



# ACTIVITY A.T3.6

## DELIVERABLE D.T3.6.1

PP6 - Monitoring of the air quality in brownfields subject to remediation

Version 1

*Collection of concrete proposals for requalification (procedures and projects)*

07 2017

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## Activity A.T3.6

### PP6 - Monitoring of the air quality in brownfields subject to remediation

*Collection of concrete proposals for requalification (procedures and projects)*

#### *Introduction*

The chemical and metal-mechanical productive sectors of the City of Venice Industrial Area have been affected by a fall in production. The time period considered in this analysis starts in 2009, the year when difficult conditions accelerated.

Because of the decline of the sites belonging to these production areas, many of which were shut down, a systemic intervention plan is needed that can promote productive redevelopment and conversion processes while pursuing a new balance between Industrial activities and health and environment protection.

Referring to the MD of 31 January 2013 implementing art. 27 subsection 8 of LD 83/2012, this document describes the complexity factors and characteristics of Venice's industrial crisis area.

This report considers the necessary environmental management measures and main obstacles to converting the Porto Marghera industrial area and looks at existing concrete proposals for the upgrading of the pilot area, where the air quality monitoring system will be defined.

#### *1. Description of the complexity factors and characteristics of the industrial crises*

##### *1.1 The chemical industry*

The chemical industry of the Venice-Marghera area began at the dawn of the last century with coal processing cycles, from which the first chemical components began to be extracted (acetylene, naphthalene, etc.); these were later joined by fertilizer industries (complexes and nitrogenous), which were responsible for consolidating this type of industry. Subsequently, the petroleum and chlorine chemical industry came along. We should emphasise that Venetian chemical industry has always been geared toward processing basic products while solidly interconnected with other Italian and foreign industrial plants.

Starting in the mid 1980s, competition from developing countries made it more convenient to manufacture these types of substances where production costs were lower.





Below are brief descriptions of the main chemical production plants of the Venetian hub and their significance in Italy and the world in the late 1990s<sup>1</sup>:

1. Cracking plant - 450,000 tonnes of ethylene capacity per year (19% of the country's total);
2. Chlorine/soda plant - 190,000 tonnes of chlorine capacity per year, used mostly for the PVC and TDI cycles;
3. TDI plant - 118,000 tonnes capacity per year; it used to meet 20% of Europe's demand, equalling 9% of the world's production.
4. Caprolactam plant - 125,000 tonnes of polyamide fibres and resins capacity per year; it used to have 50% of the Italian market;
5. CVM/PVC plant - 250,000 and 200,000 tonnes capacity per year respectively; it used to provide for 25% of Italy's consumption;
6. Hydrofluoric acid and CFC (chlorofluorocarbons) substitutes plants - 37,000 and 15,000 tonnes capacity per year respectively, equivalent to 30% of the European market;
7. Acrylic fibre plant - 150,000 tonnes of fibre capacity per year, which used to be 50% of the European market;
8. Acetone cyanide plant - about 100,000 tonnes capacity per year. 100% of Porto Marghera's production goes to supply another Italian factory that produces plastic polymers.

Below are data regarding the growth of Porto Marghera's chemical industry and the crisis situation:

- At the time of its greatest expansion, in 1965, Venetian chemical industry gave work to 14,233 employees for a total of 23 production units.
- In 1994, there were 13 companies with 4,351 employees altogether.
- The "Porto Marghera Observatory" released a business census in April 2015 reporting the existence of 12 active chemical companies with 767 employees.

## 1.2 The metal-mechanical industry

Venice's industrial area has always distinguished itself for its metal-mechanical manufacturing businesses dealing for the most part with iron and steel, non-ferrous metals, copper and zinc, shipbuilding, optical instruments and eyewear, as well as many smaller maintenance and mechanical machining companies.

The metallurgical industry is an important part of Venice-Marghera and, like others such as the chemical industry, it has experienced and suffered heavily through the crisis that has hit the industrial area over the last 20 years.

<sup>1</sup> Source: Porto Marghera Industrial Area Authority



As for the **metallurgical sector**, the company SAVA - Società Alluminio Veneto per Azioni - produced 36% of the country's aluminium production back in 1966. At that time, production was organised as a chain of vertical and integrated manufacturing processes from first to second and third step processing and had made Marghera the heart of this industry. In 1988, the SAVA group companies, which employed 1,316 in Venice, was merged into ALUMIX Spa and then bought by Alcoa in 1996. After shutting down production of primary aluminium in Portovesme and selling its extrusion manufacturers, the Italian business of the American multinational company Alcoa amounts solely to the Venetian factory of Fusina, currently employing about 300 workers (840 in 1996). In August 2016, Alcoa stated that it wanted to sell the site, which was seen as a sign that Alcoa was definitely exiting the Italian market thereby putting into question production and employment continuity.

Over time, other metal mechanical sectors have greatly reduced their business in the Venetian area, such as, in the **steel industry**, the former Italsider shutting down all production and the gradual shutting down of the Beltrame Spa steel mills.

As for the **shipbuilding industry**, Fincantieri Cantieri Navali Italiani Spa has also suffered through the crisis.

In the **aerospace sector**, there are uncertainties regarding the future development of FINMECCANICA's plant, broken down as follows:

- Aircraft Division (138 workers), for the shutting down of aircraft revision and transformation activities;
- Helicopter Division (250 workers), currently working on the final assembly of NH90 helicopters, which will seemingly go on for a few more years, after which, however, there are no future prospects at the moment;
- Superjet International Spa (200 workers), for revising its FINMECCANICA share and the terms of its collaboration with the Russian company Sukhoi Holding.

### *1.3 Chemical/petroleum and metal-mechanical linked business and the effects of the crisis*

The crisis affecting the chemical/petroleum and metal-mechanical sectors in the Venice area has significant impact on directly and indirectly linked businesses<sup>2</sup>, mainly located in the City of Venice's industrial area of Porto Marghera. The investigation presented in April 2015 by the City of Venice, Porto Marghera Industrial Area Authority, Venice Port Authority and the Veneto Region paints a picture of serious suffering involving an 18.15% reduction in the number of businesses for the 2013/2014 period alone, as well as 9.51% reduction in employee numbers. All linked businesses were surveyed, while labour was calculated using well-established coefficients for the Porto Marghera area. Linked business labour fluctuations take into account specific and peculiar aspects, such as delivery of large orders (as in shipbuilding) and periodic maintenance and/or renovation work (chemical, petroleum and metallurgical plants).

<sup>2</sup> Directly linked businesses produce goods and services used in the making of finished products, whereas indirectly linked businesses provide services and goods to companies directly linked to the main industry



This quantitative investigation took a two-pronged approach with the purpose of obtaining as much information as possible on the characteristics and organisation of the City of Venice production hub. This involved the census of local companies and an analysis of data from Venice's Chamber of Commerce databases.

By putting together the information obtained from the two sources, a database was built of Porto Marghera's manufacturers, which is a useful tool for analysing and monitoring the evolution of Venice's industrial area.

## *2. Analysis of the effects of the production sectors in crisis*

### *2.1 The chemical industry*

The strategic importance of the Venice-Marghera chemical hub within the national context is mainly due to its role in the Po Valley chemical quadrilateral (Marghera, Mantua, Ferrara and Ravenna). The chemical quadrilateral is a production multi-hub, connected through gas and petroleum pipelines, service links by ship, train and road, and common industrial property. The quadrilateral is a unique distributed model of industrial activities including the chemical sector, other types of manufacturers and logistics activities organised in districts. The latter share business activities, supply and environmental management with the petrochemical sector.

Venice-Marghera plays a leading role in the integrated organisational model of the Po Valley quadrilateral; starting with about 4Mt of crude petroleum, Eni's refinery in Venice provides much of the petrochemicals transferred by pipeline, about 1Mt, by ship, train and road to Mantua, Ferrara and Ravenna. More specifically, gaseous ethylene and propylene in liquid form are mainly sent from Venice-Marghera via pipelines to the industrial sites of Ferrara, Ravenna and Mantua. From Venice-Marghera, via pipelines and railroads, ethylene, ethylbenzene, benzene and cumene reach Mantua for the production of styrene, polystyrene and other aromatic monomers and polymers, Ferrara for the production of the related polymers and Ravenna for further processing of the C4 fraction produced in Venice-Marghera.

Venice-Marghera's strategic importance, due to its geographical position and logistical integration with other chemical hubs in Northern Italy (Ferrara, Ravenna and Mantua), as well as highly skilled and professional workers, was reaffirmed by Eni Spa and Versalis Spa in the "Memorandum of Understanding for Porto Marghera" signed on 14 November 2014 by the Ministry of Economic Development, Veneto Region, Venice Province, City of Venice, Venice Port Authority and Trade Union Organisations.

Below is a brief overview of Italy's Chemical sector taken from the CONFININDUSTRIA- Federchimica report "The Chemical industry in figures 2016":

1) 2,740 chemical companies do business in Italy employing a total of about 109 thousand highly qualified workers. With more than 350,000 workers, total employment deriving from the chemical industry is estimated to be more than triple that of the industry itself.





2) With a production value of about 52 billion, Italy is the third European chemical producer - after France and Germany - and the tenth world-wide.

3) The chemical sector accounts for 6% of the manufacturing industry turnover. It is a technological infrastructure thanks to the combination of high intensity research, with a 4.6% R&D ratio compared to 2.8% for the manufacturing average, and the nature of its products, mainly intermediate goods with countless applications in all industries and many of the services. Consequently, technological innovation has multiplier effects across the economy as far as improving productivity, particularly for the main Made in Italy sectors.

## 2.2 *The metal-mechanical industry*

Despite significant downsizing over the years, Venice's metal-mechanical industry continues to play a leading role in some of the strategic sectors of Italian economy, both in terms of results being achieved and possible developments being pursued.

As far as already consolidated results, it is necessary to include the work done by Fincantieri Cantieri Navali Italiani. Despite the crisis of recent years and the 20% staff reduction that came with it, the Venezia-Marghera plant maintains a strategic role, as new orders are coming in from the cruise sector and will keep doing so until 2027 at least.

Cruise Lines International Association - Europe (CLIA Europe) estimated the value of Italian shipbuilding as 4.4 billion euros in investment and 4.57 billion of direct contribution from the cruise sector to Italy's GDP, with over 100,000 jobs. CONFINDUSTRIA-Assonave's October 2016 report confirms the decisive role of the cruise sector in the recovery of Italy's shipbuilding industry. The market share of European shipbuilding for new cruise ship orders reached 24% in the first half of 2016 (it was 7% in 2014), thanks mainly to the important contribution of Italy's shipbuilding industry led by Fincantieri.

Regarding possible development scenarios for the metal-mechanical industry, we should mention the aerospace sector, namely the company Superjet International Spa, doing business in the Venetian area as a Finmeccanica-Sukhoi Holding - Scac (Russian company) Joint Venture producing and marketing the "Superjet 100" aircraft. Although significant results have not yet been achieved, whether economically or industrially, this is the only company based on an international agreement that allows Russian builders to export safety and airworthiness certified "civil aeronautical products" to the West. This agreement currently concerns the Superjet 100 programme, however, if it is determined to be safe and effective, it could facilitate additional aircraft based programmes (helicopters, larger airplanes, engines, components, etc.). It is also worth mentioning that Russia considers the Superjet 100 programme a "strategic" project which it has been supporting through public funding.

## 3. *The outline proposal of the Industrial Conversion and Requalification Project (ICRP)*





Despite the gradual dismantling of important industrial facilities, which entails lower employment, Venice's industrial area and its municipal area in general are a fundamental nexus of Venice's economy and the whole of Veneto.

In a provincial and regional context characterised by little available land and increasing demand for production areas, Venice-Marghera's infrastructure and areas are an endowment and strategic element for Veneto's development and that of the entire Northeast.

Generally speaking, it seems necessary to consolidate the existing industry, while also attracting new investments for the industrial conversion of plants and the employment of local professionals, including public intervention to build, improve or restore (tangible and intangible) support infrastructure.

In accordance with the setup and purposes of this document, we are introducing below the main documents having to do with institutional acts and protocols designed to stimulate new development in the Venetian area, from which to determine ICRP action.

### *3.1 The planning framework: Land planning and governance tools*

As provided for in the 2014-2020 **Regional State Aid Guidelines** (2013/C 209/01) point 168e, with the Regional Council resolution 1329 of 28 July 2014 and European Commission Decision of 17 September 2014, the districts of Porto Marghera Municipality, Via Torino, Campalto, Murano, Arsenale, Zona Portuale and Tronchetto were determined to be a “non-predefined” ‘c’ area (“undergoing major structural changes or in serious decline”).

#### *3.1.1 Programme Agreement for the remediation and environmental requalification of the Venice - Porto Marghera National Interest Site and surrounding areas*

Signed on 16 April 2012 by the Ministry of the Environment and Protection of Land and Sea, Ministry of Infrastructure (Venice Water Magistrate), Veneto Region, Venice Province, City of Venice and Venice Port Authority, the Programme Agreement had two shared goals:

- accelerating and simplifying the remediation procedures for the Venice - Porto Marghera National Interest Site, supporting businesses with credit to implement the works;
- defining an initial list of new projects to be implemented in the area with simplified procedures, open to additions.

This Agreement does not disregard existing environmental standards, on the contrary, it constitutes their application within a certain and definite timeframe. It had determined an initial set of projects (for a total amount of around € 3 billion in public investment and around € 2.7 billion in private investment) belonging to the overall programme of interventions for Porto Marghera.

The Operational Protocols to implement the Programme Agreement remediation concern the following:





1. Operational protocol for the characterisation of sites pursuant to Legislative Decree 152/2006 and following amendments and the Programme Agreement for Porto Marghera's Chemical sector. Revision pursuant to the Programme Agreement signed on 16.04.2012 (Art. 5, para. 3);
2. Ways and means to approach soil and groundwater remediation and safety; (Art. 5, para. 5);
3. Criteria for determining financial guarantees under art. 242, para. 7 of Legislative Decree 152/2006. (Art. 5, para. 15);
4. How to submit proposals concerning experimental remediation activities of contaminated sites pursuant to art. 5, para. 21 of the Programme Agreement for the environmental remediation and requalification of the Venice - Porto Marghera National Interest Site and surrounding areas;
5. Soil-gas measurement criteria and methodologies;
6. Indoor/outdoor air monitoring protocol to assess the inhalation exposure to contaminated sites - Venice Porto Marghera Site.

### 3.1.2 NewCos for Porto Marghera

With Regional Council resolution no. 862 of 15 May 2012, the Veneto Region expressed its interest in managing over 100 hectares of Syndial properties in Porto Marghera, to be used for public and private development, re-industrialisation and environmental requalification initiatives, and approved the pertinent Programme Agreement Plan for the acquisition of these areas owned by Syndial in Porto Marghera; the City of Venice shared the same goal and therefore signed the Agreement in question.

Said Agreement also provided for the option of selling Syndial properties directly to the Authorities, namely the Veneto Region and the City of Venice, or their subsidiary/affiliated companies (NewCos). Consequently, the Veneto Region and City of Venice launched intensive investigations to correctly appraise the properties.

With resolution 1540 of 26.08.2014, the Regional Council commissioned the company Veneto Acque Spa, a full subsidiary of the Veneto Region in possession of the necessary statutory characteristics, to acquire 50% of the shares of L.I.V.E. Spa, a City of Venice subsidiary by way of its affiliated company Ive srl, to follow up on the commitments set forth in the preliminary purchase contract signed on 11.04.2014 for the acquisition of the above mentioned areas.

In view of the amended legislative framework, which made state and regional legislature more stringent on public agencies having direct and/or indirect subsidiaries, assessments by control bodies pertaining to the divestment of shares in companies, including indirect subsidiaries, and deadlines set out by preliminary contracts, Regional Council resolution 1323 of 16.08.2016 divested the NewCo Marghera Eco Industries Srl shares acquired by Veneto Acque Spa, undertaking to provide regional support to the City of Venice in completing their acquisition of the areas by ways and means to be agreed upon.

### 3.1.3 14 November 2014 Memorandum of Understanding for Porto Marghera (Porto Marghera Refinery)

The signatories of the Memorandum of Understanding - Ministry of Economic Development, Veneto Region, Venice Province, City of Venice, Venice Port Authority, Eni Spa and Versalis Spa - agreed to promote the realisation of industrial initiatives for a sustainable economic future, new industries that will create the conditions for a sustained economic recovery of the Porto Marghera area, including linked business.





The industrial conversion of the Porto Marghera plant, which was to create an integrated chemical technology centre from renewable sources, entailed the following intents:

- Consolidating and reinforcing the logistics hub, considering also its future structure;
- Promoting specific professional requalification training programmes;
- Creating new jobs by transforming the Porto Marghera plant;
- Fostering the development of more local chemical businesses from renewable sources and diversified sectors;
- Undertaking any and all useful initiatives involving collaboration and the simplification of administrative procedures, to make sure that the deadlines required by the relevant legislative and regulatory provisions are met when carrying out authorisation processes provided by the Agreement.

The Port of Marghera plant transformation project, which included investments of around 200 million euros, of which about 10 million for infrastructure and logistics by 2015, was supposed to deal with the following areas of intervention:

- 1) Reorganisation of the current configuration; Porto Marghera's new production setup provided for shutting down the Cracking plant permanently; the Aromatics plant was to be kept open in case of market demands; logistics was to be consolidated and further developed to ensure the regular supply of feedstocks and products to the Ferrara, Mantua and Ravenna factories and it was also to be integrated with new productions.
- 2) New technology centre; in addition to the project launched in February 2014 together with the US company Elevance Renewable Science for the realisation of a vegetable oil industrial plant, the Programme provided for the expansion of Porto Marghera's green centre by building two new selective separation and hydrogenation plants for the full exploitation of metathesis byproducts. Additionally, the Marghera site was supposed to have an area dedicated to the Project "Chemical Technology from Renewable Sources Centre" to work in conjunction with the Elevance partner and the Versalis facilities of Mantua and Novara and develop new projects through technology and engineering.

#### *3.1.4 Programme Agreement for the conversion and environmental requalification of the Porto Marghera industrial crisis area*

On 8 January 2015, a new Programme Agreement was signed to relaunch Porto Marghera, which will bring investments for about 152 million euros to the area. The signatories of this Agreement were the Ministry of Economic Development, Veneto Region, Venice Port Authority and City of Venice; it provides for the allocation of resources (about € 102 million) from State Aid funds recovered from Alcoa because incompatible with the common market. This comes on top of sums already allocated by local authorities for the implementation of remediation and hydraulic safety measures, as well as the restoration and upgrading of the existing infrastructure.

The Agreement provides for the implementation of 23 interventions, culled from those in the most advanced design stage that state clear shipbuilding objectives, in order to achieve the industrial conversion and requalification of the Porto Marghera industrial crisis area, covering the following:

- Hydraulic safety;
- Building quays in some port areas, embankment included;





- Accessibility;
- Broadband connectivity.

Following the intervention remodulation proposals technically approved by the Programme Agreement Coordination Committee, Regional Council deliberation no. 1698 of 26 October 2016 acknowledged the impossibility of meeting the deadline for intervention no. 05, "Building infrastructure and quays for the 23-hectare Area of Fusina" and the technical reasons brought up by the Committee to replace said intervention with the integration of intervention no. 13, "Building quays on the south shore of the West Industrial Channel - 1<sup>st</sup> segment of the Montesydial area updated", and also the integration of interventions no. 09, "Accessibility to Macroisola, Porto Marghera's first industrial area" and 10, "Connection viability between Via Elettricità and Via F.lli Bandiera", headed by the City of Venice.

Consequently, a Supplement to the Programme Agreement for the remodulation of said interventions was signed on 27 January 2017 and registered with no. 228 at the National Audit Office on 12 April 2017.

### *3.2 Lines of action for development*

In view of the above, it seems therefore desirable to systematically schedule **priority action lines** that can support and integrate previously agreed upon and partly launched initiatives.

#### *3.2.1 Infrastructure*

The development of the area is conditioned by the completion of some major infrastructure interventions to improve environmental conditions. There is a need to monitor the progress of planned activities and, in some cases, to secure funding for their completion.

The main interventions are the following:

1. **Completing the embankment network of Porto Marghera National Interest Site's macro-islands.**  
It is necessary to complete the embankment with sheet piles of the various macro-islands of the National Interest Site so as to isolate contamination sources and avoid further contaminated groundwater from reaching the lagoon.
2. **Excavating great navigation canals.** It is necessary to complete interventions to overcome the critical situation resulting from the socio-economic-environmental crisis that occurred in the Venice lagoon, involving removal of sediments still containing polluted and hazardous substances from the great navigation port canals of the Venice Lagoon as well as regular maintenance of transit quotas.
3. **Completing the Fusina Integrated Project (PIF) water treatment plant.** It is necessary to complete the plant network currently included in the PIF, a strategic plant for the area to treat drainage water from the permanent safety embankments of the entire Porto Marghera industrial area, as well as wastewater from industrial processes and rainwater.
4. **Burying Terna's high voltage power lines as provided by art. 6.1 of the Programme Agreement (PA Vallone Moranzani).** Removing and burying the lines that interfere with the compensation



measures provided in the Vallone Moranzani PA must be made technically detachable from the completion of the entire project “Fusina/Dolo/Camin”.

5. **Facilitating the realisation and management of Porto Marghera's ecologically equipped area.** In order to promote the acquisition of lots for economic and productive activities, it is necessary to build infrastructure serving the Porto Marghera production area, and for it to be singly managed as an ecologically equipped area (APEA), implementing the Programme Agreement signed on 16 April 2012 for the remediation of the Porto Marghera national interest site.

### 3.2.2 The environment

In recent years, the theme of remediation has been crucial in defining projects for the requalification and regeneration of Venice's industrial area.

In order to simplify the Industrial use of the abandoned areas, it is therefore necessary to revise the *Programme Agreement for the Remediation and Environmental Requalification of the Venice - Porto Marghera National Interest Site and surrounding areas of 16 April 2012* (and subsequent operational protocols) and provide definitive procedures and time-limits, focusing mainly on bureaucratic simplification that will allow the completion of the ongoing remediation processes and streamline the evaluation of those in the pipeline.

The objective is to launch remediation processes in a concrete manner and with a new logical approach; together with the remediation project a construction project should be authorised while defining a clear process with definite costs and deadlines for investors. In any case, public management should allow and encourage private individuals to get involved and take charge in any of the regeneration stages.

### 3.2.3 Economic development

It is necessary to set up programme agreements to support business initiatives for local production to have a sustainable economic future and to promote new ones, thus creating the conditions for sustained economic recovery in the Venice area, including linked business contributions.

Incentives need to be put in place to attract businesses that want to set up shop in the Venice area:

- Expanding Venice's customs-free zone to port areas, including non-adjacent ones, and the island of Murano. Legislative Decree no. 268/1948 established a free-trade zone in the Port of Venice which is now an EU recognised I type control customs-free zone. Porto Marghera's revitalisation can also be promoted by expanding its free-trade zone to other areas inside it, including non-adjacent ones.
- Setting up an urban free-trade zone (UFTZ) for defiscalisation programmes to create tax-free SMEs, including income tax, IRAP, IMU-TASI and social security contributions;
- Exempting production facilities from having to be authorised for the use of services in the ecologically equipped Porto Marghera area;



- Incentives in the form of corporate tax credit, as per Article 2 of the Decree of the Minister of Economic Development of 7 August 2014, for productive units located in the Porto Marghera national interest site.

**Developing integrated industrial logistics.** Because of its geographic location, infrastructure, multiple goods transport options, available areas and highly skilled workforce, Venice's industrial area is a node of excellence in the national and international logistics network.

To best consolidate the area's competitive advantages and encourage its development and conversion, it is necessary to promote intervention strategies and policies for the development of the integrated industrial logistics sector, supporting the combination of port-logistics and industrial-manufacturing activities and considering the transformations of the area's socio-economic context, including the following:

- Catchment area/demand: manufacturing businesses developing and concentrating in the East put the Venetian/North Adriatic port system back in the centre;
- Petroleum sector: moving on from crude petroleum to its derivatives and from refining to distribution facilities and LNG;
- Agri-food: port-centric organisational restructuring of Porto Marghera companies;
- Project cargo sector: back-quay areas are being hypothesised for the future to assemble special products and large packages to be subsequently embarked.

The productive revitalisation of the area should also be implemented by consolidating the most valuable Adriatic-based logistics hub and reinforcing port activities, with the promotion of the District Park, consequent development of new integrated logistics economies and realisation of the Port Authority Offshore Port project (Venice Offshore Onshore Port System, V.O.O.P.S.) to ensure the development of industrial and commercial businesses in the area, including when mobile dams to contain the high water phenomenon will become operational.

Actions to simplify administrative procedures should be promoted to facilitate and support local business.

#### *4. Industrial crisis area for the City of Venice*

Art. 27 of Law Decree no. 83 of 22 June 2012, (Growth Decree 2012) converted with amendments by Law no. 134 of 7 August 2012 and published in issue no. 187 of the Official Gazette of 11 August 2012, reformed regulations for the re-industrialisation of crisis areas by introducing forms of intervention to support industrial crisis areas; these implementing regulations were adopted via the Minister for Economic Development decree of 31 January 2013.

The decree provides that, in case of industrial crisis areas subject to economic recession and loss of jobs, conversion and requalification projects should be implemented to promote productive investments,



including innovative ones, requalification of the areas concerned, training, conversion of dismantled industrial areas, environmental recovery, energy efficiency sites and building infrastructure for interventions.

Industrial crisis areas have national significance due to severe economic recession and loss of jobs. This happens when one or more large or medium-sized businesses are hit by crisis, affecting linked business, or a major crisis is experienced by a well-rooted local industrial sector.

A crisis is considered to be of national importance when it has a significant impact on a country's industrial policy, as in the case of industrial sectors with excess production capacity or structural imbalances in production costs or requiring a productive redevelopment process in order to strike a balance between industry and protecting health and the environment.

The Ministry of Economic Development is the authority responsible for recognising industrial crisis status.

With deliberation no. 2303 of 30 December 2016, the Regional Council approved submitting an application to the Minister for Economic Development to recognise the City of Venice as an industrial crisis area, seeing as how Venice - Marghera is of strategic importance because of its location and logistical integration with other chemical hubs in northern Italy as well as its highly professional and skilled workers.

It was determined that, for the revival of the area, it would be necessary to consolidate and, if possible, convert the metallurgical and chemical/petroleum production sectors, where the largest companies are concentrated, and upgrade tangible and intangible support infrastructure.

Considering that the persistence of the economic crisis is also connected to the crisis situation of multinational companies that have always driven the local economy and also that new linked business measures are needed to make up for large shipbuilding companies getting fewer contracts and less maintenance work on chemical, petroleum and metallurgical plants, the Ministry adopted a decree on 8 March 2017 establishing the conditions to recognise the City of Venice as an industrial crisis area with significant impact on the country's industrial policy.

Considering that the effects of the crisis described above cannot be solved solely with regional resources and that, with the recognition of the complexity of the crisis, synergies are created at the various institutional levels to promote and support integration and requalification processes, the Minister of Economic Development issued a new decree on 7 April 2017 establishing a Coordination and Monitoring Group to define and implement the ICRP in the City of Venice industrial crisis area.

The procedure stipulates that, once the strategic objectives of the intervention are defined in accordance with the proposals of the Region, the National Agency for Investment Attraction and Enterprise Development, S.p.A. (Invitalia) should be put in charge of drafting an ICRP proposal to be submitted to the Coordination Group within three months from the date the decree was adopted, with an optional one-month extension.

The ICRP proposal should indicate the following:

- Requalification needs of the sector(s) affected by the crisis;





- Production sectors whose crisis area should be converted;
- Actions to be taken to requalify or convert crisis areas, promote new investments, support industrial research and experimental development, requalify staff, allocate surplus workers and build infrastructure;
- Regional and national financial tools and resources that can be activated;
- Regulatory and administrative proposals strictly connected to the actions being proposed;
- Entities to be involved in the Programme Agreement<sup>3</sup>, including regional companies;
- ICRP implementation procedures.

Within thirty days of receiving the ICRP proposal, the Coordination and Monitoring Group shall authorise Invitalia to initiate the second project definition phase.

Within a maximum period of five months from the authorisation date, with an optional one-month extension, Invitalia shall initiate the second ICRP definition phase, promoting and identifying investment proposals.

Investment proposals may also be identified by means of a public evidence procedure. Each investment proposal should be binding and solely dependent on the implementation of the industrial conversion and requalification project; it should also indicate implementation costs and deadlines, expected benefits and financial backing options.

To support productive investment, the Ministry shall intervene in accordance with Law 181/1989 to promote entrepreneurial initiatives through Invitalia; these initiatives shall provide investment and employment programmes set forth by SMEs and Large Enterprises with the aid of subsidised funding and facilitated financing.

These facilitations are meant to finance investment programmes worth over € 1.5 million and will target both SMEs and Large Enterprises<sup>4</sup> as well as all types of enterprises as far as investment programmes concerning environmental protection and innovation projects.

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<sup>3</sup> Which regulates facilitations, integrated and coordinated activities of central administrations, regions, local authorities and public and private entities, intervention procedures and verifications of ICRP implementation progress and compliance with set conditions.

<sup>4</sup> Only in the 107.3.c. areas, in compliance with the investment type limits set by Regulation (EU) No 651/2014