



CHAMBER OF COMMERCE,
INDUSTRY, CRAFTS AND
AGRICULTURE OF BOLZANO

IER

Institute for
economic research

**IN
FOCUS**

ECONOMY IN FIGURES

THE ECONOMY IN SOUTH TYROL - CURRENT DATA, INDICATORS AND DEVELOPMENTS

An economics teaching resource for use in upper secondary and vocational schools, with references to topics dealt with in the INFOCUS modules.



The **INFOCUS modules** provide in-depth information on various aspects of the South Tyrolean economy for students. They can be obtained free of charge here:

<http://www.wifo.bz.it/infocus>

schule.wirtschaft@handelskammer.bz.it; T +39 0471 94 57 08

NEW: You can find all INFOCUS modules in **VIDEO** format at

<http://www.wifo.bz.it/video>



The term **ECONOMY** (from the Greek for “housekeeping” or “management”) refers to all activities involved in the production, distribution, exchange and consumption of goods and services.

02

ECONOMIC FACTORS

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South Tyrol's ECONOMY

Find out about South Tyrol's economy with Elsa....

Elsa is a schoolgirl from South Tyrol who has just moved to Germany for a year. During the Economics lesson, the teacher asks Elsa to give a presentation on the economy in South Tyrol for her new classmates, who are curious and would like to learn more about the new girl's home region. These are just some of the questions her classmates ask her and that Elsa attempts to answer:

HOW IS THE POPULATION
MADE UP?
AND HOW HAS THIS
CHANGED OVER THE YEARS?

HOW IS THE EMPLOYMENT
SITUATION IN SOUTH TYROL?

HOW IMPORTANT IS
FOREIGN TRADE FOR
SOUTH TYROL?

WHAT ARE THE FEATURES OF SOUTH
TYROL'S GEOGRAPHICAL LOCATION?

WHICH HISTORIC EVENTS
HAD THE GREATEST
INFLUENCE ON SOUTH
TYROL'S ECONOMY?

WHICH SECTORS OF THE SOUTH
TYROLEAN ECONOMY ARE THE MOST
PRODUCTIVE?

03

SOUTH TYROL

in figures

Area	7,400 km²
Inhabited area	22,435 hectares (3.03%)
Inhabitants	537,082
Population density	73 Inhabitants/km²
Capital	Bolzano/Bozen (107,192 inhabitants)
Municipalities	116
Languages	German (69.4%), Italian (26.1%), Ladin (4.5%)

Life expectancy	81.1 years for men 85.5 years for women
Businesses	60,987
Persons employed (2020)	296,500
Employment rate	74.1%
Unemployment rate	2.3%
GDP per capita (2021)	49,100

GEOGRAPHICAL LOCATION

Before she begins to give her classmates an insight into the economy of her home region, Elsa would like to give the class an introduction to South Tyrol and its geographical location.

04

South Tyrol is Italy's most northerly province. The area, which lies in the heart of the Alps and is located in the centre of Europe, borders on Austria, Switzerland and the Italian provinces of Sondrio, Trento and Belluno. Moreover, South Tyrol together with the province of Trento and the federal state of Tyrol forms Euregio, or European Region Tyrol-South

Tyrol-Trentino, which is intended to promote cross-border social, economic and cultural co-operation. Covering an area of **7,400 km²**, South Tyrol is Italy's largest province in terms of size and is classified as a mountain area (along with Trentino and Val d'Aosta). Therefore only a small part is habitable and economically viable.

On the other hand, it should be noted that the mountain landscape, with peaks reaching almost **4,000 metres in height** has become a driver for a flourishing year-round tourism industry.



The **Brenner Axis**, one of Europe's major traffic arteries and the most important Alpine pass, crosses through South Tyrol, and hence acts as a bridge between Italy and Central Europe. For this reason foreign companies are attracted to South Tyrol, from where they can serve the Italian market.

ALTITUDES in South Tyrol

Source: ISTAT
© 2023 WIFO

>2,000 m

37%

1,000 m - 2,000 m

49%

<1,000 m

14%

ECONOMIC HISTORY

In order to gain a better understanding of the economy, we need to know how it developed. Elsa therefore decides to review some of the milestones in South Tyrol's history that have had the greatest influence on the development of the local economy.

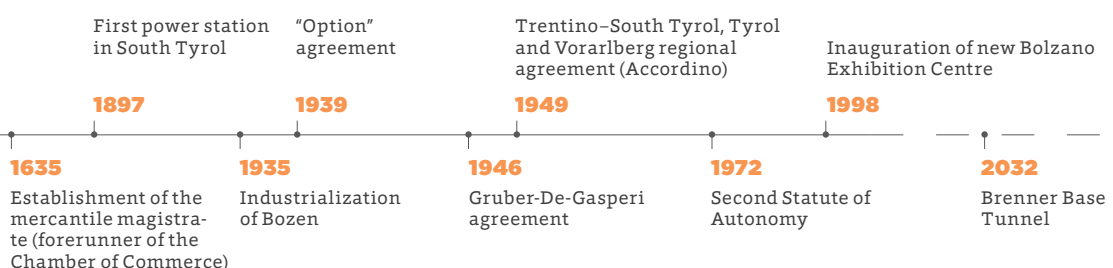
Due to its natural geographical location, South Tyrol has always been a transit area and a meeting point between populaces belonging to the two largest cultural areas north and south of the Alps. As early as Roman times, South Tyrol was an important trading centre due to the construction of the Via Claudia Augusta. Around the year 1200 Bolzano/Bozen started to hold market fairs. Despite its favourable location however, over the course of its history South Tyrol was for a long time a poor region. The economic base was predominantly mountain agriculture, which was generally less productive and often affected by major crises, along with crafts and mining. Industry did not develop until after 1850, when the most traditional sectors (wood, textiles and food) became established. The annexation of South Tyrol by Italy after the First World War led to a

major change in general economic conditions. Under the Italianisation scheme driven by Fascism, heavy industry was introduced into the southern part of Bolzano/Bozen. After the Second World War there began a period of reconstruction and economic growth. With the support of a far-sighted policy, outlying areas were upgraded and the exodus from rural areas thus averted. At the same time tourism developed and became a major economic driver. During the 1980s and 1990s the number of inhabitants stabilised and economic prosperity became consolidated. The beginning of the 21st century has been characterised by the opening up of markets and the challenge of facing international competition with an economy based on a structure of small businesses.

05



The **Second Statute of Autonomy** of 1972 gave South Tyrol extensive political and economic rights, including wide-ranging financial autonomy and numerous legal and administrative responsibilities.



POPULATION

Elsa knows that the population forms the basis of social and economic development.

There are **537,089** people living in South Tyrol, which corresponds to just **0.9%** of Italy's total population, although it is the largest province in terms of surface area. Due to its geographical features (mountain area), South Tyrol is relatively sparsely populated. The average population density is **73** inhabitants per km² while **2,048** people per km² live in the capital Bolzano/Bozen. More than **half** of South Tyrol's population lives in rural areas.

The average age of the inhabitants is **43** years and life expectancy in South Tyrol is above the national average.

With regard to education, over **20,000** students attend an upper secondary school while more than **10,000** choose vocational training (full-time or apprenticeship). **12%** of the resident population today are academics, in 2001 they accounted for only **7%**.

07

HOUSEHOLDS' in South Tyrol

Year	Total Households	Average Size
1981	130,580	3.2
1991	146,928	3.0
2001	173,914	2.6
2011	204,416	2.4
2021	230,450	2.3
2022	233,415	2.3

Source ASTAT, Censuses ©2023 WIFO

AGE STRUCTURE of South Tyrol's population



Source ASTAT 2022 ©2023 WIFO



Due to a slight decrease in the number of children and an increase in longevity, the **average age** in South Tyrol is on the increase. The sharp drop in 70-year-olds is due to the **drop in births** at the end of the 2nd World War, the peaks in the 50 and 60-year-olds to the **baby boom** that followed.

Income and CONSUMPTION

In order to gain a complete picture of society in South Tyrol, Elsa needs to identify sources of income and household consumption patterns: so she asks how much households earn on average and how much they spend.

In our market-economy² based society, income and its distribution are key aspects of community life. To compare the prosperity levels between different categories of households we use disposable income. This can be used to calculate indicators that identify poverty. In 2021 Households in South Tyrol have an average household income of **44,370 euros**.

HOUSHOLD INCOME annually, per household

Source ASTAT 2021 ©2023 WIFO

Household types	Average income
Employed work	46,368 €
Self-employed work	70,485 €
Pensions / public transfer payments	32,803 €
Total	44,370 €

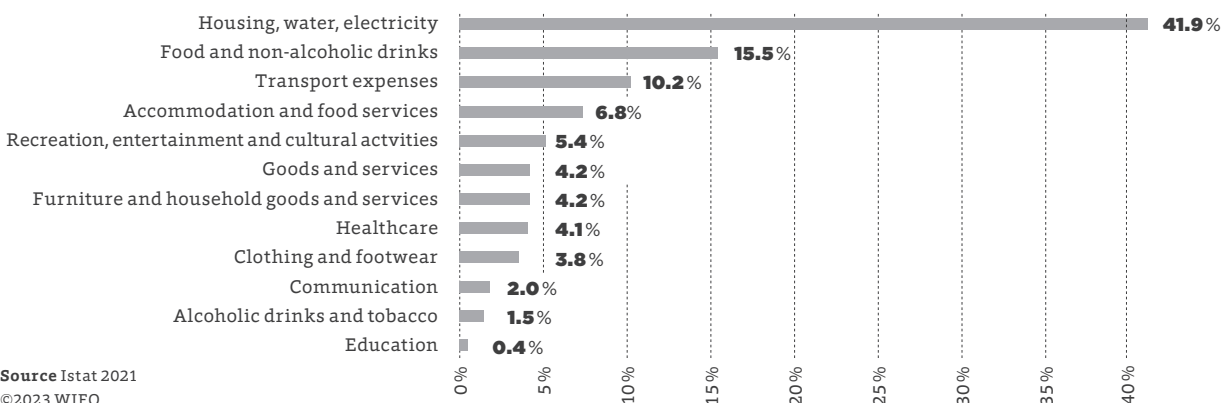
As regards consumption, in 2021 households in South Tyrol consumed on average goods and services for a value of **3,116 euros** per month. Food is a relatively low cost in relation to total household expenditure. It is therefore the consumption of non-food goods and services in particular that weigh heavily on the household budget. These include costs for housing, mobility, accommodation and food services and leisure and cultural activities.

The Covid-19 pandemic which has developed from February 2020 has had an important impact on the local economy and on the spending decisions of South Tyrolean families. In the year of the pandemic, the reduction in household incomes, together with the situation of uncertainty, mainly drove the general decline in consumption.

The high inflation rates after the pandemic, which was partly due to the war in Ukraine, also led to a loss of purchasing power, which exacerbated uncertainty among the population and had a further negative impact on the consumer climate.

CONSUMER EXPENDITURE of private households in South Tyrol

Average monthly consumption of South Tyrol households; distribution as a percentage



Source Istat 2021 ©2023 WIFO

EMPLOYMENT in South Tyrol

A classmate of Elsa's is interested in a job in South Tyrol and asks her what the ratio between supply and demand on South Tyrol's labour market is compared to other European countries and regions.

The labour market has proven to be one of the strengths of South Tyrol's economy, even during the worldwide recession³ from 2007 to 2009 or the Covid-19 induced crisis. In 2022 the employment rate in South Tyrol is around **74.1%**; this means that three-quarters of the population aged between 15 and 64 years actively participate in working life. The rate of unemployment was **2.3%** in 2022, slightly lower compared to previous years. While 100 years ago the primary sector still predominated in South Tyrol, today just under **three-quarters** of the workforce work in the service sector. The majority of women work in the tertiary sector. Of the **296,500** people in work in 2022, **77%** were employees.

A feature of South Tyrol's labour market is its high seasonality: in agriculture, tourism and the construction industry, the demand for labour is high for just some months of the year, while it drops during other periods.

EMPLOYMENT AND UNEMPLOYMENT RATES

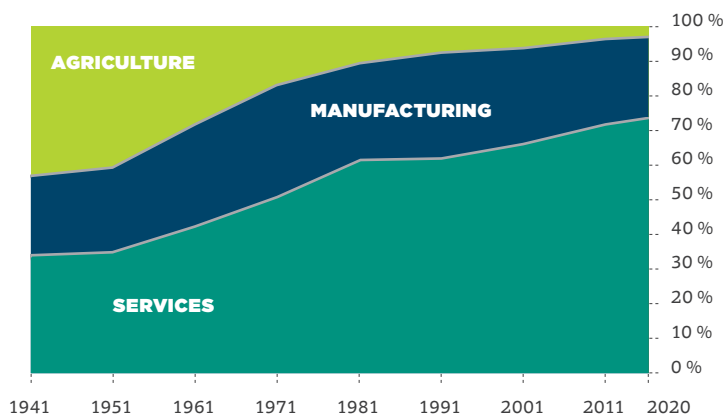
European comparison

Countries	Employment rate	Unemployment rate
European Union	69.8 %	6.2 %
Germany	76.9 %	3.1 %
Austria	74.0 %	4.8 %
Italy	60.1 %	8.1 %
Trentino	69.5 %	3.8 %
South Tyrol	74.1 %	2.3 %

Source Eurostat 2022
©2023 WIFO

EMPLOYMENT PATTERN IN SOUTH TYROL

Development 1941 - 2020



Source Istat ©2023 WIFO



The Covid-19 emergency has promoted a quick development of digitization also in the labour world, leading to the introduction or enhancement of working methods such as **home office** and/or **smart-working**, which in combination with physical presence at the workplace could play an important role also in the future.

GROSS DOMESTIC PRODUCT

Elsa wonders how economic production is measured and whether this level actually corresponds with the level of quality of life.

10 A very important parameter for assessing the “health status” of an economy is its gross domestic product (GDP), in other words, the value of everything that a country or region produces over the course of a year. For example, an increase in GDP over the previous year

means that more goods and services have been produced, and as a result, income and wealth have risen. GDP however, is a critical indicator of a country’s economic prosperity; as GDP rises so does consumption, but generally speaking pollution and the negative effects on people also increase.

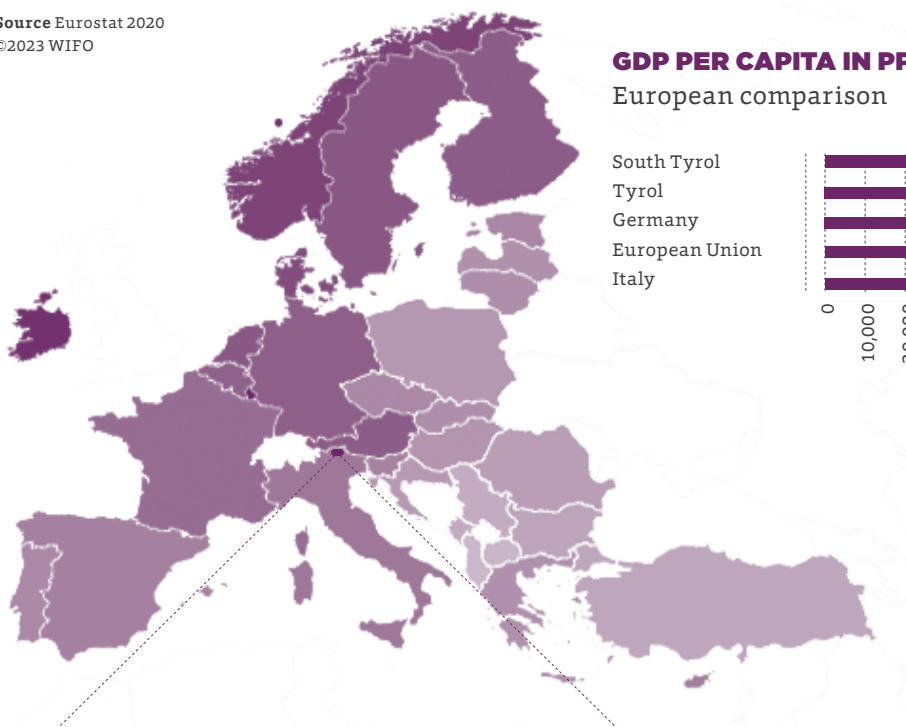
Today GDP in South Tyrol stands at **25.6 billion euros**. GDP per capita, which is calculated by dividing the total GDP by the number of inhabitants, is **49,100**. In order to make comparisons with other regions and countries, the GDP per capita must be considered in relation to the cost of living: a low GDP per capita is placed in perspective when the costs of housing, food and electricity are in line with it (see purchasing power standard).

GDP/CAPITA

Comparison of EU regions

- no data
- more than 25% under EU average
- between 1% and 25% under EU average
- between 1% and 25% above EU average
- more than 25% above EU average

Source Eurostat 2020
©2023 WIFO



South Tyrol: **51%** above European average

GDP PER CAPITA IN PPS⁴

European comparison



Source Eurostat 20201
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... OVER **40%** OF SOUTH TYROLEANS LIVE IN ONE OF THE **7** MUNICIPALITIES WITH A POPULATION OF OVER 10,000? THESE ACCOUNT FOR ONLY **4.5%** OF THE REGION'S TOTAL AREA.

Did you know that...

Ciao!

Hallo!

...THE FREE UNIVERSITY OF BOLZANO/BOZEN IS THE FIRST **TRI-LINGUAL** UNIVERSITY IN EUROPE?

Hi!



... **BHUTAN** IS THE ONLY COUNTRY IN THE WORLD THAT DOES NOT USE GDP BUT THE "GROSS DOMESTIC HAPPINESS INDEX" AS A KEY ECONOMIC INDICATOR? THIS IS BASED ON FOUR FUNDAMENTAL PILLARS: SUSTAINABLE SOCIAL DEVELOPMENT, ECOLOGICAL SUSTAINABILITY, PROMOTION OF CULTURAL VALUES AND GOOD GOVERNANCE.

... THE BIRTH RATE OF SOUTH TYROL AT **1.7 CHILDREN** PER WOMAN OF CHILD-BEARING AGE IS THE HIGHEST IN ITALY?



... THE EMPLOYMENT RATE OF SOUTH TYROL IS CURRENTLY **74.1%**? THIS MEANS THAT ALMOST **THREE QUARTERS** OF THE POPULATION AGED BETWEEN **15** AND **64** YEARS ACTIVELY PARTICIPATE IN WORKING LIFE.

... THE AUTONOMOUS PROVINCE OF BOLZANO/BOZEN IS THE ITALIAN TERRITORY WITH THE HIGHEST GDP PER CAPITA COMPARED TO THE EUROPEAN AVERAGE - **151%**.

To Do TASKS

1) Every year Bolzano/Bozen ranks amongst the top cities in Italy for quality of life. It is also however an expensive city; prices in the property and food sectors in particular are very high.

Consider the consequences of these and give some examples from your own personal experience.

2) GDP as a measure of wealth is often criticised for describing quantitative but not qualitative development. Consider the advantages and disadvantages of using GDP as an indicator of prosperity.

South Tyrol's BUSINESSES

12

In order to find out how many businesses operate in South Tyrol, Elsa asks the Chamber of Commerce of Bolzano/Bozen for information. In Italy every business must be registered in the Commercial Register⁵.

In 2022, there were **60,987** businesses registered, **14,659** of which are operating in the manufacturing sector and **16,391** are farming businesses. The difference between entries and deletions depends to a great extent on the general economic climate. For example, in the early 1990s the difference was negative. The year 2022 ended with a slightly positive balance (**3,335** companies were registered and **2,548** were deleted).

If you look at their legal forms⁶, the majority of South Tyrol's businesses are sole proprietorships (**60%**), **16%** are private companies and **21%** incorporated companies, while the remaining

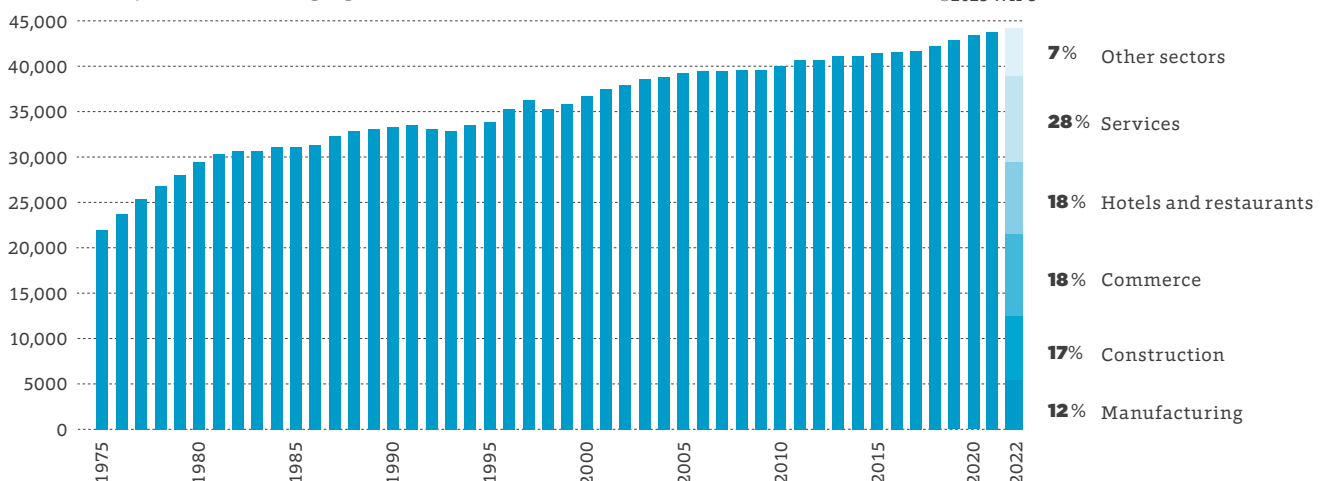
2% are other forms, such as cooperatives. A business in South Tyrol employs on average **4.6** people (as dependent employees). This figure results from a structure based on small businesses, especially in agriculture and hospitality. Businesses with a maximum of one employee represent more than **half** of all business enterprises. In the rest of Italy and Austria, the proportion of these micro-businesses is lower.

In South Tyrol around **one in five enterprises** is "female". Enterprises are referred to as "female" when women are owners in sole proprietorships, form the majority of shareholders in private companies and hold the majority of the share capital⁷ and/or make up the majority of administrators in corporations. The proportion of women in management positions is about **one quarter**.

DEVELOPMENT OF BUSINESSES

in South Tyrol (excluding agriculture)

Source Infocamere 2022
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MANUFACTURING

Structure

In order to find out how South Tyrol's economy is structured, Elsa looks at where and in which sectors domestic businesses operate.

If we consider businesses in South Tyrol in terms of their geographical structure, then almost **20%** are located in the Burgraviato/Burggrafenamt and Bolzano/Bozen districts and **15%** in the Oltradige Bassa Atesina/Überetsch-Unterland and in the Val Pusteria/Pustertal respectively.

In order to understand the manufacturing structure, it makes sense to consider its proportion of the workforce. For example, **13%** of the workforce works in commerce.



BUSINESSES IN SOUTH TYROL

according to district

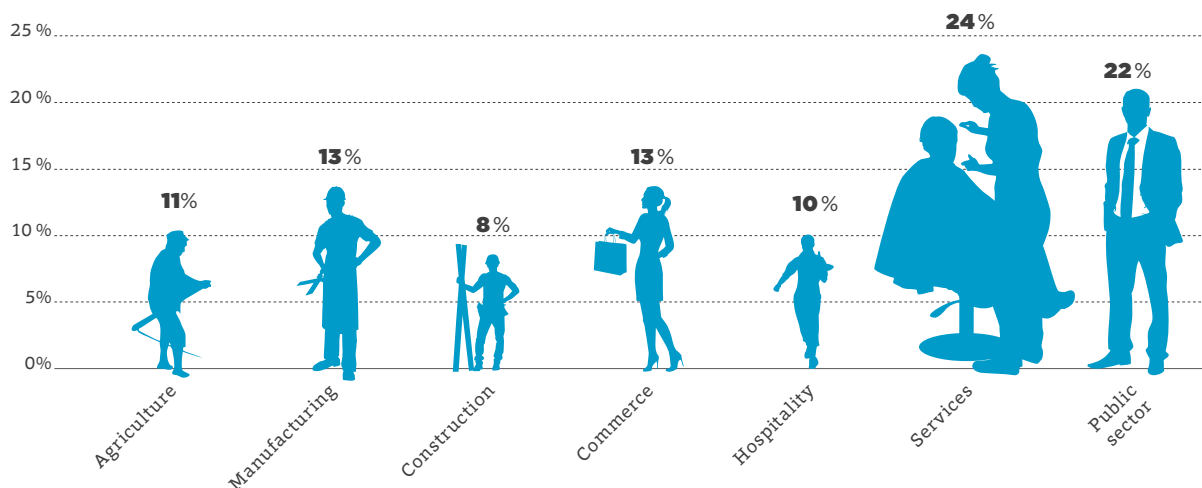
District	Businesses	Proportion
Val Venosta/Vinschgau	4,370	7.2 %
Burgraviato/Burggrafenamt	11,964	19.6 %
Oltradige Bassa Atesina/Überetsch-Unterland	9,033	14.8 %
Bolzano/Bozen	12,212	20.0 %
Salto-Sciliar/Salten-Schlern	6,613	10.8 %
Valle Isarco/Eisacktal	5,398	8.9 %
Alta Valle Isarco/Wipptal	1,986	3.3 %
Val Pusteria/Pustertal	9,411	15.4 %
South Tyrol	60,987	100 %

Source Infocamere 2022 ©2023 WIFO

To measure **EMPLOYMENT**, we can calculate the number of **full-time equivalents** (FTEs), i.e. the number of people working full-time for an entire year. Workers who have not worked all year or have worked part-time can be converted into full-time equivalents. For example, a part-time employee (50%) is counted as half a unit of full-time work.

EMPLOYMENT IN SOUTH TYROL

according to economic sector (Covid timeframe)



Source Istat 2020 ©2023 WIFO

GROWTH FACTORS

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During her research, Elsa learns that productivity is a key driver of economic growth. Growth in GDP may derive from higher employment, improved labour productivity, or from a combination of these two factors.

In 2020, labour productivity⁸ (added value⁹ per hour worked) in South Tyrol amounted to **45 euros** while in Italy it was **39 euros**. One of the factors in remaining competitive and maintaining constant productivity lies, amongst other things, in the promotion of innovative entrepreneurial forces, research and development and the acquisition of know-how.

How innovative is South Tyrol?

New ideas only become innovations when they are translated into products, services and processes and are used successfully on the market. Innovation is essential to ensuring the competitiveness of businesses, both in terms of production efficiency and the attractiveness of the product range (goods or services) offered to customers. At the same time, it is an extremely important factor in economic growth as it enables per capita income to grow, and as a result, the standard of living of the population, by improving productivity. The small size of many of South Tyrol's businesses does not allow for significant investment in research and development (R & D). One way to improve this situation is through cooperation between businesses or between businesses and research institutes. To cope with the pandemic crisis, some companies have had to strengthen their research and development activities or to innovate their production processes in general.

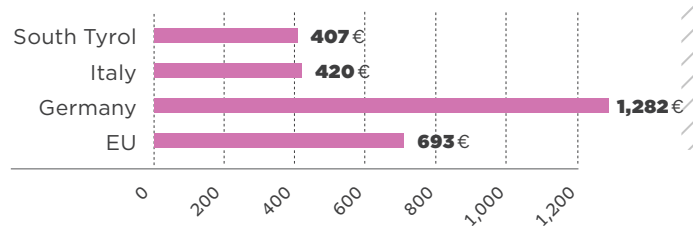
How digital is South Tyrol?

The use of information and communication technology (ICT) in business activities has become a decisive factor in a company's competitiveness. **96%** of businesses have their own website. In addition, **almost 80%** of businesses use at least one social network (for example, Facebook, Instagram, Twitter, YouTube) as a further, innovative communication channel.

RATES OF INVESTMENT IN R & D

European comparison

Euros per inhabitant



Source Eurostat 2020 ©2023 WIFO

USE OF WEBSITES AND SOCIAL MEDIA

in businesses with minimum of 10 employees

Sector	Website	Social media
Manufacturing	100 %	86.5 %
Energy supply	100 %	57.6 %
Building industry	97.0 %	56.2 %
Services	95.1 %	82.2 %
Total	96.3 %	79.0 %

Source Astat 2021 ©2023 WIFO

FOREIGN Trade

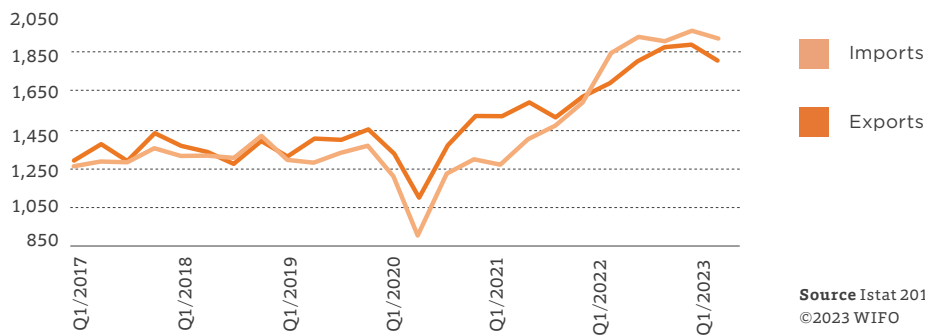
Elsa would like to show her classmates how many goods from South Tyrol are exported to Germany; she therefore analyses the business relations of South Tyrol's companies.

Every year more than **2,000** businesses in South Tyrol exported goods, **1,439** of which for a value of more than **10,000 euros**. The largest trading partner is Germany. Followed by Austria, Switzerland and the Netherlands. An analysis of the categories of products exported reveals that in 2022, food and beverages were the most

exported products. In 2022 the turnover¹⁰ for these amounted to around **1,1 Billionseuros**. The turnover for the export of food and beverages was followed by exported metal products, which amounted to **1,08 Billionseuros**. In third place came means of machinery and mechanical equipment, such as lift systems. As far as imports are concerned, food and beverages are the most important goods and account for almost **one fifth** of total imports. In second place come metals and metal products and in third place machines and mechanical equipment. As with exports, Germany and Austria are also the most important trading partners for imports.

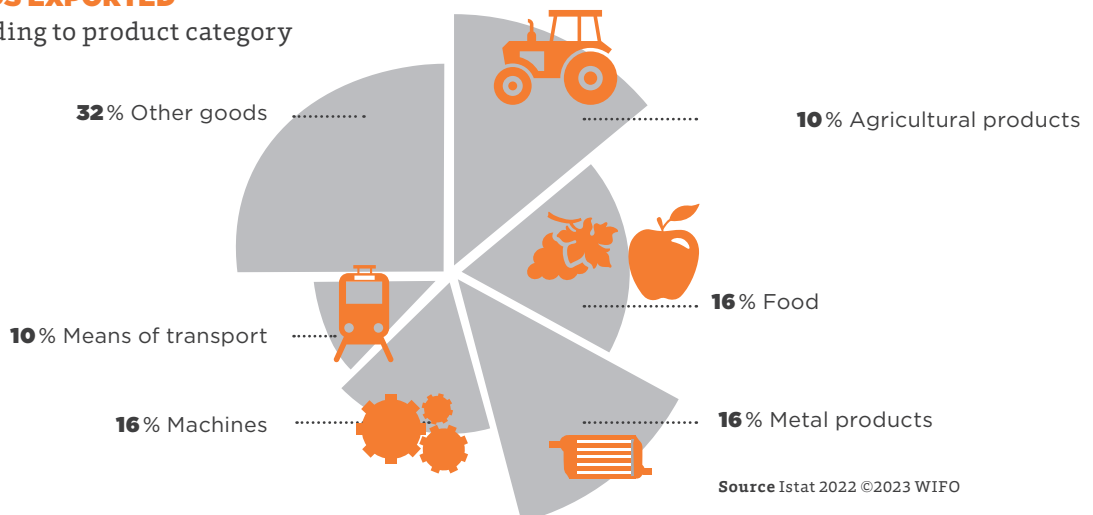
FOREIGN TRADE

from and to South Tyrol, in millions of Euros



GOODS EXPORTED

according to product category



PRIMARY Sector

Elsa lives in a rural area and knows that agriculture has always been of great importance to South Tyrol due to the fruit and wine industry and the farmers who rear livestock and farm the fields.

The activities belonging to the primary sector are those that historically were the first to be practised by man, hence the term "primary". This sector includes agriculture, livestock rearing and forestry.

As South Tyrol is predominantly mountainous, only a very small part of the area can be used for agriculture. Livestock are reared and milk is produced in the higher regions, whilst on the valley floor fruit and winegrowing predominate. In terms of the way land is used, almost 80% is covered by meadows and pastures while the area used for growing vegetables and cereals is about 8%. Since South Tyrol is located on the south side of the Alps, it enjoys a mild climate, which is particularly favourable to winegrowing.



AGRICULTURE

Businesses

16,391

Change in the period 2017-2022

- 2.02%

Persons employed (FTEs)

29,500

Added value per hour worked

16.1 €

AGRICULTURE

In the early 20th century, agriculture represented the most important branch of South Tyrol's economy and still today provides work for a large number of people. However, for many farmers, farming is no longer their main activity, hence they are known as sideline-farmers. About **half** of these have a second job in other sectors of the economy. The share of agriculture in the province's GDP is **4.6%**. In South Tyrol there are almost **17,000** agricultural and forestry businesses: more than **half** of these are smaller than five hectares, as many as one **fifth** has an area of less than one hectare. Between 2000 and 2020, both the number of farms and the amount of land farmed has declined. The principle product is apples: a total of about **950,000 tons** of apples are harvested each year. About **10%** of Europe's total apple production comes from South Tyrol.

LIVESTOCK REARING

Products deriving from livestock rearing represent the second most important agricultural sector after fruit growing. Annual milk production alone amounts to **405 million kilogrammes**. In contrast, meat production plays a minor role. Even the number of animals fattened is decreasing.

WINEGROWING

Wine is also a typical product of South Tyrol. Since the area set aside for winegrowing is limited (**about 5,700 hectares**), production is relatively low. Moreover, increasingly more emphasis is placed on quality than on quantity. Another current trend in winegrowing favours white wines: white wine grapes of various varieties are grown on over **64%** of area under vine. About a **third** of the wine produced is sold on the local market, almost **38%** is marketed in the rest of Italy and the remaining wine is exported.

MOST PRODUCED VARIETIES

Agricultural products

Apples	Tonnes (t)
Golden Delicious	215,707
Gala	141,899
Red Delicious	81,850



Wine	Hectares (ha)
Rulander	685
Gewurztraminer	627
Chardonnay	626



Milk	Tonnes (t)
Yoghurt	157,036
UHT Milk	23,794
Cheese	21,329



Source Chamber of commerce Bolzano 2022
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Source Province Bolzano 2022
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Source Province Bolzano 2021
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SECONDARY Sector

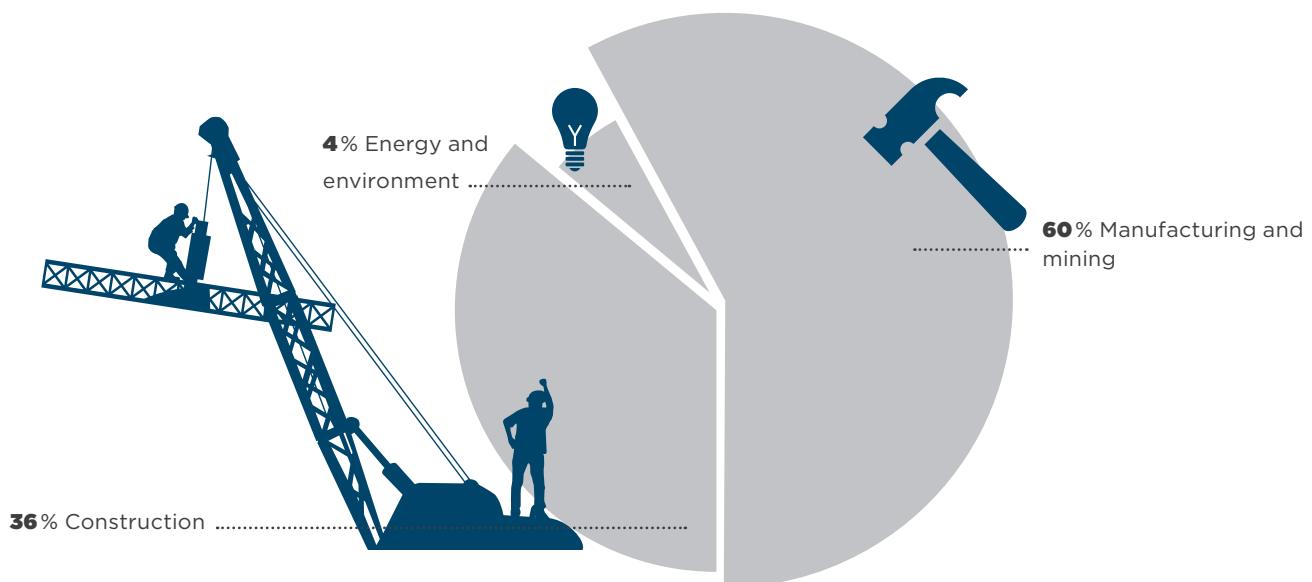
One of Elsa's classmates is very enterprising and wants to start up a business in South Tyrol. He is particularly interested in the secondary sector. Elsa therefore verifies what the main areas of activity are.

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The secondary sector consists of the manufacturing industry, energy supply and the construction industry. In 2020 approximately **63,200** people, that is more than one fifth of South Tyrol's workforce, worked in the **12,776** businesses in the secondary sector. Of these, **37,700** worked in the manufacturing sector, **2,800** in the energy and environment sector and **22,700** in the construction industry.

BREAKDOWN OF THE WORKFORCE

in the secondary sector





Craft activities (eg. carpenters) fall within the secondary sector or are counted as services (eg. hairdressers). In South Tyrol there are **14,659** craft businesses, which are often very small.



20

MANUFACTURING INDUSTRY

The manufacturing industry includes all activities for the processing of primary products into goods intended for consumption or to be used in the production of other goods. In recent decades, various companies in South Tyrol have specialised in the sectors of Alpine technology and in the food industry.

ENERGY

In the field of electricity, South Tyrol's average annual production is sufficient to cover its annual requirements. In addition, **96%** of its production comes from renewable sources.

CONSTRUCTION

Construction involves planning and constructing buildings and infrastructure (roads, bridges, hydraulic engineering, etc.). It includes all activities involved in erecting, altering, repairing or demolishing a building. The fitting out of the interiors (plumbers, tilers, etc.) is also part of this industry. South Tyrol's construction companies work primarily on the local market and provide work for **7.6%** of the workforce in South Tyrol.

MANUFACTURING INDUSTRY AND ENERGY

Companies
5,333

Change in the period 2017-2022
+ 2.0 %

Persons employed (FTEs)
32,600

Added value per hour worked
56.9 €

CONSTRUCTION

Companies
7,443

Change in the period 2017-2022
+ 10.6 %

Persons employed (FTEs)
20,400

Added value per hour worked
33.9 €

TERTIARY Sector

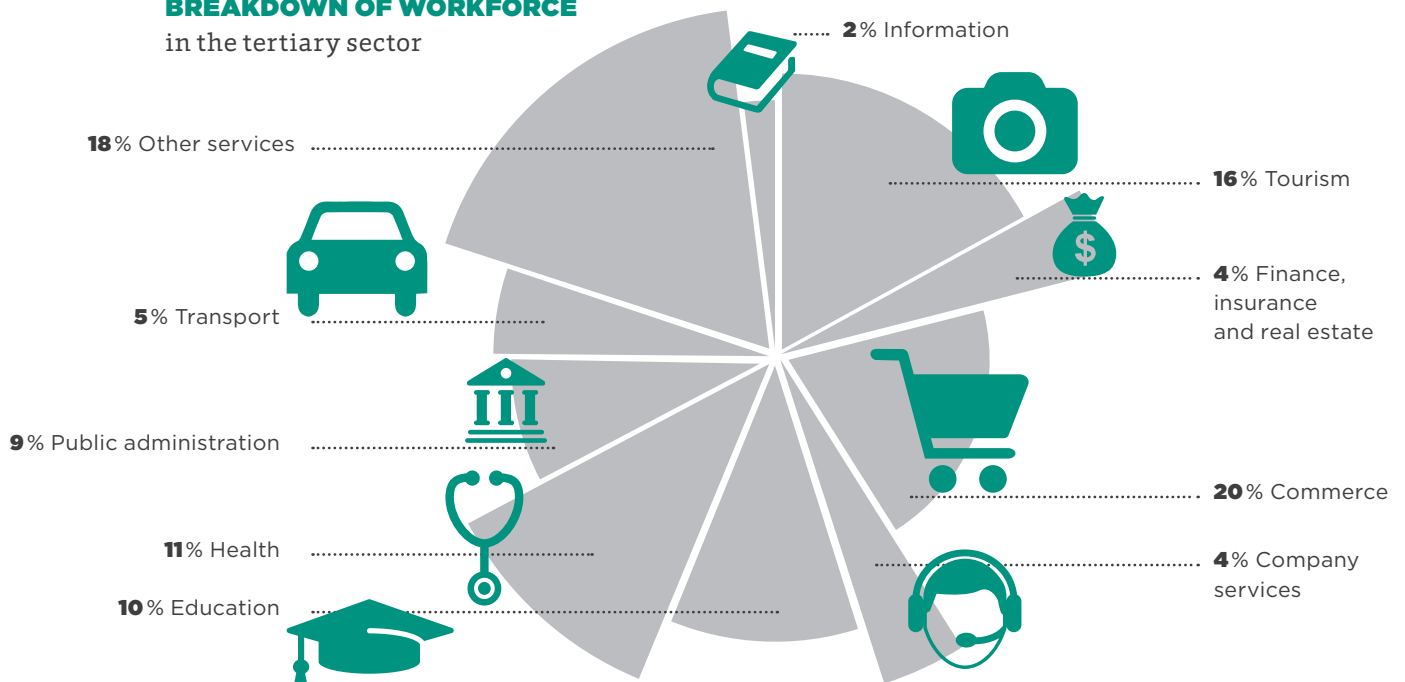
While agriculture produces raw materials and the secondary sector processes them, the tertiary sector provides services. Elsa examines how South Tyrol has changed over the last decades to become a service society.

The tertiary sector consists of economic activities that provide services for households and businesses. In this respect, South Tyrol reflects the international trend. Whereas in 1940 only a third of the workforce worked in the tertiary sector, today we have exceeded

the threshold of **70%** (including public administration, commerce and hospitality). In total, **213,300** people are employed in the tertiary sector in South Tyrol.

The tertiary sector can be divided into two large categories: market oriented services (these include commerce, hospitality, business services, information, communication), and non-market oriented services (activities such as state education, justice, defence, public health and general public administration services)

BREAKDOWN OF WORKFORCE in the tertiary sector





The development of **e-commerce**, also known as online trade, is constantly on the increase and increased further also because of the lockdown period imposed by the pandemic crisis. The South Tyrol Consumer Centre and Chamber of Commerce in Bolzano/Bozen provide a free platform www.conciliareonline.it which allows disputes connected to e-commerce purchases to be settled online.

TRADE

Trade involves the buying and selling of goods and can be divided into two categories: wholesale trade (the purpose of which is to ensure the flow of goods between manufacturers and traders) and retail trade (whose job it is to sell products to the end consumer).

Trading businesses provide about **43,500** jobs in South Tyrol and employ **one fifth** of the people working in the tertiary sector. Due to its geographical location, Bolzano/Bozen has always been an important trading city, you only have to think of the importance of its trade fairs. South Tyrol is therefore said to have a bridging function, which is performed by wholesalers, but is however asymmetrical: the brokerage of goods from the European market to the Italian one is greater than the brokerage of Italian products to other countries in Europe. The retail trade also plays an important role in South Tyrol. Since the population of South Tyrol is scattered throughout the region, a local supply gives people the opportunity to buy food and important consumer goods locally or in the immediate vicinity.

SERVICES

Services that come within the tertiary sector are very wide ranging. According to whether it is a private person or a company using the services, these are provided to the public and households, businesses or the public sector.

Almost **25,500** people provide services for businesses, for example auditors, advisers or cleaning companies. The remainder of the people working in the service sector are spread across the transport sector (eg. freight forwarders), the financial, insurance and real estate sectors (banks, intermediaries, insurance companies) and the information and communications sector (newspapers, radio and telecommunications). Lastly, there are personal services, such as beauty care.

Over **64,600** people work in one of the primary public sectors, that is, in education, healthcare or in the public administration.

TRADE SERVICES

Businesses	8,024
Change in the period 2017-2022	- 4.8%
Persons employed (FTEs)	33,200
Added value per hour worked	38.8€

PRIVATE SERVICES

Businesses	12,492
Change in the period 2015-2020	+ 15.4%
Persons employed (FTEs)	61,300
Added value per hour worked	49.4€



HOTELS AND RESTAURANTS

Businesses

8,206

Change in the period 2017-2022

+ 9.2%

Persons employed (FTEs)

24,800

Added value per hour worked

39.0 €

TOURISM

According to the official classification, tourism covers activities involved in providing accommodation (hotels, guest houses) and food services (bars, restaurants).

Around 1800, the first spas and health resorts began to develop in South Tyrol, including Merano/Meran and Gries, from the 1950s onwards, tourism began to recover from the aftermath of the war and today South Tyrol, with its more than **34 million** overnight stays (over **21 million** in 2020) per year records a high tourism intensity¹¹.

Tourism is one of the driving forces behind South Tyrol's economy, in more than **10,900** accommodation facilities, **232,000** beds are available to tourists. The majority of foreign holidaymakers come from German-speaking countries, in other words, Germany, Austria and Switzerland. In recent years, however, significant increases in overnight stays of guests from countries further afield, such as the United States, have also been recorded.

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OVERNIGHT STAYS

according to nationality, 2022

Country	Number of stays	Average length of stay (days)
Germany	16,655,700	4.8
Italy	10,851,856	4.0
Switzerland	1,586,021	4.3
Benelux	1,206,372	4.7
Austria	1,137,319	3.0
Czech Republic	382,859	4.3
Poland	345,444	5.3
Other countries	2,243,826	3.7
Total	34,409,397	4.3

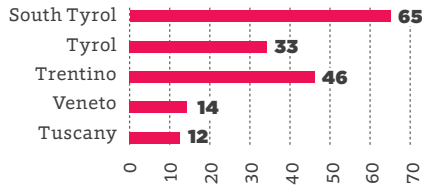
Source Astat 2022©2023 WIFO



TOURISM INTENSITY

European comparison

Overnight stays/inhabitants



Source Eurostat 2022 ©2023 WIFO

In comparison to coastal areas, South Tyrol, like other areas in the Alps, has the advantage that high season is not limited to a few months in the summer. There are two tourism seasons, with August holding the absolute record: in 2022, **6.1 million** overnight stays were counted in this month alone. Tourism is closely related to other economic sectors. A significant example

occurred during the pandemic crisis, in which many businesses experienced an economic loss mainly due to the lack of tourists. Tourism was undoubtedly one of the most affected sectors by the pandemic crisis due to the early closure of ski areas and hotels, as well as the blockade of regional and national borders, which prevented the free movement of tourists.

ACCOMMODATION CAPACITY

according to type of accommodation

Accommodation Facility	Category	Number of beds
Esercizi alberghieri	4 or 5 star	43,500
	3 star	61,887
	1 or 2 star	25,147
	Apartment	22,402
Esercizi extralberghieri	Campsites	15,120
	Private	27,933
	Farm holidays	26,868
	Others	10,989
	Total	233,845

Source Astat 2022 ©2023 WIFO

PERFORMANCE OF TOURIST PRESENCE IN SOUTH TYROL

Number of overnight stays in millions, 2022



Source
ASTAT 2022
©2023 WIFO

Challenges for the **FUTURE**

OPPORTUNITIES...

In recent decades South Tyrol has experienced an impressive development process, which has transformed an economically weak region into an affluent one with a stable economy. South Tyrol today occupies a leading position in numerous Italian and European rankings, including employment, quality of life and GDP per capita. In education, the dual training system has reached a high standard of quality. Moreover, conditions in general for companies are relatively favourable. This is also due to the advantageous geographical location and the multi-lingual population, which enables the wholesale trade to provide its bridging function. In addition, South Tyrol's decentralised economic structure and a local supply of goods enable it to respond efficiently to the needs of the population. The attractiveness of South Tyrol to tourists is due to the beautiful Alpine landscape and hence a reason why the environment must be protected. This also guarantees a high quality of life for the inhabitants. Although not very large in number, high-tech companies enjoy considerable success at home and abroad, especially in the areas of renewable energy and Alpine technology. Another important growth factor is exports: this opens up new sales opportunities, which ensure income and economic prosperity throughout South Tyrol.

... AND CHALLENGES

In the future South Tyrol will need to focus even more on sustainable growth, especially now that the pandemic crisis has had significant impact on the entire economy. With regard to education, the intention is to bring young people into contact with the economy at an early stage through practical/work experience and other initiatives offered through the schools. Another factor to consider is the ageing of the population, which requires a rethink of products and services for citizens. On the other hand, it is important that businesses remain competitive despite the small scale of their operations. The strength of regionality can be exploited in order not to lose shares on the international market. It is therefore essential to strengthen co-operation between micro businesses, which often do not have the capability or resources to address internationalisation and innovation by themselves. Innovation in particular is one of the main drivers of growth in the economy and is therefore crucial to ensuring long-term sustainable development for our society. Research and development are necessary in order to continue to survive on a market characterized by increasingly strong competition. At the same time protection of the environment poses a challenge, but given its positive effects on agriculture and tourism, it also provides an opportunity for the economy. South Tyrol has set itself the objective of becoming a model region for sustainable alpine mobility by 2030. It is therefore important, both at individual and collective level, to strive towards preserving economic prosperity in South Tyrol for the future. The Covid-19 emergency has led to a pull-up in digitalization, particularly in education (e-learning), in the labour market (smart working and home office) and in healthcare (telemedicine). Further investments and functioning infrastructure are needed in order to be able to continue using these digital services efficiently also in the future.





GLOSSARY

¹HOUSEHOLD

A private household is defined as persons who live and manage their household together, who generally finance their living expenses together or share household expenses.

Source: Gablers Wirtschaftslexikon

²MARKET ECONOMY

In this economic system, exchange processes on the markets are regulated by the price mechanism. The State creates the conditions to guarantee competition between market players without restricting their freedom of action.

Source: Gablers Wirtschaftslexikon

³RECESSION

A recession occurs when the production of a country and hence its GDP perform negatively in comparison with the previous year. A recession is therefore the opposite of economic growth – a downturn in the economy.

Source: Italian Stock Exchange

⁴PPS

The PURCHASE POWER STANDARD (PPS) is a fictitious currency that allows a comparison of income levels taking into account the different costs of living.

Source: Italian Stock Exchange

⁵BUSINESS REGISTER

The Chamber of Commerce keeps a public electronic register in which all businesses based in South Tyrol must be registered.

Source: Chamber of Commerce Bolzano/Bozen

⁶LEGAL FORM

The legal form indicates how a business is structured and organised. The entrepreneur can operate alone (sole proprietorship) or together with partners (company). In addition to partnerships or capital companies, there are other forms, such as co-operatives. The legal form has legal as well as financial consequences for the business (for example, its liability in the event of bankruptcy).

Source: Chamber of Commerce Bolzano/Bozen

⁷SHARE CAPITAL

The share capital represents the capital contributions and assets contributed by shareholders as risk capital when a company is formed.

Source: Italian Stock Exchange

⁸LABOUR PRODUCTIVITY

Labour productivity measures the ratio between product (output) and labour (input) that arises during production. It is measured in terms of added value per worker or per hour worked.

Source: Chamber of Commerce Bolzano/Bozen

⁹ADDED VALUE

Value added is a measure of the increase in value of goods and services. It is calculated as the difference between the value of goods and services produced (final value) and the value of the goods and services needed to produce them (intermediate inputs).

Source: Gablers Wirtschaftslexikon

¹⁰TURNOVER

Turnover is the total amount of income that a company generates from the sale of its goods or services.

Source: Gablers Wirtschaftslexikon

¹¹TOURISM INTENSITY

The tourism intensity index is the ratio of the number of overnight stays in tourist establishments in a specific region relative to the resident population.

Source: ASTAT

The **IER – Institute for Economic Research of the Chamber of Commerce** analyses and researches the economy in South Tyrol and provides information on it to businesses, associations, political decision makers, the media and schools. IER's main aim when working with young people is to provide them with information about business, arouse their interest in economics and encourage entrepreneurial thinking.

IN FOCUS is a collection of educational materials for business education at South Tyrol upper secondary schools, colleges and vocational training schools. The individual modules can be obtained free of charge here:

www.wifo.bz.it/infocus
schule.wirtschaft@handelskammer.bz.it
+39 0471 94 57 08

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