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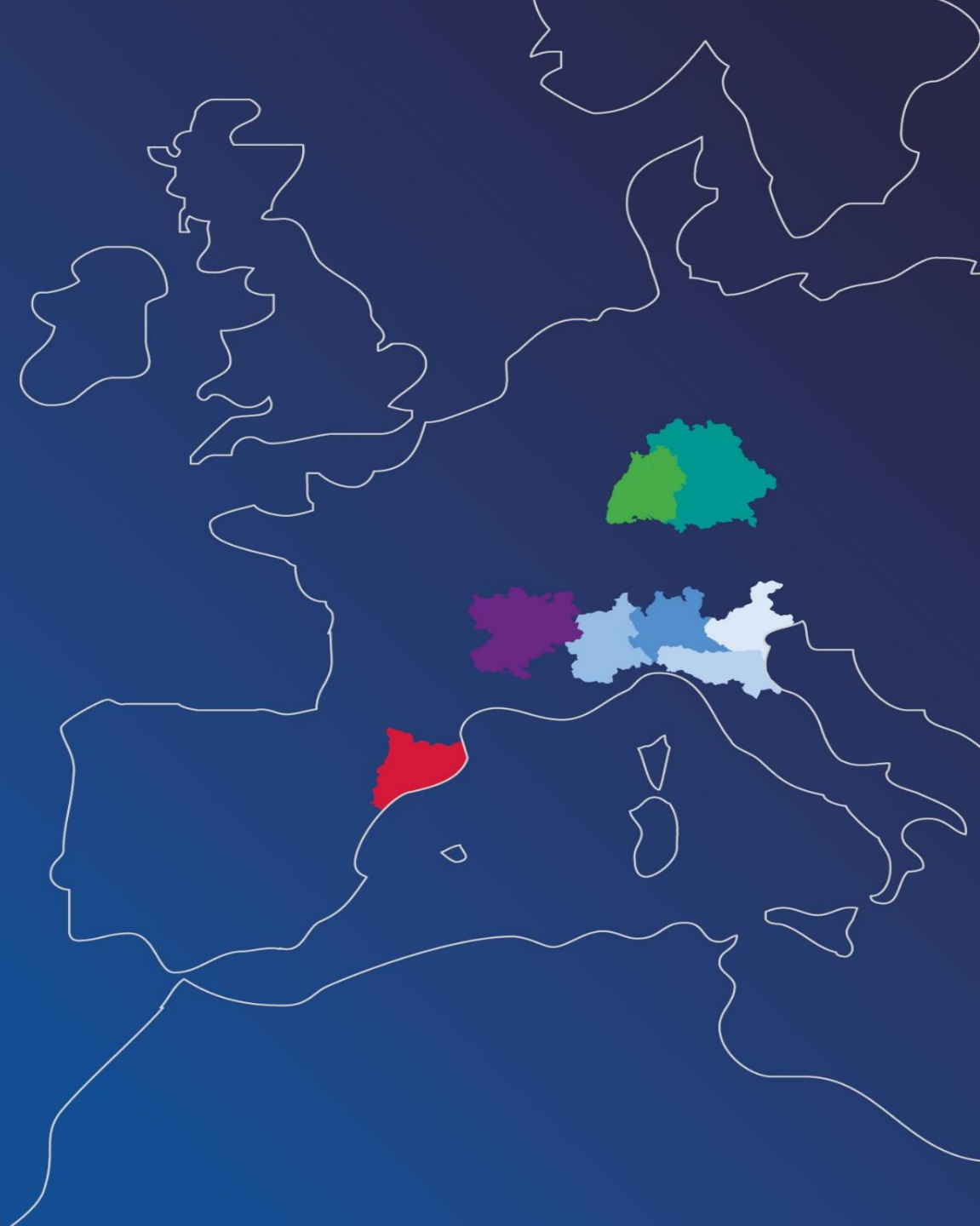
Booklet Economia

Lombardy in comparison with Italian
and European benchmarks

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Preface

Flash update on the short-term economic outlook for Lombardia in comparison with the other highly industrialized regions in Europe - Baden-Württemberg, Bayern, Cataluña, Rhône-Alpes - and in the North of Italy - Veneto, Piedmont, Emilia-Romagna.

Lombardia's economy in comparison with benchmark regions

Lombardia sees a sustained economic upturn triggered by the recovery in global trade, back on pre-Covid levels since November 2020. Foreign sales by firms in Lombardia indeed record -2.3% in the last quarter of 2020 compared to the previous year, after shrinking by 7.9% in the third quarter and nosediving by 27.3% in April-June. Nevertheless, Covid took a heavy toll: Lombardia lost 13.5 billion euro in foreign sales throughout 2020, i.e. -10.6% on 2019.

The contraction is particularly severe and deeper than the Italian average (-9.7%) as here the pandemic hit first and more fiercely, also in the Autumn rebound. Still, Lombardia's performance is largely similar to that of the other 'motors for Europe', suggesting all the key European manufacturing hubs have been put under significant strain by the pandemic: -10.3% Cataluña, -10.6% Auvergne Rhône Alpes, -11.3% Bayern, -7.3% Baden-Württemberg.

Analyzing aggregate exports in more depth, high heterogeneity across sectors persists: only the essential pharmaceuticals and food grow in 2020 (+7.6% e +1.3%), while electronics (-4.2%), electrical appliances (-7.1%), chemicals (-7.4%) and rubber-plastics (-9.1%) limit their losses. Despite rebounding in the last quarter of the year machinery, metals and automotive - key sectors for the regional economy - fell further than the manufacturing average and by some 12% to 15%. Among prime trade sectors, assessment is bleak also in the case of fashion, whose foreign sales dropped by almost 20%.

The steep export decline concerns all global destinations, but it is magnified in EU markets (-11.0% in 2020 compared to 2019) rather than non-EU markets (-10.1%): Germany (-10.9%), France (-12.8%) and Spain (-12.7%) alone account for around one third of the plunge in regional foreign sales.

The rather synchronized nature of the export slowdown across the 'motors for Europe' concerns production data as well, with output shrinking close to 10% both in Lombardia and international benchmarks.

The deep fall in production levels involves all firms size classes: the impact is most relevant on small (-10.4%) and medium (-10.2%) enterprises, still noticeable but more limited in the case of firms employing over 200 persons (-8.2%), which benefitted to a larger extent from the uptick in global trade.

The pandemic triggered relevant losses on the labor market as well: there are 77,000 fewer persons employed in Lombardia in 2020 than in 2019, the biggest such contraction since the previous crisis (-60,000 persons employed in 2009). In percentage terms, it amounts to -1.7% which, though relevant, is less so than in the other Italian main manufacturing regions (over -2% in Emilia-Romagna, in Piemonte, in Veneto).

The largest job losses in Lombardia are experienced by fixed-term employees (-66,000, the equivalent of -15% on 2019) and men (-51,000). Furthermore, the young (-46,000 those under age 35) and less educated workers (-80,000 those with middle school diploma) are severely affected. Considering economic activities, employment in wholesale and retail trade, accommodation and food services tumbles (-40,000 persons employed) as those sectors are most impacted by social distancing measures, whereas the employment loss in the industrial sector is relatively less substantial (-25,000).

The employment rate is 66,9% in Lombardia in 2020 (down from 68.4% in 2019) and, at the same time, the unemployment rate decreases (to 5.0%), suggesting an increase in the number of discouraged people that give up job hunting altogether.

2021 so far offers pieces of good news. Electricity demand gets back to the levels of a year ago (-3.6% in Lombardia, -3.4% in Italy, but -0.2% when seasonally- and temperature-adjusted). Manufacturers in the North-West result more confident in February, as orders surge, stocks of finished goods decline, and short-term production expectations improve. North-West consumer confidence increases as well, though remaining subdued compared to the national average.

It is now important to monitor the impact of the new round of containment measures imposed after the recent increase in Covid cases. People's mobility in Lombardia is already telling: after recovering its pre-Covid levels in February, it falls back to -10% in mid-March. Mobility to and from the workplace also drops back to -30% in mid-March, down from -20% in February.

Safety on the workplace in Lombardia

Work-related accidents recorded in Lombardia in January 2021 increase year-on-year (+0.9% compared to January 2020) considering the total economy, whereas they decrease when focusing on the industry sector (-29.3%). On-the-road work-related accidents plummet, hitting -50.4% in the total economy, -52.2% in the industry sector.





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