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Abstract: This paper analyzes how processes of Europeanization opened up opportunities and generated ideals, which in turn changed the articulation between political and economic powers in the city and county of Timisoara, Western Romania. It builds on case studies of local government agencies and foreign investors from Italy. In doing so, it discusses the circular relationship between the European and the local levels of governance: European governance affected the interactions between firms and institutions in the city, while at the same time city authorities used different understandings of 'Europe' to pursue their own agenda. It also shows some of the unexpected side-effects of Europeanization, due to the political activism of Italian investors. Beck and Grande's concept of 'reflexive modernization' and the literature on regional economies frame the discussion.

Response to Reviewers: Dear Dr. Sui,

Please find in attachment my paper 'Europeanizing Timisoara: neoliberal reforms, continuity with the past, and unexpected side effects' in resubmission after revisions to GeoJournal.

Thanking you in advance for considering my manuscript, I am looking forward to hearing from you at your convenience.

Responses to the reviewer comments follow:

COMMENT The term "processes of Europeanization" in the abstract is a bit vague.

RESPONSE I changed the wording of the abstract to "how processes of Europeanization opened up opportunities and generated ideals, which in turn have changed the articulation between political and economic powers"

C. On manuscript page 2, the author suggests that one way of understanding Europeanization (following Clark and Jones) is to see it as "reshaping senses of community at multiple scales." I think this statement needs a bit more context.

R. I expanded the definition of Europeanization as follows: "In the broadest sense, it means the use of different meanings and manifestations of 'Europe' (both as a physical entity and ideological construct) to reshape senses of community at multiple scales"

C. On manuscript page 10, the author describes neoliberal reforms in Timisoara as "successful." Successful in what sense? Perhaps they were successful across the board (as suggested by the unemployment figures cited on the next page), but were there any losers in the process? Did, for example, the gap between rich and poor grow?

R. Unfortunately, I did not have access to data on income distribution that could offer any insights on winners and losers in the neoliberalization of Timisoara. Given that the city undeniably grew, and taking into consideration that the paper focuses on entrepreneurs and city administrators, the paper now reads "From the standpoint of firms and city administrators neoliberal reforms were successful"

C. Given that Timisoara's location is part of the story, it would be nice to have a map accompanying this article.

R. I produced the map, named Map 1, inserted in p. 11

C. The one place I felt the paper fell a bit short was the Conclusion. Effectively, the conclusion states that the paper shows there are more geographical disconnects than the three identified by Clark and Jones (2009), ...But the paper does more than add to the list of disconnects identified by Clark and Jones; it speaks to at least the second and third of the basic disconnects identified by Clark and Jones ... it would be useful if the author offered at least some preliminary thoughts on what may be particular and what may be generalizable from the Timisoara story.

R. I added two paragraphs in the beginning of the conclusions, to highlight how the paper contributes to Clark and Jones treatment of identity and power, and one paragraph in the end, to discuss the broader implications of the paper.

Sincerely Yours,  
Christian Sellar  
Assistant Professor  
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**Europeanizing Timisoara: neoliberal reforms, continuity with the  
past, and unexpected side effects**

**<AUTHOR ADDRESS>**

## **Abstract**

This paper analyzes how processes of Europeanization opened up opportunities and generated ideals, which in turn changed the articulation between political and economic powers in the city and county of Timisoara, Western Romania. It builds on case studies of local government agencies and foreign investors from Italy. In doing so, it discusses the circular relationship between the European and the local levels of governance: European governance affected the interactions between firms and institutions in the city, while at the same time city authorities used different understandings of 'Europe' to pursue their own agenda. It also shows some of the unexpected side-effects of Europeanization, due to the political activism of Italian investors. Beck and Grande's concept of 'reflexive modernization' and the literature on regional economies frame the discussion.

## **Key words**

Europeanization, Post socialism, Romania, Italian industrial districts, Foreign Direct Investments (FDIs).

## **Introduction<sup>1</sup>**

Europeanization is a fashionable topic, which has attracted considerable attention in policy as well as academic circles. Thanks to the funding made available by the European Union, the study of Europeanization has become an 'academic growth industry' (Checkel 2007, 307). As often happens in fashionable areas of academic interests, the definitions of Europeanization are multiplying. In the broadest sense, it means the use of different meanings and manifestations of 'Europe' (both as a physical entity and ideological construct) to reshape senses of community at multiple scales (Clark and Jones 2009, 193). More focused definitions include the diffusion of ideas and patterns of behavior on a cross-national basis within Europe, the creation of European level institutions, and the modifications of the external borders of the EU (Leibenath 2007, 152; Featherstone 2003, 6-10; Olsen 2002, 923-935). This paper focuses on the local-level effects of Europeanization and, specifically, how the emergence of a European level of governance influences economic, governance, and identity issues in Timisoara, Romania (Mamadouh and Van der Wusten 2008). In doing so, it

builds on Clark and Jones' understanding of Europeanization as rescaling of authority, identity, and governance at all levels (Clark and Jones 2008, 309).

The issue of rescaling is at the heart of geographers' investigations of Europe. European economies have been rescaled in complex ways, responding to both globalization and continental integration – see, for example, David Sadler's and Pavlínek and Janák's works on the automotive industry, or the studies on the textile industries by Adrian Smith and John Pickles et al. (Sadler 1997; Pavlínek and Janák 2007; Smith 2003; Pickles et al. 2006, ). Transformations of governance have led to the rescaling of uneven development, eroding national and regional specificities while creating new ones (Hudson 2003). The main concern for geographers is the emergence of new scales of governance, with the (contested) strengthening of a multi-tiered system, which constantly redefines the relations between the super-national, national, and regional levels (Hudson 2000; Hudson 2004; Agnew 2001; Murphy 2005). A complex interaction between the European project and neoliberalism leads to the emergence of new kinds of boundaries and identity (Wesley Scott 2005; Painter 2001). Geographers have also discussed the nature of the territorial transformations of Europe. The various territorial scales of Europeanization are socially constructed, and rescaling itself is heavily shaped by politics (Hudson 2004; Swyngedouw 2000; Painter 2003; Paasi 2005).

In their studies of Europe, geographers have not yet analyzed the changing relations between political and economic powers at the local and regional scales. How are the interactions between private firms and political institutions changing in specific cities and regions? How are those changes interconnected with the emerging European level of governance? How are they influencing local and national identities? This paper begins to investigate these issues by looking at Timisoara's postsocialist transformation and

neoliberalization, utilizing the literatures on regional economies and industrial districts (Marshall 1919; Piore and Sabel 1984; Becattini 1979), social capital (Bourdieu 1986; Putnam, Leonardi, and Nanetti 1993; Dolfsma 2008), innovation (Breschi and Malerba 2005; Martin 2008), and Beck and Grande's cosmopolitan realist view of Europeanization (2007). Specifically, Beck and Grande view Europeanization as a 'reflexive modernization' (28), in which the new structures of Europe include the old order of nation-states, in a 'revolutionary evolution' (41) where elites' decisions at all scales lead to unattended side effects (35). This current analysis portrays the Europeanization of Timisoara as a transformation in the symbiotic relationship between public agencies and firms.

After reviewing the literature, this paper describes the details of Timisoara's 'reflexive modernization,' in which the elites exploited the funding opportunities arising with the enlargement of the EU, attracting resources to the city while cutting tax revenues. In addition, the elites have built upon identity issues to guarantee popular support for the hard-to-sell neoliberal reforms required by foreign donors. In doing so, they obtained two remarkable results: first of all, the EU financed new State agencies, which included Timisoara in the system of multi-layered governance that constitutes 'Europe.' Second, new groups of elites emerged – expatriates living permanently or semi-permanently in the city to manage the large number of foreign-owned firms. The final section of the paper analyzes the largest of these groups with respect to the aggregate amount of investment and number of firms established: investors from Italy (Map 1, Table 1, 2 and 3). Over time those investors have committed an increasing amount of resources to Timisoara, becoming stakeholders in the city, and actively contributing to local governance through their associations and their involvement in the Chamber of Commerce. Thus, two seemingly distinct aspects of

Europeanization – the extension of inter-firm networks across Europe (Smith 2003, Sadler 1997), – and the rescaling of governance (Mamadouh and Van der Wusten 2008), have come together in a new relation between ‘circuits, flows and spaces’ (Hudson 2004: 99), which have transformed the city of Timisoara.

### **Methodology**

This study draws on empirical research conducted in 2006. Using the case study method, it analyzes the changes in the relationship between the government of Timisoara and foreign investors between 1990 and 2005 (Yin 2003). Specifically, it discusses how policies and government agencies dealing with economic development and foreign investments have changed; it also analyzes how Italian investors’ attitudes and involvement with the local government have evolved. The research consisted of twenty four, semi-structured, elite interviews with government officials, trade union leaders, bank managers, and business managers or owners conducted by the author.<sup>2</sup> The research snowballed from two initial contacts in Bucharest: a Romanian think tank, the Group of Applied Economics (GEA), and an Italian service firm active in Romania since the early 1990s (Consorzio Progetto Lazio ’92, CPL92). GEA provided contact information with the most important institutions in Timisoara dealing with economic development and foreign direct investments. Those were the Local Development and EU Integration Department of the City Hall of Timisoara, and the Agency of Social and Economic Development of Timis County (ADETIM). CPL 92 provided contact information with the association of Italian entrepreneurs, Unimpresa; and with an Italian consulting firm active in Timisoara, Boscolo & Partners. Boscolo & Partners introduced me to ten Italian entrepreneurs active in Timisoara. Unimpresa introduced me to

Italian agencies active in Timisoara: Antenna Veneto, based in the Chambers of Commerce, Industry, and Agriculture of Timisoara (CCIAT) and the Commercial Office in the Italian Consulate of Timisoara.

### **Literature review: Europeanization at the local level**

Political science has produced a vast literature on Europeanization, more or less focused on the widening and deepening of the EU. Some scholars have focused on the growing importance of EU institutions (Bache 2003; Laegrid, Steinthorsson, and Thorhallsson 2004), while others have considered the top down impact of the EU on the domestic policies of the member states (Nugent 2003; Vink 2002), as well as neighboring countries (Buller and Gamble 2002). Bottom up approaches have analyzed how domestic elites used ‘European’ issues to pursue their own agendas (Kohler-Koch 1999), thus creating interdependencies between the national and supranational levels (Featherstone 2003; Radaelli 2004). Scholars less focused on the EU have analyzed the interconnections between European states (Falkner 2003; Knill 2001), in the context of globalization (Beck and Grande 2007). Unfortunately, geographers’ work on the rescaling of European political economy has not vigorously engaged these debates on Europeanization, so there are “theoretical weaknesses resulting from the partiality or absence of treatment” of geography in the literature (Clark and Jones 2009, 194).

Julian Clark and Alun Jones identified three of these theoretical weaknesses, or ‘geographical discontents’ (Clark and Jones 2009). First, much of the literature understands territory as a passive backdrop, rather than as an active constituent of Europeanization. By depicting Europeanization as ‘something imposed’ on spaces, the literature implicitly



privileges the supranational scale, encouraging a static and mechanistic view in which EU institutions transform the underlying nation states (Clark and Jones 2009, 196; Radaelli 2004, 3). Second, identity is often conceptualized as a ‘binary distinction juxtaposing member-state and EU identity,’ omitting important work on the ‘bleeding together of national and supranational identity’ (Clark and Jones 2009, 196; see also Hooghe 2005; and Etzioni, 2007). Third and last, power is understood as having a top down impact and transformation of national and regional institutions, paying little attention to states’ selective acquiescence to Europeanization, and the capacity of elites to ‘fashion discursive constructions of Europeanization supportive of their goals’ (Clark and Jones 2009, 197).

I would argue that two more ‘geographical discontents’ emerge from the three Clark and Jones have identified. First, a focus on the European level leads automatically to an underestimation of the role of local actors, such as local mayors, regional governors, and officials working in local agencies; even the literature on European regional policies fails to systematically analyze their role as promoters of Europeanization (EU n.d.; Doucet 2006; Gruber 2002; Drake 2000; Faludi 2007; Bachtler and McMaster 2007; Bachtler and Mendez 2007)! Second, a simplistic understanding of power leads to omitting any discussion of the role of firms in the rescaling of governance. Given that EU institutions play such a crucial role in Europeanization, and given that the EU is still primarily an economic union, then firms must play an important role in the political and sociocultural transformations of Europe (Sellar 2009).

The following discussion of geographical ‘discontents’ contextualizes the literature on regional economies and industrial districts within Beck and Grande’s framework (2007). Similarly to Taylor (1994; 1995), Beck and Grande argue that nation-states are originators

and self-interested promoters of Europeanization. In their view, the new political and social situation of Europe is a 'second modernity' because "the nation state is not replaced but integrated in a variety of ways into new international regimes" (Beck and Grande 2007, 32). Beck and Grande described the shift between the first and the second modernity in terms of five hypotheses, or theorems (30). This paper utilizes the first three of them: first, the *structural break* theorem states that in the final quarter of the twentieth century there had been a fundamental discontinuity in modern societies. Second, there is an *inclusive relationship* between first and second modernity, because the second modernity includes the structures of the first modernity (such as functioning states, market economies, legal systems). Third, the *side-effect* theorem claims that transformation of societies happened as an unintended consequence of modernization, rather than through revolutions.

The literature on regional economies and industrial districts predicates a symbiotic relationship between firms, institutions, and territorial identity. These relationships are due to everyday, face-to-face interactions among regions' dwellers, which shapes trajectories of economic (and, by extension, sociocultural) development (Marshall 1919; Piore and Sabel 1984; Scott and Storper 1987; Porter 1990; Becattini 1979; Markusen 1996). In the original formulations, rooted in the work of Alfred Marshall, industrial districts are "dense concentrations of interdependent small and medium enterprises in a single sector and in auxiliary industries and services" (Dunford 2006, 27). Later works extended the object of analysis from clusters to all types of regional economies, discussing the role of regions in promoting innovation (Perrin 1993; Markusen 1986; Saxenian 1994; Storper 1997). According to the literature, sustained social relationships are pivotal both to firms' agglomeration and innovation (Child and Faulkner 1998). A whole body of work has

developed around the concept of social capital, or the “social structure that enable social actions” (Dolfsma 2008 19), showing that social action happens at multiple levels (Granovetter and Swedberg 2001; Bourdieu 1986; Putnam, Leonardi, and Nanetti 1993). Specifically, innovation systems depend on social structures encompassing nations, regions, and sectors (Freeman 1987; Nelson 1993; Cooke, Heidenreich, and Braczyk 2004; Malerba 2004; Breschi and Malerba 2005: 3, Martin 2008). The most recent work on global city-regions makes a similar argument; i.e. that the trajectory of any regional economy is heavily dependent on globalization and policy decisions happening at a wide range of scales and places (Scott 2001; Sokol, van Egeraat, and Williams 2008).

The concept of 'reflexive modernization' leads to the following hypotheses about Europe's regional economies: 1) *Structural break* theorem: policy decisions at multiple scales (European, national, and local) transform trajectories of development. In doing so, they include regions in the new European system – see, for example, Sadler's work on the Europeanization of the automotive industry (1997), or Smith et al.'s work on the Slovak Ukrainian border region (2008), and Sellar et al.'s work on cluster policies in Bulgaria (2010). 2) *Inclusive relationship*: the emergence of new trajectories of development does not necessarily lead to replacing old structures of governance; they rather enmesh the new into existing networks. For example, Beilharz and Pence and Betts argued that there are important continuities in Eastern Europe's postsocialist transformation, which they describe as a shift from one kind of modernity to another (Beilharz 2009; Pence and Betts 2008). Similarly, Pickles, Smith, Begg, Bucek and Roukova showed that postsocialism entails the reworking of existing social and firms' networks, rather than their replacement (Begg et al. 2005; Pickles 1993, 1998, 2002, 2004 2008; Pickles et al. 2006). 3) *Side effect* theorem: the

transformations in regional institutions – brought about by the emergence of a European level of governance – leads to changes in the symbiotic relationship between firms, institutions, and territorial identity. The outcomes of those changes are often unexpected by the policy makers who initiate them. The following sections apply these hypotheses to an analysis of the Europeanization of Timisoara’s regional economy.

***Structural break theorem: the neoliberal success of postsocialist Timisoara***

Anssi Paasi (2005) has shown that there are different and overlapping discourses on Europe, which various elites shape and endorse to support their diverse and sometimes competitive goals (Hirt 2007; Sellar et al. 2010). In Timisoara, the local elite has used three complementary narratives to carry on its development strategy: ‘Europeanization,’ understood as achieving inclusion in EU governance and European firms’ networks; ‘postsocialism,’ seen as a breaking away from the socialist past, and ‘local identity,’ defined as being ‘better’ and ‘more European’ than the political center in Bucharest. By appealing to regional rather than national identity and pride, local politicians justified harsh neoliberal reforms as the mean to reach ‘Europe’ while breaking away from the legacy of Socialism.

From the standpoint of firms and city administrators neoliberal reforms were successful, and Timisoara’s structural break from the Socialist past was characterized by strong economic growth, higher than the national average for Romania (Table 1). Reforms followed a model of development common to Central and Eastern Europe in the 2000-2008 time period, comprised of foreign direct investments (FDIs)-led growth, attracted by a combination of EU-led institutional stabilization, highly qualified human resources, and geographical proximity to the core of the European Union (Tondl and Vuksic 2003). Local

authorities managed to endow Timisoara with all of these factors: the city is the second most attractive to FDIs in Romania (Pricewaterhouse and Cooper 2004); it has several universities; institutions were remodeled following ‘European’ (mostly German) models; and there are “ten European capitals located in a radius of five hundred kilometers from Timisoara” (Counselor CCIAT. Interview. 04-06-07, see Map 1). Thus, the city attracted an exceptionally high amount of FDIs (Table 1), which added new high-tech productions to its traditional light industries (Head of Local Development and EU integration, City Hall of Timisoara. Interview. April 14 2006). By 2008, Timisoara achieved full employment, with a 1.6% unemployment rate. (national average 4.4%) (ICE 2010). Albeit the 2008-2009 global economic crisis hit Romania very hard, Timisoara’s county in 2010 still has the third lowest unemployment rate among Romanian cities at 4.4%. (national average 7.3%) (ICE 2010).

**<Map 1 here>**

**<Table 1 here>**

As often happens with neoliberal reforms, local politicians were very proactive in managing the so called ‘free market’ (Harvey 2003 2005; Rehak and Sokol 2007; Sokol 2001; Sokol, van Egeraat and Williams 2008; Convery et al. 2006). Their strategy had two cornerstones. In the first place they promoted the city to specific investors who could commit to long term investments while attracting induced industrial activities. Second, they mobilized specific aspects of local identity to guarantee popular support for socially costly reforms. The concrete initiatives evolved over time; in the early 1990s, they attempted to

imitate the Italian model of industrial districts (for an academic discussion of the model, see Becattini 1979 and Brusco 1982). The following excerpt from a conversation with a trade analyst highlights the shift from an initial, passive imitation of foreign (Italian) business practices to a new phase of more autonomous development:

[Italian industrial districts were] a model for us. It was the only model we saw, because entrepreneurs from Veneto were the first to come, and arrived in large numbers. As the President of the County said, now we must accept the fact that Italian and Romanian companies are developing in parallel ways. (Romanian trade analyst. Interview. April 10 2006)

The later phase of autonomous development coincides with the plan of economic restructuring implemented by the City Hall. As a high level official pointed out:

The city assumed the role of facilitator of businesses. In the 'Development Concept of the City of Timisoara' the first direction is to create a moral and friendly oriented business environment. In the year 2000 we said: 'no corruption – or reduce corruption' and 'friendly administrative environment.' (Head of Local Development and EU integration, City Hall of Timisoara. Interview. April 14 2006)

The details of the strategy of City Hall include an open door policy to the mayor's office for all investors, the participation of the mayor in international conferences and fairs to promote the city to potential investors, and large projects such as the industrial parks, the software businesses incubator, and the technological park. Administrative procedures were reformed as well:

We changed procedures in order to reduce the bureaucracy and speed up business start up processes. For example, the maximum time to obtain a building permit is thirty days; we have a policy that for foreign investors the maximum time must be fifteen days, half of that. (Head of Local Development and EU integration, City Hall of Timisoara. Interview. April 14 2006)

The openness of the local administration to the needs of foreign investors tells only part of the story. Foreign businesses were not integrated in the local environment uncritically.

Local administrators and trade unionists decided whether or not to support an investor, examining the investor's respect for the local rules, the stability of the investment, and the requirement of bringing something positive to the local economy. City Hall chose especially to target German firms, because of their reputation in high tech. This strategy built upon an analysis of local conditions:

In our concept, looking at our natural resources, and the skills of the population, we decided that the best focus for us would be software and high tech. Timisoara was the first city in Romania producing computers. So we had tradition here, but not a lot if compared with Germany. So, we decided that there were three branches we had to focus on: software, high tech, and automotive industries. ... We encouraged FDI in these fields. Of course, we focused on large companies. We paid Alcatel, Continental, and Siemens to come here. We did so because we knew they would attract induced industrial activities. (Head of Local Development and EU integration, City Hall of Timisoara. Interview. April 14 2006)

Trade unions discriminate among investors as well, distinguishing them in the moral terms of 'serious' or 'non serious.' The president of the Timisoara based National Federation of Trade Unions in the Textile Industry (FNSIU) describes foreign investors in the textile and clothing sector as follows:

Among foreign companies, there are serious investors and non serious investors. ... Non serious investors have no respect for social conditions in factories. They try to exploit, paying less than minimum wage, give lots of problems. (President, FNSIU, Interview. April 11 2006)

He also openly preferred large businesses, employing more than one thousand workers, who pay taxes and social security, and invest "in the social infrastructure of the city" (President, FNSIU Interview. April 11 2006).

The second element of the strategy of Timisoara elites' addressed precisely the problem of the social costs of the reforms – convincing people to pay them for a long time. It was not an easy task, as a high level official in City Hall clearly states:

In order to reform, the first measure we had to take was to reduce firms' size, because SMEs have the huge advantage of being flexible and easy to change. ... unemployment increased a lot. Also, to attract foreign investments ... we encouraged salaries to remain low. We also had to accommodate taxes to the low salaries. ... We just did not have the money to rehabilitate the infrastructure. ... As you can see, the city is a mess, and of course, the population is not happy with it. (Head of Local Development and EU integration, City Hall of Timisoara. Interview. April 14 2006)

In the end, the population accepted a decade of high unemployment, low salaries, and poor infrastructure. They did so because the elite were able to exploit a cultural and political tension between the city and the national government dating back to the years of Ceausescu's communist rule. Those tensions arose because Timisoara was richer than the national average, peripheral, and culturally diverse; therefore the centre perceived the city as a threat to its homogenizing and centralizing policies. In the end, people in Timisoara played a prominent role in overthrowing the communist regime (Mihas 1997). Echoes of this tension still emerge in the accounts of the early phases of transition. For example, FNSIU is headquartered in Timisoara and not in Bucharest because:

In center and western Romania people are more determined; they respect the work given, they are more serious. ... Ceausescu caused this difference, and since then there has been a struggle between Timis and Bucharest. (President. FNSIU Interview. April 11 2006)

A high level official in City Hall made a very similar remark, praising the work ethic of Timisoara's people:

The revolution started here. Here people wanted the market economy. ... The mentality of the population is our greatest asset – pro free market, pro competition, hard working. People have a material culture that they are proud to have. For this reason they are hard working. (Head of Local Development and EU integration, City Hall of Timisoara. Interview. April 14 2006)



Discourse about geography played a key role in defining this kind of local identity: Timisoara's people were hard working even under communist rule, because they were close to the border, and therefore could produce and trade and become wealthy:

Before 1989. ... we were better off [than the rest of the country], because we could go to Serbia and Hungary to buy stuff. Also, in Timis County there was the largest production of pork in the country. This is a reason why Ceausescu didn't like us, because this area has a more efficient mentality than the rest of the country. (President, FNSIU. Interview. April 11 2006)

Another major advantage of Timisoara is the geographical location. We are near the border, 60 km away from Hungary and 40 km away from Serbia, and have access to all means of transport and communication connections with Europe. (Head of Local Development and EU integration, City Hall of Timisoara. Interview. April 14 2006)

This representation of identity as 'unique' and more 'European' than any Eastern neighbor is common among elite groups throughout Central and Eastern Europe. Each group represents its own country or region as 'the Eastern border of Europe' in order to acquire a better status than its neighbors and capture resources from foreign donors (Kuus 2004, Bakić-Hayden 1995). Timisoara's political elite skillfully used such an attitude – labeled by Milica Bakić-Hayden as 'nesting orientalism' – to build up political will against communism and against the centralized control of the Romanian State. In this context, pro-free market reforms were widely accepted because they provided means and justification to reach autonomy. The mobilization of regional pride allowed deeper and faster implementation of industrial restructuring:

Also, the economy of Timisoara has been traditionally rich. This was one of the best industrial areas. At the same time, the reforms started earlier here. It was not a show-off process; people were really committed to reforms here. It was not about headlines in newspapers, or political wishful thinking, companies were restructured for real here and reforms were implemented faster than elsewhere. (Head of Local Development and EU integration, City Hall of Timisoara. Interview. April 14 2006)

It also meant right-wing parties dominated the city's politics from the beginning of transition, and that people accepted the reforms:

The city was always led by a right wing party, and I think this is important for the reforms. I'm sure there will come a day when the left will be necessary. Speaking as an individual, the left wing policies do have advantages. But talking about the 'general economy' and especially about the passage from an 'extreme left' economy to a free market, it is necessary to have a strong vision, and not to concentrate so much on the social needs of the population. You need to have a long range view.. We did not need political pressure to implement the plan; we just needed to raise the pride of people. Also, we did not have large protests here. People accepted the leaders, and accepted being led, and this is positive, because the measures we described had some social costs for the population, and it is a big advantage to have their support in the reforms. (Head of Local Development and EU integration, City Hall of Timisoara. Interview. April 14 2006)

In sum, Timisoara's structural break with Socialism involved a transformation of the economic structure, which was carefully managed by the city's political elite. In doing so, politicians were able to mobilize different discourses on 'Europe' to support their agenda. First of all, they sought integration in European firms' networks, initially imitating the Italian model, and later developing their own version of neoliberalism through the 'Development concept.' Second, 'Europe' represented the shift away from Socialism, and a justification for the adoption of socially costly reforms. Third, a vision of 'Europe' consistent with nesting orientalism allowed elites to raise regional identity and pride against the center, and convince the population to endure the price of reforms for more than a decade.

### ***Inclusive relationship: the self-transformation of Timisoara's elites***

In Beck and Grande's view, "the second modernity came about with the natural evolution of the first modernity ... [it is] a self transformation of modernity" (2007, 30). Decisions of national elites lead to the transformation of nation states from the ground up; as

a consequence of this transformation, nation states were not replaced, but integrated in a variety of ways into the new ‘European’ regime (32). Similarly, Taylor argued that Europeanization originated at the level of nation states, as a response to the challenges of the late twentieth century (1994, 1995). However, to claim that Europeanization is rooted in national territories does not mean that national elites managed it alone. Indeed, Doreen Massey showed that spaces of Europeanization emerge from the intersection of networks at multiple scales (1994, 1999). In Timisoara, the local elites began to interact with wider European networks during their pursuit of neoliberal reforms. In doing so, they set in motion a process of self transformation, characterized by the emergence of new layers of bureaucracy. As in most of Central and Eastern Europe, institutions’ basic structure and personnel did not change dramatically after the collapse of the Socialist bloc (Szelenyi and Szelenyi 1995); instead, new institutions emerged side by side with the old, and contributed to Europeanization by plugging the city into the structures of ‘Europe’.

Funding programs by the European Union and by private donors were crucial to the self-transformation of Timisoara’s bureaucracy. As Leitner pointed out, funding programs contribute to the creation of ‘spaces of (post)development’ across the EU, because they are shifting the control of economic development away from national authorities (Leitner 2003, see also Sidaway 2007). Funds involve, “a supranational institution above the state supporting the development of regions below the state” (Gruber 2002, 211), and are geared to, “deliberately foster solidarity, cooperation, networking, win-win situations and synergies between regions and cities” (Doucet 2006, 1481). In the specific case of Timisoara, EU funding programs transformed development by transforming the institutions responsible for economic policies at the city and county levels.

There are four tightly interconnected institutions that manage economic policies in Timisoara and its region. They are City Hall and the Chamber of Commerce (CCIAT); and two development agencies: Agency for Economic Development of Timis (ADETIM), which works at city and county level, and Agency for Development of the Western Region (ADREVEST), at regional level (Pislaru, D. Interview with OECD). City Hall was active in the Socialist period, while CCIAT was a pre-communist institution that was revitalized in the 1990s; and ADETIM and ADREVEST were established after 1989, with a small budget from the State. Except City Hall, they rely on grants from international donors for their operations and very existence. Therefore, the availability of EU grants, and the success in getting the awards, shaped the change in the structure of the city's administration.

Because EU grants tend to award projects that include international co-operation between similar agencies across different member states, local agencies in Timisoara are very active in establishing transnational networks and in participating in the new forms of governance promoted by the European Union (see Murphy 2008 and Mamadouh and van der Wusten 2008 for a discussion of the emerging European governance). A closer look at ADETIM can shed a new light on the extent and the ways in which Timisoara local government changed in response to the joint stimuli of the shift to a market economy and enlargement of the European Union.

The Agency for the Economic Development of Timis (ADETIM<sup>1</sup>) was founded in 1995. It was itself part of a project funded by the European Union and a German public agency. German aid was fundamental in setting up the agency. The Regional Development Agency of Westphalia co-financed the project, trained Romanian employees, and until 1997

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<sup>1</sup> For further information, see the agency's website, [www.adetim.ro](http://www.adetim.ro).

German project managers co-authored grants with their Romanian colleagues (Project Manager. ADETIM. Interview April 12 2006).

The initial duty of the nineteen person ADETIM staff was to prepare grants; over the years, the agency acquired the task of providing information about the opportunities of the county to potential investors and developed training courses on grant writing for public administrators of the county's towns. At the moment, this is a unique system in Western Romania:

We have training programs to prepare people in the local administration to identify grant opportunities from the EU and to prepare the applications. ... They work in close contact with us, we prepare projects together. By now, there are such professionals in 70% of the towns in the county. At this moment, this system is unique to Timis. We are working to extend it to the neighboring counties as well. (Project manager. ADETIM. Interview. April 12 2006)

The diffusion of grant writing capabilities plays an important role in the Europeanization of Timisoara, by contributing to rescaling of governance and authority in several ways. First of all, it provides financial means to implement the EU legislation. Second, it encourages imitation and horizontal linkages between similar agencies throughout Europe; and third, it promotes informal connections that may lead to business partnerships. Such processes work at multiple scales, because national as well as local government agencies can apply for grants. The following example of the establishment of an environmental protection agency illustrates how grants influenced governance in Timisoara:

Now we are starting projects on environment protection. We have a new [European] law, according to which we need to integrate ecologically sensitive areas in land use planning. Because of this we are developing a twinning with a French agency for the protection of the environment.

Q. How does a twinning work?

A. They come and provide the organizational structure of the institution, some regulations and management methods. Together with the twinning there are also economic links between the two countries.

Q. Does this mean that official missions were organized to let entrepreneurs from the two countries meet?

A. Yes. Besides this, things happen unofficially. Through twinning projects information is collected, and then given to the chambers of commerce, or they simply flow through informal networks. (Project manager. ADETIM. April 12 2006)

Events at the national and European levels of governance – the new environmental legislation and the EU-wide funding programs – led to horizontal connections between agencies in France and Romania (ADETIM and the French Environmental Agency). In turn, the formal relationship between these institutions supported the establishment of informal networks in the private sector.

Summarizing the findings of this section, Beck and Grande's *inclusive relationship* between first and second modernity explains postsocialist governance in Timisoara. The basic institutions of the first (socialist) modernity did not change: City Hall and most of its officials remained the same (Szelenyi and Szelenyi 1995). However, ADETIM (and similarly, ADRVEST and CCIAT) emerged because of Europeanization; specifically because of the funding policies of the European Union, and have had the function of 'plugging' the city into a European network of similar agencies. In so doing, they established formal and informal relationships and became part of a horizontal transeuropean level of governance: a 'transnational fusion bureaucracy (Beck and Grande 2007, 153).

### ***Side-effect theorem: the emergence of an Italian elite group in Timisoara***

So far, this paper has argued that different discourses of Europeanization were used by political elites to implement neoliberal reforms, which in turn led to changes in Timisoara's institutions via EU funding programs. This section discusses how economic power – specifically, by investors from Italy – contributed to transforming the city by leading to unexpected changes in governance (Beck and Grande's *side effect* theorem).

Although Swyngedouw analyzed the changing relations between political and economic power between the national and supranational levels (1997, 2000), not much has been written about the local level. Although not explicitly linked with Europeanization, the literature on new regionalism/industrial clusters offers a good tool to fill this analytical gap because it recognizes the importance of established institutions for the performance of regional economies (Piore and Sabel 1984; Becattini 1979), the role of sustained social relationships among diverse actors for innovation (Storper 1997; Child and Faulkner 1998), and the role of policies in supporting regions' firms (Porter 1998a, 1998b; Hofe and Chen 2006; Lundequist and Power 2002; Sellar et al. 2010).

So far, the literature on regional economies has analyzed the relationship between political and economic actors by investigating successful economic policies (Lundequist and Power 2002; Porter 1998a, 1998b), or by criticizing the theories underpinning policy applications (Markusen 2003; Lovering 1999). Sellar et al. suggested a different approach, asking how "cluster policies alter development patterns in specific regions and how they affect postsocialist changes throughout Eastern Europe" (2010, 16). This paper pushes this argument further, identifying a positive feedback between institutions and firms: in Timisoara, changes in governance have led to changes in firms, which in turn have led to (unpredicted) changes in governance.

The case of foreign investors from Italy illustrates the positive feedback between institutions and firms, resulting in furthering neoliberal policies. After a modest start in the 1990s, Italians became the largest group of foreign investors in Timisoara (see Table 1 and Table 2), and Timisoara and its county became the area with the largest number of Italian firms in Romania after Bucharest, (ICE 2010. See also Table 3 and Map 1). In the process of

investing in the region, Italians constituted an expatriate community that became an active *political* as well as economic actor. Events at multiple scales (local, national in Italy and Romania, and global) influenced Italian investments and transformed Timisoara's political economy as follows.

Italy and Romania had established commercial relations even during the Socialist period. As the General Secretary of the Italian Chamber of Commerce in Romania relates:

Even before 1989 there were Italian businesses in Romania. The Italian-Romanian bank has existed since 1982, because there was the necessity to support trade, mainly in the meat and textile sectors. (General Secretary. Italian Chamber of Commerce in Romania. Interview. March 22 2006)

Building on those trade relations, Italian investments in Romania sharply increased after the collapse of State socialism, because of three inter-related events. First, there was a crisis in Italian regional economies, the so-called 'industrial districts', caused by globalization pressure, saturation of the Italian market, and a generational change in firms' leadership. (Dunford 2006; Dunford and Greco 2006; Paniccia 2002). Firms, especially in the Italian northeast, responded to the crisis by establishing supply networks abroad (Jones and Kierzkowski 2000; Dunford 2006; Chiarvesio, Di Maria, and Micelli 2006). Second, the collapse of State Socialism followed by EU enlargement opened up opportunities for outsourcing in politically stable environments. Third, Timisoara attracted Italians because of cheap labor, tradition in the textile, clothing, and shoemaking industries, geographical proximity with northern Italy (Timisoara is at driving distance from some of the most important Italian industrial districts), a low language barrier, and 'similar mentality' (President. Timis branch, Unimpresa Romania. Interview. April 3 2006).



There are three recognizable phases of Italian investment in Timisoara. First, in the early to mid 1990s small and medium enterprises from northeast Italy ‘discovered’ Timisoara, without significant support from Italian or Romanian institutions (Head of Local Development and EU integration. City Hall of Timisoara. Interview. April 14 2006, and Italian entrepreneur in Timisoara. Interview. April 21 2006). This initial phase was characterized mostly by sub-contracting relations with local firms in the shoemaking and apparel sectors. Second, between the mid 1990s and early 2000s, Italian manufacturers established their own factories in the area, which were followed by service firms and banks. This phase corresponded with Romania’s association agreement with the EU, which improved investors’ perception of political stability. Third, since 2000 and before the financial crisis of 2008, large companies from a wide array of sectors began to invest in Romania. Those firms made larger and longer term investments because they were attracted by Romania’s economic growth and full EU membership which made the local market more attractive. Wealthier than average Timisoara attracted many of them (President. Timis branch. Unimpresa Romania. Interview. April 3 2006, and General Secretary. Italian Chamber of Commerce in Romania. Interview. March 22 2006).

**<Table 2 here>**

**<Table 3 here>**

**<Map 2 here>**

In each phase Italian firms increased their commitment, from non-equity agreements with suppliers to large and long term investments and technology transfers (Federico 2004).

The more Italian firms invested, the more they felt the need of sending Italian personnel to live permanently or semi permanently in Timisoara. By the early 2000s there was quite a large Italian expatriate community in Timisoara (Italian accountant. Boscolo & Partners Timisoara. Interview April 5 2006). The following personal history highlights how the economic trends described so far reflect a growing personal involvement of individuals in the city:

In Italy I had a firm with two partners. At the end of 1989 a political refugee from Timisoara came to work in our firm. In 1990 we came with him to Timisoara, and decided to set up a workshop here. In the first years things went well, and we created a platform to manage a pool of subcontractors. In 1998 we decided to start a large factory, and appointed a Romanian to start it up. After two years the job wasn't done yet, so I had to move here. Within one year, we had our own factory with one hundred and eighty employees, plus we managed 52 subcontractors.<sup>2</sup> Then I had an argument with my partners. They wanted me to do everything, thinking that things in Romania work as they do in Italy. It is not the case, and it was just too much work for me alone. After I left, there was nobody managing the factory. Six months later it closed.

Then, I became the director for a large multi-national company, which had a production unit here. Three years later they closed the unit here and moved to China, so I lost the job. Then, last year I started this firm (Italian entrepreneur in Timisoara. Interview. April 21 2006)

This excerpt shows the initial role of a local person in attracting the Italian firm to Timisoara. The initial phase was based on low capital involvement, centered on a subcontracting relationship, followed by the growth and the establishment of a platform, and then the start up of a direct investment. It also shows the growth of the personal involvement of the entrepreneur that accompanied the increase of the financial commitment, which culminated with his moving permanently to Timisoara. Many Italian entrepreneurs made similar choices: all but two of the entrepreneurs interviewed in this fieldwork were permanent residents of

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<sup>2</sup> This is a quite common arrangement in the apparel sector: in order to absorb seasonal fluctuation, the core of the production is done internally, and the extra is done by subcontractors.

Timisoara. The following interview with an Italian accountant in Timisoara describes clearly the strong commitment of Italian residents to the city:

[Italian] entrepreneurs have a mentality different from [the early years], when [subcontractors] came here to speculate. I consider them more 'evolved,' because they think about Romania as their own homeland. They know that, living 70% of their lives every year in Romania, this is their home. Thus they come to build enterprises in Romania, and do not come as predators, but organize their businesses as they do at home (Italian accountant. Boscolo & Partners Timisoara. Interview. April 5 2006)

By the early 2000s the migration of Italians to Timisoara was significant enough that it attracted the attention of the Italian government. The Ministry of Foreign Affairs and some large firms began to push expatriates to establish formal business associations (President. Timis branch. Unimpresa Romania. Interview. April 3 2006). The issue at stake was the rationalization for and sustainability of the investments, together with lobbying the institutions in host countries. Lobbying was a pressing issue because of the competition with other, better organized groups of foreign investors, as shown in the following interviews with a Romanian trade analyst and with an Italian diplomat:

I noticed that Italians do not act as a system, unfortunately. They act more as individuals. Germans, albeit they are fewer than the Italians, are more used to act systematically. They meet; they have a German Economic Forum with the representatives of all large German businesses in this area. They are better organized at the local level (Romanian trade analyst. Interview. April 10 2006)

The strategy [of the Italian embassy in Romania] is to achieve better organized and less spontaneous Italian economic activity (Chief commercial officer. Italian embassy in Romania. Interview. March 31 2006)

The need of organizing entrepreneurship led to the establishment in 2004 of the largest association of Italian firms abroad, Unimpresa Romania. Unimpresa has a central office in Bucharest and various local branches, with Timisoara being one of the largest and best established (President. Timis branch. Unimpresa Romania. Interview. April 3 2006).

In Timisoara, Italian entrepreneurs participate in the city's governance through Unimpresa and through the local Chamber of Commerce. Italian firms are by far the largest foreign group represented in the chamber of commerce (see Table 2), while Unimpresa plays its role of interface between Italian firms and local institutions. The relationship between Unimpresa and the Chamber of Commerce is very strong, to the point that the president of Unimpresa became vice-president of the Chamber of Commerce:

In Timisoara, Italian businesses have very good relationships with the local chamber of commerce, to the point that in May there will be the election of the directive council of the chamber, and I was asked to run for the vice-presidency. Because the Italian presence in this area is very strong, they want to have an Italian representative in the chamber. My wife and I have lived solely in Romania since 1998 (President. Timis branch. Unimpresa Romania. Interview. April 3 2006)

Through Unimpresa and the Chamber of Commerce Italian entrepreneurs participate in planning the economic development of Timisoara:

[Unimpresa in Timisoara] is an interlocutor with the government; for example, it [participates] in the discussions about territorial planning, creation of industrial parks, etc. (President. Timis branch. Unimpresa Romania. Interview. April 3 2006)

By the mid-2000s, not only firms, but also Italian institutions began to participate in Timisoara's governance, through government-led programs to support the internationalization of the Italian economy. For example, ADETIM receives some financial support from the Italian government, and it has many EU funded projects in partnership with Italian institutions. One of its project managers specializes in working with Italian partners. Representative offices of Italian institutions have also been established in Timisoara: the Institute for Foreign Trade established a correspondence office within the Italian consulate in November 2004. The Regional governments of Veneto and Lombardy have had

representative offices there since 2002, and the Italian government financed the establishment of information centers in Timisoara and other six cities in Romania. These offices – all located within the Chamber of Commerce – are first and foremost trade promotion agencies, disseminating information about business opportunities, legal issues, fairs, and various kinds of events. In doing so, they support the informal networking that has led a large number of Italian firms to invest in Timisoara for over twenty years.

Beck and Grande's *side effects* theorem states that second modernity does not “occur primarily through crises and revolutions, but as the unintended reverse side of the successes of primary modernization” (2007, 30). Europeanization brought unexpected changes to Timisoara because of the emergence of a European level of governance and the transformations of firms' value chains (Mamadouh and Van der Wusten 2008; Swingedouw 1997; Smith 2003). Specifically, neoliberalization set in motion changes and positive feedback between institutions and firms. Foreign investments caused a major (political) side effect when Italian expatriates established associations, and when Italian government agencies assigned representatives and brought grant money to Timisoara. As a result, Italians in Timisoara became a new interest group, very active in the city's government through their own association and through the Chamber of Commerce.

#### **4 Conclusions**

This paper has discussed the postsocialist transformation and Europeanization of Timisoara, in order to shed a new light on the ‘geographical discontents’ identified by Julian Clark and Alun Jones. Particularly, Clark and Jones' discussion of identity focused on the ‘bleeding together of national and supranational identity’ (Clark and Jones 2009, 196). Using

the work of Beck and Grande (2007), and the literature on regional economies, this paper has shown that identity shifts concern unpredictable ‘bleeding together’, but also separations, of multiple scales (for a similar argument, see Delanty and Rumford 2005). Specifically, Timisoara’s elites built consensus around neoliberal reforms by connecting local identity with ‘Europe’. In so doing, they built a stronger divide between local and national identity, configuring the rest of Romania as more ‘Eastern,’ less ‘European’ and less ‘hardworking’ than their own region.

The actions of Timisoara’s elites speak also to Clark and Jones’ analysis of power, which emphasized states’ selective acquiescence to Europeanization (Clark and Jones 2009, 197). In fact, Timisoara’s administration, firms, and trade unions had a coherent strategy that allowed them to import specific aspects of ‘Europe’, a strategy embodied in the ‘Development Concept’, the targeting of hi-tech German investors, and the distinction between ‘serious’ and ‘non serious’ investors. However, Clark and Jones failed to capture the reflexive nature of Europeanization: while Timisoara’s elites were skillful in ‘fashioning discursive constructions of Europeanization supportive of their goals’ (Clark and Jones 2009, 197), they also were transformed in the process, as shown by the constitution of ADETIM and the inclusion of Italian entrepreneurs in the city’s leadership.

This paper also identified two further geographical discontents. First of all, there are not many studies focusing on how local (instead of national or supranational) elites have been affected by – and contributed to – the rescaling of authority, identity, and governance in Europe. Second, the literature tends to overlook how firms (and more broadly, changes in the economic geography of Europe) participate in these processes. To shed light on these issues,

this paper has used Beck and Grande's concept of 'reflexive modernization' (2007). In doing so, it answered the following research questions.

1) How has the relationship between the public and private sector changed? Beck and Grande's *side effect* theorem claims that Europeanization is the fruit of unexpected outcomes of elites' decisions. In Timisoara, foreign investments led to an unexpected positive feedback between institutions and firms, which resulted in furthering neoliberalism. In analyzing the emerging political role of Italian investors and the inclusion of Italian State agencies in the city's governance, this paper proposed a new interpretation of the literature on regional economies. Rather than investigating what local policies lead to successful regional economies (Lundequist and Power 2002; Porter 1998a, 1998b), it pushed the argument of Sellar et al. further, analyzing how policies altered development patterns (2010). In doing so, it highlighted the dynamism in the relationship between institutions, firms, and territorial identity. In Timisoara, external shocks (postsocialism and EU enlargement) led to changes in institutions and identity, which in turn changed economic governance and firms.

2) How are those changes in both the public and private sectors influencing local and national identities? Europeanization in Timisoara has meant, first and foremost, an extraordinary commitment of the local government to neoliberal reforms, made possible by a very peculiar local identity (*structural break* theorem). The city's political elite was transformed in the process of carrying on the reforms; while old institutions remained in place, new ones were established. The example of ADETIM has shown that these new institutions plugged Timisoara into the networks and multi-level forms of governance that constitutes Europeanization. Thus, using Beck and Grande's terminology, the second

modernity of Timisoara does not erase the socialist past; it rather includes it (theorem of *inclusive relationship*).

3) How are these changes interconnected with the emerging European level of governance? The picture of Europeanization at local level drawn in this paper is one in which local elites need to be active in capturing funding opportunities offered by the EU. In Timisoara, success in obtaining those funds led to changes in governance, because new institutions were established. Moreover, the local elite managed these transformations focusing on the goal of maximizing investments in the city's economy. Thus, the Europeanization of Timisoara can be understood as the byproduct of local elites' decisions aimed at achieving economic development within their jurisdictions.

In conclusion, this paper has analyzed a very specific case of Europeanization: Timisoara is an outlier in Romania's economy, partly due to the specific geo-historical conditions between 1991 and the financial crisis of 2008, which lead to an unprecedented concentration of foreign investors from Italy (but also Germany and other countries). However, the study has also pointed to new areas of investigation, more visible *because* Timisoara is an outlier. In particular, the literature on Europeanization needs to pay more attention to the local dimension of change. In doing so, this paper has suggested reinterpreting the literature on regional economies in order to pay more attention to the circular influences between public sector and firms, arguing that Europeanization brings about changes in governance that must necessarily reflect upon businesses. Second, this paper also suggested that studies of neoliberalization should pay more attention to identity issues, because it showed that various layers of identity shaped the implementation of reforms. Third and finally, while the literature pointed out that local elites are able to



manipulate Europeanization to their own advantage, there is ample opportunity for further research on the reflexive nature of those manipulations.

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### Map 1 Location of Timisoara, 500 km from five major European capitals

Source: University of Mississippi Geoinformatics Center



**Table 1: Timisoara in figures<sup>1</sup>****Sources: ADETIM, CCIAT and ICE****GDP trend (source: ICE 2010)**

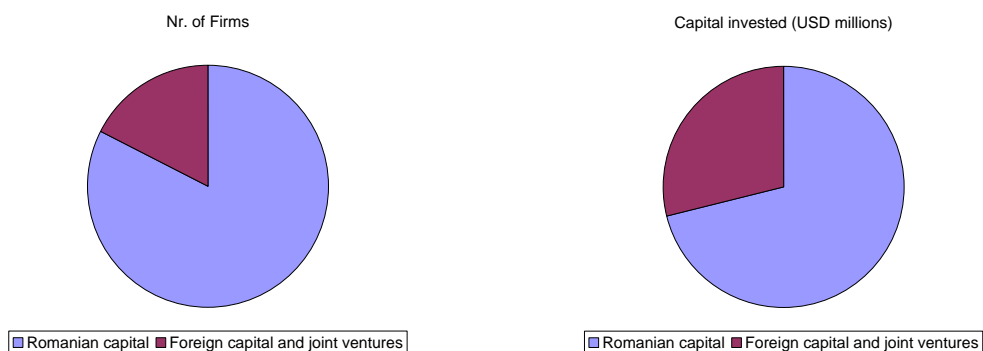
	2006	2007	2008	2009
GDP growth, Romania	7,9 %	6,3%	7,3%	-7,1%

**Unemployment (source: ICE 2010)**

	Population	Unemployment 2008	Unemployment 2010
Romania	22,303,552	4.4%	7.8%
Timis County	687,377	1.6%	4.4%

**Firms registered in Timis 1990 – 2005 by origin of the investment (Source: Author elaboration of CCIAT unpublished data)**

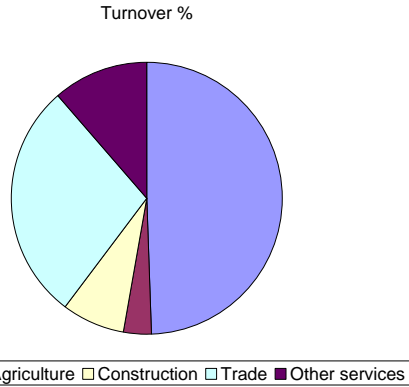
	Nr. of Firms	Capital invested (USD millions)
Romanian capital	32,322	1,494
Foreign capital and joint ventures	6,861	603
Total	39,183	2,097



<sup>1</sup> The available data report all the firms that have been registered in Timis since 1990. Therefore, the actual number of firms active at any given moment will be different. On this issue, the president of the Timis branch of Unimpresa Romania stated that “We should not forget that in Romania there is the possibility to register micro-enterprises. Because they could benefit from a lower taxation, they were created with speculative means, to subdivide profits. Also, foreign citizens that wish to buy some buildings cannot buy the land. Thus, the trick is to constitute a micro enterprise to buy the land, and then the person buys the building.” (President, Unimpresa Romania, Timis branch: Interview April 3, 2006).

**Turnover per economic sector in Timis county (Source: ICE 2006)**

	Industry	Agriculture	Construction	Trade	Other services
Turnover %	49.5%	3.3%	7.5%	28.4%	11,3%



**Foreign firms registered in Timis 1990-2005 – capital invested (source: ADETIM, n.d.)**

Rank	Country	Capital (USD millions)
1	Italy	188
2	Germany	130
3	Netherlands	89
4	USA	41

**Foreign firms registered in Timis 1990-2005 – nr. of firms (Source: ADETIM, n.d.)**

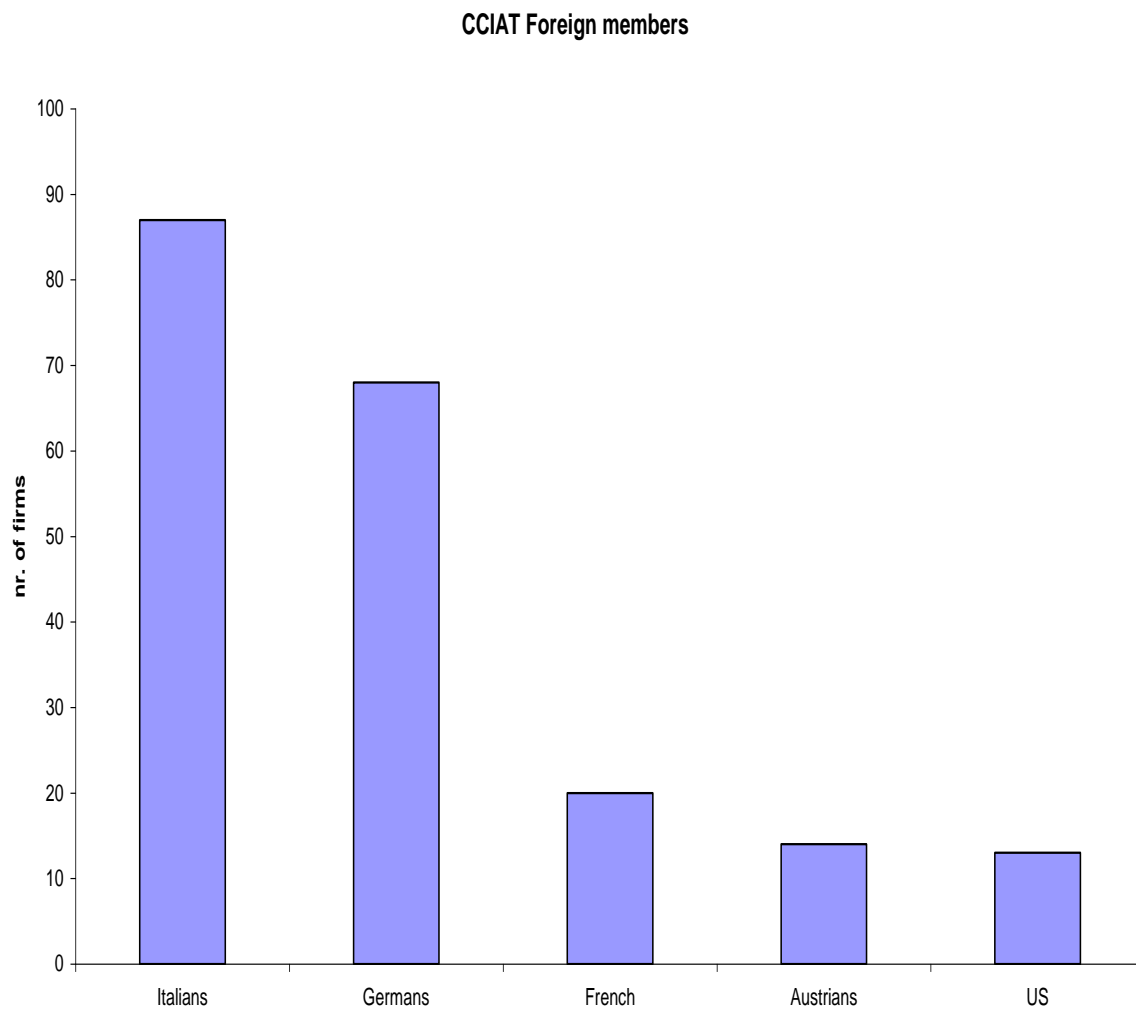
Rank	Country	Nr. of firms
1	Italy	2,293
2	Germany	1,590
3	Austria	366
6	USA	194

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**Table 2: Most represented foreign members in the Chamber of Commerce, Industry and Agriculture of Timisoara**

*Source: author's elaboration of unpublished data from CCIAT*

Members of CCIAT	Italians	Germans	French	Austrians	US
1,020	87	68	20	14	13

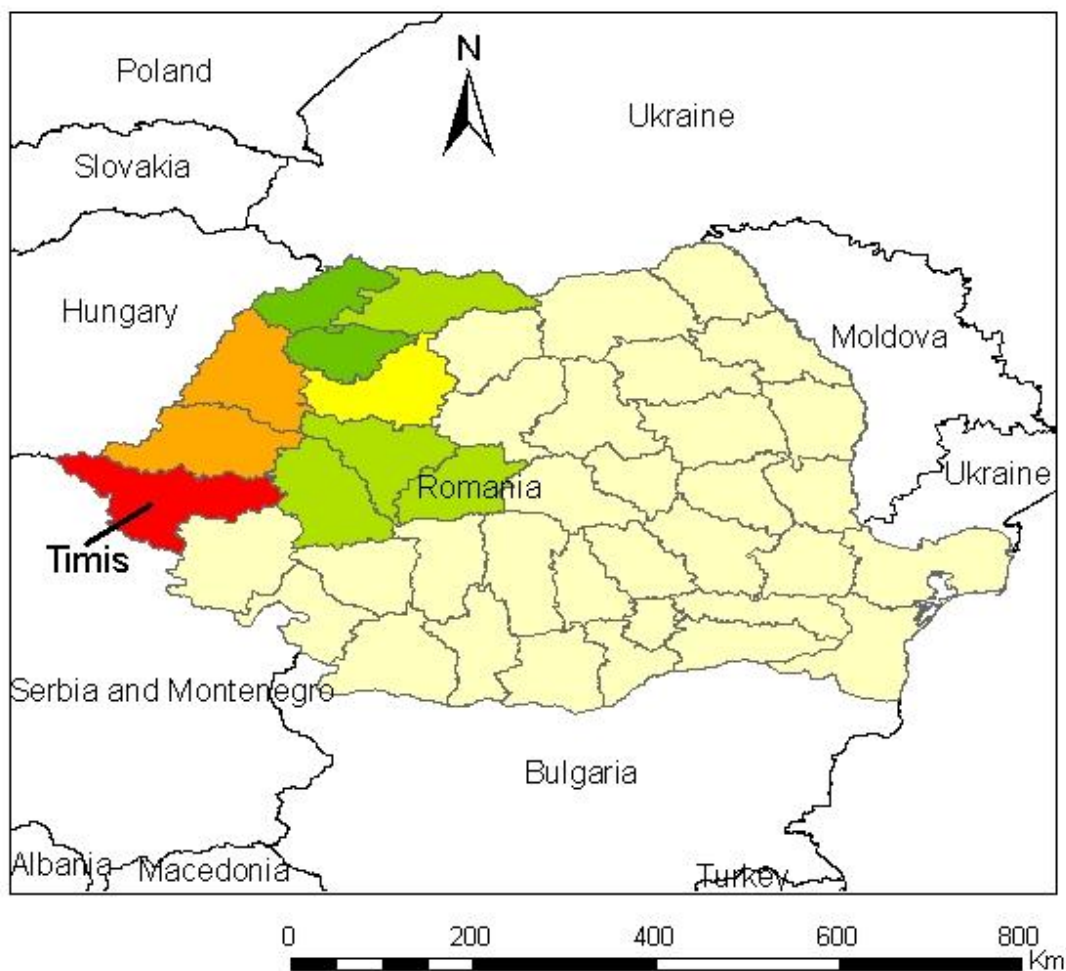


**Table 3 Diffusion of Italian-owned firms in Romania, county-level distribution***Source:* adapted from ICE 2010

<b>Ranking</b>	<b>County</b>	<b>Number of registered firms</b>	<b>% of total number of Italian firms in Romania</b>
1	Township of Bucharest	3,792	19.54
2	Timis (Timisoara's County)	2,892	14.58
3	Arad	1,378	7.10
4	Bihor	1,256	6.47
<b>TOTAL</b>		19,294	100

### Map 2 Distribution of Italian firms in Western Romania

Source: author's elaboration of ICE 2006



#### Number of Italian Firms

