

TRIESTE

A GATEWAY TO THE NEW EUROPE

A short summary
From the 2001 Report by the Municipality of Trieste

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Introduction

Trieste, land of a glorious past, a demanding present and a brilliant future.

A land of peoples, religions, cultures and borders. These borders meant experiences and wealth up to the last century, they later turned into an Iron Curtain to become, in recent times, a great opportunity.

The city of Trieste covers a territory of 85 square kilometers, overlooking the northernmost shores of the Adriatic Sea, where the Mediterranean reaches closest to the heart of the European continent.

It has 215,000 inhabitants - a density of 2,530 inhabitants per sq. km - and its Province is only slightly larger than the area administered by the City Council and is substantially homogeneous with it in terms of appearance and functional characteristics. At the end of the Second World War the Allies planned to make it an independent territory, a city-state - the Free Territory of Trieste. Although this project, included in the Peace Treaty, remained a dead letter, it embodied the far-sighted idea of a strategic buffer between East and West.

Trieste occupies a special location in the geography of Europe. As noted in his diary by Hapsburg Archduke Maximilian - builder of the Castle of Miramare and later ill-fated Emperor of Mexico - the cold austerity of northern Europe meets and forms a perfect union with the warmth and light of the Mediterranean.

Today Trieste continues to weave a complex cultural fabric, a forma mentis open to dialogue and to different peoples, different cultures. It is today, as it was yesterday, a living laboratory for European culture.

An "international" city in the heart of the new Europe, capable of offering – in terms of competitive advantages – the human and financial resources, the professional skills and know-how which will soon enable it to make the qualitative leap that will take it from its temporary marginality to a brilliant European role.

PART ONE Historical and cultural background
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a) A historical note

Of ancient origin, inhabited in the pre-Roman period by Celtic peoples, Trieste was occupied by the Romans in 177 B.C. It was turned first into a fort by Emperor Augustus in 33 B.C. and later became a Municipality.

Under the rule of Augustus Trieste grew into a flourishing centre with grand public buildings. After the fall of the Roman Empire it was pillaged by the Goths and the Lombards, following which it came under Omnis Italia and the government of the Exarch of Ravenna.

At the end of the 13th century Trieste was forced to acknowledge the supremacy of Venice - an imposition which caused lasting resentment. The town managed to retain a degree of independence from the Venetians; in 1382 with an "Act of Devotion" it decided to make a formal request to Duke Leopold for Austrian protection. This marked the beginning of a link with the Austrian Empire which was to last until 1918, although Trieste remained a bone of contention between Austria and Venice for more than a century. After the last connections with Venice were severed in 1509 Trieste remained in relative obscurity until 1750. It was then that a period of prosperity began as a result of a deliberate decision taken by Empress

Maria Theresa, who added important extensions to the port (named a duty-free area by Charles IV in 1719), founded the Trieste Stock Exchange and encouraged the immigration of traders from the north and the east.

The First World War reinforced the ties of the local irredentist movement with Italy. On November 3rd 1918, after years of bloody fighting, the Italian army entered Trieste. In the early 1920s the Fascists took power in Italy, and two decades after the Great War another world conflict broke out, with painful consequences for Trieste and the whole Region of Venezia Giulia.

Following the armistice of September 8th 1943 Trieste and Venezia Giulia were occupied by German forces. Following the defeat of the Germans in May 1945 the city was occupied for 40 days by Tito's partisan army. This was accompanied by the arrival of Allied troops under British and American command and, after the withdrawal of the Yugoslav troops, an Allied Military Government was installed. The 1947 Peace Treaty between the victorious powers and Italy established an independent territory, the Free Territory of Trieste, but disagreement between the Allies prevented its actual constitution.

In 1954, in accordance with the London Memorandum, the Allied Military Government ceded power to the Italian government. The Treaty of Osimo (1975) finally established the Italo-Yugoslav border, definitively assigning to Yugoslavia what had been known as Zone B of the Free Territory of Trieste. This area, now divided between the new republics of Slovenia and Croatia, included Koper (Capodistria), Piran (Pirano), Umag (Umago) and Novigrad (Cittanova).

b) Its distinguished figures

The history of Trieste has been marked by a number of important figures. Enea Silvio Piccolomini, a leading humanist, was Bishop of Trieste from 1447 to 1450. As Pope Pius II he continued to protect the town, preventing the Venetians from destroying it in 1463.

In 1827 Josef Ressel had the idea of applying the propeller to ships. He carried out a series of experiments in the Gulf of Trieste on the vessel "Civetta", but the government, owing to a number of controversial misunderstandings, did not follow them up. (Ressel's story was, however, given pictorial representation on Austrian 500-shilling notes which were legal tender until recently).

In the period leading up to 1914 some of the most important works of modern literature were conceived in Trieste: "Ulysses" by James Joyce, an adopted Triestino, Rainer Maria Rilke's "Duino Elegies" and "Senility" by Italo Svevo (Ettore Schmitz, 1861-1928). Shortly after the Great War Svevo published "The Conscience of Zeno" a masterpiece of European narrative and the first work of Italian literature to be influenced by the theories of Sigmund Freud.

The soldiers from Trieste who fell on the Carso near Gorizia in the First World War included the writers Ruggero Timeus (1881-1915) and Scipio Slataper (1888-1915), whose book "Il mio Carso" envisioned a great future for Trieste, partly based on peaceful competition between Italians and Slavs. Giani Stuparich (1891-1961) is considered the most important novelist Trieste has produced in recent times (he wrote "Ritorneranno" - They Will Return). Contemporary writers of renown are Pier Antonio Quarantotti Gambini (1910-1965), Germanic culture specialist Claudio Magris, Fulvio Tomizza, an Istrian, Giorgio Voghera, a Jew, "Mitteleuropean" Carolus Cergoly (1908-1987), the young Susanna Tamaro and the Dalmatian Enzo Bettiza, who constantly makes reference to Trieste.

c) Peoples and religions

Trieste is a composite city. Although this is perhaps less true than in the past, it remains an important factor. In this respect, the Triestini speak standard Italian and the local dialect - of

Venetian origin – which is the product of a successful mix of idiomatic elements from the surrounding areas.

Trieste is marked by the presence of Slovenes, Orientals, Greeks, Serbs, Jews, Armenians and, of course, Italians. The particularly numerous Slovenes, most of whom live on the Carso, speak a Slavonic language and are an indigenous ethnic minority that have lived here for more than 1,300 years. The Istrians, numbering tens of thousands of people, have always had close ties with the Triestini, but they arrived in the city *en masse* after the Yugoslav occupation of the Istrian peninsula.

Mention should also be made of the city's numerous religious communities. Trieste thus has religious buildings representing a whole range of faiths - Jewish, Greek Orthodox, Serbian Orthodox, Swiss Waldensian, Augustan Evangelical, Methodist and Adventist.

The presence of different peoples and religions for several centuries has taught the Triestini to coexist with and appreciate near and distant customs, traditions and cultures. As Scipio Slataper wrote, "We love Trieste for the tormented soul she has given us".

d) Culture, education and sports

Trieste's remarkable expansion began in the 18th century as a result of the trade and shipping policies launched by Charles VI and developed by Maria Theresa; after 1830 the Austrian government continued these policies and the city became the biggest port in the Habsburg Empire and the second in the Mediterranean. This period marked a flourishing of the public and private institutions and associations that characterised the city's cultural life.

The City Library, founded in 1793, has one of the finest and largest collections of books and archives in Europe. Some of the societies constituted in the 19th century are still active. The *theatrical and musical tradition* has always been strong in Trieste. In terms of attendance at the theatre, the opera and concerts Trieste is second to none in Italy.

Many cultural institutions are active in the figurative arts. Important collections are housed in the Risiera di San Sabba - the ex-Nazi concentration camp now a national monument - the Revoltella Museum and Gallery of Modern Art, the Svevo Museum, the State Gallery of Ancient Art and the Historical Museum of the Castle of Miramare and its grounds.

Trieste is the stage for a great many prestigious *exhibitions*, most of which are organised by the City Council in the splendid setting of the old Stables of Miramare Castle and in the Revoltella Museum. In the year 2000 a remarkable success was scored by the exhibition "Sissi. Elizabeth of Austria - the Impossible Elsewhere".

In the field of *contemporary art* important personal exhibitions have been devoted to the works of James Rosenquist, Jim Dine and the Scottish-born American David Byrne. They were staged at the Revoltella Museum. In 1999 the same Museum presented the work of Jean Michel Basquiat in the most thoroughgoing European review of the production of an artist whose particular interest lies in the search for a role in the frenetic melting pot of New York City.

The international dimension of Trieste is reflected in its many cultural exchange associations. These include the Italo-French, Italo-German, Italo-American and Italo-British Associations, the Italo-Austrian Cultural Circle, the Italo-Austrian Association, the Italo-Romanian, Italo-Greek and Italian-HispanoAmerican Associations.

As regards education, Trieste has a range of schools of all types and levels. These include Slovene schools for the local ethnic minority and an International School where the curriculum is taught in the English language from the infants' section upwards. Duino is

home to the United World College of the Adriatic, the only school of its kind outside the English-speaking world, which enjoys the patronage of the Prince of Wales.

An institution of considerable pedagogical interest is the Council Recreational Institutes. Carrying on a tradition of the Austrian period, they provide sporting and supplementary training educational services with the aim of becoming a point of reference and careers guidance for young people.

Although the *University of Trieste* was founded relatively recently (1924), it has made a considerable international name for itself. It has Faculties of Law, Political Science, Economics and Business, Medicine, Science, Pharmacy, Engineering, Letters and Philosophy, Educational Science and Modern Languages for Interpreters and Translators - a total of 12 Faculties, 36 Departments, 43 graduate courses, 16 diploma courses (of which two are tele-taught), 5 specialisation courses and 25 post-graduate schools, for about 25,000 students from Italy and abroad.

The city is also home to the International Maritime Academy, part of the London I.M.O.

In the field of sport, besides the lasting popularity of bridge and chess - played in the city's historic cafés as well as in specialised clubs - there are many clubs and associations, great and small, covering a wide range of disciplines. The most popular are sailing, water sports, swimming and mountaineering..

Other sports practised include football, basketball, handball, boxing (Trieste has produced a number of top boxers - the best known is world middle-weight champion Nino Benvenuti), karate, judo, hockey and roller hockey, baseball, volleyball, rugby, American football and artistic roller skating, in which great national and international successes have been scored by Triestini at European and world level.

In terms of *sports facilities*, in addition to a range of normal pitches and halls and the racetrack, Trieste has a state-of-the-art football stadium and two sports halls used particularly by top-flight professional basketball and handball teams (the latter is the current Italian champion), for volleyball and other sports. A new, more spacious Sports Hall (the "PalaTrieste") has been built to host sporting fixtures - its capacity of 7,520 is increased to 8,500 for the staging of musical events and other shows. This new hall, together with the new Nereo Rocco football ground (seating 32,000) and the Pino Grezar stadium (8,000), forms the well-appointed sports centre called the "Cittadella dello Sport".

e) Some defining numbers

The annual survey carried out "Il Sole 24 Ore" on the quality of life in Italian provinces puts Trieste in 4th position in the *national standard of living league table* for the year 2000. This puts Trieste in the top ten Italian cities with Bologna, Florence and Milan. Specifically, an excellent result was achieved in the Living Standards category - 7th place. Seventh place was also attained in Environment and Services and 15th in terms of the urban ecosystem as judged by the Legambiente - Environmental League). A distinguished 11th place was registered for public safety and the overall crime rate, and Trieste again fared well in the Leisure Time category, coming 5th, and, as in 1999, was placed 2nd in terms of the number of artistic, cultural and recreational clubs, this time with a score of 79.93 - the national average is 39.97.

As regards demographic figures and the general quality of life, at the end of 2000 it was possible to observe an interesting change in the marked fall in the population registered in recent years. This bodes well for families' greater confidence in the future and in the city's development prospects.

PART TWO Geopolitical position as an opportunity

a) Economy

In the past Trieste's *strategic geographical position* enabled it to gain advantages from its natural hinterland in central Europe and, as the region's sea port, from trade with the east. In recent times, partly as a result of the spheres of political interest that arose in Europe after the Second World War, only in the last few years has Trieste been able to create new prospects of expansion or large-scale economic development.

The Province of Trieste has a *complex and variegated economic situation*. Only 16% of its workforce is employed in industry, compared with a national average of 35%.

Most economic activity is concentrated in *trade, the sea-port and banking and insurance* - almost 30 banks are represented in Trieste, with about 100 branches. The craft and research sectors are also well represented. In 1999 authorisation was granted for retail concentrations which led to the opening of several "medium-scale" outlets of 1,500 sq. metres. Urban and trade planning permission was also granted for the construction of the new "Le Torri d'Europa" shopping mall, comprising a total area of 20,000 sq. metres.

The sector of *scientific and technological research* offers great potential support for many industrial companies, not only local ones.

Until recently, the city thus gradually succumbed to the temptation of sliding into a conservative and passive economic attitude, which carried the risk of jeopardising the decisive role that it could potentially *play in the new opportunities being opened up in Europe*.

It has therefore been necessary to embark on a serious general reprogramming of the area's productive and commercial activity, with a careful selection of priorities and allocation of resources to enable Trieste to become a fully-fledged economic laboratory, anticipating developments, identifying new strategies, acting as a barometer for forthcoming economic scenarios. In this developmental framework the BIC (Business Training Centre) has been established for training entrepreneurs and providing impetus to the development of productive crafts, the precursor of the new industry.

b) Beyond a peripheral position

Until the 1990s Trieste was penalised by its position on the periphery of Italy and the periphery of the European Union. The city's economy was not able to develop over a radius of 360 degrees because of the proximity of the border reduced its catchment area in the national market to a quarter of what it had been. Trieste has suffered from this peripheral position also with regard to the rest of Italy. Florence, Bologna and Venice can be "passed through" - you have to "come to" Trieste.

One result of this was that all products with high price flexibility were penalised by higher transport costs, while the small size of the catchment area within Italy meant a lack of local customers for the products of local companies.

Despite this, Trieste has no lack of *active companies that have exploited the competitive advantages of the area* - firms involved in trade and transport and the flow of goods and raw materials through the port.

What in the past was a pervasive presence of *state participation in industry* is now confined to the shipbuilding industry in the form of Fincantieri, a leading international constructor of cruise liners, military vessels and cargo ships, which has included private partners in its company structure.

In Trieste, as in other Italian cities, the closure or privatisation of inefficient public companies (which failed to adopt criteria of effectiveness, efficiency and productivity) has inevitably resulted in a fall in the number of people employed in industry, now just 16% of the total workforce.

After acquiring Diesel Ricerche, the Finnish Wartsila Group has now completed the acquisition of a controlling interest in Grandi Motori Trieste, thus increasing the number of foreign companies already operating in the area. The others include Eckes, a German group which bought Stock S.p.a. and Alcatel, a French group which has opened a factory producing telecommunications equipment. In the same field Telit Mobile Terminals, the only Italian company designing and producing mobile and satellite phones, has its head office in Trieste.

As regards *new development opportunities*, substantial changes have overtaken the cross-border market, which until a few years ago was virtually ruled out by the international situation and the command economies of neighbouring countries. Trieste paid the price of its position on a border that was considered "hot", at least, that is, until the fall of the Iron Curtain and the independence of Slovenia and Croatia. Only in the wake of this new historical-political situation has it been possible to start thinking again in terms suited to the opening up of the new economic spaces being created in eastern Europe and considering Trieste as an opportunity.

The prospect of the enlargement of the European Union with the process of association and accession of the new Republics near Italy restores Trieste to its former role as a gateway to central and eastern Europe. However, these countries, which restored democracy in 1989, have had to face not only the difficulties intrinsic in the rapid adaptation to a market economy but also the loss of the large Soviet market, with which they were privileged trading partners. The result was a fall of 10-12% in their GDP in the years immediately after the fall of the Berlin Wall. Now they have begun to register various levels of growth, which is leading to an increased volume of trade and demand for raw materials as well as a greater supply of finished products for export, particularly competitively-priced labour-intensive products. Analyses conducted by economics institutes have shown a growth in GDP of 4-5% in the last three years, with projections of similar growth for the coming decade.

For Trieste this represents a decisive historic opportunity for the development and strengthening of its role as a pivot between the European Union and central and eastern Europe. It is no coincidence, therefore, that the city has been chosen as the seat of the Executive Secretariat of the Central European Initiative (CEI) which includes, in addition to Italy and Austria, fifteen countries of the region.

If these countries (particularly Slovenia, Croatia, Hungary, the Czech Republic, Slovakia, Romania and Poland) manage to achieve significant levels of development they will certainly require raw materials, and will tend to increase their exports to Europe, other Mediterranean countries and Asia, all of which will be of great benefit to the port of Trieste.

Another reason for optimism in the medium term is the prospect of the accession of Slovenia to the European Union, of which it became an associate member on February 1st 1999. An initial transitory period will have to be undergone, because until it acquires full membership Slovenia will continue to enjoy the aid provided under Objective 1, its labour costs are 50% of those in Italy, and it will not be subjected to EU regulations on competition. This presents a real danger that such advantages will represent what is defined as unfair competition under EU legislation.

In this context it is vital that negotiations for the accession of Croatia to the European Union be concluded as soon as possible.

The process of association and accession of Slovenia and Croatia to the EU should certainly take into account the legitimate rights of the Istrian exiles. No less consideration should be given to the general economic interests (Italian and European) that could be served by the creation of the communications and trade route known as the Pan-European Intermodal Corridor No. 5 (Venice-Trieste/Koper-Ljubljana-Budapest-Lvov), a project in which the Italian government is showing an increasing interest.

c) Research

A strategic role with a dimension of increasing importance is being played in Trieste by specialised international institutes of advanced studies and applied research. These bodies have links with vast areas of the world, particularly the developing world and, especially in the field of research, with eastern Europe.

The most important bodies include the International Centre for Theoretical Physics at Miramare, an affiliate of the International Atomic Energy Agency of Vienna and UNESCO. Since it opened in 1963 it has hosted renowned scientists from all over the world and was headed for many years by Nobel Prizewinner Abdus Salam.

Miramare is also home to the International School for Advanced Studies, which provides specialised training for physics graduates (PhD).

The most important results of the recent concentration of international science in Trieste have taken root on the Carso. There is the Area Science Park at Padriciano and at nearby Basovizza, the most recent jewel, the Synchrotron Light Machine "Elettra", whose managing company of the same name had its President in the person of Nobel Prizewinner Carlo Rubbia, born in Gorizia and an honorary citizen of Trieste.

d) Competitive advantages

Three factors of economic, social and cultural development can be identified in Trieste: its *geopolitical position*, *scientific research* and *cultural and environmental attractions of tourist interest*. These factors are all connected by a single essential feature - the *international dimension*, an irreplaceable fulcrum for the relaunching of the city.

A rediscovery of the city's international dimension, then, means opening up to new horizons and new projects to make the best of its development potential.

* The first factor, as stated above, is the city's *geopolitical position*. *Trieste is now at the centre of an enlarged Europe and has an undisputable function as a bridge between the EU and the countries set to join it*. This position, once again strategic, will lead to a relaunching of the **Port** which, as the most northerly in the Adriatic, is a potential centre of trade not only between east and west but also north and south.

Combined with its geo-political position, the characteristics of the port of Trieste enable companies to serve non-European markets by sea more cheaply than by overland routes within the European market. *The Adriatic Sea will thus become a "fast lane" for the whole of the European Union.*

Mention should also be made of the importance of Trieste's geopolitical position in trade (with 400 companies working in wholesale and retail import-export, including the markets of central and eastern Europe), storage, and banking and insurance. The new off-shore financial

and insurance centre (enshrined in Law No. 19/91) constitutes an essential instrument for encouraging promotion and development in eastern European countries, which will benefit not only Trieste but the whole of the European Union.

* The second factor of development for Trieste is *science and research*. The "city of science" is another instrument to assist our progress, and one which may also help us develop eastwards. Science should be understood not only as study and research but also as the exporting of knowledge and attraction of enterprise - it has a double role. Trieste, as mentioned above, has scientific bodies in the International Centre for Theoretical Physics and the Area di Ricerca Science Park, (providing more than 1000 direct jobs, while 4,000 people work in the scientific sector as a whole). The Synchrotron Laboratory, a third-generation machine on the same level as the Berkeley University machine, can become a strong attraction for the whole of the enlarged Europe.

Trieste is at the forefront of developments in *information technology communications*. In addition to its substantial telematic network, known as the Metropolitan Area Network, linking all the area's research institutions and biggest companies, the city is now one of the first in Italy to launch an optic fibre cable system, which will connect with the system based on the existing telephone lines through ADSL technology.

This range of telematic services, accompanied by a pool of highly-qualified technicians, offers considerable advantages to companies whose work involves the management and transmission of large data bases, such as banks and insurance companies. It is in this context that in the City Council set up TCD Spa for the promotion of telematic instruments in homes and SMIs. This project follows two lines: the first is a vast network of manned service points (Public Relations Office, Information for Young People, **Info Point Europa**) and the second is automatic service points. Manned Internet access points have also been set up free of charge in four civic centres.

* The third factor of development is the *tourist industry*. With its magnificent environment, architecture and cultural and scientific endowments - which have stimulated cultural tourism, conference tourism and agri-tourism, Trieste is increasingly rich in attractions.

As Trieste is the northernmost port on the Adriatic Sea - the closest to central Europe - sailing should be developed by the construction of a greater number of well-equipped moorings and berths.

Conference tourism may take on an increasingly important role through direct links with the area's scientific activity and, here again, Trieste's geopolitical position is an advantage. Conferences organised by a number of central European and Mediterranean initiatives and bodies, not to mention the financial and economic meetings of the Aspen Institute Italia and Business International, have already brought considerable benefits.

Cultural tourism should continue to be developed, leading to the strengthening of contacts with other cultural and historic centres.

The foundation of a Carso International Park will promote the natural environmental features in the immediate vicinity of the city and encourage environment-conscious tourism, also attracting speleologists. Mention should be made of the rock-climbers' training site in the magnificent Val Rosandra.

From an environmental point of view it will also be desirable to promote awareness of the Miramare Marine Park and the magnificent caves on the Carso. They are a unique part of the natural heritage of the area and have considerable potential in terms of niche tourism at a European level.

Conclusion

In synthesis, the basic characteristics of Trieste - its geopolitical position, the presence of a top-level scientific and technological research area and tourist-related activities - are the pillars of the development of the city.

To ensure Trieste's harmonious development, it will be crucial to aim for a high degree of integration of those features. The factors of economic development (geopolitical position, science and research and tourism), united by the common element of the city's international character, will have to create a sufficiently strong base for the development of each single component.

Promoting the relaunching of the port and commerce will bring benefits to science, research and tourism. Upgrading the service sector will create new opportunities for companies and industries.

Today, Trieste is going through a phase of relaunching: having overcome the difficulties of transition from a privileged past, when it was spoilt by the presence of large state companies (indifferent to their actual productive capacity), it is now ready to pursue the opportunities offered by the enlargement of the European Union, globalisation and the new economy. The city has the necessary and sufficient human resources, financial resources, spaces and know-how for a new class of entrepreneurs to benefit from the competitive advantages of the city and help it grow.

However, these *advantages* will be exploited to the full only when the catchment area of Trieste becomes homogeneous in its development to the east, when the transport infrastructures for economic development are created and when the Italian banking system further extends its presence in the markets of eastern Europe.

With all these components ***Trieste can be an effective point of reference for the entire European Union and for the new Europe*** that expands its horizons and travels the road, first taken in Paris in 1951, to peace, democracy and development, respecting all peoples. Regaining this role is a process that is already under way, and completing that process is a challenge that can be met.