



A MONTHLY NEWS DIGEST ON POLITICS
ECONOMY FINANCE AND INDUSTRY
PREPARED FOR MEMBERS OF THE
ITALIA - AUSTRALIA ASSOCIATION

WHAT'S NEW IN ITALY

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THE ECONOMY

WORSE TO COME

Italy will be entering the recovery phase of its economic cycle with an inflation rate more than double the average of other major industrialized countries and with its balance of payments still in deficit. The IMF says that the budgetary deficit will only lead to a sharp rise in the proportion of public debt to the GDP and would require the maintenance of "relatively high and possibly rising real interest rates."

Italy has verged on the brink of apparent economic collapse for so many years and somehow managed to survive, even if precariously, that dire warnings for the most part fall on deaf ears.

The days of economic miracles have long since past but somehow the worst is always avoided. There are signs of a slow and painful decline in the inflation trend and timid indications of recovery.

BRAVE NEW YEAR

During 1984, the cost of labor will decline slightly in real terms although above inflation, prices for industrial products will drop and those for raw materials will show a slight increase, according to Centromarca, the Italian association of more than 140 major producers of branded products. Business investment is expected to rise and industry will generally show better results.

Personal consumption is anticipated to rise for almost all types of products, with the exception of textiles and clothing which will decline slightly by 0.7% after a 4.5% drop in 1983.

TECHNOLOGICAL TAB

Between patents, licensing agreements, trade marks, inventions and knowhow, Italy paid out a total of \$506 million to other industrialized countries in 1982 according to a recent study. Income from abroad for sales of Italian technology and research developments came to \$136 million. This was \$106 million more than the previous year.

Italy is still a leader in design and invention, which resulted in a payments surplus of \$14 million, but a major importer elsewhere.

INDUSTRY ROUND UP

Designer Gucci of Rome has been chosen to do the styling and furnishing, including colors of the exterior enamel, for the "Miura", a luxury sports car which will be completely manufactured in Brazil. Built by Aldo Besson at Porto Alegre, the "Miura" will be produced in limited numbers and sell for about \$15,000.

The Lancia Delta HF Turbo has been chosen as the sports car of the year by the French magazine, Echappement. Thanks to two new models, the Lancia-Autobianchi group went through a solid boom last year both on the domestic and export markets. Production for 1983 is estimated at more than 175,000 compared with 157,100 in 1981.

ELECTRICAL & NUCLEAR ENERGY

NEW NUCLEAR LAB

The Italian tradition of excellence in nuclear physics, a phenomenon that goes back to the days of the late, great Enrico Fermi, is surfacing again in the form of a new underground laboratory. It has taken more than a year of toil, but a tunnel, painfully carved out from under the great rock mountain, Gran Sasso, in Abruzzo, is nearing completion. The underground chamber will house a supersophisticated nuclear physics research installation, as soon as a few last minute superficial alterations are completed.

Anxiously awaiting the opening of the lab are current and former presidents of the National Institute of Nuclear Physics (INFN), Professors Nicola Cabibbo and Antonino Zichichi respectively. Zichichi was the initiator of the lab project and yearns to fulfill his dream of facilitating experimental research in the fields of subatomic physics and astrophysics.

Scheduled experiments include an attempt to establish the fate of the proton when it completes what is now, to disintegrate and die in the pattern of all known things, or is it mysteriously transformed into an immortal sub-nuclear element of another kind? Past experiments performed separately by Italian physicists (under Switzerland's Mont Blanc mountain) and by Japanese researchers (who worked in abandoned mines) give support to the first possibility. On the other hand, data obtained by American scientists lends

credence to the "immortality" theory.

The new Italian laboratory has been built under a mountain in order to avoid interference arising out of that rain of cosmic rays to which the earth's surface is continually subjected.

INCREASINGLY ELECTRIC

In the face of dreary world economic conditions, Italy is experiencing something of a boom in the consumption of electrical power. In November, 7.4% more electricity was used, nationwide, than during the same month in 1982.

Certain commentators are suggesting that the rise in consumption signifies economic recovery, that the slump in Italian business and manufacturing is over.

ELECTRONICS AND TELECOMMUNICATIONS

BIG DEAL AT OLIVETTI

After months of speculation, meetings (secret and open), negotiations, and rumors, the much awaited Olivetti "big deal" appears to have come off. The American Telephone & Telegraph Company is going to buy 24% of Olivetti.

The avowed intent of the transaction is for the two parties to venture jointly in the office-automation business. They want to exploit a swiftly growing world market currently thought to be worth \$80 million per year.

The price is to be \$260 million, a figure that suggests that the Olivetti empire's fair market value is over \$1 billion. What AT&T will actually purchase is 100 million new shares in the Italian company, Western Europe's largest operator in its field.

To examine the new "partners"; which is to say, Olivetti and AT&T, there is a certain disparity between them in size. Olivetti has 1983 billings of about \$2 billion, compared to a \$6 billion for AT&T. The American company is a true multinational, a force in the international economy, capable of making governments tremble. Olivetti is an extremely successful European national company, with tendrils reaching out into the world, and a reputation for sophisticated design, technology and smart marketing.

GOOD TIMES FOR BONTEMPI

Strange and wondrous, but Bontempi (of Potenza, the Marches), manufacturers of electronic musical instruments, has not only been able to hold its own against Japanese competition in Europe, but has been able to surpass the Far Eastern manufacturers both on sales and market share. The company is still a family business. The managing director is Paolo Bontempi, who founded the enterprise in 1937.

Like Fiat and like Olivetti, Bontempi has, in his own smaller way, been able to face a

combination of foreign competition and a general economic crisis by a mix of good planning, clever marketing, and smart technology. To begin with, the company plows an enormous amount of its profits back into technological advances.

Most important in overcoming Japanese competition was the excellent organization, most particularly the distribution system, that has been developed at Bontempi. In fact, it is the only company in his field that is able to furnish needed product to a store in any small European town within 2 to 4 days.

Furthermore, Bontempi has invented a new revolutionary system, called "Metodo", that allegedly can make any instrument playable by anyone. With "Metodo", Bontempi expects to find success when it presents its products in the U.S.

Automobile car radio sales are booming in Italy, especially for hi-fi systems; some 700,000 units are sold annually and at least half of all cars have a radio. While hi-fi systems lead in all sales, Japanese makes appear to have rounded up the market. Some car systems have amplifiers up to 100 watts enough for a small discotheque.

FINANCE AND STOCK MARKETS

NO LIB HERE

The percentage of women employed in Italian banks varies considerably, from 26% in major savings banks down to only 2.3% in special local agricultural banks. But in any case, their chances of moving up the executive ladder are very slim. Only about 1% reach top management positions and only 40% are in responsible positions of any kind.

Only 60,000 women are employed in the Italian banking system in a total of 310,000. Eighty percent are under the age of 35 and only 10% have college degrees. Among the major reasons for getting a bank job (72%) is the security provided but almost half (48%) are not satisfied with their job. There seems little interest in a professional career in what will probably continue to be a man's world for some time to come.

PROFITABLE SPORT

Gianni Nardi is not only an avid soccer fan (vice president of the Milan team) but also a sharp insurance broker. Recently, Nardi insurance and Reinsurance Brokers has been created to combine both interests by specializing in obtaining insurance coverage for Italian soccer teams.

A certain level of insurance is obligatory by the national sports association but only provides some \$16,000 in case of permanent disability. Soccer associations have been forced to negotiate broader insurance coverage with private insurance companies but until now, no firm has specialized in the field.

STEEL

APPROVED

The EEC rescues the Bagnoli steel plant.

The central steel plant may open within two months. The Italian quota has been increased by 400 thousand tons.

ITALIANS CAN BE STEELY

To general delight, Pietro Vecchiotti, General Manager of ISA (Industrie Siderurgiche Associate), recently announced that Italian steel production levels have now outstrip those of Japan as well as those of the rest of Europe. Italian steel output is currently running at 775-875 tons per hour, as compared to 440 for Japan and 275 for European countries. Perhaps this is not surprising for the seventh largest national industrial country in the world, but taken against the background the metal industry's continuing worldwide crisis, the Italian achievement is impressive, to say the least.

Even though the publicly owned sector of the industry is in difficulty, the small private-sector firms are basically sound and, agreeably enough, profitable.

DUE FOR THE DEEP

A special order of 83,000 tons of steel pipe produced in the Taranto steel mill is on its way to India where it will be laid at a depth of 200 feet to tap offshore natural gas well having a high content of corrosive acid. To protect it from both the pressure and acid, the special steel pipe is 23.8mm. thick, 36 inches in diameter, and made of unusually high quality alloys.

MACHINERY AND INDUSTRIAL EQUIPMENT

SEWING MACHINE EXPORT BOOM

This last Christmas, Japanese families started to sew with Italian machines, a reversal of trade patterns that can only be heartening for Italy. Necchi's new computerized "Logica" machine, already established in the domestic market, has invaded Japan, and news of the initial reactions in Tokyo is entirely favorable.

The Logica is manufactured only in Italy, and by Italians. The technology and know-how were developed in this country, and Necchi (Pavia) is the sole owner and producer. The machine was designed by Giorgetto Giugiaro, a Turin clothing and industrial stylist, and it seems probable that his name was an important factor in Japanese interest in the Logica. The Logica is sold all over the world.

CHANGES IN A FALLDOWN

An official delegation from the People's Republic

of China recently arrived in Genoa to conclude the purchase, on behalf of the Chinese government, of 40 large self-moving (or self-propelled) cranes. These machines, indispensable for dockside activity, are manufactured by Belotti S.p.A. (Genoa) and are able to lift containers of over 65 tons to a height of over 35 feet.

Belotti, with just over 200 employees, is one



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