

# TORINO

## RECLAIMING AND DIVERSIFYING LOCAL STRENGTHS

POPULATION IN 2010: 2,286,985 • EMPLOYMENT IN 2010: 1,047,407  
GROSS VALUE ADDED (GVA) PER PERSON IN 2007: \$30,067

Torino has been automaker Fiat's stronghold for decades, earning it the title, 'the Italian Detroit'. Capital of the region of Piemonte (Piedmont), Torino was the heart of the industrial triangle that drove Italy's economic miracle in the 1960s and 1970s. From facing acute crisis just twenty years ago, Torino's auto sector adapted and recovered, and the city diversified into new sectors, like design and aerospace. As post-industrial cities around the globe struggle to remake themselves, the story of Torino offers useful insights about reclaiming and diversifying local strengths.

### The Challenge

The oil crisis of the mid-1970s and increasing global competition led Fiat to restructure its supply chains, with a negative impact on the local manufacturing-based economy. 100,000 jobs were lost in the 1980s alone. As Fiat restructured its research and training activities and successive mayors failed to take effective control, Torino faced the prospect of an institutional and economic vacuum.

### Leadership and Intentionality

Torino's adaptation was driven by entrepreneurial public and private actors. The restructuring of Fiat proved challenging for its suppliers, and yet many of them emerged more efficient and competitive internationally. The local Union of Industrialists and political institutions worked alongside manufacturers to help firms adapt to new conditions and enter new markets.

As Fiat concentrated transformation internally, other institutions emerged to nurture Torino's burgeoning expertise and attract international industry. Bank foundations accelerated innovation and R&D, and invested in new cross-sectoral institutions. The Politecnico di Torino, the city's major university, modified its courses, relocated to the heart of the city and worked with public and private actors to bring in international firms and research centers.

Devolved national power galvanized momentum for Torino in the early 1990s, as Mayor Castellani initiated two major planning processes. The strategic plan linked the changes in the city's auto sector to a new vision for Torino as a globally-oriented, innovative and diversified economy, supported by a new city masterplan that reconfigured Torino's industrial core. City and regional governments enabled the changes pursued by other economic actors to accelerate, flourish and spread.

### Interventions

*Attracting financial investment through collaboration.* Collaboration between Torino and Piemonte brought in funding from the EU: €2.5 billion from the EU Structural Funds (publicly co-funded locally) since 1989 and €3.3 billion from the European Investment Bank since the mid-1990s.

*Reclaiming industrial areas for the new economy.* The new masterplan enabled Torino's industrial artery and railway running through the center of the city to be reclaimed. This 'Spina Centrale' (central backbone) and four brownfield sites are being redeveloped into mixed-use neighborhoods, and linked back to the urban fabric through new transport infrastructure, including Torino's first metro line and a high-speed link to Milan and central Europe.

*Bridging the gap.* Torino's bank foundations and the Politecnico bridged the gap between universities,

businesses, and private capital by facilitating investment, innovation, and effective market entry.

The Politecnico reconfigured its courses for the new economy (e.g. automotive engineering, design), attracting foreign firms, students and talent back to Torino. Private firms have taken up positions in the city center campus, including GM Powertrain Europe and China's second largest car manufacturer, JAC. The Politecnico's business incubator 13P, jointly owned by city and regional governments and the Torino Chamber of Commerce, is a major contributor to Piemonte's emergence as the Italian region with the most university spin-offs.

Torino's bank foundations, Compagnia di San Paolo and Fondazione Cassa di Risparmio di Torino, play a crucial intermediary role between Torino's political system and the market place, accelerating innovation in sectors like sustainable mobility and ICT. Between 2001 and 2005, they invested €380 million in Torino, sponsoring new research and innovation institutes.

*Supporting firms into new sectors and new international markets.* The Unione Industriali di Torino, the Torino Chamber of Commerce and the Piemonte Agency for Investments, Exports and Tourism help new or struggling firms primarily in the automotive, ICT, mechatronics and aerospace sectors adapt and enter new markets. 'From Concept to Car' is a small but important initiative which helped 152 local auto suppliers secure €41.8 million in export sales from an investment of €4.8 million in 2003-2009.

*Steering growth towards new economic sectors.* In 2008, Piemonte set up twelve Innovation Poles in sectors like biotechnology, design and ICT. They align private firms with research centers as part of a shift towards a regional innovation system, attracting €90 million from the EU so far.

### Results

Torino's efforts, mobilized by businesses, philanthropists, industry bodies, universities and city and regional governments, prevented Fiat's acute crisis and subsequent restructuring from devastating the city and wider region. This one-company town has diversified and survived. Between 1999 and 2007, unemployment decreased from 9 percent to 4.7 percent and GVA per capita increased by 15 percent. The design sector generates around €12 billion per year and employs 50,000 people, while the aerospace cluster has a turnover of €2.6 billion and 12,500 people. Torino has been hit hard by the global financial crisis, but the adaptability and resilience it has demonstrated over the past two decades stand it in good stead to continue to reclaim and diversify its local strengths as it recovers.



**Left**  
Torino's income grew faster than Italy's in the last decade but has since performed worse than the national average. Its income has stagnated over the whole period.