



PROJECT SUSTAINABILITY
LONG-TERM: 3ECONOMY+

MACROECONOMIC ANALYSES DEPRESSED REGIONS

Co-funded by the
Erasmus+ Programme
of the European Union



IO1-Handbook 3Economy+ Macroeconomic analyses depressed regions

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DATES: 2020-2025

1. IDENTIFICATION DATA. Title of the action: Macroeconomic analyses of regions with little information on their real situation

University teachers who combine their teaching and research activities in the peripheral regions of the European Union (EU) very often encounter specific difficulties in understanding and explaining the real situation in which these territories find themselves.

More specifically, we refer to three specific areas of the social sciences: the macro and microeconomic analysis and financial study of their companies, marketing and dissemination plans and regional tourism strategies.

The main objective of the creation of a manual for teachers, students and organisations and people interested in their knowledge, is to serve as a guide for carrying out their studies and analyses. For this purpose, the territories of Alto Alentejo in Portugal, Malta and the Autonomous City of Melilla chosen as study models.

These are very different regions, both culturally and linguistically, and with different difficulties and challenges but they share being in peripheral areas of the EU

2. DESCRIPTION:

Summary:

The 3economy+ manual is a study proposal of local and regional development from the economic point of view. The genesis of this Handbook lies to begin more systematically and rigorously to map out the terrain about the development of this type of territories in an international and multi-disciplinary context.

The problem of development regionally and locally, the improvement of the living conditions, prosperity, wellbeing, and life chances for people and places internationally, is ever more critical in a world of inequalities and inequities.

Many events and studies indicated that there was public awareness of, interest in, and perhaps more importantly, a willingness to respond to the new economic opportunities and threats. However, it wants to do it analysing the situation of three peripheral territories of the EU, very different, with different difficulties and challenges, but perhaps with proposed solutions that can be extrapolated between them.

Output: Macroeconomic analyses depressed regions

3. APPLICATION

Teaching/training Manual 3Economy+ (Economy, Marketing, Tourism) based upon the integration of existent and new indicators in the three territories: Alentejo (PT), Malta (MT) and Melilla (SP).

A) Economic Analysis of the Intermunicipal Commune of Alto Alentejo, of Malta and the Autonomous City of Melilla, and Basic analysis of one of the leading companies in each place.

A1. Clear and precise delimitation of the "macroeconomic analysis of the territory," employing: the demarcation of the physical - geographical space, its temporality, economic subject-matter, interrogative formulation of its primary target, evaluation of its resources and justify its utility, and finally determining the methodology. Analyzing how they are and how the economic indicators are evident, we will use the descriptive statistics to classify information according to the relevance presented on a selection of indicators, which allow us to develop a comparative description of them. To establish the factors that explain the reasons for the results shown by statistic, it followed to a structured approach "not experimental, exploratory, descriptive and correlational," that will allow developing conclusions based on the remarks that can explain the situation.

A.2. Fundamental analysis of one of the leading companies of each location. Taking as a reference one of the most prestigious companies in each region, studying the most valuable financial ratios and the main characteristics that define their business models, and using the Business Model Canvas to know the reasons why these companies have been able to become leaders.

B) Regional marketing analysis. Market analysis is an essential part of any business plan. By analyzing the potential customer market in which the company works, it studies the purchasing habits of customers and information about companies that are competitors. Based on market research and intending to attract investors, a robust analysis will show why the business is a substantial addition to a given market and how it will earn money. These steps will be developed in the future through the process of how to make a market analysis in three regions utterly different in language, culture and economic context. The final product will be a pedagogic material and public information.

Area of instruction: Marketing studies those tools, systems, and techniques that companies use to make their products known, carry out exchanges and meet organizational objectives:

- Marketing Performance Indicators will be used when preparing scenarios.
- Marketing Communications career focuses on informing, reminding, and persuading a target audience.
- Marketing Management Pathway focuses on requiring broad, cross-functional knowledge of marketing management.
- Merchandising Pathway focuses on efficient and effective product planning, product selection, buying, licensing, and inventory control.
- Professional Selling Pathway.
- Marketing Research Pathway uses qualitative and quantitative research methods to find information, analyze and present the data, and design the processes for collecting the data that will be used to make business decisions.
- Technology & Product Marketing: Networking, Professional Services, Strategic Alliance Marketing, Cloud and Data Center, Virtualization, Channel Marketing, Content Enablement (social media, web, sales and marketing collateral), Virtual Team Development versus Placement to achieve your marketing needs.

C) Tourism is an essential part of Europe's economic, social and cultural activities. United Nations & World Bank, International Monetary Fund (IMF), Commission of the European Communities, Organization for Economic Cooperation and Development, allow national accounting records through so-called "satellite accounts.

As tourism is defined from the perspective of a visitor, the assessment of its' economic contribution is a complicated task. Tourism Satellite Account (TSA), based on the context and methodology of the standard System of National Accounts tables (SNA), provides a setting for internationally harmonized measurements of direct macroeconomic contribution of tourism, compiling the indicators of tourism consumption and the output of tourism industries.

Statistics are used to monitor tourism policies, the regional policy context, and sustainable development. The TSA provides a measure of the importance of tourism in terms of GDP and employment in a given country. It integrates the use of tourism-related goods and services with supply, providing a measure of how tourism contributes to production and employment. It also allows comparison of tourism with other sectors, as the concepts and methods used are based on the SNA.

It must be analysed the regional tourism sector by considering sectors to promote in each regional economy since it has growth potential to become an essential source of income. Similarly, they will be analysed it key growth sectors in the regions, including food tourism, heritage tourism, arts and culture, with in-depth analysis and evaluation of the territory

in terms of Cultural Tourism, –policies key indicators, targets, primary sites, key regional specialisms, the tourist demographic, the tourist gaze, and the tourist journey.

Economic drivers relating to the tourism industry of World Tourism Organization (Compendium of Tourism Statistics and recommended Methodological Framework), OECD (Tourism Trends and Policies, guidance and practice on TSA interpretation), Eurostat (TSA-data transmission by the members), National Tourism Administrations and National Statistical Agencies are:

- The preparation of a destination to offer quality tourist services at competitive prices (level of employment in tourism according to age groups, educational level and type of contract.
- The attractiveness of a destination, natural resources and biodiversity, cultural and creative resources, visitor satisfaction, Better Life Index, etc.
- Policy responses and economic opportunities (National Tourism Action Plan, structuring the tourism supply chain, innovative services through ICT)
- Tourism performance and effects, market diversification and growth markets, income tourism revenues per visitor by issuer market, rooms` number, number of bed-places, daily room rate, occupancy rate, the average length of stay.

Scope of action

Subjects concerned

Name of the subject	Area of Knowledge Degree/s
Economics Applied	Social Sciences
Business Economics,	Social Sciences Business
Business Administration and Organisation	Social Sciences and Business
Financial Systems, Social Sciences,	Business and Human
Marketing	
Tourism	

4. OBJECTIVES (TO SPECIFY WHAT WAS INTENDED BY THE EXPERIENCE)

The main objective will be to elaborate on a manual where the analyses carried out in the peripheral European territories belonging to the Consortium: High Alentejo (PT), Malta (MT) and Melilla (SP).

The analysis will be done taking three critical areas of knowledge within the economic sciences:

- a) Analysis of the economic: study of the leading macroeconomic indicators of these territories, and the economic-financial analysis of one of the foremost companies in each region.

b) Analysis and market research to get to know the habits of purchase in three regions utterly different in language, culture, and economic context.

c) Analysis of the tourism sector: cultural heritage, of fun or adventure, sun and sea, and educational.

5. MATERIAL AND METHODS (DESCRIBE THE METHODOLOGY FOLLOWED AND, WHERE APPROPRIATE, THE MATERIAL USED)

The tasks leading to the generating production of the intellectual output and the used methodology are:

A) In order to develop this, it will be done a literature review search in databases and monographs in macroeconomic information of the territory in question, according to the determination of concepts, indicators, targets, and the temporary space. Concerning the development of the work of economic analysis, It structured in the following stages:

1) Introduction (exposition, targets, justification);

2) Theoretical background and development of the work. To prepare the theoretical background and conceptual frame of the selected indicators will be done a literature and other pertinent documents revision in order to extract and to compile the information of interest (the review can begin manually or coming from a digital data). This part of the work will be held in two phases: a) refining the target of the work, relating indicators, explaining the behavior in the interaction of these variables, and verifying that there is a relation of causality founded in the chosen theoretical approach, using operative statistical hardware. b) Phase for the proposals, guidelines, conclusions and recommendations, we will select the indicators obtained in the bibliographical research in this subject.

We can compare that financial information is recorded in a manner binding in each country. It will also allow us to compare how the information is presented. With this, the pupils will know the method of accounting and the possibility of an accounting harmonization international internally.

B) The goal is to develop and present tools to bring for the analysis vision. The project aims to implement correctly a body of knowledge based on the Economic, Marketing and Tourism, in conjunction with other subjects of the project. The program focuses on these matters and in these regions. Benefits and difficulties in environmental subjects are balanced, and a sustainability orientation is focused.

C) Disseminate findings to support the investigations conducted by other region's participants. Likewise, it must be consolidated of crucial data and discussion and analysis of the management of economic, marketing and tourism: the issues, benefits and risks on the regions in investigation.

Regarding the indicators that aim to see if cohesion policies are improving socially and territorially to the regions, an objective identified in the EU, a treaty is an essential expression of solidarity with the poorest and weakest regions of the EU. These grouped into four lines of action 1:

- Smart growth: Research and development, competitiveness and business environment and education.

- Sustainable Growth: Transportation, Environment.

- Inclusive Growth: Social inclusion, poverty and health.

- Context: Population and geography area.

¹ Panorama info regio nº 36. European Unión. Regional Policy

Let us see which there are the indicators that we consider are basic for the regional economic analysis. The descriptions of the indicators obtained from the glossaries and dictionaries of economic statistical terms: OECD, Eurostat, Office for National Statistics of the UK, IMF and Investopedia.

They can be specified:

I- indicator (20)

I-1 Regional Gross Domestic Product (RGDP)

I-2 Population and GDP Regional per capita (GDPR per capita)

I-3 Regional Gross Value Added (RGVA)

I-4 Disparity index (EU28=100)

I-5 Consumer Price Index (CPI) Inflation

I-6 Households' gross disposable income (HGDI)

I-7 Labor productivity GVA/ Employment

I-8 Unemployment, activity, occupation rates

I-9 Average compensation of employees

I-10 Mercantile Companies Statistics and Business Turnover Index

I-11 Variables of information and communication technology (ICT)

I-12 Balance Of Trade (BOT) Export-Import

I-13 Energy indicators

I-14 Tourism activity indicators

I-15 Monetary and financial sector indicators

I-16 Research and Development (R&D) indicators

I-17 Information society indicators in private households

I-18 Education indicators

I-19 Health indicators

I-20 Tax information

6. RESULTS OBTAINED AND AVAILABILITY FOR USE (SPECIFY AND DISCUSS THE RESULTS OBTAINED AND THOSE NOT ACHIEVED, INCLUDING THE MATERIAL PRODUCED AND ITS DEGREE OF AVAILABILITY)

Exemple: Portalegre, Alto (High) Alentejo and Portugal

Since the so-called "Carnation Revolution" (1974), there have been essential phases of economic expansion in Portugal, with significant changes in the rate of economic growth of the nation. Since the 1990s, the model of economic development based on public consumption has been turning towards models where exports, private investment, and the development of the high-tech sector begin to play their predominant role. The business advisory services sector has surpassed some of the more traditional industries, which included textiles and clothing, footwear, cork (the world's largest producer of cork), wood products, and beverages. In 2011 Portugal was intervened and received a loan to help the country stabilize its finances of 78 billion Euros. Loan granted by the IMF and the European Union, through the European Financial Stability Mechanism (EFM) and the European Financial Stability Facility (EFSF). In May 2014, the country overcame the bailout, the result of adjustment measures that improved its deficits and public debt.

- Alentejo and Alto (High) Alentejo (it means "beyond" Tagus River (Tejo)).

Alentejo's area extends to 27,272 km² (29.6% of the country) and has a population of 537,556 (5.1% of the country). The population of High Alentejo in 2011 was 118,506 in an area of 6,084 km².

Figure 3.2: Map of Alentejo and Alto (High) Alentejo, in Portugal



In terms of productivity, the most substantial asymmetries sub-regional at the national level found between the Alentejo Littoral (IDP = 159.7 in 2011) and the High Alentejo (IDP = 95.1 in 2011).

The area is known as the grain store of Portugal, a region with fertile soil and rolling plains. Its population depends on a significant percentage of agriculture, livestock, and forestry for the production of cheese, wine, hams, sausages, olive oil, cork production (region No. 1 in the world), and also highlights its mineral extraction industries. Tourism still has a long way to go.

Making a summary of the EU report on the Alentejo titled "Regional Innovation Monitor Plus" and Relatório Portugal 2020 na Região Alentejo (2017) of CCDRA (Comissão de Coordenação e Desenvolvimento Regional do Alentejo Órgão das Dinâmicas Regionais)², the economic activities of this territory are based on natural conditions conducive to diversified activities, mainly agricultural, agro-industrial, livestock and forest activities, activities associated with the exploitation of geological and mineral resources (pyrites, marbles, waters, granites, among others) and tourism based on natural, landscape and cultural heritage.

These activities are complemented by business dynamics in new production sectors, especially the aeronautics industry, which represents a strategic and technological relevance; the creative and cultural industries as a means of boosting equipment and particularly sensitive heritage and architectural area and new emerging and socially necessary activities (energy production, biotechnology and chemistry); and energy, by exploiting the existing water and solar resources in the territory.

The Alentejo region is predominantly rich in mineral resources (granite, marble, zinc and pyrite). It also produces cork, wine, olive oil and dairy products. The traditional primary industries are the extraction industries of the mineral, as mentioned above, resources, agro-food, metallurgical, machinery, and chemical industries.

Traditionally it is a vast rural territory, but in the last decades, new trends have appeared in its regional economy. New segments of the industry have developed, such as the automotive, electronic components and aeronautics industries. The Alentejo has an essential diversity of energy resources (Sines Thermal Power Station, Alqueva Dam Hydroelectric Power Station) and very significant and diversified investments have been made in the production of renewable energies (increase in photovoltaic and solar energy).

In recent years, the tertiary sector has occupied a prominent place in the regional economy, due in particular to activities related to tourism (nature, rural, adventure and ecotourism activities) and information and communication technologies (ICT). The tertiary sector is currently the most significant contributor to regional gross value added (GVA), with data for 2016 of 64%, followed by the secondary sector (industry and construction) with 27% and the primary sector with just over 9% (INE, 2018).

Research, development and innovation are gradually obtaining significant values in their economy. They are applied in traditional sectors related to social and territorial specificities: agrifood, wine, cork and ornamental stones; and to the new emerging sectors of information and communication technology (ICT), electronics, aeronautics and ecotourism.

² Alentejo Regional Coordination and Development Commission (CCDR-A) <https://www.ccdr-a.gov.pt/>

The Alentejo has an intermodal system for the transport of goods and passengers, which aims to be one of the main axes of connection with the whole of the EU. A road network that can be improved, mainly by extending the double-track; it has the Elvas / Caia logistics platform and the Sines- Caia rail link,

The axis Castelo Branco - Portalegre - Évora - Beja - Algarve and the axis Sines - Évora - Badajoz, contribute to promote the development of the natural, urban and tourist resources of the region, with an improvement of the infrastructures and their economic capacities.

The ten main priorities proposed by the Regional Operational Programme Alentejo 2020 have been identified as strategic. These include improvements in the competitiveness and internationalisation of SMEs, also in education and human capital formation, investment in RTD and innovation, and administrative and business modernisation.

- Portalegre

The manufacture of tapestries first made Portalegre famous and wealthy in the 16th and 17th centuries, and many handsome buildings remaining from this period.

At present, the distribution of companies is 21% in the primary sector, 7% in the secondary sector (construction 4%, transforming industry 3%), and 71% in the tertiary sector (trade, accommodation and restoration and public administration)

In terms of regional jobs, public administration, trade and hotels and restaurants have around 63%, 24% are located in the secondary sector and 11% in the primary sector.

There are high levels of unemployment that mainly affect the youngest. At the same time, there are difficulties in the articulation of the training educational structures with companies needs.

Challenges facing the territory of Alto (High) Alentejo are:

Accentuate the negative migratory balances derived from the inability to attract and maintain and retain a young and qualified population;

The fragility of the productive fabric is very dependent on public employment.

The business fabric is considered low density characterized by predominance of micro-enterprises.

The completion rate of higher education is below the country average.

The agriculture and livestock of High Alentejo are essential activities for the sustainable development of the region and that, together with tourism, produce an appreciation of the rural environment.

It is considered that 25% of the Alentejano territory has the potential to integrate into the European network for the Conservation of Nature (Red Natura 2000). Highlighting the natural park "da Serra de Sao Mamede," a protected nature reserve of some 31000 hectares in the northeastern tip of Alentejo on the border of Portugal and Spain. Hunting tourism is one of the economic resources with 609 hunting areas.

With an increase in the average age, together with the decrease in the number of youth people, the demographic decrease of last decades is having consequences on the active population and also about the increase of pressure social services and health services.

Its extensive rural territory and the low density of economic occupation do not help companies form a system of territorial cohesion. As for the environment, almost all of the Alentejo is susceptible to desertification (77% of its territory).

Example Table 1. Comparison of territorial macroeconomics indicators (Alentejo and Alto Alentejo (PO), Malta (MT) and Melilla (SP))

I-1/6 Macro indicators	Alentejo (PT 180)		Alto Alentejo (PT 186)		Portalegre (PT1861214)	
		%		%		%
I-1 GDP (million euros)	12,163	7	1,544	1		
I-2 GDP per capita (euros)	16,864		14,109			
Industry: Mining and quarrying, manuf. construction, electricity (mill €).	2,864	24	258	17		
Services: Transport, Comm., Storage, Trade, Finance, Governm. (mill €)	6,718	55	952	62		
I-3 RGVA (million euros)	10,574	87	1,342	87		
I-4 Disparity index (EU28=100)	73		61			
I-5 Consumer price index	0.16					
Population	718,087		108,588		22.922	
I-6 Mean household net total income (euros)	21,453					

I-7, I-8, I-9 Labour market indicators	Alentejo (PT 180)		Alto Alentejo (PT 186)		Portalegre (PT1861214)	
		%		%		%
I-7 Total employment in enterprises (thousand persons)	189	63	27	64	5,7	
Total employment(thousand persons)	301		42			
Employees (thousand persons)	250	83				
Self-employed (thousand persons)	51	17				
I-8 Unemployment rate	12					
Unemployed population (thousand persons)	42					
I-9 Mean monthly earning (euros)	994		902		943	

7. USEFULNESS OF THE EXPERIENCE (COMMENT ON WHAT THE EXPERIENCE HAS BEEN USED FOR AND TO WHOM OR IN WHAT CONTEXTS IT COULD BE USEFUL)

If we are to respond the question "Why Regional Development matters for Europe's Economic Future?" firstly, we must consider that regional disparities in economic output and income in the EU are very extreme. The least wealthy regions are eight times less wealthy than the most favoured regions and therefore, the main challenge to cohesion continues to be integration and convergence, despite the impressive rates of GDP growth in recent years. Growth in the countries that have been the greatest beneficiaries of the policy in the period 1994-2006 (Greece, Spain, Ireland and Portugal) have been particularly significant but are not approaching the European averages that would be desirable for economic harmonisation. Development needs persist in some regions of Southern Europe, new accession countries in Eastern Europe and peripheral areas.

Of the three regions involved in the 3economy+ project, two of them, Melilla and Alto Alentejo, are among the furthest away from the European average. The third region, Malta, is not in a wrong position because it has had a significant economic improvement in two recent decades.

The challenge of globalization seems to be more acute in most of the regions located in the south of the Union (Greece, Italy, Spain, and Portugal). This vulnerability is mainly due to skill shortages in the labour force and the relatively large proportion of low value-added activities in these regions, which can lead to difficulties in attracting investment and, thus in creating or maintaining jobs.

8. OBSERVATIONS AND COMMENTS (COMMENT ON ASPECTS NOT INCLUDED IN THE OTHER SECTIONS)

We believe that an annual update of the data collection handled in the macroeconomic study of the project means being able to provide local entities with information on the situation and evolution of the regional economy, while at the same time making the students aware of the situation in the region where they live and study.

The sustainability is in considering that it is essential for this work because it provides information to society and to our universities structures of research work that will give information very close to reality to students who participate in the collection of data or the interpretation of these.