



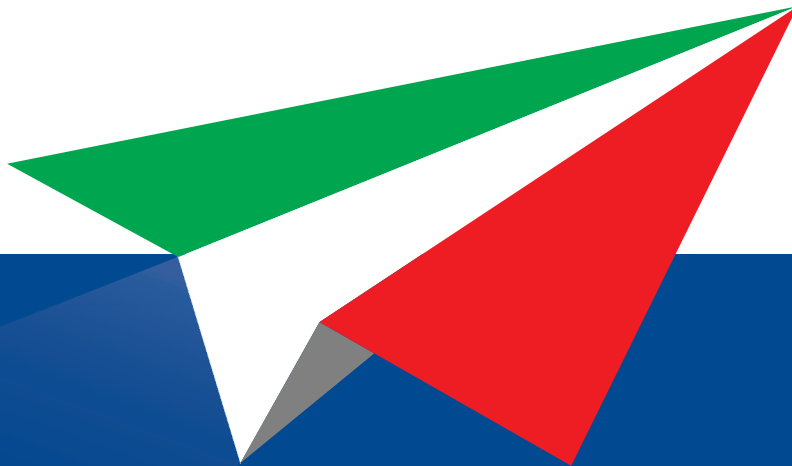
CONFINDUSTRIA

ASSEMBLY **2020**

COURAGE FOR THE FUTURE

CHOICES FOR THE ITALY OF TOMORROW

ROME | SEPTEMBER 29TH



Speech by the President
CARLO BONOMI



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Dear Colleagues,

Madam President of the Senate,

Mr President of the Council of Ministers,

Mrs. and Mr. Vice-Presidents of the Senate and Chamber of Deputies,

Mr President of the Lazio Region,

Mrs Mayor of the city of Rome,

Honourable Ministers,

Distinguished Authorities,

Thank you all for taking part in the 2020 General Assembly of Confindustria, which we were unable to hold when I was elected last May, and is taking place today, in compliance with all the required health and safety regulations.

As companies, we have been fully committed to adhering to these measures from the very beginning of the COVID emergency, signing and implementing meticulous health protocols.

These measures have been extended in all areas, after lockdown, and still need to be respected by every Italian citizen, in order to successfully contain the virus, until science will provide us with an effective vaccine.

Over the past four months, we have worked incredibly hard, with all of our energies, following the values that stem from our two fundamental precepts.

Our love for Italy.

We strongly believe that in this new great crisis new mistakes can and must be best avoided, as we must learn from those made in post-2008 and in the following years, given that at the end of 2019 we were still 3 points behind, in terms of our GDP, compared to the levels of 11 years earlier.

And our love for our companies.

For what we, as entrepreneurs, together with our employees, customers and suppliers, are able to do at best, dispelling uncertainty and mistrust and creating, thanks to everyone's cooperation, a path out of the crisis that will be swift, solid and sustainable, this time.

For it is precisely in these times of uncertainty, that we intend to double our commitment.

The first lesson to be learnt from the past is that, in times of severe loss of income and employment, the ambiguities of an economic policy should not be spreading further uncertainty and mistrust, in our country.

No economic policy measure, no institutional measure, no expenditure chapter shall produce positive, relevant, and lasting effects, without a proper strategy, one that is well understood and validated by all the economy players.

No substantial resources or legal provisions will be sufficient, if this sensible step is not understood and shared, with all its implications.

We are already experiencing that, without a credible prospect of development, any income, even an emergency income, is not transformed into spending, but retained in the form of liquidity; unemployment increases, despite the exceptional regulations introduced; investments are postponed.

If the economic uncertainty associated with the pandemic is intensified by unconvincing expectations about the course of the economic policy, decision makers will postpone decisions and the mechanism behind prosperity risks jamming.

I would like to reiterate today, Mr. President of the Council, what I said two months ago at the beginning of my speech, on the occasion of the States-General: your task is a huge one, and no one can and must underestimate its hardships.

Even more so, in a country recovering from twenty-five years of low growth and extremely low productivity.

However, this is actually the reason why we need to define a clear and sharp picture, a few decisive priorities on which to redirect the country's growth, and we also need proper tools and objectives, in order to guide Italy's economic and industrial policy.

We need a steady route that makes sense of all these measures, and in order to chart the route ahead, we need a safe landing place.

So, in terms of our future, even our near future, we must choose whether we want to endure it, navigate it, or plan it, instead.

And this task must be accomplished by politics and by our institutions, involving every major player in the economic and social life of our country, not just in listening to which are the priorities, but in the very definition of them.

Mr. President, two weeks, and again a few days ago, you said: "Shall I prove to be wrong about the use of the Recovery Fund, please send me home".

It does not work like that, Mr President.

Should we fail in the task ahead, in the few months that are now separating us from an accurate definition of the measures to be presented in Europe, it is not just you who will be going home.

It will be all of us.

Because then the damage to the country would be massive, and we would all pay for it. For years to come.

We simply cannot afford this to happen.

This belief has inspired all of our standpoints during the months of the COVID emergency.

It is time for a common action, or any action will be ineffective.

CRISIS DATA

Data is indeed the starting point for understanding what to do.

In the first two quarters, GDP fell by -17.6%. The estimated loss at the end of 2020 remains in a range between -9% and -11%.

Industrial production in July showed a recovery of 7.4%: this could lead us to a significant rebound in the third quarter, over 20%, compared to the lowest point reached during the lockdown, but still about 7% lower than pre-COVID levels.

Internal orders from consumer and investment goods manufacturers confirmed a moderate recovery in the third quarter. Exports of goods continued to recover in July (up to 5.9% in June, at steady prices), however, compared to pre-COVID levels, remained at -9.1%.

The first signs from non-EU markets in August have not been positive.

The recovery has very heterogeneous characteristics in the different sectors and markets: better dynamics for pharmaceuticals and food, a significant drop in textiles and clothing, mild signs of recovery from transport vehicles, from exceptionally low levels, these are just a few examples.

Sales in Germany, China and Japan have recovered, while trends in the United States, Spain, Turkey, and the Middle East remain negative.

The international outlook remains uncertain. Between the stalemate in view of the upcoming US presidential elections, and the clear risks of another wave of COVID epidemic in many advanced countries, foreign demand from small and medium-sized manufacturing companies has weakened in August.

Despite a partial rebound in July, the downward employment trend in Italy remains substantial, with almost 600 thousand fewer people employed than in the previous year.

The fall of employment is associated with another phenomenon that reflects the lack of confidence of Italians in the future, namely a sharp increase in the number of inactive people (+475 thousand compared to July 2019). According to estimates by our Study Centre, the first half of 2021 will also be difficult for employment.

As in previous crisis periods, it is mainly young people who are most affected: out of the total drop in employment, 74% are under 35 years of age. The majority of young people are also the new inactive population (64%), adding to the number of those who are no longer studying or looking for a job in Italy.

On the basis of such data, any optimistic prospect of a recovery towards pre-COVID levels within the next 2 years would seem largely out of place, unless there is a significant boost in investments.

INDUSTRY'S RESPONSE

However, other data should also be considered of critical importance. Data that witness the strength of our companies.

Let's take a look, for example, at the 2,120 Italian companies surveyed by Mediobanca, which account for 47% of the industrial turnover and 48% of the manufacturing turnover. These are all Italian companies with more than 500 employees and 23% of the average between 50 and 499 employees.

These data confirm that, in such a dramatic fall in GDP and income, industry and manufacturing weigh less than the decline in services, consumption and domestic demand.

Compared to 2009, Italian industrial companies entered the COVID crisis with more assets, fewer financial debts, and a 26% higher share of national exports than in 2009.

Private companies had increased their turnover by 14.6% compared to 2010, manufacturing by 20.7% and industry by 12.2%.

Amongst them were medium-sized companies by 30.7% and medium-large companies by 25.6%. In comparison, the turnover of public companies was -0.1% compared to 2010.

The financial debts of private companies had dropped to 68.7% of net equity, compared to 108.5% of public companies.

These figures fuel our confidence that, at the end of the year, the overall blow to industry and manufacturing could be even significantly lower than that suffered in 2009.

I take pride in pointing this out.

By the end of 2019, the industry as a whole was showing that it had learned the post 2008 lesson. We set the export record last year with 455 billion exports and a net contribution to the balance of payments of over 100 billion.

We truly made the Italian recovery in 2015-2017.

However, if it was just a moderate recovery, mitigated in 2018 and extinguished in 2019, at the end of which we were already in a technical recession, this was due not only to the blows to international trade by the return of protectionism, but also to the fact that many mistakes were made in Italy, such as abandoning the *Industria 4.0* plan, which, incidentally, had also paid off on the employment side.

OUR VISION

I have asked myself countless times how the decision to set aside *Industria 4.0* could be justified.

And I'm not here to list our detailed proposals to resume, relaunch and structure the whole complex of *Industria 4.0* incentives and tax credits for research, development, and innovation in years to come.

All the proposals are described in detail - with rates specified for each type of incentive - in our Volume "*Italia 2030-2050*" which we will deliver at the end of the Assembly, and in which you will find a thorough analysis of the measures we propose for the Italian economy.

The Bank of Italy has warned us that in a five-year period, we should double the historical annual investment rate.

The total Italian public and private investment in 2019 was 40.5 billion.

If we doubled them, according to via Nazionale, the result would be an additional growth of 3 points of GDP. Useful, but not capable to reverse a negative trend that has been going on for too long.

It was clear to everyone that the Italian “ripresina” (*small recovery*) 2015-2017 was driven by industrial and manufacturing companies and their exports. And that this component had been further encouraged to return to high investment rates by *Industria 4.0*.

Yet, its provision did not produce any real debate in the country.

And the real reason goes further than the importance that different political parties place on our companies.

The reason is much deeper, it's embedded in the Italian society and its culture.

For too many years, Italy has been short of a clear vision.

A fundamental vision capable of combining what our country knows to do best with the impact of innovation, the formidable evolution of technologies, the effects that all this can produce in an Italian society that, in 25 years, has lost income and increased the rate of inequality.

And it is precisely the lack of such vision, that explains the drowning of politics in a thousand *ad hoc* measures, the proliferation of legislation, the complexity of administrative procedures, the lengthening of judicial time, the loss of points in every international ranking, be it PISA (Programme for International Student Assessment) on education skills or DESI (Digital Economy and Society Index) on digital skills.

I have understood this better and better, every time I have been confronted with the public and repeated the phrase “we need a vision”.

I would not want to bother Max Weber, and his book on Protestant ethics and the spirit of capitalism. But to us, in this country, the adjective “visionary” automatically identifies the utopianist, the unrealistic person, the mystical preacher who cannot keep his feet on the ground.

In the English language, however, a *visionary guy* is someone who knows how to make the most of what the present offers, in view of a better future.

And that is exactly what enterprises are called to do and are doing indeed.

Having a vision is not only what led the founders of Amazon and Apple, many years in advance, to understand that the world would be transformed by huge logistics platforms that were both physical and digital, or by touch screen technology.

It is what drove the war scrap collectors in the Second World War to create the Italian steel industry.

It is what led brilliant designers to make Italian furniture, renowned throughout the world at the end of the 1950s.

What prompted young Navy officers in the 1960s to set up defence electronics companies.

It is the story of the almost 400 thousand small, ridiculously small and medium Italian manufacturing companies, of their turnover - which had risen to over 900 billion euros - before shutting down *Industria 4.0*.

But this is not a story of past glories.

It is an ongoing story, that continues every day.

If the Italian chemical industry is the third largest in Europe today, it is because of this story.

If the Italian pharmaceutical industry has become the first in Europe over the past few recent difficult years, overtaking the Germans, with the highest percentage of young graduate and post-graduate employees in the entire Italian manufacturing industry, it is because of this story.

If we are the first country in Europe for recovery, reuse and recycling in sectors with a high environmental impact, such as plastic, paper, wood and waste industrial oils, it is due to visionary consortia of private companies that were set up years and years ago.

And I could go on forever. With the embarrassment of not being able to mention all the thousands of examples that are the life and strength of the Italian industry.

So, when we say, "now we need vision", we are not saying "politics must do as we do" at all.

The government will now have to set priorities to use, in a few years, over 200 billion that we are getting from Europe, being faced with a choice of vision, before taking any concrete measures.

A fundamental vision that must look deep into the Italian woes, and yet look far ahead.

Because not even 200 billion can solve the problems of our country, if all that will be given is one small drop to everyone.

It is far better to concentrate these aids by investing them in the country's major unresolved issues, those whose solution may quickly generate the greatest contribution to a potential GDP growth, creating more businesses and more jobs.

A vision in which the State is certainly called upon to play an important role: a regulatory role, one that will encourage the development of larger markets, based on greater supply and competition, not on explicit or veiled nationalisations, which we do not like, and not because of ideology, but because in Italian history we have seen what it means to have state steel and state panettone.

Just as we have seen the damage of protectionism against foreign products, companies, and capital.

Or the serious distortions produced when the regulatory state fails to meet its objectives and turns its concession holders into annuitants.

Italy's digital divide does not depend on whether the network needs to be public again, but on what good public regulatory architecture ensures competition and the right returns, to attract the necessary investments.

A deeper vision must stem from the awareness of how to strengthen both the matrixes of growing international interdependence - which for an evolving country like Italy remain a priority - and those of the growing cross-fertilisation between different sectors, the result of digitisation and the short timescale of stocks due to changes in both domestic and foreign demand.

A vision that puts young people and women at the centre of everything, as once again, as it has been the case for too many years, they are indeed the true victims of the Italian crisis.

Therefore, we chose to dedicate the video of this Assembly to young people and women, who will have to make courageous choices for their future.

Education and training of young people - as Governor Ignazio Visco has been reminding us for years - must be our top challenge. Italy must stop concentrating on young people the most bitter inequalities in income, work, and social prospects.

And for young people, having a vision that looks to the future means no longer worrying about desks, with or without wheels, or just a hundred thousand new employees to be given a job, but thinking about a serious reform of the training profiles of upper secondary school and university.

Reforms that look not only at those who work in the school system, but finally at those who attend it.

And it also means, when *Quota 100* will run out, in a year's time, not imagining new pension schemes based on mere adjustments, as we read when we talk about *Quota 101*. In other words, new schemes that would continue to weigh on the shoulders of our youngest generation.

Young people and women are paying a very high price today, because of the pandemic crisis, in a country where the birth rate is already at its lowest, and demographic projections suggest a drop of 4.6 million in the working age population, over the next decade.

We need a welfare system that places birth rate at the centre of priorities. And we need a project for the employment of young people and women at the heart of tax, welfare, and training reforms, as we propose in our Volume.

Over time, inequalities come into conflict with a serious recovery of the principle of social mobility, a mechanism that has jammed in Italy: we need more opportunities with more responsibility and meritocracy.

This is true for young people who are being educated, and it is also true for those who have the noble and crucial task of educating them: measuring objectives and results is possible, and the compass of rewards must be oriented on this basis.

There is no future for our societies, without the energy and intelligence of young people and women.

Moreover, for women, another real challenge is genuine equal pay. According to the Gender Gap Report 2019 of the JobPricing Observatory, when measured up against a male colleague, in Italy it is as if a woman started earning her wages in the second half of February.

From 2016 to 2018, the pay gap has decreased by 2.7%, but the annual gap remains extremely wide, at 2,700 euros gross per year compared to men.

The discrimination against women is due to the fact that there are still too few executives and managers. According to ISTAT data, from 2008 to 2018 the percentage of female managers rose from 27% to 32%, while that of middle managers from 41% to 45%.

However, if we exclude the PA and consider only private companies, the percentage of female managers is only 15%, against 29% of middle managers.

So, dear Colleagues, it has to be said: we, the men working in private companies, must change our mindsets.

In addition, having an underlying vision means pushing ourselves to make the effort to imagine a different PA as well.

The Government has tried to resolve a few issues, in biblical times, to build infrastructure, with the simplifications decree. But there we are, in the field of specific measures, on the code of contracts and tenders. A basic vision is a different thing. It means tackling the problem of low productivity of the Public Administration.

The national average of productivity is lowered by the very negative performance in non-market services - the PA, in fact - and in large areas of market services subject to public concession, public tariff, and sectors of procurement of goods and services to the company, which are in any case exempt from open and transparent tender mechanisms.

Having an underlying vision means making the increase in productivity an explicit benchmark, stated year by year in public financial planning, for all sectors of the Public Administration.

For at least twenty-five years, Italy has been growing too little, and is dangerously moving away from its main European partners, in terms of productivity, employment and per capita income dynamics.

We cannot wait any longer to reverse this drift, and the opportunity for recovery after the pandemic outbreak cannot be wasted.

This means making profound changes to the multi-year performance targets, currently set in central and peripheral Public Administration.

It is unthinkable, for example, to accept that the objective of civil proceedings for the next few years should be the one already achieved two years ago, or that in some areas the productivity objectives should be set by the number of meetings held, or by the paperwork.

It also means scrupulously adopting what the law dictates, but today all of this remains a dead letter, in terms of the impact analysis of legislation and public regulation.

In Italy, measures worth hundreds of billions of euros continue to be taken without offering anything but scarce technical reports, attached by governments and not carried out by independent technical bodies, regularly denied by the subsequent events.

Awareness of the real impact of such measures is often acquired only after they have been approved, as was the case with the plastic tax and sugar tax, and many other economic measures.

It also means considering productivity as a goal of public procurement.

In the United States, public procurement is one of the priority channels for technological leaps in many leading sectors, not only in defence and security, because technological standards have always been conceived as "dual use".

Productivity increases if public supplies are made with transparent rules, if competition is guaranteed, and if the price mechanism is not that of accepting the minimum supply, which disrupts healthy suppliers and facilitates those infiltrated by crime.

In Italy we have taken a step backwards in terms of competition from public tenders, we are returning to a massive use of direct entrusting, we still do not know the terms on which the entrusting of 2.4 million new desks to schools has taken place.

But having a vision means, finally, identifying the basic features of the transformations that are changing our way of life, of consuming products and energy, of working, of moving, of caring for ourselves.

Having a vision means considering working remotely as experienced during lockdown as a transformative and not temporary challenge, designed to identify new ways of working time and performance metrics, for many tasks and different sectors.

Once again, the experience underway in many large Italian companies in the industry and financial services sector points the way, but it is the politicians who must understand that the Public Administration and labour regulations must also follow it.

The large urban areas that were magnets of growth and attractiveness in pre-COVID times, not only in Italy but all over the developed world, have been deeply affected by the need to strategically reorganise the criteria of public transport, territorial health diagnostics, the mix between large-scale distribution and proximity.

Having an underlying vision means assessing in concrete terms which objectives and instruments have an effect on decisive supply chains, for our industry and those who work there, before approving any measures on environmental sustainability, such as gradual decarbonisation, the circular economy, the closure of the water treatment cycle, new energy infrastructures and the increasing use of hydrogen.

Without millennial leaks forward that expose us to the end of the hot integrated cycle steel industry, or to subsidies that increase our external energy balance of payments deficit.

Having a basic vision means reviewing from the ground up how the issue of territorial cohesion between North and South is dealt with.

If we add up the amounts still available for these aims, which still have to be used or have been reallocated to Italy by the various EU funds, we see that the problem lies not with the resources, but with the technical ability of the lesser growing Regions, to commit and spend these amounts with projects in keeping with the technical specifications required by the EU.

As for Italian resources, over the years we have collected a very long list of specific incentives and bonuses for the South, ranging from the differentiated criteria for access to the Sabatini law, to the various "*Cresci al Sud*" ("Grow in the South"), "*Resta al Sud*" ("Stay in the South"), "*Bonus Sud*" for permanent employment, and more.

In our Volume "Italy 2030 – 2050", the Government will find our analysis of the reasons why each one of them will not achieve the results mentioned at the time they were launched.

Together with the reason why we believe it inadvisable to add other similar and time-based bonuses.

On the contrary, having a vision means framing the resources for this purpose within the scope of a few effective and new tools, targeted to attack threats affecting investment in Southern Italy: infrastructures, both physical and digital, and legality.

Speaking of vision, here is one last example.

Which concerns inland revenue.

We don't any the details about the interventions the Government is working on.

We have read about measures being studied that regard IRPEF (Personal Income Tax), a cut in deductions, and a so-called "tax wedge" that would not, however, ease the share borne by companies.

Finally, a further intervention should be the switch for almost 5 million self-employed workers to monthly taxation on a cash basis, which has been introduced as leading to "major simplification".

So, having a vision means believing in this capacity announced by the Tax Authorities and translating it into a powerful leverage for many years to come this is what we have long been asking for.

Why switch to direct monthly taxation only for the 5 million self-employed? Let's do the same for all employees, relieving companies from the ungrateful burden of continuing to act as tax substitutes in charge of collecting tax revenues, and of being exposed to all related liabilities.

After all, INPS and ISTAT estimate that in Italy there are up to 3 million tax evaders among the self-employed and just as many among employees.

It would be commendable if the Government were to put everyone on the same level without fuelling dividing prejudices based on the different perception of income.

A PACT FOR ITALY IN KEEPING WITH EU GUIDELINES

The guidelines for the EU Commission on which Recovery Fund projects should focus are noticeably clear: environmental sustainability, social sustainability, technological and productive innovation, structural reforms with a strong impact on potential GDP, such as welfare, justice, and training.

The projects must be consistent with the goals and provide accurate details on the resources committed and the metrics of the intended results. And they must also be adjusted considering the overall effect of the internal market throughout the Union, not just consist of national lists.

A good example of how to follow these clear instructions may be seen in the Relance France Plan.

The plan envisages interventions amounting to Euro 100 billion, 40 billion of which will be borne by the EU, and is based on three priority goals: a third to environmental sustainability; a third to social sustainability with a strong focus on inclusion, suburban areas and the involvement of Third Sector social and solidarity networks; and 35 billion for business competitiveness, consisting of 25 billion for innovation and technology transfer incentives and 10 billion for cuts to direct company taxation.

We need a plan like this.

Because if we add up the over 500 proposals submitted by the Ministries, and those of the Regions, Metropolitan Cities and ANCI, we reach a figure that is 3 or 4 times the Euro 208 billion of the Recovery Fund.

Use of the Recovery Fund must express the basic vision of Italy's growth.

Italian society needs to recognise itself in the Fund. Otherwise, after promising so many hundreds of billions of Euros, the measures will be a harbinger of conflicts, difficult to implement and easily reversible.

Our new productivity will need to consider at the same time: innovation policies, training and advanced knowledge, regulations to promote market efficiency, enabling infrastructures including physical (i.e. ICT, logistics and energy) and institutional (PA, skills and synergistic organisation) infrastructures, and structural projects for social cohesion.

The actions and policies of the next coming years need to focus on this broad concept of productivity, in order to strengthen the role of driver for the growth of businesses and labour, and to give a new key role to manufacturing.

This is the fulcrum of the pact we are asking you to write. With us and with all stakeholders.

This is the meaning of the Pact for Italy that we seek from institutions, politics, and all leading economic and social stakeholders in our country.

A great and common Pact for Italy.

The first person over the past months who has underlined several times the urgent need to set clear priorities has been the Head of State.

To whom I express here, on my own behalf and on behalf of the entire Confindustria System, my warmest gratitude and deepest esteem for the balance and firmness with which he carries out his mandate as the guardian of the Constitution, and as great moderator for our Republic.

Europe has taken a great step forward with the COVID epidemic, unlike the post-2008 period.

The shift from around Euro 60 billion in European debt to approximately 750 billion and the net transfer to member countries alongside the prevailing loans, means that for the first time we can count on an economic area truly based on common resources.

In this respect, the reconstruction of the European economy is an opportunity for achieving a new vision. Looking ahead, this opens the door to the creation of a Minister for European Economy provided with own portfolio and own revenues in addition to the portion due to the European Union on VAT, thus overcoming the current separation between the different competences of the European Commissioners.

Meanwhile, the world is waiting for the American elections, in order to understand whether or not the protectionist drive that has slowed down world trade will continue. It questions itself about the lack of coordination between the leading central banks, about the role of China and about the different contribution to energy transition between more and less developed countries.

About the effects of what most probably will be a Hard Brexit.

And about the new hotbeds of tension in the Mediterranean, due to the aggressive geopolitics of Turkey, which also affects our direct energy interests.

These are challenges that we can and must influence. These are all issues on which the G20 presidency, entrusted to Italy in 2021, is called upon to make an essential contribution.

The Italian presidency of the G20 is an extraordinary opportunity, and it is happening in even more extraordinary times.

The proactive measures taken by the central banks and the stabilisation measures taken by the financial markets after 2008, were initially coordinated thanks to the G20's decision to entrust their investigation to the Financial Stability Board.

Today, Italy should propose a replica of the above, in order to avoid any asymmetries in the operations of leading central banks and to prevent bond markets from being increasingly penalised by persistently negative rates.

Confindustria will be at the forefront in the great challenge of the G20: with Emma Marcegaglia chairing the B20, which coordinates the contribution of all member countries' production associations, and with a team of excellent Italian entrepreneurs heading the 7 task forces where work is organised and where enterprises will give their overall contribution to the global agenda issues.

Lastly, adhering to the European directives means two further things.

The first is choosing the right way to support the most hardly hit companies and sectors.

And, of course, we are speaking for the industry.

During lockdown, the Government took measures to support corporate liquidity and finance the SME fund.

But subsidies are not forever, nor can we, or want to, become a '*Subsidistan*', as it has been recently written.

Summer should already have been the time for making other choices. Choices to steer the future more decisively.

And the key that has to be used when reading the future, is one based on supply chains, possibly European supply chains, as suggested by the new EU strategy: where suppliers take a much broader geographical perspective than individual companies in the sector. It is on these supply chains of the Italian industry that special focus is needed.

But please let me be clear, this does not mean subsidies or further government-backed loan. It means something entirely different.

An example is what happened with the health emergency. Italy's production structure was not ready for the huge production of health protection devices, masks, and reagents. But the Government created incentive-based conditions, making it possible to boost these productions, since they were considered, rightly, to be strategic.

Similar instruments should be provided to supply chains that risk double-digit losses.

Not subsidies, but regulatory and market conditions, so that we can return to increasing production and employment, involving the construction and real estate sector as well as cars and transport.

High-speed rail cannot solve the problem of logistics on its own, which needs to address an array of interlinked nodes – roads, railways, ports, and freight terminals – throughout the leading domestic and cross-border routes used by Italian and foreign goods.

Then there is another key priority for joining the European approach.

With regard to public accounts, we must recognise the truth.

First. In the excitement for the Euro 208 billion that Europe has granted us, in addition to SURE and the new EIB credit lines, we are losing sight of the undoubtable damage that would be brought to the country if the government were to renounce the ESM without conditionality.

Second. We do not want to find out tomorrow that the burden of the part of the Recovery Fund received as transfers is financed with new taxes charged only to companies, especially those that produce and provide employment in Europe: plastic tax, carbon tax, web tax or whatever.

Third. There is still no sound perspective as to the interventions that could sustain Italy's huge public debt, should the ECB end its extraordinary market operations, thanks to which today many people are under the impression that debt is no longer a problem.

This is not an ideological standpoint. As Mario Draghi has reminded us once again, the difference in a crisis is not between more or less debt, but between "good" and "bad" debt.

The difference is that the former makes debt more sustainable since there is less current expenditure, but more investments that raise productivity and structural reforms, which expand the market and labour by creating more social cohesion.

The only "good debt" is debt used for productive purposes.

ENTERPRISES AND THE CHALLENGES AHEAD

The counterparties of the Pact for Italy do not simply include institutions, government, and politics.

We wish to fully commit to the Pact, so that businesses may contribute to helping the entire country overcome uncertainty and mistrust; we are ready to provide our wealth of knowledge and skills, and to invest in our resources.

But it is exactly for this reason that we need to have a clear idea and be closely united when making our proposals, especially with regard to industrial relations.

In the letter sent in August to all our associations, I illustrated the aims, characteristics and instruments of the major reform of social shock absorbers and active labour policies, which we proposed in a document sent to the Government and trade unions in mid-July.

From the viewpoint of enterprises, we must start from here, enhancing the contribution of the Government, enterprises, and trade unions, none excluded.

Instead, the mistake of prohibiting dismissals has continued; this has not avoided a huge loss of employment, but simply prevented companies from restructuring and hiring, and so being able to restart.

In 2019, 7 million contracts were terminated in Italy and 7.3 million new contracts were signed. So far, the new contracts recorded by INPS are slightly over 2 million.

We have asked that this approach is discontinued and have read with interest, two Sundays ago, that Minister Gualtieri also seems to agree.

I will not go into the details of our proposal.

What I would just like to point out most is that our proposal is inspired by real active labour policies, dismantling the part of Citizenship Income not intended for the fight against poverty but in theory for labour policies which, in actual fact and as unanimously observed, does not work.

Instead, we need to open out towards Employment Agencies, which, unlike Public Employment Centres, are familiar with the skills required by enterprises, and to link outplacement allowance in the new contracts, i.e. directly involve companies in outplacement procedures and bilateral training bodies in the challenging activity of re-training new skills required in the industry and entire Italian economy.

Confindustria's position on contracts is consistent with this general vision.

Confindustria has been accused by trade unions, and not only, of presumably objecting to the renewal of contracts.

No-one has ever talked about the blocking of bargaining.

In fact, in the private healthcare sector, the meeting of our AIOP (Italian Private Hospital Association) gave the green light to the ratification of the new National Contract 4 days ago.

I really do not think it fair to regard me as an enemy of contracts, given that the healthcare contract was concluded after 14 weeks of my appointment, while the unions state that it had been missing for 14 years!

I believe that the presidency of Confindustria has a twofold duty with regard to contracts.

It must have sacred respect for the autonomy of associations.

And at the same time, it must firmly require observance of the rules by everyone.

In this case, the rules on contracts that we signed two years ago with all the confederal trade unions.

Some union leaders have stated that entrepreneurs are "sly".

If there really is someone who is trying to act sly, I'd say it's whoever signed those rules two years ago and is now making up arguments since not wanting to comply with them.

The rules set clear principles on representation to combat the spread of pirate contracts.

And on how salaries are calculated.

Minimum wage: established bilaterally in contracts, and not by imposing a minimum wage by law that is enormously higher than the average wage as some political parties would like, thus violating the autonomy of social partners.

And overall compensation: to provide productivity pay, company welfare, training, and outplacement allowance.

These are the rules.

Where complied with, the contracts – after fair and legitimate discussion between the parties – are renewed without any problems, as in the rubber-plastic and glass sector.

The presidency's duty is today even more pressing.

Because there are sectors and companies that did not stop during lockdown and increased their productivity and production. But there are many other companies and whole sectors in which they plummeted.

We do not discuss an enterprise's freedom to sign whatever contract it wishes to sign. As in the case of the food industry.

But we cannot accept that agreements concluded in violation of the rules signed two years ago may have a cascading impact on the new NCLAs.

They would cause serious problems for many businesses with lower margins, especially small enterprises.

Or, alternatively, it would give the go-ahead to an increase in contracts that would empty the very meaning of our associations from within and would go against our wish to reduce and simplify the hundreds of contracts applied today.

For all these reasons, I hope that this misunderstanding may soon be overcome through dialogue, respect, and reasonableness. Not with unfounded allegations.

If the Unions are no longer happy with the rules signed two years ago, let's discuss them again. But no one wants the blocking of contracts.

Confindustria wants contracts that embrace the spirit of the change I have detailed so far and that we want to build together, in the Pact for Italy.

If not, I wish to be clear. We cannot ask politics to observe rules and principles unless we do so in our own home first, and trade unions do so in companies, through dialogue with us.

Dear friends, I would like to end this report by directly addressing Prime Minister Conte and Minister Patuanelli.

We will listen very carefully to your comments and I hope we will also find some answers to our requests.

But it will be quite difficult for you to meet more respectful, constructive, and understanding associations than us.

So much so, that at our Meeting, as you can see, one person is speaking for Confindustria, and two for the Government!

Joking aside, I truly hope I have managed to convey the spirit of Italy's industrialists today.

The need for a noble vision with Italian enterprises at the centre.

A noble vision that allows us to go faster, meet more needs and make sure that young people and families have a better future.

A vision that requires courage today. The courage to make appropriate choices.

Which may seem difficult or impossible. But they are not.

Let me call to mind a champion who represents the self-will of human nature, who faces impossible challenges without dismay and wins them, who today is fighting a battle that I hope he will win again: Alex Zanardi.

When asked where he found such strength, he replied:

"Life is like coffee: you can put all the sugar you want, but if you want to make it sweet you need to have the will and strength to stir the teaspoon. Nothing happens if you stay still".

Well, today, Italy needs some of Alex's spirit. We need to stir that teaspoon with strength. All together.

And once and for all, let's stop saying that entrepreneurs ask for fanciful and impracticable things.

This was the same accusation made against Henry Ford, the pioneer of mass industrial motorisation.

Who, smiling, used to answer: "Impossible? Remember that the airplane takes off against the wind, not with it".

There, that's the spirit we need.

Choices for the Italy of the future.

Choices against the wind.

The courage of the future.



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