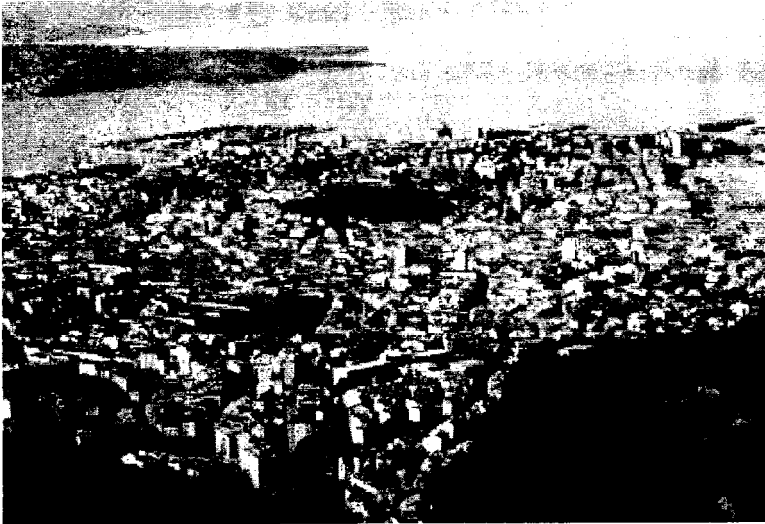
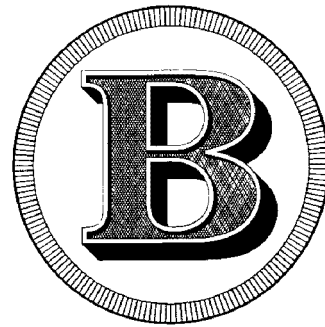


- 01 View of Trieste, with commercial port at top left
02 Arabica coffee beans at Illy's Trieste warehouse



Trieste



HARBOURED DREAMS —Trieste

Preface

Italy's Trieste, population 208,552, has ambitions to return to its former glory as a wealthy trading port, luring start-ups with its enviable location and high quality of life (you're more likely to live to 100 in Trieste than in any other part of Italy).

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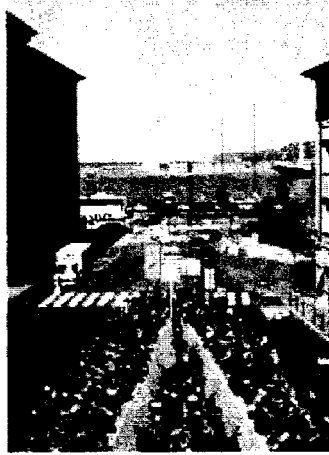
For centuries, Trieste's fortunes have been tied to the ebb and flow of geopolitics. As part of the Austro-Hungarian Empire, the port on the north-eastern Adriatic became wealthy from shipbuilding and trade – coffee being a particularly popular commodity. After the First World War and the city's annexation to Italy, it found itself on the frontline of the Cold War (being right on the border with Yugoslavia) but adrift at Europe's economic margins, as much of its harbour traffic moved elsewhere.

Now, Trieste is looking to ride a new wave of prosperity. Former communist states to the east have joined the EU and its neighbour Slovenia has adopted the euro and done away with border controls after signing up to Schengen. Trade has picked up and there are plans to upgrade

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- 01 Locals are scooter dependent
- 02 Graphic designer Rado Jagodic
- 03 Piazza dell' Unità d'Italia
- 04 Da Pepi, a popular lunch spot
- 05 Pier 7, the container terminal at the port of Trieste
- 06 Robotics lab at Area Science Park
- 07 Resident Andrea Bulgarelli, who works at the Chamber of Commerce
- 08 Building that houses start-ups at the Area Science Park



Trieste's port is in a bid to regain its status as a gateway to the heart of Europe.

The waterfront, however, is not the only area abuzz with activity. Local officials in recent years have been promoting growth industries such as biotech and IT, not wishing to rely solely on established industries such as shipping and insurance – Generali, Italy's largest insurer, is headquartered here. Dozens of start-ups are now active in the nearby technology park and with cafés serving quality espresso – hometown brand Illy being the preferred choice – entrepreneurs have the perfect pick-me-up after prolonged brainstorming sessions.

The city got a further boost in 2005 when financial daily *Il Sole 24 Ore* named Trieste as Italy's most liveable city in its annual quality of life survey. Its hospitals, infrastructure and civil servants all received high marks. Yet ask a local what the city's main selling point is and you'll hear a very different answer. "It's the location," says Rado Jagodic, a 37-year-old native who is a member of the city's Slovenian minority that has been here for generations. "We are on the sea, in a half-hour you can be hiking, and Austria's ski slopes are 90 minutes away." Jagodic had tried his luck elsewhere, including a stint in Milan working in graphic design, but he returned to open his own studio after missing the city's proximity to nature.

Triestini look for any excuse to get outdoors. Favourite activities include windsurfing before work, sailing at the weekend and mountain biking in the hills above the city. The healthy lifestyle and great food – this is Italy, after all – translate to happier residents. It also means



they live longer – per capita the city's got more people who've eclipsed the century mark than anywhere else in Italy. "There's none of that big city stress," says Andrea Bulgarelli, an employee at the chamber of commerce. In summing up Trieste's appeal, he cites the day-to-day things that other Italian cities struggle with. "The buses run on time, there's no litter on the streets. The place has a lot going for it."

From the overpass leading into Trieste's commercial port, you notice lorry drivers below enjoying an impromptu picnic. Nearby, their vehicles are being unloaded from a ferry that has come from Turkey. Many lorries are then placed on trains bound for Salzburg, from where they'll continue by road to Germany; others

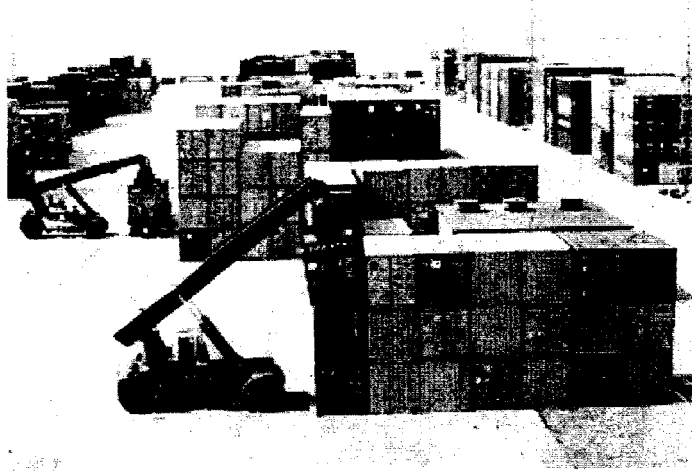
depart directly with their drivers from the dock to local markets.

Last year, over 225,000 lorries transited through Trieste using this maritime highway. "It got started after the war in the Balkans broke out," explains Walter Gostisa, a veteran of the Trieste Port Authority who shares a striking resemblance to Robert Redford. "The roads were a mess so this was a safe option." While lorry traffic grows 9 per cent annually, it has yet to supplant the port's main import: oil. From here, petroleum is pumped to refineries in Austria, Germany and the Czech Republic. The other black gold, coffee, is still a key import but the port no longer holds a dominant position as before.

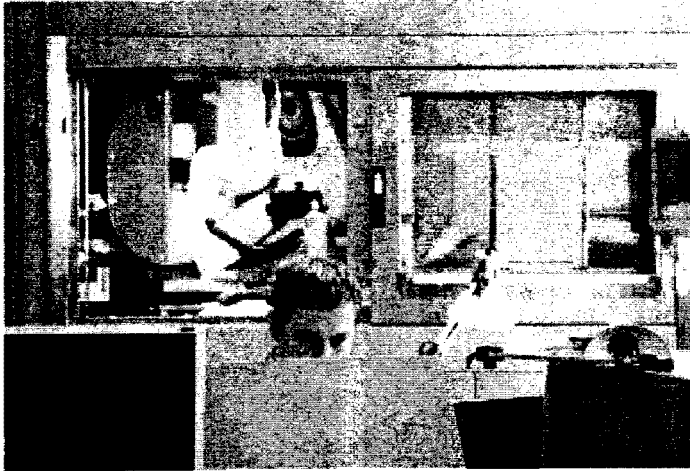
The future, however, is at Pier 7. There, container traffic is up 32 per cent

Five fixes

- 01 **Traffic** Install a car-sharing scheme and more roundabouts at the hair raising intersections.
- 02 **Bikes** A network of cycling paths from the waterfront to downtown.
- 03 **Networking** Direct flights to Frankfurt and Zürich. A rail link to the airport wouldn't hurt either.
- 04 **Credit** "We need business angels," says investor Sergio Buonanno. In 2007, only 1.5 per cent of venture capital (€66m out of €4.19bn) invested in Italy was given to start-ups.
- 05 **Corporate taxes** Slash rates (currently 31.4 per cent).



04 05



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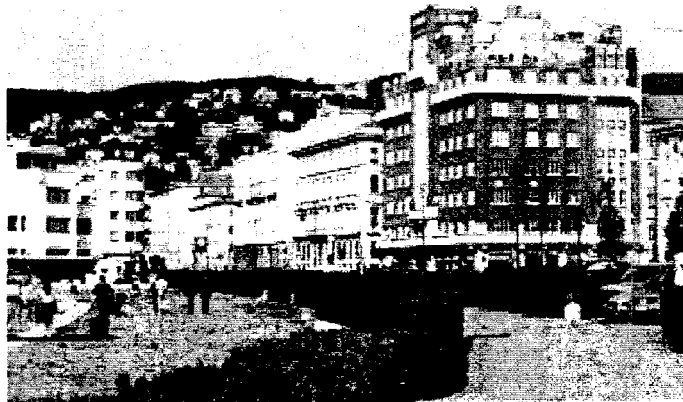
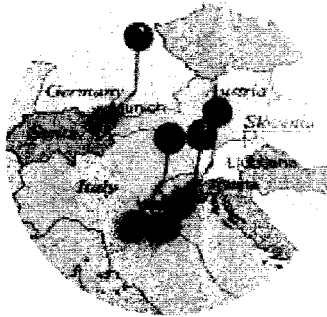
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and the aim is to handle half a million units in 2009. Plans are underway to extend the pier by 400m and invest in bigger cranes – although Trieste enjoys the deepest natural harbour in the Mediterranean, super-sized container ships can't be unloaded quickly enough under the current setup.

Such moves have drawn interest from shippers from Asia, eager to shorten journey times to landlocked parts of Europe. Taiwan's Evergreen has established a beachhead and this year started a rail service moving goods between the port and Munich. "You save four days in, four days out over northern European ports," adds Gosisa. And with EU infrastructure projects such as the west-to-east Corridor 5 being planned, officials hope Trieste will become a major conduit

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to markets from Bologna to Budapest. Even more encouraging are developments in the hills behind the city. Home to physics, genetics and neuroscience institutes, the tipping point where research spills over into commercial activity has been reached. (At 37 researchers per 1,000 workers – the EU average is 5.7 – the area attracts plenty of sharp minds.)

Entrepreneurs gravitate to the **Area Science** Park. Its two campuses host 66 firms and 21 labs that generate €150m annually, and regular workshops are held with MIT to boost business know-how. Among the park's 2,200 workers is Kevin Ainger, a US scientist at biotech start-up AdriaCell. He moved from Zürich with his family 10 years ago. "The organisation here still feels Austrian, but there's that Italian creativity," says Ainger.

Bright sparks at the park include Amped, which makes software to enhance blurred images and CCTV video – the Swedish police use it. And wada, the Olympic anti-doping agency in Montréal, has green-lighted a project here to study the risks of gene doping. With the groundwork laid, locals hope more talent is on the way. "I'm an optimist," says Stefano Gustincich, a neurobiologist who came back from a post at Harvard Medical School. "I believe we can make it happen." —

02

03

04

- 01 Triestini out for a row
- 02 Historic palazzos on the waterfront
- 03 Beniamino Pagliaro, an entrepreneur who started a local information website
- 04 Sergio Buonanno, venture capitalist

Live the life

Eating out is a treat. Besides pasta, there's seafood and good white wines from the surrounding Friuli-Venezia Giulia region – Tocai and Pinot Grigio stand out. Popular eateries include Al Bagatto and Città di Pisino as well as Da Pepi where "everyone from the mayor to blue collar types eat," says Beniamino Pagliaro, who started a local news website. For cocktails, residents crowd the strip of bars in Via San Nicolò and in hot weather, flock to Zampolli for gelato. The city boasts Italy's best baristas, too. Old-timers frequent Caffè San Marco.

Getting around

A half-hour taxi ride from the city centre, Trieste airport handles just 750,000 passengers a year so check-in is a snap. Besides regular services to Milan, Rome and Naples, there are daily flights to Stansted, Paris and Munich, the regional hub for long-haul trips. There are plans to revive an air link to Linate, Milan's city airport and there's also Venice airport, 75 minutes by car, for flights to New York and Dubai. Train service is poor – direct trains to Milan are just twice daily. In summer, fast hydrofoils ferry people along Croatia's coast.

Movers and shakers

No one is better placed to be Trieste's ambassador than the Illys. The family's 75-year-old coffee business has become one of the world's most-recognised brands. Its iconic tins of espresso, whose beans are roasted at its Trieste headquarters, now sell in 140 countries to the tune of €270m annually. Illy invests heavily in quality control and runs an in-house lab as well as a facility at Trieste's science park dedicated to analysing coffee's properties and its effect on drinkers. If that weren't enough, it has set up 12 schools worldwide to train aspiring baristas.