
Interview: Alberto Guglielmo

Italian industrialists make a bid to help in the development of China

Alberto Guglielmo, regional minister for Productive Activities of Italy's Lombardy Region, together with the president of the Lombardy Region, Roberto Formigoni, led a delegation of 140 Italian industrialists who visited China at the end of June, and inaugurated the "Palazzo Lombardia" (Lombardy Palace) in Shanghai. This is a six-story Italian trade center, which will coordinate economic cooperation between 2,500 Italian firms and China. The Lombardy Palace was built on the initiative of the Lombardy Region and the Agency for China in Milan, whose president, Mario Tschang, participated in the delegation. From 1991 to 1995, trade turnover between Italy and China doubled, and Italy now plays an important role in Chinese foreign trade, being China's second largest partner, after Germany, in the European Union. Among the firms which participated in the delegation, there were many small and medium-sized chemical, machinery, textile, and machine-building companies. Liliana Celani and Claudio Ciccanti interviewed Mr. Guglielmo in Milan on Aug. 1.

EIR: On returning from China, you said that "China is a country with enormous development perspectives, and Italian industries can compete, in terms of know-how and technologies, with any other industrialized country." What are the most important contracts between Italy and China?

Guglielmo: Many Lombardy and Italian high-technology industries are presently moving to China, and there is a very strong import-export relation between China and Italy, although Italy presently imports from China more than Lombardy's firms export to China. We are working at improving these relations and establishing Italian firms in China that export high technology—and I underline, not only Lombard technology, but Italian technology—as well as establishing professional courses in China in order to produce high-quality products, which can be sold both on the Chinese market and on the whole Asian market. This is our plan.

EIR: On May 7-9, a very important symposium took place in Beijing, on the "Eurasian land-bridge," which foresees infrastructural and industrial projects connecting 100 cities [see *EIR*, June 14, "Beijing's Grand Design for Eurasian Development"]. Is Italy participating in the projects discussed at that

symposium? For example, Germany and China are cooperating in developing a fiber optic cable network, scheduled to be functioning in April 1997. Do similar projects exist between Italy and China?

Guglielmo: We have asked the Chinese government to open a direct telecommunication line between the Italian industries present in China and Italy. This means that we will be able to transmit data on a 24-hour basis. This also means that we will be able to use this line to open up the whole Chinese market, and not only Shanghai, in order to have, in technology and telecommunications, a vital point of development for our firms. Most firms, as you know, rely on the constant exchange of new production and information systems. This means that if the design center in Italy plans to modify production in China, it can do it in a direct and immediate way, keeping technological innovation under control; it can also test the product, in order to make sure that it conforms to the original specifications. If things work out this way, we will be able to connect peripheral centers to Italy.

EIR: Besides telecommunications, what about transport systems, railway systems?

Guglielmo: These are being taken care of by the national government, and the Lombard firms trust that they will be able to use the transport systems being developed. Some airlines are interested in having direct connections to the transport system of our firms, but transport systems are the responsibility of the national government.

EIR: You said, on returning from your mission in China, that this visit demonstrated that "the Lombardy Region, industrialists and national government, can cooperate in order to promote and improve the Italian system. State and private firms can do much together in developing great projects." Isn't this the key to the fact that China managed to avoid the economic disaster caused, for example, in Russia, by the International Monetary Fund's shock therapy and privatization policies? Is Italy finally realizing that it was wrong to trust the "markets," and starting to understand that the state must continue to play a role in economic development?

Guglielmo: We are speaking of a system, the Chinese one, which is predominantly state-run, with the introduction also

of free market economics, which is, however, only half-present; it is not an uncontrolled free market, such as other countries have. There is a dirigistic attitude to economics and social transformation. It is clear that if there are a lot of poor areas to be developed, predominantly agricultural development, in respect to industrial development, and there many cities which are in a process of transformation—social tension is particularly strong there, and one has to find remedies, in order not to leave those populations to themselves; the state has to be the supporter and guarantor of these social shock absorbers. In Italy, this has always been done; in domestic and foreign policies, we always had friendly relations with other states; we never went to a nation in order to exploit it or bring home economic advantages. What China is doing now, with its dirigistic process of total modernization, is different from what Russia did, where the free market replaced a totally controlled economy.

EIR: Do you think this attitude is better than the one adopted in Russia?

Guglielmo: As things stand now, considering what they have, it is certainly the only one which works.

EIR: At the Beijing symposium I mentioned before, two opposite attitudes emerged: the one of the president of the Chinese commission on the Eurasian land-bridge, Rui Xingwen, and of Mr. and Mrs. LaRouche (she was a speaker at the symposium), which sees in the Eurasian land-bridge a “new era in transport technologies,” as well as an alternative to deindustrialization, privatization, and financial speculation; and on the other side, the attitude of Sir Leon Brittan, who claims that the free market will take care of everything and China should just join the World Trade Organization. Which attitude inspired the Lombardy Region delegation in its visit to China?

Guglielmo: We don’t speak of a third way, because then people say we always want to do something different—

EIR: Italians always distinguish themselves—

Guglielmo: Exactly. It is true that China should respect trade rules and market rules, because otherwise, we would find ourselves faced with unfair competition, because they have lower costs, they have different provisions concerning industrial safety. If this were not seen in a world context—also respecting trademarks, which they also do not have. They have no trademarks, they have the ability to make a product and they do it. But it is also true that demanding that they stick to extreme international market rules cannot be accepted by them, because they need time, to bring former state industries into the economic process. One has to be cautious in demanding that they enter the European economic system, as Leon Brittan says; one has to give them the time they need to do it. Imposing it on them would be a mistake, and they would not accept it. Our attitude was to be to understand their problems, and have them understand ours.

EIR: The president of the Lombardy Region, Roberto Formigoni, during your visit in China, addressed indirectly the need for a financial and credit reorganization, when he said, “We are coming back from China with clear ideas and clear projects. We also have a lot to say to the Italian government and to the institutions which regulate foreign trade, as well as to the whole credit and financial system. There are problems and needs to face, answers to be given in the shortest time possible.” What are these problems to be faced, in order to make cooperation possible?

Guglielmo: We need the banking system to understand that when our industrialists go abroad, they are still going there a bit like pioneers: They are opening the road for the whole nation. We are asking the banking system for credit lines with interest rates that favor industrialists who are still willing to take a risk. It would be too comfortable to shut oneself up within a limited territory, where there are only certainties, without going to a place where you do not have such certainties, in terms of credit, investments, and factories. Italy as a sovereign nation, with its credit system, Institute for Foreign Trade, and banking system, must support all Italian industrialists. We are asking that Lombardy, in some sectors where development is particularly strong, and where we are the only ones in some fields who have the cultural and technological background to do so, be given the chance to do this, with a national credit policy, starting a mechanism of guarantees for export. Our industrialists can do more with such a guarantee, because they would have the certainty that in difficult markets, there would at least be a safeguard, that they will be paid for the goods they export, and that there is a reference point for all developments—economic, legal, and concerning investments. Banks abroad can do more. But the problem is that banks behave as if they were each on their own, without a general planned policy.

EIR: I spoke with one of the industrialists who were in China with your delegation, one who also trades with Russia, and he complained about the fact the IMF had just cut credit to Russia, jeopardizing his contracts. He told me that a credit line with Russia, agreed upon by former Foreign Minister Susanna Agnelli, was actually never realized. Don’t the agreements between the Lombardy Region and China also depend on this broader state of affairs?

Guglielmo: We would like to develop our own credit lines. For example, we established a consortium of firms which will create its own fund, on a rotation basis, for foreign investments and exports. We want to lower the risk that industrialists have abroad—for example, lowering the taxes 2-3 points for firms that export. We are looking for a solution inside Lombardy, but it is clear that the national government has to deal with the more general credit problem, and we can only do very little on our own. It is obvious that whatever we do has to be done in total agreement with the Italian government.