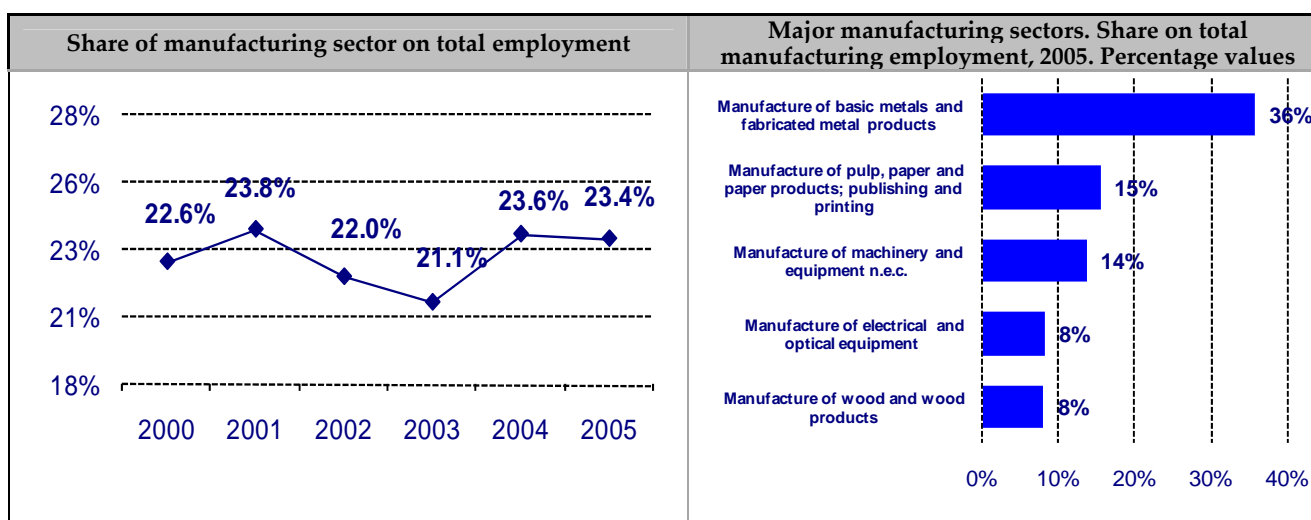
Source: CSIL processing of Eurostat data

| Knowledge based economy            |                             |                   |      |       |
|------------------------------------|-----------------------------|-------------------|------|-------|
| Annual Data                        | Unit                        | 2000              | 2005 | Δ (%) |
| R&D expenditure (GERD*)            | % of GDP                    | 1.30 <sup>a</sup> | 1.32 | 1.5   |
| R&D expenditure (BERD**)           | % of GDP                    | 1.32 <sup>b</sup> | 1.06 | -1.9  |
| Employment in high-tech sectors*** | % of total employment       | 4.1               | 3.7  | -9.9  |
| Population with tertiary education | % of 25-64 years population | 23.9              | 23.3 | -2.8  |

\*Gross domestic expenditure on R&D; \*\*Business enterprise expenditure on R&D; \*\*\*high-tech manufacturing and knowledge-intensive high-technology services; a=2003. Source: CSIL processing of Eurostat data

| Manufacturing sector*              |   |        |        |       |
|------------------------------------|---|--------|--------|-------|
| Annual Data                        | Unit  | 2000   | 2005   | Δ (%) |
| N. of local manufacturing units    | Thousand  | 5,307  | 6,156  | 16.0  |
| Regional specialisation index      | Ratio between manufacturing employment rate in the region and manufacturing employment rate in Sweden | 1.14   | 1.27   | 11.4  |
| Gross investment in tangible goods | Eur million, current prices   | 1,235  | 1,089  | -11.8 |
| Investment per person employed     | Eur, current prices   | 14,700 | 12,400 | -15.6 |

\*NACE code D. Source: CSIL processing of Eurostat data



Source: CSIL processing of Eurostat data

| Objective 2 areas demographic data*           |   |
|---|---|
| Residents living in Objective 2 areas in 2004 | 589,000 (71% of total)                            |
| -of which                                     | 0% in predominantly urban areas                   |
|   | 0% in intermediate rural, close to a city areas   |
|   | 0% in intermediate rural, remote areas            |
|   | 37% in predominantly rural, close to a city areas |
|   | 63% in predominantly rural, remote areas          |

\*Aggregation of NUTS3 data. Source: DG Regio, OECD

| ERDF expenditure 2000-2006 |                    |                                     |
|----------------------------|--------------------|-------------------------------------|
| Field Of Intervention      | EUR                | EUR per person living in Ob 2 areas |
| 1 Productive environment   | 113,146,915        | 192                                 |
| 2 Human resources          | 0                  | 0                                   |
| 3 Basic Infrastructure     | 49,755,163         | 84                                  |
| 4 Miscellaneous            | 3,513,530          | 6                                   |
| <b>TOTAL</b>               | <b>166,415,608</b> | <b>283</b>                          |

Source: DG Regio

## NORTH EAST ENGLAND

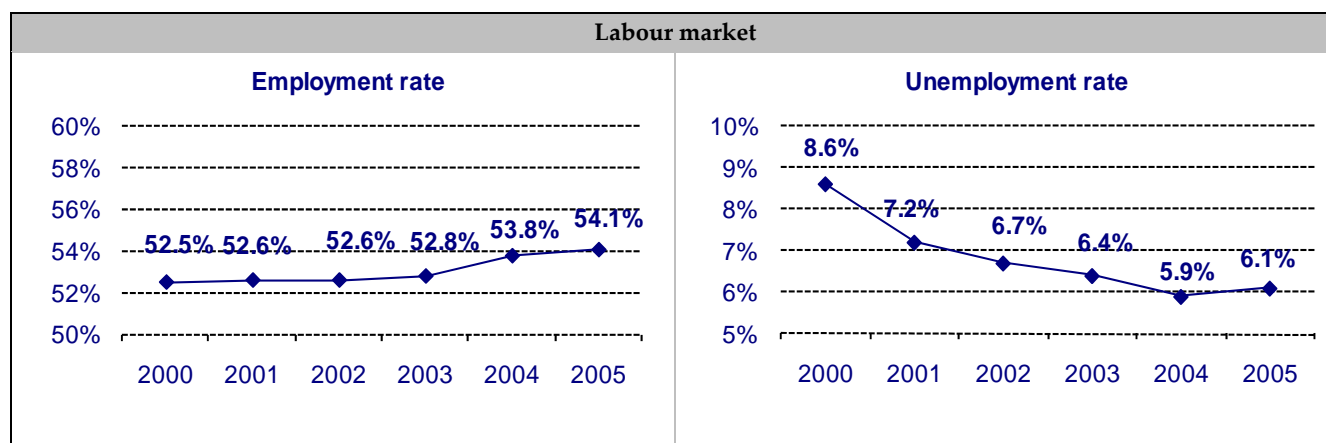
In 2005, the main manufacturing sectors of the North East England economy were “basic metals and fabricated metal products”, “transport equipment” and “machinery and equipment n.e.c.”, with the first one accounting for 15% of the region manufacturing employment. Employment in high tech sectors represented 4.3% of the regional employment in 2005 with a remarkable decrease compared to 2000. ICT patents registered in 2003 were 9.1 per million inhabitants. As regards transport infrastructures, in 2004 the ratio between total motorway kilometres and total land area expressed in square kilometres was 0.007, while the same figure was 1.84 as regards “other roads” and 0.41 as regards “railway lines”. The 2000-2006 Objective 2 programme for the North East of England covered the counties of Durham, Northumberland and Tyne and Wear and the unitary authorities of Tees Valley. These areas have undergone major structural change due to the decline in the shipbuilding, steel, engineering and coal mining industries with major threats for growth and employment prospects. Despite outward migration and an ageing population, unemployment continued to be a major issue. For employed people, earnings were low, few were self-employed. Also, the proportion of small firms was low. On the positive side, manufacturing productivity was good, the service sector was growing and the arrival of new industries helped to reduce the structural change impact. The priorities of the 2000-2006 Objective 2 programme for the North East of England were: establishing an entrepreneurial culture; encouraging SME growth and competitiveness; fostering employment; inclusive social policies. North East England residents living in the areas covered by Objective 2 programme were 87% of the total population. 89% of these lived in predominantly urban areas. The following Tables provide some regional statistics on the socio-economic condition, the manufacturing sector and the Structural Funds (ERDF) expenditure in the previous programming period.

| Basic regional data                |             |        |        |       |
|------------------------------------|-------------|--------|--------|-------|
| Annual Data                        | Unit        | 2000   | 2005   | Δ (%) |
| Population                         | Million     | 2.523  | 2.550  | 1.1   |
| PPP Per Capita GDP*                | Eur         | 17,724 | 21,598 | 21.9  |
| Gross Value Added, at basic prices | Eur million | 46,353 | 53,763 | 16.0  |

\*ESA 95 expenditure classification. Source: CSIL processing of Eurostat data.

| Employment by economic sector, 2000-2005. Percentage values |      |      |       |
|---|------|------|-------|
|   | 2000 | 2005 | Δ (%) |
| Agriculture   | 0.8  | 0.7  | -12.6 |
| Industry  | 28.0 | 24.0 | -14.4 |
| Services  | 71.2 | 75.3 | 5.8   |
| Total   | 100  | 100  |       |

Source: Eurostat



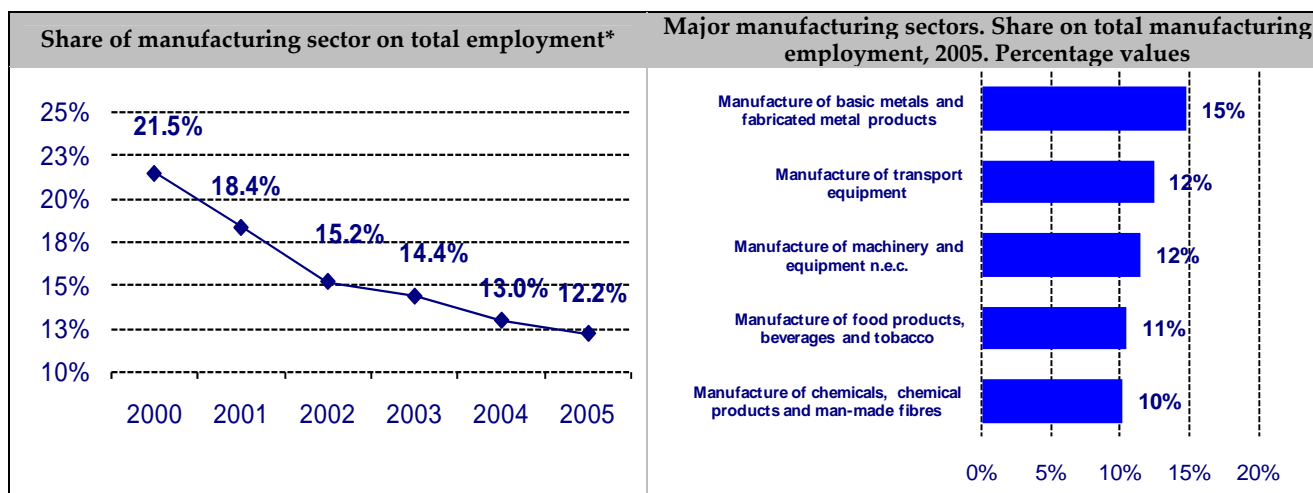
Source: CSIL processing of Eurostat data

| Knowledge based economy            |                             |      |                   |       |
|------------------------------------|-----------------------------|------|-------------------|-------|
| Annual Data                        | Unit                        | 2000 | 2005              | Δ (%) |
| R&D expenditure (GERD*)            | % of GDP                    | n.a. | n.a.              |       |
| R&D expenditure (BERD**)           | % of GDP                    | 0.50 | 0.37              | -26.0 |
| Employment in high-tech sectors*** | % of total employment       | 4.7  | 4.3               | -8.1  |
| Population with tertiary education | % of 25-64 years population | 17.3 | 21.8 <sup>a</sup> | 22.7  |

\*Gross domestic expenditure on R&D; \*\*Business enterprise expenditure on R&D; \*\*\*high-tech manufacturing and knowledge-intensive high-technology services; a=2003. Source: CSIL processing of Eurostat data

| Manufacturing sector*              |  |       |        |       |
|------------------------------------|--|-------|--------|-------|
| Annual Data                        | Unit   | 2000  | 2005   | Δ (%) |
| N. of local manufacturing units    | Thousand   | 5,475 | 5,169  | -5.6  |
| Regional specialisation index      | Ratio between manufacturing employment rate in the region and manufacturing employment rate in Italy | 1.12  | 1.10   | -1.9  |
| Gross investment in tangible goods | Eur million, current prices  | 1,304 | 1,390  | 6.6   |
| Investment per person employed     | Eur, current prices  | 5,700 | 10,400 | 82.5  |

\*NACE code D. Source: CSIL processing of Eurostat data



\*Estimated value for 2001. Source: CSIL processing of Eurostat data

| Objective 2 areas demographic data*           |                          |   |
|---|--------------------------|---|
| Residents living in Objective 2 areas in 2004 | 2,219,400 (87% of total) |   |
| -of which                                     | 89%                      | in predominantly urban areas                  |
|   | 11%                      | in intermediate rural, close to a city areas  |
|   | 0%                       | in intermediate rural, remote areas           |
|   | 0%                       | in predominantly rural, close to a city areas |
|   | 0%                       | in predominantly rural, remote areas          |

\*Aggregation of NUTS3 data. Source: DG Regio, OECD

| ERDF expenditure 2000-2006 |                    |                                     |
|----------------------------|--------------------|-------------------------------------|
| Field Of Intervention      | EUR                | EUR per person living in Ob 2 areas |
| 1 Productive environment   | 522,607,341        | 235                                 |
| 2 Human resources          | 0                  | 0                                   |
| 3 Basic Infrastructure     | 0                  | 0                                   |
| 4 Miscellaneous            | 4,301,925          | 2                                   |
| <b>TOTAL</b>               | <b>526,909,266</b> | <b>237</b>                          |

Source: DG Regio

## NORTH WEST ENGLAND

In 2005, the main manufacturing sectors of the North West England economy were “coke, refined petroleum products and nuclear fuel”, “electrical and optical equipment” and “basic metal and fabricated metal products”, with the first one accounting for 15% of the region manufacturing employment. Gross domestic expenditures in Research and Development amounted to 1.54% of the regional GDP in 2005. Moreover, employment in high tech sectors represented 4.6% of the regional employment in 2005. ICT patents registered in 2000 were 19.8 per million inhabitants. As regards transport infrastructures, in 2005 the ratio between total motorway kilometres and total land area expressed in square kilometres was 0.045, while the same figure was 2.54 as regards “other roads”.

The objective 2 areas in the region suffered from an overdependence on manufacturing sectors in decline and a weak growth in professional and business services. Moreover, after 2000 the relocation of manufacturing plants to Eastern Europe and East Asia represented a major challenge: electronics, textiles, clothing, transport equipment and chemicals were the sectors at risk.

The priorities of the 2000-2006 Objective 2 programme in North West England were: improving business environment, especially at SMEs level; promoting economically sustainable communities; improving attractiveness to investment. The areas covered were Greater Manchester, Lancashire and Cheshire and West Cumbria Furness and the 5b region of Northern Uplands. North West England residents living in the areas covered by the Objective 2 programme were 31% of the total population. Of these, almost 90% lived in predominantly urban areas and the rest in intermediate rural areas.

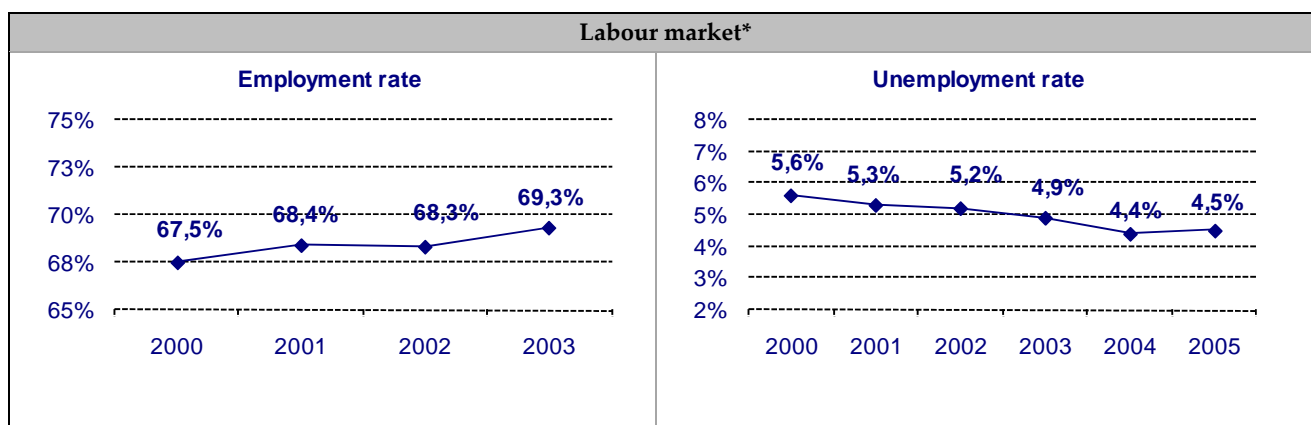
The following Tables provide some regional statistics on the socio-economic condition, the manufacturing sector and the Structural Funds (ERDF) expenditure in the previous programming period.

| Basic regional data                |             |         |         |       |
|------------------------------------|-------------|---------|---------|-------|
| Annual Data                        | Unit        | 2000    | 2005    | Δ (%) |
| Population                         | Million     | 6.835   | 6.838   | 0.0   |
| PPP Per Capita GDP*                | Eur         | 19,805  | 23,335  | 17.8  |
| Gross Value Added, at basic prices | Eur million | 138,328 | 155,749 | 12.6  |

\*ESA 95 expenditure classification. Source: CSIL processing of Eurostat data

| Employment by economic sector, 2000-2005. Percentage values |      |      |       |
|---|------|------|-------|
|   | 2000 | 2005 | Δ (%) |
| Agriculture   | 0.9  | 0.7  | -15.7 |
| Industry  | 27.2 | 22.9 | -15.8 |
| Services  | 71.9 | 76.3 | 6.2   |
| Total   | 100  | 100  |       |

Source: Eurostat



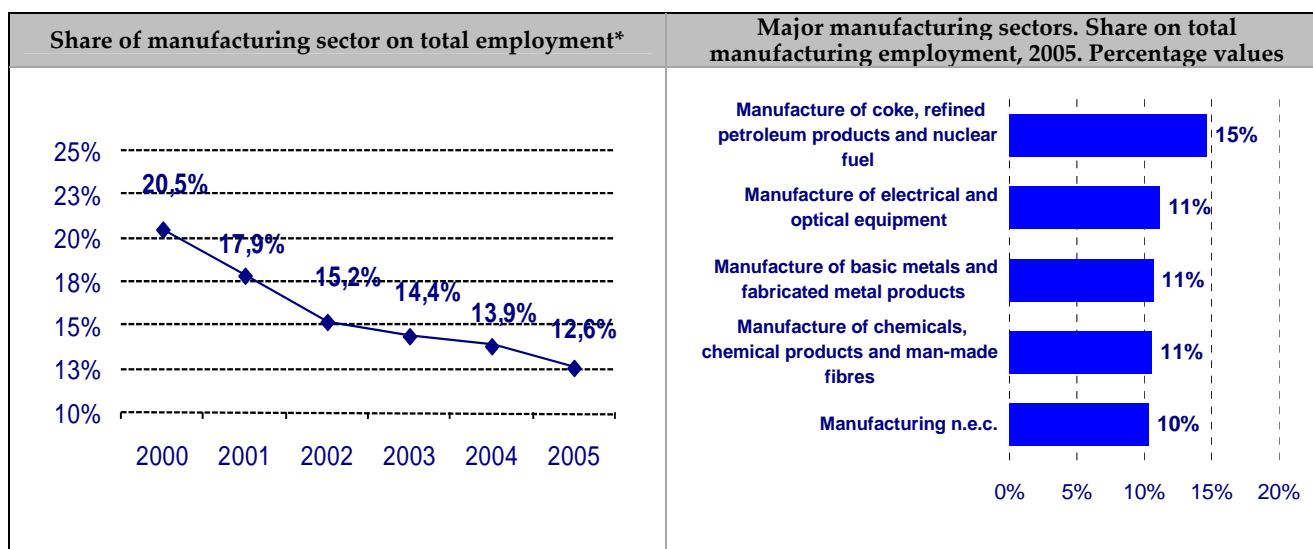
\*Employment rate data available till 2003. Source: CSIL processing of Eurostat data

| Knowledge based economy            |                             |       |      |       |
|------------------------------------|-----------------------------|-------|------|-------|
| Annual Data                        | Unit                        | 2000  | 2005 | Δ (%) |
| R&D expenditure (GERD*)            | % of GDP                    | n.a.  | n.a. | -     |
| R&D expenditure (BERD**)           | % of GDP                    | 1.48  | 1.54 | 4.1   |
| Employment in high-tech sectors*** | % of total employment       | 5.1   | 4.6  | -9.6  |
| Population with tertiary education | % of 25-64 years population | 19.1% | n.a. | -     |

\*Gross domestic expenditure on R&D; \*\*Business enterprise expenditure on R&D; \*\*\*high-tech manufacturing and knowledge-intensive high-technology services. Source: CSIL processing of Eurostat data

| Manufacturing sector*              |  |       |       |       |
|------------------------------------|--|-------|-------|-------|
| Annual Data                        | Unit   | 2000  | 2005  | Δ (%) |
| N. of local manufacturing units    | Thousand   | 20.0  | 18.4  | -7.8  |
| Regional specialisation index      | Ratio between manufacturing employment rate in the region and manufacturing employment rate in Italy | 1.07  | 1.13  | 6.3   |
| Gross investment in tangible goods | Eur million, current prices  | 4,267 | 3,235 | -24.2 |
| Investment per person employed     | Eur, current prices  | 6,800 | 8,700 | 27.9  |

\*NACE code D. Source: CSIL processing of Eurostat data



\*Estimated value for 2001. Source: CSIL processing of Eurostat

| Objective 2 areas demographic data*           |  |
|---|--|
| Residents living in Objective 2 areas in 2004 | 2139,709 (31% of total)                          |
| -of which                                     | 88% in predominantly urban areas                 |
|   | 12% in intermediate rural, close to a city areas |
|   | 0% In intermediate rural, remote areas           |
|   | 0% in predominantly rural, close to a city areas |
|   | 0% in predominantly rural, remote areas          |

\*Aggregation of NUTS3 data Source: DG Regio, OECD

| ERDF expenditure 2000-2006 |                    |                                     |
|----------------------------|--------------------|-------------------------------------|
| Field Of Intervention      | EUR                | EUR per person living in Ob 2 areas |
| 1 Productive environment   | 416,911,960        | 195                                 |
| 2 Human resources          | 64,227,225         | 30                                  |
| 3 Basic Infrastructure     | 250,280,001        | 117                                 |
| 4 Miscellaneous            | 11,754,452         | 5                                   |
| <b>TOTAL</b>               | <b>743,173,638</b> | <b>347</b>                          |

Source: DG Regio

## PAÍS VASCO

In 2005, the main manufacturing sectors of the País Vasco economy were “basic metals and fabricated metal products”, “machinery and equipment n.e.c.” and “transport equipment.”, with the first one accounting for 35% of the region manufacturing employment. Gross domestic expenditures in Research and Development amounted to 1.48% of the regional GDP in 2005. Moreover, employment in high tech sectors represented 3.4% of the regional employment in 2005 with a sharp growth compared to 2000. ICT patents registered in 2002 were 3.9 per million inhabitants. As regards transport infrastructures, in 2005 the ratio between total motorway kilometres and total land area expressed in square kilometres was 0.06, while the same figure was 0.52 as regards “other roads” and 0.042 as regards railway lines.

The accession process to the EU of Central and Eastern European countries and the competition of some Asian countries such as India and China with much lower labour costs forced Basque Country to adopt a strategy based on increases in the value added of its products and product differentiation. Weak points used to be a high dependency on oil, a lack of innovative activities and the small average size of businesses. The region has seen the development of research activities, technological development and product and process innovation.

The priorities of the 2000-2006 Objective 2 programme in País Vasco were: improving competitiveness, employment and development of the entrepreneurial system; developing the knowledge society and increasing R&D and innovation activities. País Vasco residents living in the areas covered by Objective 2 programme were 91% of the total population. Of these, 88% lived in predominantly urban areas and the rest in intermediate rural areas..

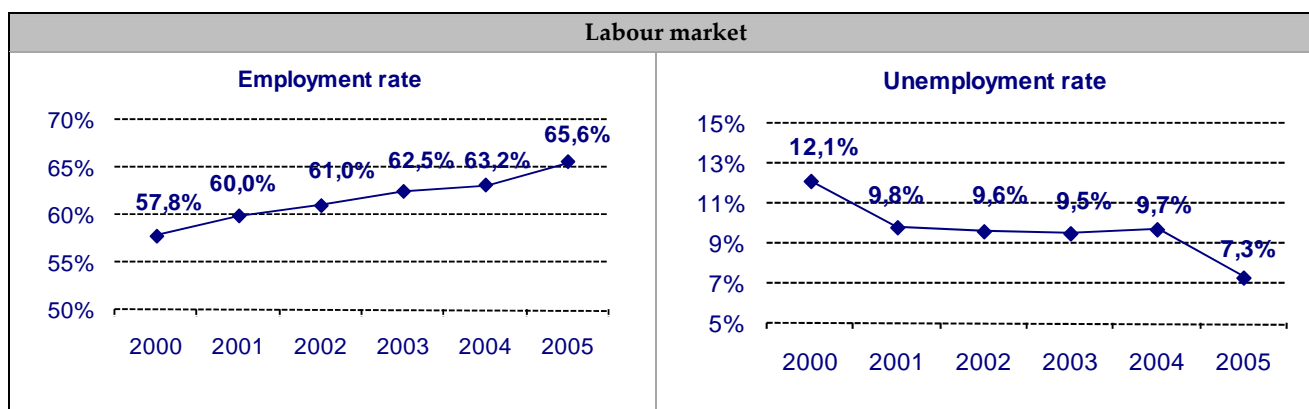
The following Tables provide some regional statistics on the socio-economic condition, the manufacturing sector and the Structural Funds (ERDF) expenditure in the previous programming period.

| Basic regional data                |             |        |        |       |
|------------------------------------|-------------|--------|--------|-------|
| Annual Data                        | Unit        | 2000   | 2005   | Δ (%) |
| Population                         | Million     | 2.073  | 2.079  | 1.7   |
| PPP Per Capita GDP*                | Eur         | 22,716 | 23,782 | 29.0  |
| Gross Value Added, at basic prices | Eur million | 35,974 | 50,166 | 39.5  |

Source: CSIL processing of Eurostat data. \* ESA 95 expenditure classification

| Employment by economic sector, 2000-2005. Percentage values |      |      |       |
|---|------|------|-------|
|   | 2000 | 2005 | Δ (%) |
| Agriculture   | 1.6  | 1.6  | -0.6  |
| Industry  | 37.8 | 33.7 | -11.0 |
| Services  | 60.6 | 64.7 | 6.9   |
| Total   | 100  | 100  |       |

Source: Eurostat



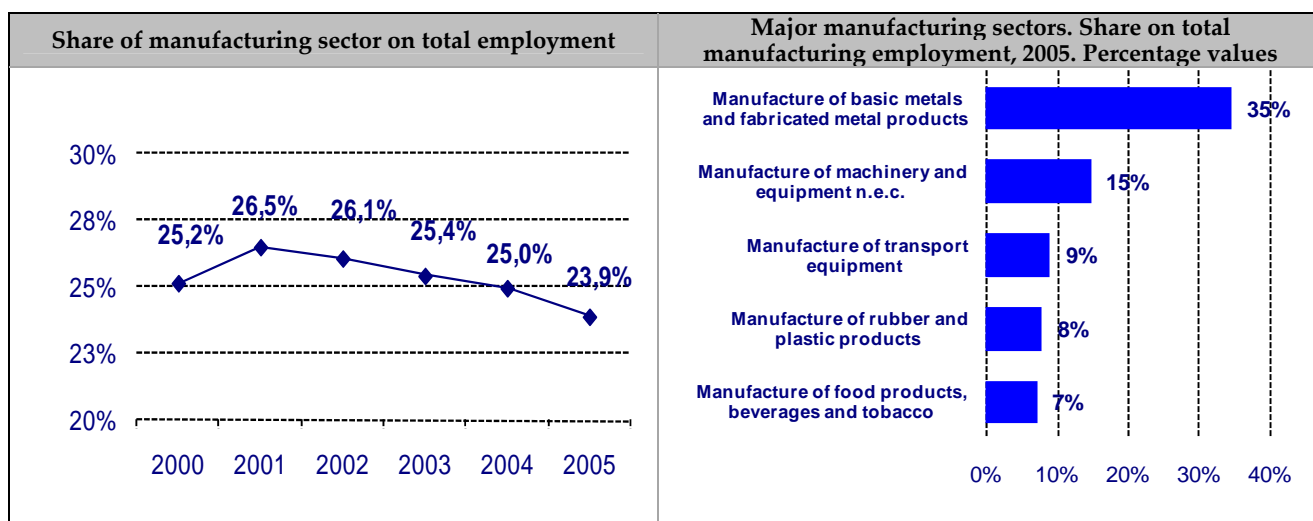
Source: CSIL processing of Eurostat data

| Knowledge based economy            |                             |      |      |       |
|------------------------------------|-----------------------------|------|------|-------|
| Annual Data                        | Unit                        | 2000 | 2005 | Δ (%) |
| R&D expenditure (GERD*)            | % of GDP                    | 1.16 | 1.48 | 27.6  |
| R&D expenditure (BERD**)           | % of GDP                    | 0.90 | 1.15 | 27.8  |
| Employment in high-tech sectors*** | % of total employment       | 2.6  | 3.4  | 28.3  |
| Population with tertiary education | % of 25-64 years population | 25.7 | 34.2 | 33.0  |

\*Gross domestic expenditure on R&D; \*\*Business enterprise expenditure on R&D; \*\*\*high-tech manufacturing and knowledge-intensive high-technology services. Source: CSIL processing of Eurostat data

| Manufacturing sector*              |  |        |       |       |
|------------------------------------|--|--------|-------|-------|
| Annual Data                        | Unit   | 2000   | 2005  | Δ (%) |
| N. of local manufacturing units    | Thousand   | 11.9   | 12.9  | 8.6   |
| Regional specialisation index      | Ratio between manufacturing employment rate in the region and manufacturing employment rate in Italy | 1.50   | 1.75  | 16.1  |
| Gross investment in tangible goods | Eur million, current prices  | 2,150  | 1,756 | -18.3 |
| Investment per person employed     | Eur, current prices  | 10,100 | 7,700 | -23.8 |

\*NACE code D. Source: CSIL processing of Eurostat data



Source: CSIL processing of Eurostat data

| Objective 2 areas demographic data*           |                          |   |
|---|--------------------------|---|
| Residents living in Objective 2 areas in 2004 | 1,913,252 (91% of total) |   |
| -of which                                     | 88%                      | in predominantly urban areas                  |
|   | 12%                      | in intermediate rural, close to a city areas  |
|   | 0%                       | in intermediate rural, remote areas           |
|   | 0%                       | in predominantly rural, close to a city areas |
|   | 0%                       | in predominantly rural, remote areas          |

Source: DG Regio, OECD. Aggregation of NUTS3 data

| ERDF expenditure 2000-2006 |                    |                                     |
|----------------------------|--------------------|-------------------------------------|
| Field Of Intervention      | EUR                | EUR per person living in Ob 2 areas |
| 1 Productive environment   | 153,410,108        | 123                                 |
| 2 Human resources          | 4,332,222          | 3                                   |
| 3 Basic Infrastructure     | 175,180,820        | 140                                 |
| 4 Miscellaneous            | 10,114,238         | 8                                   |
| <b>TOTAL</b>               | <b>343,037,388</b> | <b>275</b>                          |

Source: DG Regio

## RHÔNE ALPES

In 2005, the main manufacturing sectors of the Rhône-Alpes economy were “electrical and optical equipment”, “pulp, paper and paper products; publishing and printing” and “machinery and equipment n.e.c.”, with the first one accounting for 17% of the region manufacturing employment. Gross domestic expenditures in Research and Development amounted to 2.47% of the regional GDP in 2005, with an increase compared to 2000. Moreover, employment in high tech sectors represented 11.5% of the regional employment in 2005 with a slight increase compared to 2000. ICT patents registered in 2002 were 74.1 per million inhabitants. As regards transport infrastructures, in 2005 the ratio between total motorway kilometres and total land area expressed in square kilometres was 0.027, while the same figure was 1.99 as regards “other roads” and 0.062 as regards railway lines.

Globalisation confronted the different segments of industry in Rhône-Alpes to the same challenges over the period 2000-2006. Dominant industries were also facing internal structural difficulties due to factors such as environmental difficulties, ageing population, low skills and few existing relationships with research. These effects did not only affect large companies but also SMEs.

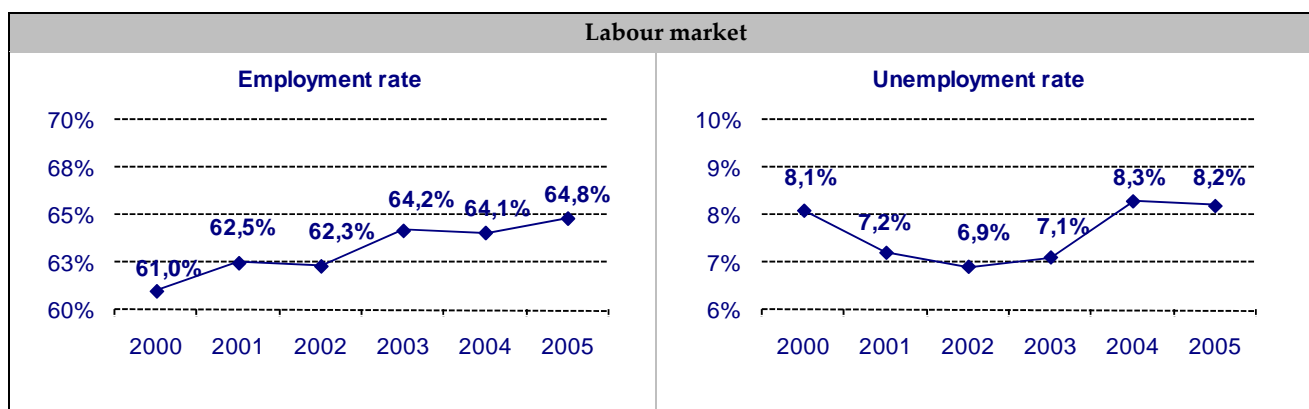
As such, 2000-2006 Objective 2 programme in Rhône-Alpes featured three priorities: encouraging local development and innovation; improving territory attractiveness; strengthening the industrial base and the rural development. Rhône-Alpes residents living in the areas covered by Objective 2 programme were 21% of the total population. Of these, over 70% lived in intermediate rural areas, about 15% in predominantly rural areas and the rest in predominantly urban areas. The following Tables provide some regional statistics on the socio-economic condition, the manufacturing sector and the Structural Funds (ERDF) expenditure in the previous programming period.

| Basic regional data                |             |         |         |       |
|------------------------------------|-------------|---------|---------|-------|
| Annual Data                        | Unit        | 2000    | 2005    | Δ (%) |
| Population                         | Million     | 5.713   | 5.981   | 4.7   |
| PPP Per Capita GDP*                | Eur         | 22,306  | 25,291  | 13.5  |
| Gross Value Added, at basic prices | Eur million | 123,214 | 147,792 | 19.9  |

\*ESA 95 expenditure classification. Source: CSIL processing of Eurostat data

| Employment by economic sector, 2000-2005. Percentage values |      |      |       |
|---|------|------|-------|
|   | 2000 | 2005 | Δ (%) |
| Agriculture   | 4.1  | 2.0  | -50.2 |
| Industry  | 29.9 | 27.0 | -9.8  |
| Services  | 65.8 | 70.8 | 7.6   |
| Total   | 100  | 100  |       |

Source: Eurostat



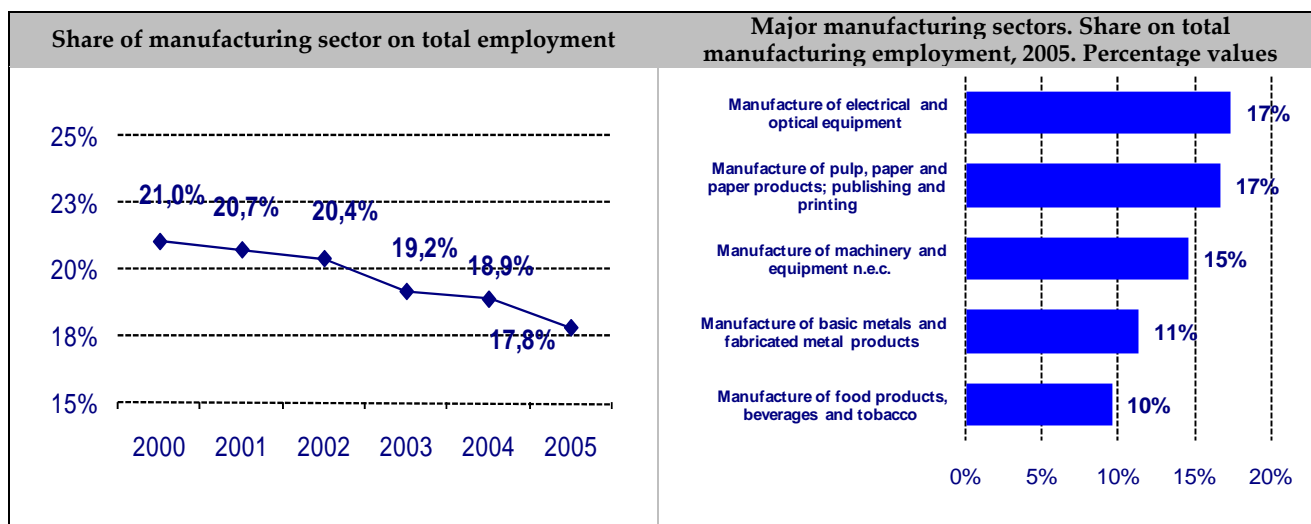
Source: CSIL processing of Eurostat data

| Knowledge based economy            |                             |      |                   |       |
|------------------------------------|-----------------------------|------|-------------------|-------|
| Annual Data                        | Unit                        | 2000 | 2005              | Δ (%) |
| R&D expenditure (GERD*)            | % of GDP                    | 2.38 | 2.47 <sup>a</sup> | 3.8   |
| R&D expenditure (BERD**)           | % of GDP                    | 1.60 | 1.66 <sup>a</sup> | 3.8   |
| Employment in high-tech sectors*** | % of total employment       | 11.2 | 11.5              | 2.3   |
| Population with tertiary education | % of 25-64 years population | 18.6 | 20.5              | 10.1  |

\*Gross domestic expenditure on R&D; \*\*Business enterprise expenditure on R&D; \*\*\*high-tech manufacturing and knowledge-intensive high-technology services; a=2004. Source: CSIL processing of Eurostat data

| Manufacturing sector*              |  |       |       |       |
|------------------------------------|--|-------|-------|-------|
| Annual Data                        | Unit   | 2000  | 2005  | Δ (%) |
| N. of local manufacturing units    | Thousand   | 33.5  | 34.7  | 3.4   |
| Regional specialisation index      | Ratio between manufacturing employment rate in the region and manufacturing employment rate in Italy | 1.27  | 1.24  | -2.9  |
| Gross investment in tangible goods | Eur million, current prices  | 3,916 | 2,112 | -46.1 |
| Investment per person employed     | Eur, current prices  | 8,100 | 7,100 | -12.3 |

\*NACE code D. Source: CSIL processing of Eurostat data



Source: CSIL processing of Eurostat data

| Objective 2 areas demographic data*           |   |
|---|---|
| Residents living in Objective 2 areas in 2004 | 1247,498 (21.0% of total)                         |
| -of which                                     | 15% in predominantly urban areas                  |
|   | 70% in intermediate rural, close to a city areas  |
|   | 0% in intermediate rural, remote areas            |
|   | 15% in predominantly rural, close to a city areas |
|   | 0% in predominantly rural, remote areas           |

\*Aggregation of NUTS3 data. Source: DG Regio, OECD

| ERDF expenditure 2000-2006 |             |                                     |
|----------------------------|-------------|-------------------------------------|
| Field Of Intervention      | EUR         | EUR per person living in Ob 2 areas |
| 1 Productive environment   | 153,410,108 | 123                                 |
| 2 Human resources          | 4,332,222   | 3                                   |
| 3 Basic Infrastructure     | 175,180,820 | 140                                 |
| 4 Miscellaneous            | 10,114,238  | 8                                   |
| TOTAL                      | 343,037,388 | 275                                 |

Source: DG Regio

## STEIERMARK

In 2005, the main manufacturing sectors of the Steiermark economy were “basic metals and fabricated metal products”, “transport equipment” and “electrical and optical equipment”, with the first one accounting for 21% of the region manufacturing employment. Gross domestic expenditures in Research and Development amounted to 3.21% of the regional GDP in 2005, with an upward trend compared to 2000. Moreover, employment in high tech sectors represented 3.6% of the regional employment in 2005 with a decrease compared to 2000. ICT patents registered in 2002 were 56.8 per million inhabitants. As regards transport infrastructures, in 2005 the ratio between total motorway kilometres and total land area expressed in square kilometres was 0.019, while the same figure was 1.11 as regards “other roads”. Over the period 2000-2006, Steiermark was still dominated by the manufacturing sector compared to other Austrian regions while business services were underrepresented in terms of share and growth rates. The manufacturing sector was showing a weak productivity (with the exception of automotive, wood & paper) and was therefore vulnerable to international competition. Intramural innovation and R&D activities were concentrated in a few large firms active on the international markets while most SMEs performed neither R&D nor innovation activities. The 2000-2006 Objective 2 programme in Steiermark featured two priorities. The first one related to the manufacturing and service sectors and consisted of encouraging innovative business start-ups and attracting new companies to the area; the second concerned information society and focused on promoting co-operation between companies in the fields of R&D and innovation. Steiermark residents living in the areas covered by Objective 2 programme were 54% of the total population. Of these, almost 80% lived in predominantly rural areas, and the rest in intermediate rural areas.

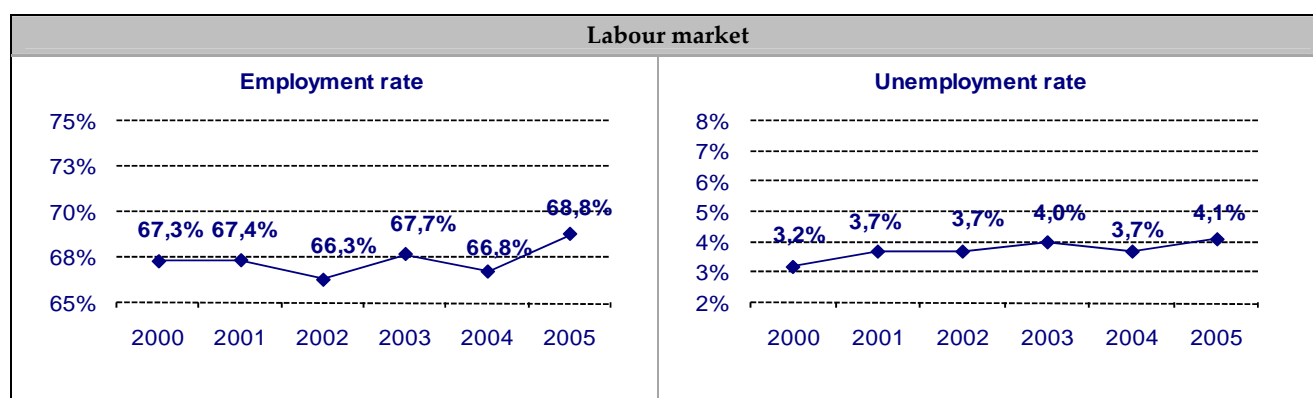
The following Tables provide some regional statistics on the socio-economic condition, the manufacturing sector and the Structural Funds (ERDF) expenditure in the previous programming period.

| Basic regional data                |             |        |        |       |
|------------------------------------|-------------|--------|--------|-------|
| Annual Data                        | Unit        | 2000   | 2005   | Δ (%) |
| Population                         | Million     | 1.182  | 1.199  | 1.4   |
| PPP Per Capita GDP*                | Eur         | 21,713 | 24,897 | 14.7  |
| Gross Value Added, at basic prices | Eur million | 23,826 | 27,655 | 16.1  |

Source: CSIL processing of Eurostat data. \*ESA 95 expenditure classification

| Employment by economic sector, 2000-2005. Percentage values |       |       |       |
|---|-------|-------|-------|
|   | 2000  | 2005  | Δ (%) |
| Agriculture   | 8,3%  | 7,6%  | -8,4% |
| Industry  | 34,0% | 31,2% | -8,0% |
| Services  | 57,7% | 61,2% | 6,0%  |
| Total   | 100   | 100   |       |

Source: Eurostat



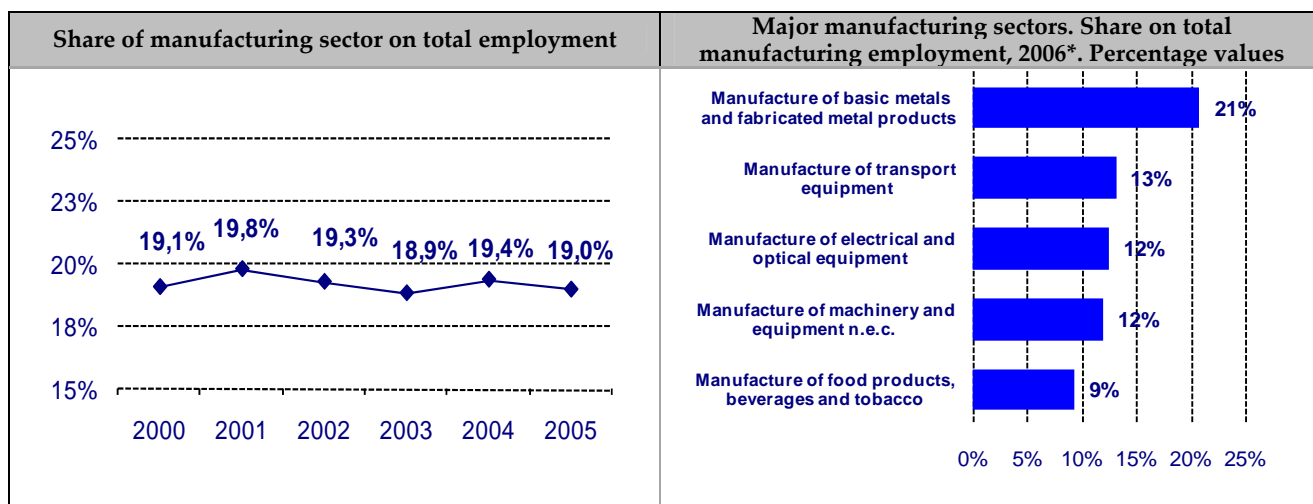
Source: CSIL processing of Eurostat data.

| Knowledge based economy            |                             |                   |                   |       |
|------------------------------------|-----------------------------|-------------------|-------------------|-------|
| Annual Data                        | Unit                        | 2000              | 2005              | Δ (%) |
| R&D expenditure (GERD*)            | % of GDP                    | 2.48 <sup>a</sup> | 3.21 <sup>b</sup> | 29.4  |
| R&D expenditure (BERD**)           | % of GDP                    | 1.50 <sup>a</sup> | 2.13 <sup>b</sup> | 42.0  |
| Employment in high-tech sectors*** | % of total employment       | 3.9               | 3.6               | -8.6  |
| Population with tertiary education | % of 25-64 years population | 10.2              | 14.1              | 38.6  |

\*Gross domestic expenditure on R&D; \*\*Business enterprise expenditure on R&D; \*\*\*high-tech manufacturing and knowledge-intensive high-technology services; a=1999, b=2004. Source: CSIL processing of Eurostat data

| Manufacturing sector*              |  |        |       |       |
|------------------------------------|--|--------|-------|-------|
| Annual Data                        | Unit   | 2000   | 2005  | Δ (%) |
| N. of local manufacturing units    | Thousand   | 4.1    | 4.8   | 15.5  |
| Regional specialisation index      | Ratio between manufacturing employment rate in the region and manufacturing employment rate in Italy | 1.13   | 1.17  | 4.3   |
| Gross investment in tangible goods | Eur million, current prices  | 1,162  | 838   | -27.9 |
| Investment per person employed     | Eur, current prices  | 11,400 | 7,900 | -30.7 |

\*NACE code D. Source: CSIL processing of Eurostat data



\*2005 data not available. Source: CSIL processing of Eurostat data

| Objective 2 areas demographic data*           |   |
|---|---|
| Residents living in Objective 2 areas in 2004 | 646,218 (54% of total)                            |
| -of which                                     | 0% in predominantly urban areas                   |
|   | 22% in intermediate rural, close to a city areas  |
|   | 0% in intermediate rural, remote areas            |
|   | 57% in predominantly rural, close to a city areas |
|   | 20% in predominantly rural, remote areas          |

\*Aggregation of NUTS3 data. Source: DG Regio, OECD

| ERDF expenditure 2000-2006 |                    |                                     |
|----------------------------|--------------------|-------------------------------------|
| Field Of Intervention      | EUR                | EUR per person living in Ob 2 areas |
| 1 Productive environment   | 163,410,251        | 137                                 |
| 2 Human resources          | 0                  | 0                                   |
| 3 Basic Infrastructure     | 31,427,274         | 26                                  |
| 4 Miscellaneous            | 1,422,508          | 1                                   |
| <b>TOTAL</b>               | <b>196,260,033</b> | <b>164</b>                          |

Source: DG Regio

## TOSCANA

In 2005, the main manufacturing sectors of the Toscana economy were “textile and textile products”, “leather and leather products” and “basic metals and fabricated metal products”, with the first one accounting for 20% of the region manufacturing employment. Gross domestic expenditures in Research and Development amounted to 1.09% of the regional GDP in 2005. Moreover, employment in high tech sectors represented 3.8% of the regional employment in 2005 with an increase compared to 2000. ICT patents registered in 2002 were 8.2 per million inhabitants. As regards transport infrastructures, in 2005 the ratio between total motorway kilometres and total land area expressed in square kilometres was 0.018, while the same figure was 0.59 as regards “other roads” and 0.063 as regards railway lines. The 2000-2006 Objective 2 programme areas of Toscana suffered from an extreme fragmentation of the production system; under capitalisation of firms; specialisation of manufacturing in traditional sectors; limited innovative activity; firms of very small size supplied with unsophisticated services; under-equipment in terms of economic infrastructure. Moreover, despite their environmental heritage, the eligible areas had a variety of environmental problems. The priorities of the 2000-2006 Objective 2 programme in Toscana were: developing and strengthening the SMEs; improving the areas’ infrastructure system in order to boost the business environment; protecting the environment. Toscana residents living in the areas covered by Objective 2 programme were 23.2% of the total population. Of these, almost 40% lived in predominantly urban areas, about 37% in predominantly rural areas and the rest in intermediate rural areas.

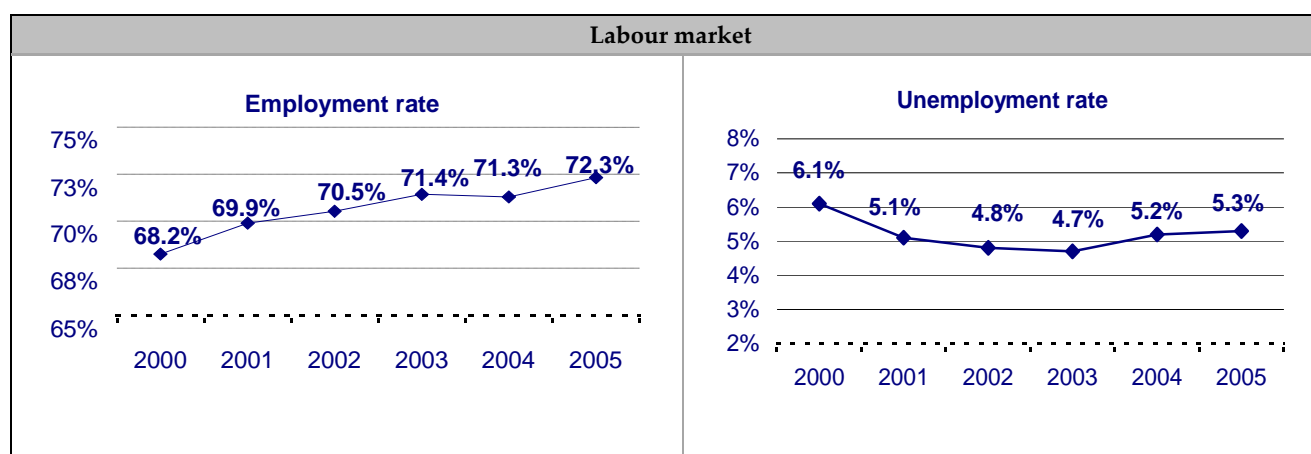
The following Tables provide some regional statistics on the socio-economic condition, the manufacturing sector and the Structural Funds (ERDF) expenditure in the previous programming period.

| Basic regional data                |             |        |        |       |
|------------------------------------|-------------|--------|--------|-------|
| Annual Data                        | Unit        | 2000   | 2005   | Δ (%) |
| Population                         | Million     | 3.493  | 3.609  | 3.3   |
| PPP Per Capita GDP*                | Eur         | 24,175 | 25,583 | 5.8   |
| Gross Value Added, at basic prices | Eur million | 70,830 | 85,686 | 21.0  |

\*ESA 95 expenditure classification. Source: CSIL processing of Eurostat data.

| Employment by economic sector, 2000-2005. Percentage values |      |      |       |
|---|------|------|-------|
|   | 2000 | 2005 | Δ (%) |
| Agriculture   | 3.8  | 3.9  | 2.6   |
| Industry  | 34   | 31.1 | -8.5  |
| Services  | 62.2 | 65   | 4.5   |
| Total   | 100  | 100  |       |

Source: Eurostat



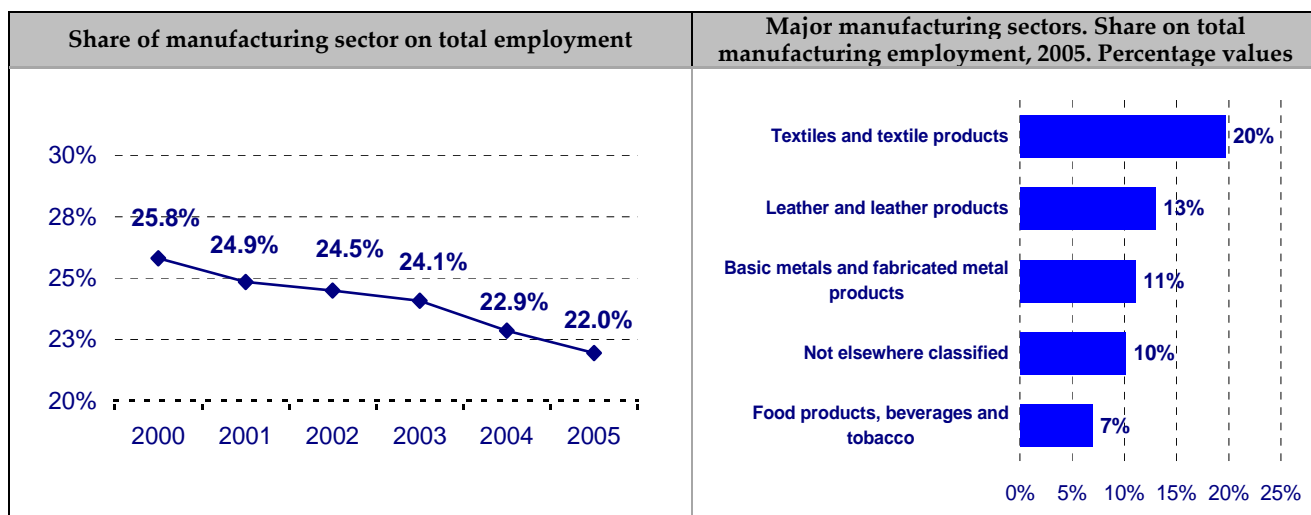
Source: CSIL processing of Eurostat data.

| Knowledge based economy            |                             |      |      |       |
|------------------------------------|-----------------------------|------|------|-------|
| Annual Data                        | Unit                        | 2000 | 2005 | Δ (%) |
| R&D expenditure (GERD*)            | % of GDP                    | 1.02 | 1.09 | 16.7  |
| R&D expenditure (BERD**)           | % of GDP                    | 0.30 | 0.35 | 6.0   |
| Employment in high-tech sectors*** | % of total employment       | 3.2  | 3.8  | 16.5  |
| Population with tertiary education | % of 25-64 years population | 7.9  | 15.2 | 93.3  |

\*Gross domestic expenditure on R&D; \*\*Business enterprise expenditure on R&D; \*\*\*high-tech manufacturing and knowledge-intensive high-technology services. Source: CSIL processing of Eurostat data.

| Manufacturing sector*              |  |       |       |       |
|------------------------------------|--|-------|-------|-------|
| Annual Data                        | Unit   | 2000  | 2005  | Δ (%) |
| N. of local manufacturing units    | Thousand   | 59.7  | 52.0  | -12.8 |
| Regional specialisation index      | Ratio between manufacturing employment rate in the region and manufacturing employment rate in Italy | 1.23  | 1.16  | -5.5  |
| Gross investment in tangible goods | Eur million, current prices  | 2,594 | 1,417 | -45.4 |
| Investment per person employed     | Eur, current prices  | 7,100 | 4,300 | -39.4 |

\*NACE code D. Source: CSIL processing of Eurostat data.



Source: CSIL processing of Eurostat data

| Objective 2 areas demographic data*           |   |
|---|---|
| Residents living in Objective 2 areas in 2004 | 831,904 (23.2% of total)                          |
| -of which                                     | 40% in predominantly urban areas                  |
|   | 23% In intermediate rural, close to a city areas  |
|   | 0% In intermediate rural, remote areas            |
|   | 16% In predominantly rural, close to a city areas |
|   | 21% In predominantly rural, remote areas          |

\*Aggregation of NUTS3 data. Source: DG Regio, OECD

| ERDF expenditure 2000-2006 |                    |                                     |
|----------------------------|--------------------|-------------------------------------|
| Field Of Intervention      | EUR                | EUR per person living in Ob 2 areas |
| 1 Productive environment   | 34,989,682         | 42                                  |
| 2 Human resources          | 0                  | 0                                   |
| 3 Basic Infrastructure     | 178,797,630        | 215                                 |
| 4 Miscellaneous            | 5,585,861          | 7                                   |
| <b>TOTAL</b>               | <b>219,373,173</b> | <b>264</b>                          |

Source: DG Regio

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