Report 2014-2015 - Summary

ITALY IN THE WORLD ECONOMY

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ITALY IN THE WORLD ECONOMY

REPORT 2014-2015
SUMMARY

The Report was prepared by a working group of the Department for Strategic Planning, Economic Research and Oversees Offices of the ICE

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CONTENTS

HORIZONS OF THE RECOVERY: ITALIAN FIRMS BETWEEN THE RISKS AND OPPORTUNITIES OF THE NEW INTERNATIONAL SETTING

STATISTICAL TABLES

CONTENTS

HORIZONS OF THE RECOVERY: ITALIAN FIRMS BETWEEN THE RISKS AND OPPORTUNITIES OF THE NEW INTERNATIONAL SETTING

1. The outlook for the world economy

Growth strengthens and the advanced economies accelerate in a setting of pronounced uncertainty

International economic activity is expected gradually to gain pace this year and in 2016, with world GDP forecast to grow in the two years by respectively 3.5 and 3.8 percent.[1] The outlook is, however, subject to many factors of uncertainty in connection with the Greek situation, financial market instability, mounting geopolitical tensions, especially in the Mediterranean, and exchange rate developments.

In contrast with the last few years, signs of acceleration are coming from the advanced countries, whose aggregate GDP is forecast to grow by 2.4 percent in 2015, up from 1.8 percent in 2014, while in the emerging economies, particularly Russia and Brazil, and the developing countries the growth in output is expected to slow from 4.6 percent to 4.3 percent this year.

Among the developed countries, the United States should lead the recovery, with growth of 3.1 percent, despite the strengthening of the dollar. In the euro area, GDP is expected to grow by 1.5 percent and, for the first time since the crisis, all the countries of the area are forecast to record an expansion of economic activity. However, the risks deriving from the Greek situation make the prospects more uncertain.

Economic activity slows in China and other emerging and developing countries

Many emerging and developing countries are experiencing a slowdown in their rates of expansion, due both to cyclical factors, such as slack foreign demand and the fall in commodity prices, and to structural problems. But while China's GDP growth rate is projected to fall to 6.8 percent in 2015, in connection with the problems of the banking sector, the scale of public and private debt, and the weakening of the property market, India's is expected to pick up to 7.5 percent, thanks to the effects of structural reforms and the improvement in confidence. The growth forecasts for Africa and the Middle East are highly uncertain, owing to the instability arising from geopolitical tensions, the fall in commodity prices, the consequences of the Ebola epidemic in some countries, and the repercussions of the accord reached in the negotiations on Iran's nuclear program. In Russia, economic activity is expected to slump not only as a consequence of declining energy revenues but also under the impact of the economic sanctions imposed by the European Union and the United States in response to the protraction of the tensions in Ukraine. The slowing of growth in Latin America chiefly reflects the forecast decline in Brazil's GDP as a result of the restrictive macroeconomic policy stance and nagging structural problems.

The global economic recovery, though modest, should stimulate a pick-up in international trade in goods and services, to growth of 4.1 percent in 2015 and 4.4 percent in 2016.

The elasticity of trade to GDP remains very low

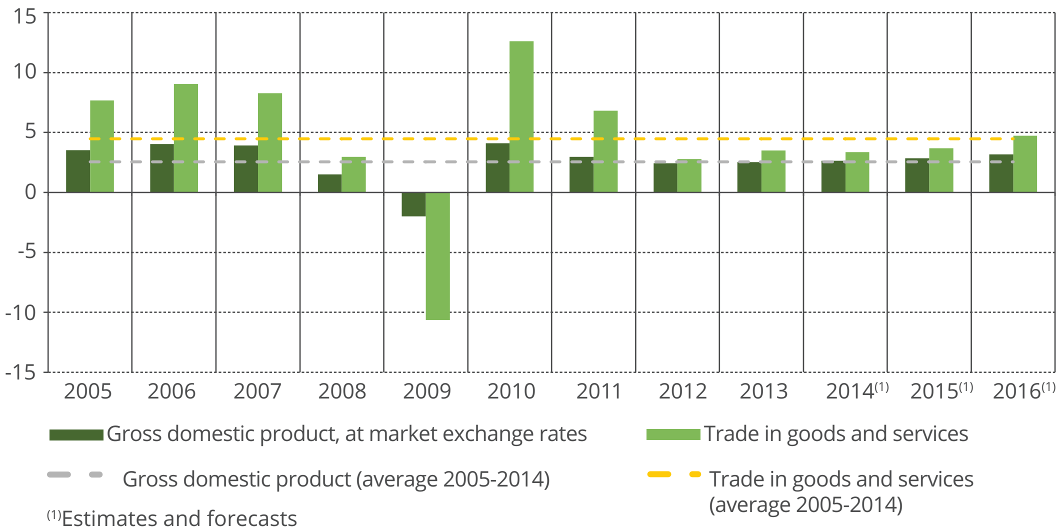
In 2014 the rate of expansion of world trade remained below the long-term average for the third successive year, one of the longest periods of weakness in over four decades, particularly as regards the relation between trade and GDP

1 The updated estimates contained in the Executive Summary are taken from IMF, *World Economic* Outlook, released on 9 July 2015.

growth. This protracted slowdown reflects a combination of cyclical and structural factors.[2] The slackness of demand has no doubt played an important part: historically, the negative effects of recessions go beyond their short-term impact. Yet, the deepness of the recession does not seem sufficient to account for the entire decline in the elasticity of trade to world GDP, to which changes in the composition of global demand and an increase in protectionist measures may also have contributed. In addition, often cited is a possible change in the role of "global value chains", production networks consisting of multinational firms, their affiliates and suppliers of intermediate goods and production services, located in different countries, which are altering the geography of the world economy. Whereas the development of these networks had, in the past, stimulated the growth of trade and the integration of economies, by increasing the content of imported intermediate goods per unit of output, recent signs indicate that their expansive force is fading. For example, China, which has a crucial role in global value chains, appears to have increased the domestic value-added share of its own exports, thereby inducing a reduction in the international fragmentation of production processes.

Chart 1 - World output and trade

Percentage changes in volume



(1)Estimates and forecasts

Source: Based on IMF data

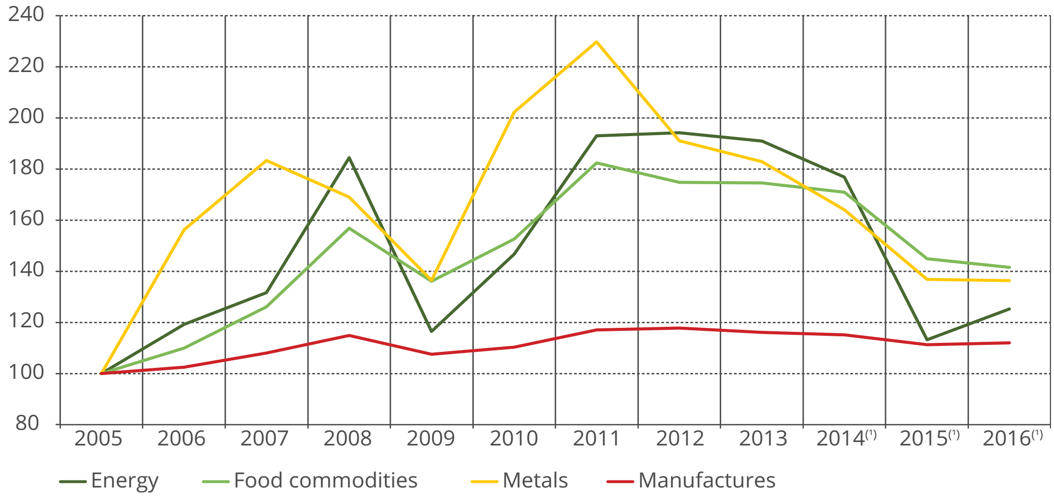
The weakness of commodity prices persists

The steep drop in the prices of energy and other raw materials in 2014 was largely ascribable to the feebleness of the economic recovery. Energy prices continued to decline in the early months of 2015, partly owing to the decision by the energy-exporting countries' not to cut the volumes put on the market, in contrast with what occurred in similar circumstances in the past, and to the ramping up of production in North America.[3] Metals prices also continued to fall, mainly in response to easing Chinese demand. Agricultural prices fell by as much as 20 percent from their 2011 peaks: while there were bumper crops, demand remained slack.

2 See the box "Il rallentamento del commercio mondiale" in Chapter 1.

3 For a spotlight on these issues, see the box "L'andamento del prezzo del petrolio" in Chapter 1.

Chart 2 - Dollar prices of traded goods
Indices, 2005=100

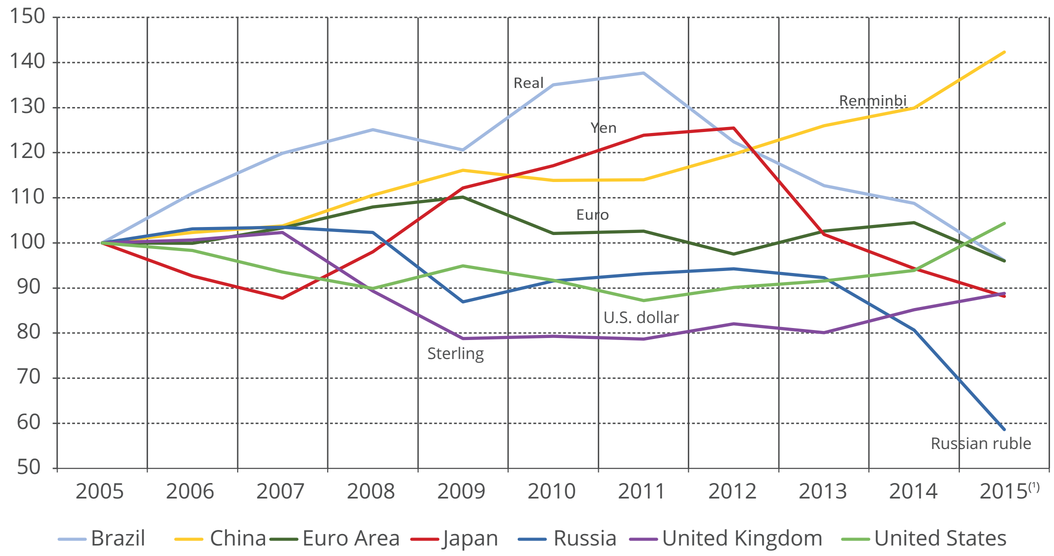


(1) Estimates and forecasts.
Source: Based on IMF data

Exchange rate fluctuations have little impact on current account balances

External current account balances in relation to GDP did not change substantially in 2014. As a whole, they were affected to only a small extent by the nonetheless large fluctuations of exchange rates and responded more promptly, instead, to misalignments of countries' cyclical positions and to changes in the terms of trade. For example, the sharp depreciation of the currencies of Japan and Brazil did not lead to an improvement in their current accounts. Symmetrically, in China and the euro area, the strengthening of the effective exchange rates did not keep balance-of-payments surpluses from expanding further. The euro began to weaken in the second half of 2014: between June 2014 and May 2015 it depreciated by 9 percent in nominal effective terms and by 18 percent against the dollar.

Chart 3 - Exchange rates
Nominal effective exchange rates; indices 2005=100

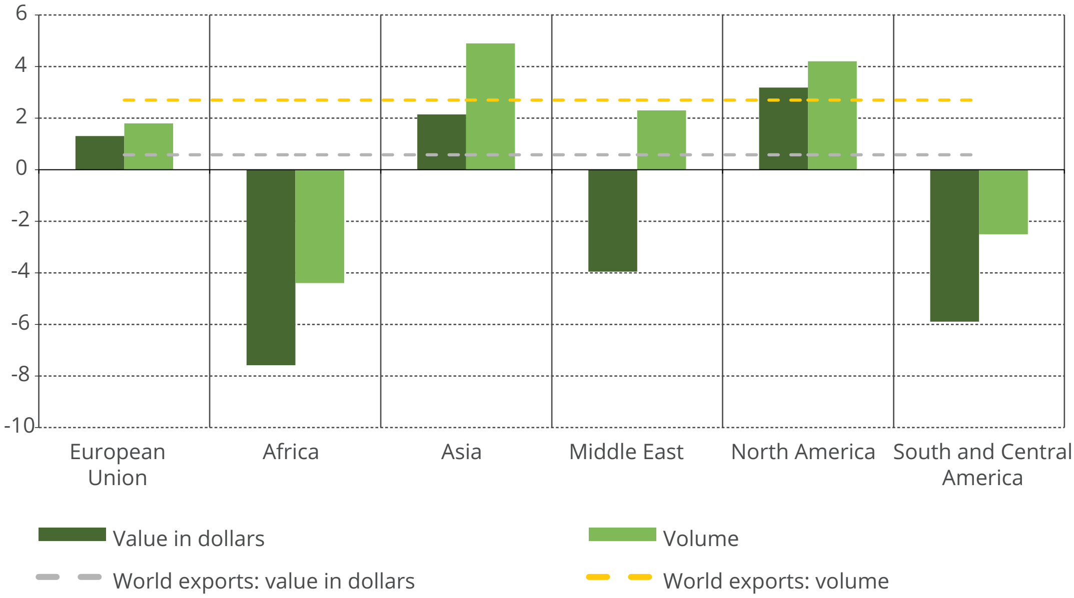


(1) For the period January-April of 2015
Source: Based on IMF data

Merchandise exports increase in Asia and North America, diminish in Africa and South America

The volume of world merchandise exports grew by 2.7 percent in 2014, as in 2013. The strongest expansion was registered in Asia and North America. In Africa and South and Central America, instead, exports slumped in both value and volume, mainly owing to the trend of sales of raw materials. The forecasts for 2015 indicate an expansion in the volume of exports of about 3.6 percent for the emerging and developing countries and 3.2 percent for the developed countries.

Chart 4 - Merchandise exports by region in 2014
Percentage changes on previous year



Source: Based on WTO data

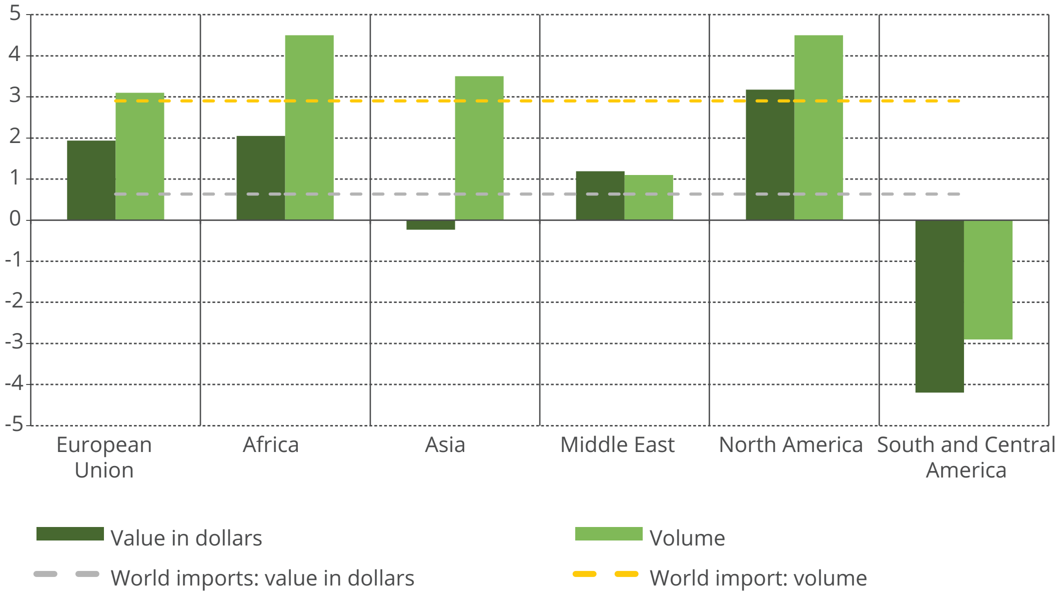
Turning to imports, in 2014 Africa and North America recorded growth exceeding the world average in both volume and value terms, while in the European Union the rate of expansion was close to the average. South and Central America was the only region where imports contracted in both value and volume. For 2015, North America and Asia are expected to record import growth of about 5 percent and Europe to maintain its 2014 pace (2.7 percent), while no improvement is on the horizon for South and Central America, where a further slight decline is forecast.

Exports continue to grow in China and Germany, decline in Japan, Saudi Arabia and the United Kingdom, and collapse in Russia

Among the main countries, there were pronounced disparities in the rates of growth of exports in value terms. China and Germany turned in the strongest performances, while Japan, Saudi Arabia and the United Kingdom suffered setbacks. Developments also varied widely among the top importing countries: imports grew appreciably in Mexico, Spain, the United Kingdom, the United States and Germany, slumped in many countries and collapsed in Russia.

The manufacturing sectors that made the biggest contributions to growth of world trade included not only machinery and equipment, transport equipment, electronics and pharmaceuticals, but also traditionally slower-growing sectors, such as fashion goods, which may have benefited from the expansion in consumption by the middle classes in the emerging countries.

Chart 5 - Merchandise imports by region in 2014
Percentage changes on previous year



Source: Based on WTO data

Exports of services grew by 4 percent in 2014, slightly boosting the sector's share of world trade. "Other services", which include financial services, were the most dynamic component, growing by more than 5 percent.

Foreign direct investment (FDI) is a key factor in global production networks in both manufacturing and services. In 2014 the uncertainty surrounding the outlook for the world economy and the acute geopolitical risks led to a 16 percent decline in FDI inflows, among other reasons because new investment was at least partly displaced by substantial disinvestment. A reversal of trend is forecast for 2015, with an increase in flows due to improved growth prospects and the liberalization measures adopted.

FDI flows to the developing countries surpass those to the advanced economies

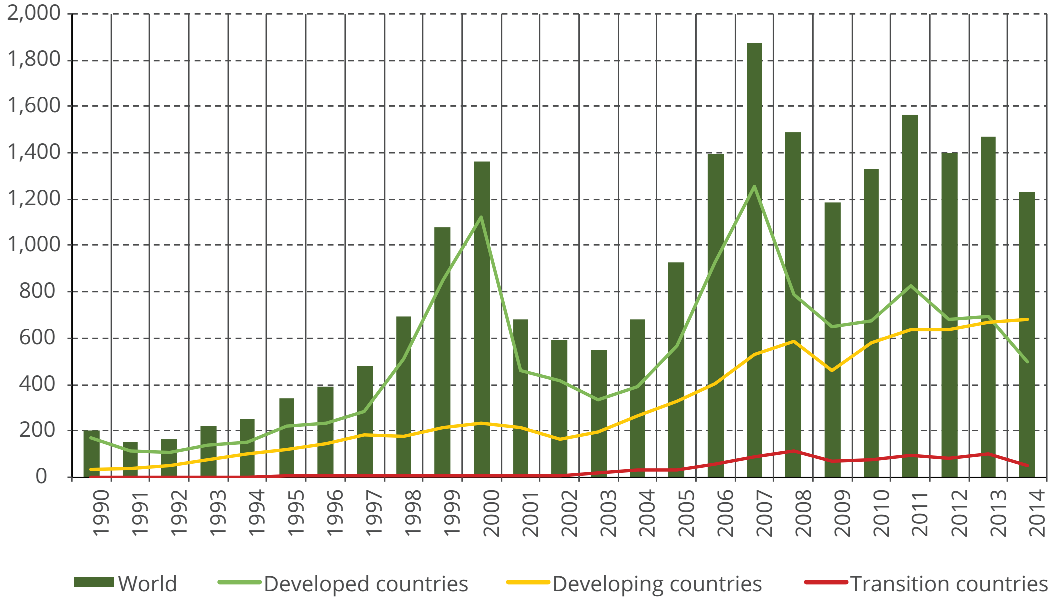
In 2014 flows of FDI to the developing countries surpassed those to the advanced countries for the first time, with sharp increases in flows to Asia, notwithstanding a reduction in those to Latin America. The top ten countries by ability to attract FDI include five developing economies, in order: China, Hong Kong, Singapore, Brazil and India. Flows to the developed countries contracted by 28 percent.

As to the composition of FDI inflows, greenfield projects, down slightly in 2014, remain largely destined to developing countries; cross-border mergers and acquisitions, mostly in developed countries, increased. Investment by sovereign funds doubled in 2014, thanks mainly to the transactions of some funds in Asia.[4]

4 For a more detailed analysis of the opportunities offered by sovereign funds, see the contribution by R. Pasca and D. Terriaca, "Strategie di investimento dei fondi sovrani nel nuovo scenario mondiale: opportunità per l'Europe e l'Italia", in Chapter 1.

Chart 6 - Inward foreign direct investment

Flows, billions of dollars



Source: Based on UNCTAD data

Recourse to non-tariff protectionist measures is still extensive

Changes in the division of labor among countries and the interdependence between the different forms of internationalization have a strong impact on the multilateral regulation of trade under the auspices of the World Trade Organization (WTO) and on the formulation of trade policies at all levels.

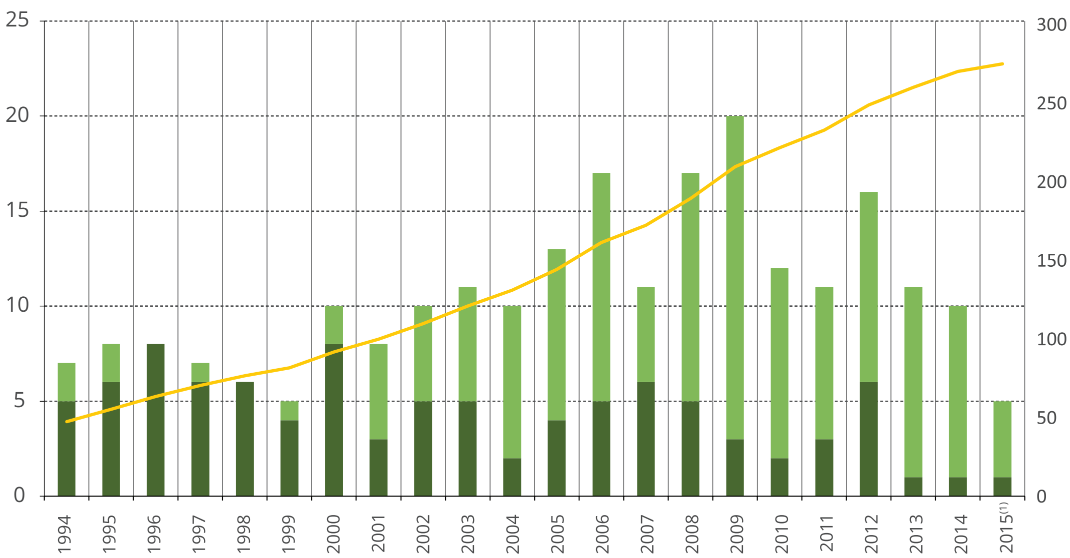
The WTO's periodic reports indicate that the number of measures restricting trade continued to rise during the crisis, despite the commitment made by the G20 countries to refrain from introducing new measures and to eliminate the existing ones. However, signs of a let-up in the growth of restrictive measures have recently emerged and a number of trade facilitation measures have been adopted.

The average level of tariffs applied to merchandise imports rose slightly in 2013, mainly owing to the increase in customs duties on raw materials. Moreover, many differences persist across sectors and countries. An additional cause of worry is the continued adoption of non-tariff measures, whose restrictive impact on trade is deemed greater than that of customs duties, owing to their complexity, opacity and the fact that they often are not temporary. The degree of openness also varies considerably across sectors and countries with regard to trade in services, whose limitations derive mainly from regulations in force in the individual countries. In general, the emerging countries are more closed to trade in services than the European Union and the other developed countries. As for foreign investment, a crucial component of global production networks, the policies adopted at national level have been directed to greater liberalization for some time now. In 2014 most of the measures introduced were again aimed at making markets more open.

However, the process of trade liberalization at the multilateral level did not make significant progress in 2014 with respect to the Doha Agenda,

especially on the most sensitive issues of the negotiations on agriculture. The goal of agreeing a work program has been moved back to the end of July, but with little prospect of success, according to WTO sources.[5]
The Trade Facilitation Agreement, reached in the Bali ministerial conference, has not yet entered into force because of a slowdown in the process of approval and ratification, although it should be in effect before the next ministerial conference, which is scheduled for December in Nairobi.
Compared with the limited gains made in multilateral talks, some headway has been made in plurilateral negotiations at the initiative of some countries interested in reaching agreements on specific issues, which could subsequently be extended at multilateral level. These negotiations concern services (Trade in Services Agreement), electronic products (Information Technology Agreement) and environmental goods (Environmental Goods Agreement). The talks on services are progressing most rapidly on issues such as domestic regulation and transparency, telecommunications, financial services and electronic commerce, while they have encountered greater difficulty with regard to maritime transport, road haulage and the international movement of persons. The Information Technology Agreement has lost steam, and an agreement on the list of goods to be liberalized is still lacking. As to the Environmental Goods Agreement, the negotiators expect to be able to present a preliminary version, including the list of product s to be liberalized, at the Nairobi ministerial conference.

Chart 7 - Preferential trade agreements (PTAs) notified to the WTO, by year of entry into force and cumulative (1)



(1) As of 30 April 2015: includes accessions.

Source: Based on WTO data

5 See WTO 2015 News Items, Heads of Delegations, "DG Azevêdo tells members it is 'decision time' on the Doha work programme", 17 June 2015, https://www.wto.org/english/news_e/news15_e/hod_17jun15_e.htm

Little headway is achieved in trade policies at multilateral level, but preferential agreements make progress

The number of preferential trade agreements concluded or under negotiation continues to grow, but the two best-known *mega-regional* negotiations – those on the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership (TTIP) – are now moving ahead more slowly, owing to the complexity and sensitivity of some of the issues and to the fact that the law granting the US administration "trade promotion authority" was passed only recently. The negotiations with the European Union on the TTIP are in their ninth round but do not appear to be nearing the finish line, despite the great expectations they have created.[6]

An increasing number of agreements does not necessarily imply a trend toward greater regionalization of trade. On the contrary, in the last decade the importance of intra-regional agreements in world trade appears to have diminished, partly as a consequence of better incorporation of the emerging regions into the global system.[7]

If up to the year 2000 these bilateral or plurilateral accords were mainly directed to liberalizing trade in goods, since then they have included rules on the markets in services, on foreign investment, on intellectual property rights and on the protection of competition, as well as devices of various kind to simplify or limit recourse to non-tariff measures. The new-generation agreements in particular deal with issues on which it has not been possible to reach an agreement at multilateral level or go beyond what is envisaged by the multilateral rules.

The European Union is among the most fervent promoters of these innovative agreements (Deep and Comprehensive Free Trade Areas) and is conducting many other negotiations with its trading partners. Among the pacts it has recently concluded are the association agreements with Georgia, Moldova and Ukraine, the economic partnership agreements with West Africa, the East African Community and the Southern African Development Community, which for the first time provide for a regime based on reciprocal, albeit asymmetric, concessions.

Evaluating the effects of trade policies and trade liberalization agreements on countries' economic welfare is a highly complex exercise for which an adequate statistical basis is often lacking. Recent innovations in estimation methods, based on new quantitative models of international trade, have addressed these problems and permitted significant advances, even though questions of how to take into account forms of integration other than trade in goods and services and the effects of liberalization on growth adequately still await solution.[8]

6 See the contribution by A. Teti, "Il negoziato Ttip: un'opportunità da cogliere", in Chapter 1, which points out that the potential advantages of the agreement, especially for small and medium-sized enterprises, depend on the solutions regarding regulatory questions and technical barriers to trade.

7 See the box "Gli accordi preferenziali e il grado di introversione commerciale" in Chapter 1.

8 See the contribution by G.I.P. Ottaviano, "Geografia e benessere nei nuovi modelli quantitativi del commercio internazionale", in Chapter 1.

2. Italy: an overview

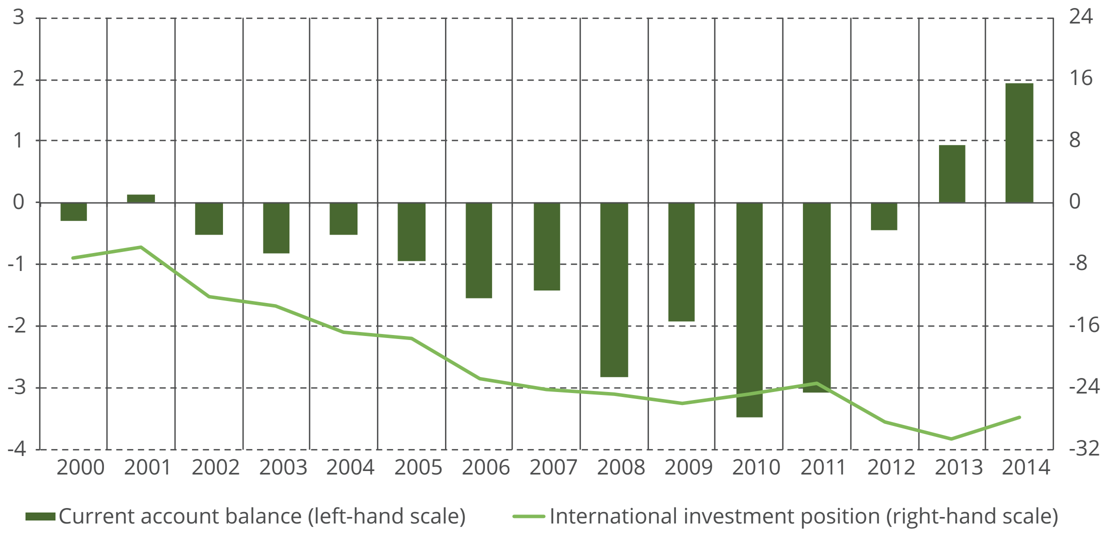
Signs of a mild economic upturn in Italy at the start of 2015

Euro-area GDP returned to growth in 2014, while the Italian economy, though buoyed by the positive effects of macroeconomic developments and monetary policy, remained in recession. The negative contribution of national demand, attenuated with respect to the previous two years, again outweighed the positive contribution of net exports. A recovery finally began to take shape in the first quarter of this year, but its pace is modest and the forecast for growth in 2015 (0.7 percent) remains below the euro-area average.

The surplus on current account of the balance of payments widened further in 2014, to 2 percent of GDP, thanks mainly to the improvement in the terms of trade due to the fall in commodity prices. Imports of goods and services were restrained by the weakness of domestic demand but began nevertheless to grow again. Exports gained pace, although their rate of expansion still fell short of the euro-area average.

Chart 8 - Italy's current account balance and international investment position

As a percentage of GDP



Source: Based on Bank of Italy data

The external current account surplus continues to expand

Similar trends are at work in the first few months of 2015. The current account surplus is continuing to grow, driven by the merchandise component, which is still benefiting from the favorable trend of relative prices. In the national accounts data for the first quarter, the quarter-on-quarter growth in imports (1.4 percent) was just slightly smaller than that in national demand, while exports remained unchanged. For 2015 as a whole, Italian exports of goods and services are forecast to grow by between 3.5 and 3.7 percent, slightly below the increase at global level. Thus, the expected benefits from the competitiveness gains generated by the depreciation of the euro have been slow to materialize. Furthermore, the growth in the volume of Italian exports is again likely to underperform the euro-area average again (4.4 percent).

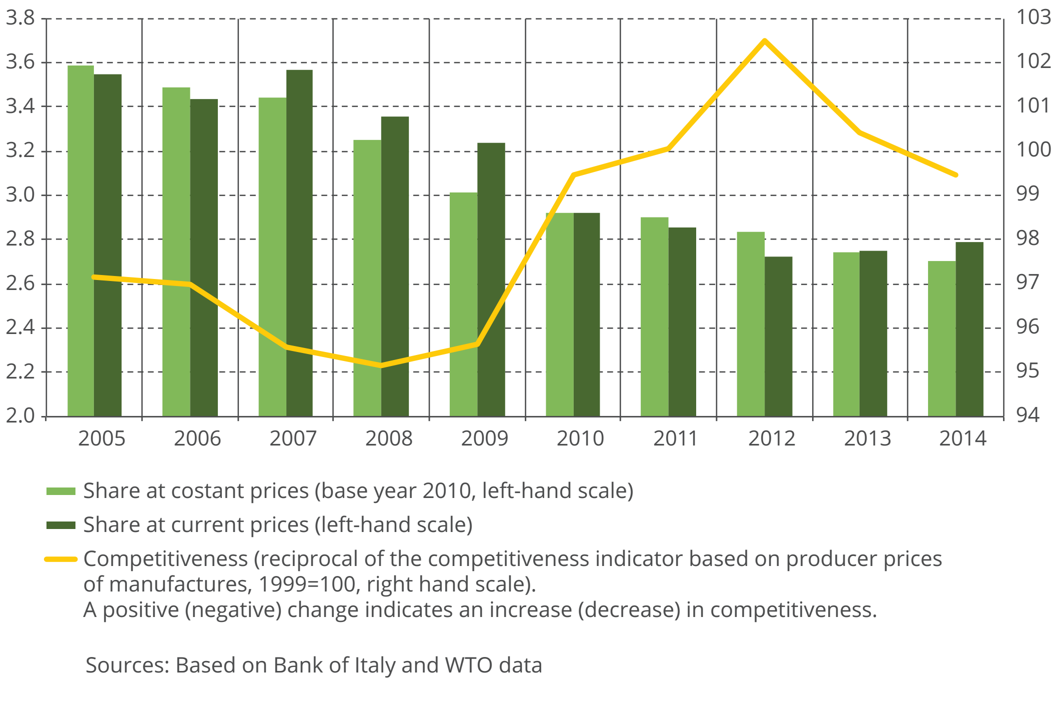
Italian exports' market shares increased in 2014

The results for merchandise trade differ in part from those for the aggregate of trade in goods and services. In the period January-May, the volume of imports accelerated to growth of 6.5 percent compared with a year earlier, supported by the recovery in economic activity. Export volumes grew by 1.3 percent, a greater increase than the average for 2014 but less than that in both world exports (estimated at 2.7 percent in the same period[9]) and euro-area exports. The dynamic of Italian exports is adversely affected by their geographical distribution, which is overweight toward relatively slow-growing markets. In 2014, too, the growth in the volume of Italian exports had been below the world average, but their expansion was actually greater than that in the potential demand of the outlet markets, particularly those outside Europe, and the apparent loss of share is essentially explained by the still preponderant weight of the European markets.[10]

By contrast, in value terms Italy's share of world exports increased again in 2014, consolidating the recovery recorded in the previous year, and reached 2.8 percent. This largely derived from the nominal impact of the appreciation of the euro, which caused relative prices to increase more than export volumes decreased. Predictably, the opposite has occurred in recent months: the euro's sharp depreciation has resulted in an estimated loss of 0.2 percentage points in Italian exports' share in January-May 2015.[11]

Chart 9 - Italian merchandise exports' competitiveness and world market shares, 2005-2014

Percentage shares and indices



Sources: Based on Bank of Italy and WTO data

9 See CPB (2015), *World Trade Monitor (including April 2015)*, Netherlands Bureau for Economic Policy Analysis.

10 See Banca d'Italia (2015), *Relazione annuale 2014*, p. 85.

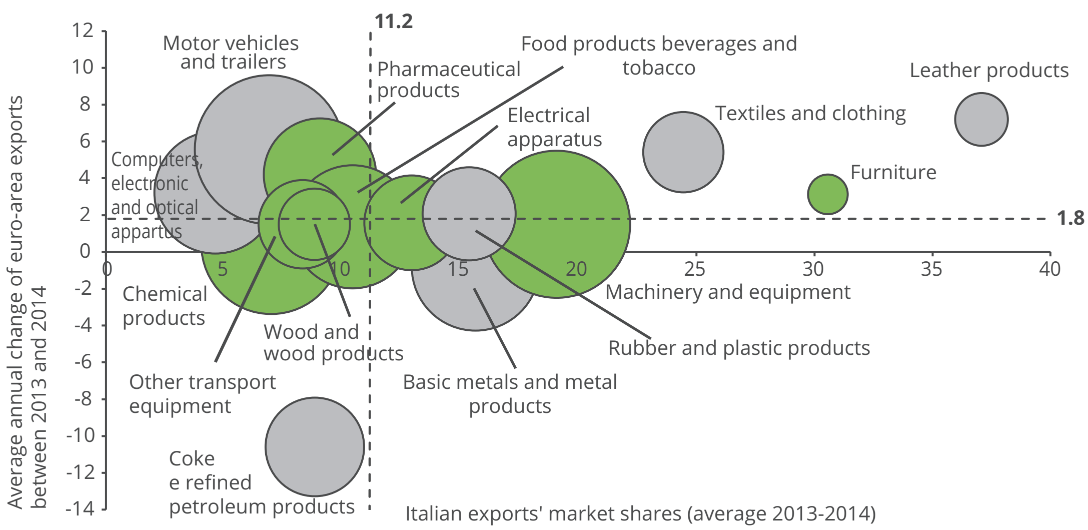
11 The monthly data published by the World Trade Organization cover the exports of 70 countries, equal to about 90 percent of world trade. Italy's share slipped from 3.2 percent in January-May 2014 to 3 percent in the same period this year. See WTO (2015), *Short-term trade statistics*, https://www.wto.org/english/res_e/statis_e/short_term_stats_e.htm

Italian exports' aggregate world market share, after declining considerably in the 1990s, underwent a significant further contraction in the last decade, and particularly in the years after 2007. However, only a small part of this decline reflects a loss of competitiveness in individual products and markets. More than nine-tenths of it is a consequence of the negative correlation between the product and geographical characteristics of Italian exports' model of specialization and the trends of world demand, which has shifted toward products and markets in which Italy's shares are relatively lower and/or have weakened further.[12]

However, when assessing the competitive performance of Italian exports, the most appropriate term of comparison does not consist in world exports, where changes in share are strongly influenced by fluctuations of relative prices and alterations in the geographical location of productive activities, which favor emerging countries. A more precise evaluation can be obtained by examining the value of Italian exports in relation to those of the euro area. Here, too, Italy's share underwent a sharp contraction in the 2000s, due primarily to the characteristics of Italian industry's product specialization. In 2011, however, an expansionary trend began and it is continuing in the first part of 2015. This upswing is ascribable to the recovery of competitive capacity in the individual outlet markets of individual products', but also to a more favorable trend in world demand, which is now shifting more toward Italy's traditional products of comparative advantage.

World demand is shifting toward traditional "made in Italy" products

Chart 10 - Italy's market shares of euro-area exports of manufactures by sector



The circles are sized in proportion to the sector's average share of euro-area exports in the period 2013-14. Green (grey) circles identify sectors in which Italy's share increased (decreased) between 2013 and 2014. Dotted lines indicate the averages of the variables showed in the axes.

Source: Based on Eurostat data

12 See the contribution by A. Proietti and M. Repole, "Le quote di mercato dei principali paesi europei: aggiornamento e articolazione della constant-market-share analysis", in Chapter 2.

Italian exporting firms maintained highly cautious pricing policies in 2014, with slight reductions within the euro area, where the incipient upturn of demand may have suggested that it was advisable to pay more attention to competitiveness, offset by increases in the faster-growing markets outside the euro area, where it likely seemed easier to achieve some recovery of profit margins. Similar trends were seen in the opening months of 2015, with more customary price discrimination strategies coming to the fore in response to the slide of the euro.

In 2014 the expansion of imports was fastest for capital goods, foreshadowing the signs of an investment upturn that have recently appeared, while export growth was driven by consumer goods. Trade in energy products fell sharply in both prices and quantities.

Export propensity and import penetration increase

The recovery of exports led in 2014 to a fresh increase in the Italian economy's external projection, measured by the ratio of exports of goods and services to GDP. In parallel, the degree of import penetration rose, although the share of domestic demand covered by imports is still the lowest among the major euro-area countries. So Italy has ground to recover in terms of the international openness of the economy, in order to stimulate its capacity for growth.

The problem is especially evident in the Italian economy's ability to attract investment from abroad. FDI inflows shrank sharply in 2014, although the available data on foreign investment in Italian firms show a slight recovery in terms of number of firms and of workers. In any event, the gap with respect to the major European countries remains large.

Direct investment abroad by Italian firms likewise appears to be below its potential level. Outward FDI flows were practically unchanged in 2014, while Italian firms' foreign affiliates diminished slightly in number and in terms of their total workforce. This decline interrupted a positive trend that had continued even during the recession and that attested to the growing importance of the internationalization of production in the strategies of an increasing number of Italian firms.

3. Regions and main countries

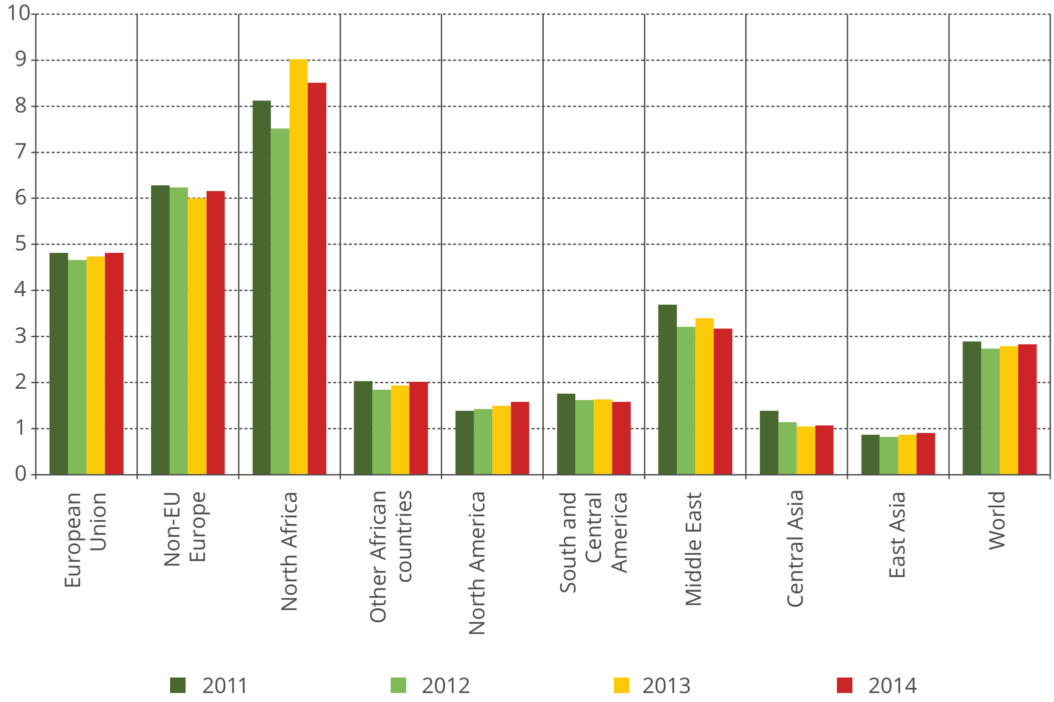
The expansion of Italy's trade surplus in 2014 involved nearly all the world's regions. It was especially large vis-à-vis the European Union, thanks to faster growth in exports than imports, and with the regions characterized by commodity-producing countries (Africa and the Middle East). Among the few exceptions were South and Central America, where exports were down and imports up strongly, and East Asia.

These trends underwent some modification in the first five months of 2015 in response to the sharp depreciation of the euro. The surplus with the European Union shrank as exports rose by 2.5 percent and imports by 5.9 percent. By contrast, the surplus with non-EU countries widened further as exports accelerated to growth of 6 percent while imports remain practically unchanged (down 0.3 percent).

The performance of exports was highly diversified in the individual markets and translated into appreciable changes in their competitive position. Considering the period 2010-14, when signs appeared of a partial recovery of Italian exports' market shares, the main countries can be classed into three groups. In the first group we find cases of indubitable competitive success, with Italian exports gaining ground not only compared with those of the euro-area but also with respect to total world exports. In this group we find the United States, Japan, South Korea, Singapore, Australia and Switzerland. The second group comprises markets where Italian exports' share continued to decline with respect to world exports but grew more strongly than those of the euro area, namely Germany, Brazil, Russia and Turkey. Finally, in the third group we find the critical cases, in which Italian firms' market shares of both euro-area and world exports shrank further in the last four years. China, France, the United Kingdom, Spain, Mexico, India and the United Arab Emirates belong to this group.

Between 2010 and 2014 Italian exports gained share in the United States and important Asian markets.

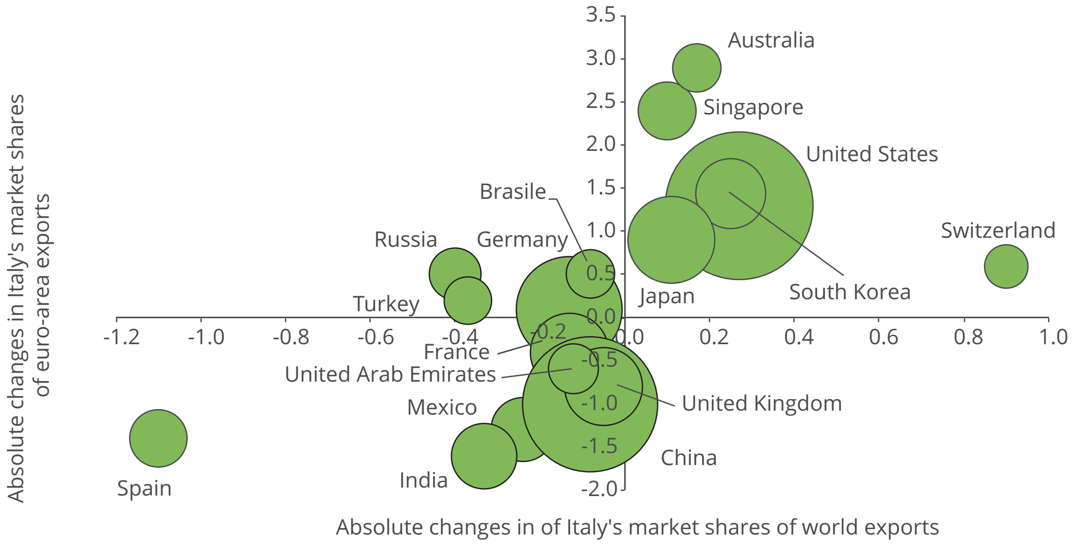
Chart 11 - Italy's market shares of world merchandise exports by region
At current prices



Sources: Based on IMF-DOTS data and, for Taiwan, Taiwan Directorate General of Customs data

Chart 12 - Italy's market shares of world and euro area exports by principal market

Absolute changes 2010-2014



The circles are sized in proportion to the market's average share of world demand in the period 2010-2014.

Sources: Based on data published by IMF-DOTS and other national statistical institutes

In the first few months of 2015 exports to non-EU markets show rapid growth

The data for the period January-May 2015 also show disparate trends. The sharp gains recorded in exports to several non-euro-area markets (the United States, India, the United Kingdom, Poland and Turkey) contrast with pronounced declines in exports to Russia and the Mercosur countries, while sales to the euro-area countries grew by barely 1 percent.

The geographical distribution of Italian exports gradually changed in the last decade, reflecting, at least in part, the alterations in the international economic context. The weight of the European Union remains predominant but diminished considerably, primarily to the benefit of the emerging and developing regions. For that matter, compared with the European Union average, Italian exports have always been more heavily weighted toward non-EU markets, particularly toward North Africa, the Middle East and South and Central America, and their geographical distribution has progressively differentiated itself from that of EU exports.[13] In the last decade years these changes were generally well correlated with the trends of world demand, revealing a greater degree of geographical flexibility of exports compared with the other major European countries. However, this strength has gradually eroded, to the extent that in the last three years there is a negative correlation between the changes in the Italian model and those in the geography of world demand. [14]

Diverse developments characterized the geographical distribution of the sales revenues of Italian firms' foreign affiliates. Above all, the weight of

13 An important role in shaping the geography of International trade is also played by migratory flows, which reduce information barriers for access to markets and create preferential networks of commerce based on economic, cultural and social ties. A contributory factor, in Italy as elsewhere, is the growing number of immigrant-owned businesses. See the contribution by A. Stocchiero,D. Frigeri, I.Corvino, M. Narvilli and P. Cella, "Il ruolo degli imprenditori immigrati per l'interscambio commerciale dell'Italia", in Chapter 3.

14 See the contribution by D. Dionisi, "Le esportazioni e la geografia della domanda estera: un confronto tra l'Italia e i principali paesi dell'Unione Europea", in Chapter 3.

the affiliates in North America increased, at the expense not only of those in the European Union but also of those in South and Central America and East Asia. In general, the more distant regions, particularly the Americas, account for a larger share of Italian firms' production abroad than of Italian exports. This appears to confirm the positive role that foreign direct investment can play in order to lower market access costs, including those connected with distance.
The prospects of an expansion of Italian firms' in foreign markets also depend on the progress of the negotiations for trade and investment liberalization. For example, a major stimulus to strengthening the Italian position in the US market could come from a positive conclusion of the negotiations with the European Union for the TTIP. The level of customs duties and non-tariff barriers that still protect the US market varies greatly from sector to sector, but it reaches its peaks in most of those where Italian industry is most highly specialized. Some protective measures lead to additional fixed costs, which penalize smaller exporters especially. Eliminating these measures could therefore bring significant benefits for Italian firms.[15]
On a more general plane of analysis with regard to tariff barriers alone, these take diversified and complex forms that are difficult to reduce to a single, unambiguous measure of the resulting degree of restriction. The obstacles that firms have to overcome vary widely from market to market and across sectors. Furthermore, in a given market every exporting country faces a different degree of protection, owing to the differences in the product composition of bilateral trade and in the resulting elasticity of trade to customs duties. For Italy, the most heavily protected markets are India, Mercosur and Russia, with indicators of restriction equivalent to customs duties ranging from 11 to 15 percent, but in relatively less protective markets, such as Canada, Japan and the United States, Italian exports, partly because of their specialization in food products, contend with higher restrictions than those faced by France, Germany and Spain.[16]

4. Sectors

In 2014 the energy deficit fell and the manufacturing surplus rose

The growth in Italy's trade surplus in 2014 came mostly from a pronounced reduction in the deficit of the extractive industries sector, essentially due to the decline in the value of imports of oil and other raw materials, but the surplus on manufactures also improved, rising to nearly €100 billion.
The expansion of the manufacturing surplus was led by the pharmaceutical industry, which swung into surplus, and machinery and equipment, despite a lower rate of increase in exports than imports, while negative contributions came from basic metals and motor vehicles (unlike other transport equipment).
Italy's surplus on services shrank, mainly reflecting an increase in the deficits on transport, financial services and information and telecommu-

15 See the contribution by A. Lanza, "L'accordo Ttip e il suo impatto sulle esportazioni dei settori italiani", in Chapter 4.

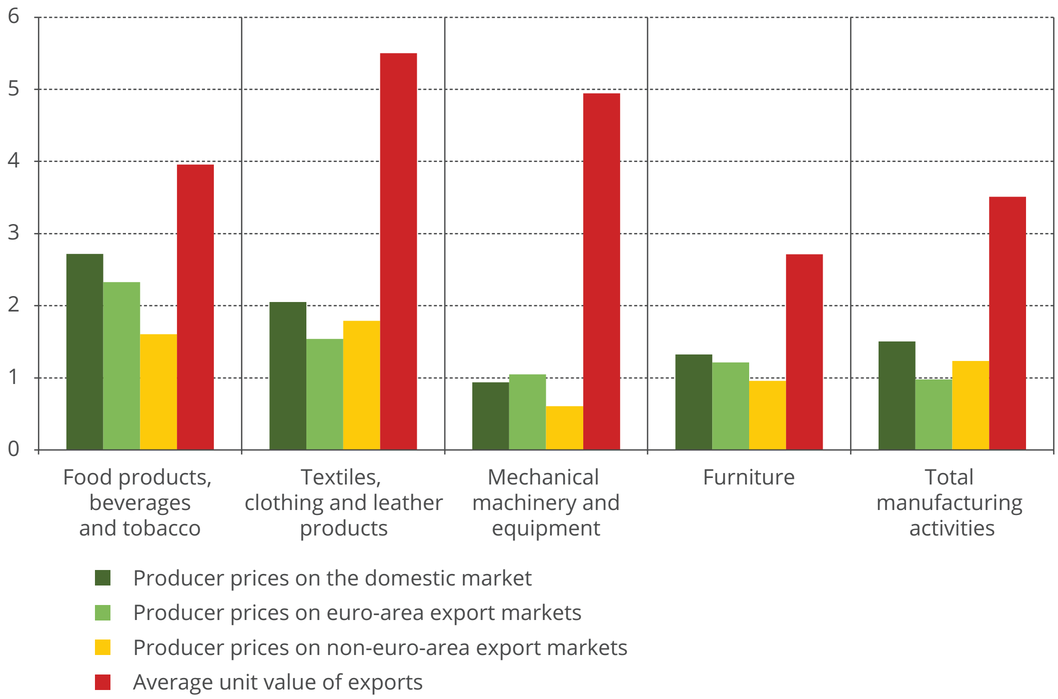
16 See the contribution by L. Salvatici, "L'Italia e i mercati di esportazione: un'analisi comparata delle barriere tariffarie", in Chapter 4.

nication services, cushioned by an increase in the surpluses on "other business services" and "processing services on physical inputs owned by others".[17]

January-May 2015 saw a further marked contraction in the energy deficit, but the manufacturing surplus diminished slightly owing to developments in all the main sectors except food products, refined petroleum products and transport equipment. For manufacturing products overall, the growth in imports (7.4 percent), responding promptly to the first signs of reviving domestic demand, outstripped that in exports, which was nevertheless considerable (4.1 percent).

In the main branches of manufacturing 2014 confirmed the trend, under way for some time, of export prices to rise at lower rates than unit values. With all due caution dictated by the diversity of the statistical methods used in constructing the indices, it can be hypothesized that this gap, which is especially evident in the leading "made in Italy" sectors, reflects a qualitative improvement in the export product mix, with an increase in the weight of higher-end goods.

Chart 13 - Producer prices and average unit value of exports for selected Italian product sectors
Average annual growth rates, 2010-2014



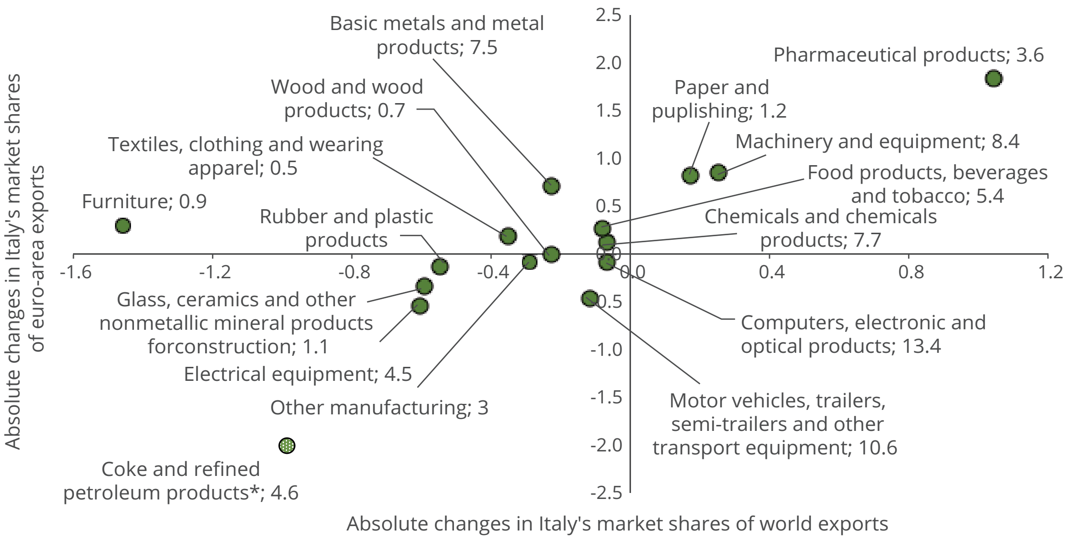
Source: Based on Istat data

17 The latter item has appeared in the statistics on trade in services as a consequence of the changes to the system of national accounts and relates to processing trade generated by various forms of international collaboration in production. See the contribution by P.Forestieri and C. Sciullo, "Gli scambi con l'estero alla luce del Sec 2010: I servizi di lavorazione", in Chapter 2.

For a more accurate assessment of the competitive performance of Italian exports, including at sectoral level, it is advisable to examine the changes in their market shares in relation to both world and euro-area exports. Here, again, in the period 2010-14 we find the three-fold division already observed in the analysis according to outlet market. The sectors with the most sparkling results are those that gained ground with respect to both world and euro-area exports, namely machinery and equipment, pharmaceuticals, and the paper and publishing sector. A second group of sectors gained vis-à-vis euro-area competitors but lost share in terms of world exports. These comprise basic metals, food products, furniture, textiles and clothing, and chemicals. All the remaining sectors lost market shares in both dimensions.

In the period 2010-14 machinery and equipment, pharmaceuticals, and the paper and publishing industry were among the sectors with the best results

Chart 14 - Italy's market shares of world and euro area exports by principal market and sector
Absolute changes, 2010-2014



The value near the label indicates the sector's average share of world demand in the period 2010-2014.
* Absolute change in this sector's share of euro-area exports was -3.9 per cent.

Sources: Based on data puplished by Eurostat and national statistical institutes

Focusing on world exports of manufactures, whereas in the 2000s there had been a sizable redistribution of shares from the United States and Japan to China, in the last four years the United States regained ground, even though China again achieved the largest increase in share. It is reasonable to hypothesize that these changes derive at least in part from the direct investment projects realized in China by US and Japanese multinationals.
Narrowing the examination to euro-area exports of manufactures, Italy stands out for having regained shares in the last four years, after a considerable loss in the previous decade, with especially strong showings in the fashion and furniture sectors. By contrast, France, after a very substantial decline in the 2000s, continued to lose shares between 2010 and 2014. Germany, the Netherlands, Slovakia and Spain were the countries that turned in the best performances in relative terms in both periods.

In services, Italian exports' market shares declined slightly again in 2014 in relation to both world and EU exports. Most of the loss came under the broad heading of "other commercial services", which include nearly all business services.

The interdependence between manufacturing and services is becoming increasingly tight with the development of international production networks in which business services are decisive intermediate inputs for the functioning of value chains. This also affects the capacity of economies to respond to the impulses originating from foreign demand. Italy's manufacturing industry is less reactive to foreign demand compared with manufacturing in the other major countries of the European Union, but this gap is partly offset by the stronger indirect effects that exports exert on business services.[18]

Manufacturing's weight in inward and outward FDI increases

Despite the setback in 2014, Italian firms' international production, measured by their investments in foreign firms, has continued to grow in the crisis years. Manufacturing industry's share of sales revenues realized by foreign affiliates has increased, particularly as regards motor vehicles, electrical equipment and refined petroleum products.

Manufacturing's share has also expanded in the last five years from the opposite perspective, i.e. the sales revenues of foreign firms' Italian affiliates. Apart from refined petroleum products, the most dynamic sectors have been ones that count as typical strengths of Italian industry, such as fashion goods and machinery and equipment. This appears to confirm the view that foreign multinationals making acquisitions in Italy tend to concentrate on leading firms in the traditional "made in Italy" sectors, which have demonstrated their ability to increase their sales even in recession years.

The food products industry has long been one of the strong points of the Italian model, even though its comparative advantages do not emerge in the aggregate data but only in the statistics bearing on several specific ingredients of the "Mediterranean" diet. It is an industry where the problems that small businesses encounter on international markets, above all in dealings with commercial intermediaries, are especially evident. Yet, in this sector the benefits that small firms too can reap by participating in global value chains, capitalizing on their own specialization in high-quality products, are readily discernible.[19]

5. The territorial base

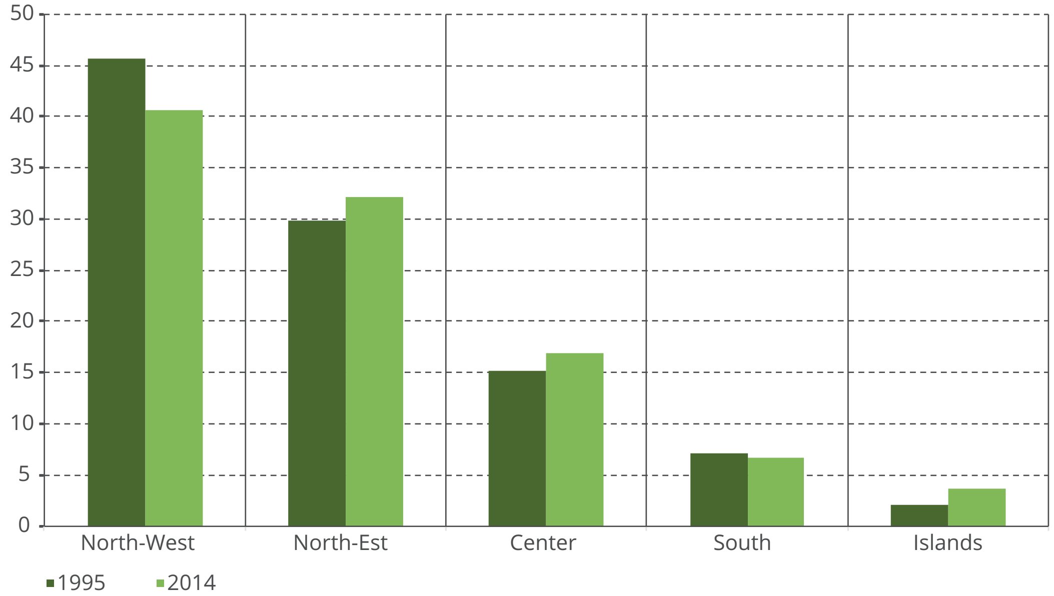
In the last twenty years North-West Italy has lost share to the benefit of the North-East and the Center, while the share of the South and Islands remains marginal

It is not easy to go beyond the blur of short-term fluctuations in order to pinpoint the underlying trends in the regional distribution of economic activities and specifically of exports. But examining the span of the last twenty years, one finds a loss of share for North-West Italy, primarily to the benefit of the North-East and the Center, and a persistently marginal share for the South and Islands. These developments stem largely from losses of share

18 See the contribution by S. Costa, F. Sallusti and C. Vicarelli, "Manifattura, servizi alle imprese e grado di attivazione dell'export", in Chapter 4.

19 See the contribution by E. Marvasi, "Gli esportatori di prodotti alimentari nelle catene globali del valore", in Chapter 4.

Chart 15 - Merchandise exports of Italy's macro-regions
Percentage distribution



Source: Based on Istat data

for Lombardy and Piedmont, mainly to the advantage of Emilia Romagna and Lazio.

In the last two years the position of the South and Islands suffered an abrupt retreat, basically because of the fall in the prices of refined petroleum products, the leading exports of Sicily and Sardinia. The beneficiaries included not only all the regions of the North-East, but also Marche and Piedmont.

Similar trends show up in the data bearing on the first quarter of 2015. All five macro-regions except the Islands recorded export growth; in Sicily and Sardinia, exports declined by 12 percent, reflecting the further fall in the prices of refined oil products. The largest contributions to the export expansion at national level came from Friuli-Venezia Giulia, with export growth of 31.8 percent driven by sales of the shipbuilding industry, Veneto (up 5.9 percent), Piedmont (up 5.5 percent) and Emilia Romagna (up 3.7 percent). In addition to Sicily, whose exports fell by 21.8 percent, Marche and Puglia also recorded significant declines (6.7 and 5.5 percent respectively).

The regional distribution of services trade is more concentrated than merchandise trade, because the largest companies participating in the former are based predominately in the major urban centers (Rome and Milan). In the last four years Lombardy's share of national exports has trended upwards, to touch 30 percent, while Lazio's has topped 22 percent. International trade in business services has involved manufacturing firms above all. Only in the North-West and the Center is its ratio to GDP comparable to that found in the major EU countries.[20]

The degree of international openness of Italy's local economic systems varies considerably from region to region. As a rule, it is higher in the

20 See the contribution by C. Bentivogli and P. Monti, "Lo scambio internazionale di servizi e gli investimenti diretti nelle macroaree italiane", in Chapter 5.

North than in the Center and especially the South and Islands, and the gaps are widening: in the regions of the Center and South, the share of domestic demand covered by imports and the propensity to export have tended to decline in recent years.

The lag of the South and Islands is all the more evident when we consider the internationalization of production. Their already very small share of Italian investment in foreign firms, measured by the foreign affiliates' sales revenues, has shrunk further in recent years, falling to 2.4 percent in 2014. The largest multinationals in terms of sales revenues abroad are concentrated in a handful of regions. In the last five years Piedmont has steadily gained share, at the expense of Lazio and Lombardy.

The ability of the South and Islands to attract investment from abroad is also modest. Their share of the workers in foreign firms' Italian affiliates was equal to 5.5 percent in 2014, after trending upwards in the previous years, thanks mainly to the contribution of Abruzzo. Among the other regions, Lazio's share contracted, primarily to the benefit of Emilia-Romagna and Tuscany. The presence of multinational firms in Italy is strongly concentrated in the North-West, where more than 57 percent of the workers in foreign firms' Italian affiliates are employed.

Italy's administrative regions are not the most appropriate territorial units for analyzing the changes in the geography of the Italian economic system. The forces of concentration and dispersion underlying firms' plant-location decisions are generally at work at different, finer levels of territorial classification. One of the distinctive traits of the Italian economy's development model has been the central role played by industrial districts of small and medium-sized firms, deeply rooted in their local systems, which have supported their growth over many decades. Even now, in a phase of sweeping transformations that are challenging the foundations of the districts' competitive advantages, they account for some 34 percent of Italian exports, with much higher shares in some sectors (84 percent in fashion goods). Because of their strong local roots and small size, district firms encounter greater difficulty in internationalizing production: in 2013 their share of Italian affiliates abroad amounted to barely 8.7 percent in terms of workers and was even smaller (4.9 percent) in terms of sales revenues. Similar factors crimp the districts' ability to attract investment from abroad: in 2013 their share of foreign firms' affiliates in Italy came to 15.1 percent in terms of workers and 9.7 percent in terms of sales revenues.

Urban system's propensity to export grows more than the national average

By contrast, the driving role played by the concentration of firms in large urban systems, where various kinds of economies of diversification can be exploited, has become increasingly evident in recent years. Urban systems' propensity to export has grown more rapidly than the national average in the last few years, and Italy's major cities predominate in the internationalization of production, both as sources of outward FDI and for their ability to attract foreign multinationals.[21]

The diversity of local conditions in the various parts of Italy also affects their ability to respond to the challenges that international economic integration pose for employment. In general, a higher degree of external

21 See the contribution by S. Paulone, "Distretti industriali e sistemi urbani: l'articolazione territoriale di esportazioni e partecipazioni estere", in Chapter 5.

openness is associated with better results for local systems in terms of employment, but the effects vary with the country of origins of imports and the local system's structural characteristics. The weaker systems, located prevalently in the South and Islands, find it harder to tap the benefits of the virtuous circle between international integration and development, especially as regards youth employment.[22]

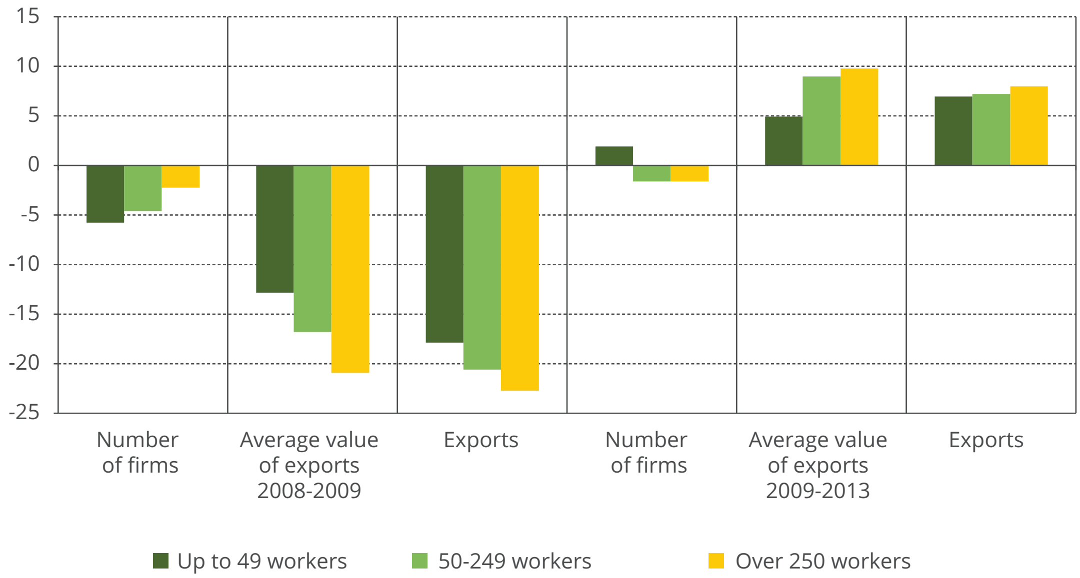
6. Firms

The number of exporting firms and the average value of exports per firm continue to rise

The number of exporting firms continued to rise in 2014, reaching a new peak of 212,000. The average value of exports per firm also rose, as did the export share of sales revenues and the degree of import penetration, and these trends seem likely to persist.

The increase in the number of exporters (the extensive margin) is fueled, from below, among the smallest firms, by the appearance of new players, firms that enter foreign markets for the first time, seeking alternative outlets to compensate for the collapse of domestic demand or, more recently, enticed by the opportunities created by the depreciation of the euro. However, many of these new exporters do not succeed in consolidating their presence abroad and confine their export activity to occasional forays on a small number of markets. In the larger size classes the process of competitive selection continues, although signs of recovery in the number of firms belonging to the largest class of exporters have recently emerged.

Chart 16 - Italian exports by size class of exporting firms
Percentage changes



Source: Based on Istat data

22 See the contribution by G. Bosio, A. Demichelis and A.M. Falzoni, "Mercati del lavoro locali e competizione delle importazioni negli anni della crisi", in Chapter 5.

The growth rates in the average value of exports per firm (the intensive margin) increase with firm size. But, compared with the 2007 peak, the largest firms' share of the value of Italian exports has still to make good the loss incurred in the early phase of the crisis, as the decrease in their number was proportionally greater than the increase in their average sales on foreign markets.
The anomaly of the Italian case compared with the other main euro-area countries is most glaring when we consider large firms (i.e. with 250 or more workers), which account for a far smaller portion of the number of exporting firms and the value of exports than in France, Germany or Spain. At the other extreme, exporting micro-firms (up to 9 workers), though legion, account for a miniscule share of the value of sales abroad. Small and medium-sized enterprises, instead, carry much more weight, accounting for nearly one-half of Italian exports (but with foreign sales equal to barely one-fifth of those of German SMEs).
Some 40 percent of Italian exporting firms consist of commercial intermediaries. But their sales abroad amount to only 14 percent of the total value of exports, since most of them are small businesses and their propensity to export is lower than that of manufacturing firms. In general, the ratio of manufacturing firms' exports to sales revenues increases with firm size, but it reaches its peak level among mid-sized firms (50-249 workers), whose median is higher than that of large firms.

The geographical diversification of exports increases

The average number of foreign markets per exporter rose further in 2014, to a new peak of 5.81. This increase in the geographical diversification of exports is corroborated by the decline in the percentage of firms present in only one or two foreign markets. Compared with the main euro-area countries, Italy has a relatively small number of firms that export to only one market, but the share of exports accounted for by firms present in multiple markets is lower than in France or Germany.
The growth in the Italian economy's external openness is also reflected in the increase in the percentage of exporting firms among total active firms, from 4.2 percent in 2008 to 4.5 percent in 2013. Compared with companies that do business only on the domestic market, exporters generally have higher levels of productivity and are more skilled-labor intensive. The employment trend has also been better among exporters than non-exporters in recent years.
Analyzing the data for companies with 20 or more workers, classified by sector, one finds a clear positive correlation between the performance of exports and that of sales on the domestic market. Indeed, firms with a high propensity to export are the only ones to record an expansion of domestic sales. The main factor distinguishing the firms that perform successfully on international markets is their relatively high labor productivity, which goes together with innovative capacity, product quality, and an ability to oversee the distribution network and to cooperate with other businesses or with institutions.[23]

23 See the contribution by S. Costa, F. Luchetti and D. Zurlo, "Propensione all'export e *performance* interna ed estera delle imprese manifatturiere italiane nel 2012-2014", in Chapter 6.

In 2014, for the first time after several years, the number, workforces and sales revenues of Italian firms' affiliates abroad declined. However, this was mainly the consequence of foreign takeovers of a number of Italian multinationals rather than of an actual retreat in the internationalization of production. Considering the entire span of the crisis, Italian companies have demonstrated a greater ability to defend and in some cases expand their production abroad than in previous recessions.

The number of Italian multinationals has gradually risen in the last two decades, with an increasing contribution by smaller firms. In terms of workers and sales, however, the phenomenon remains highly concentrated in a relatively small core of large firms able to adopt more sophisticated internationalization strategies. The smaller multinationals look mainly to relatively close destinations, in Europe and the Mediterranean, often in the search for cost-cutting opportunities.

Firms' competitiveness on international markets, both in export and production, is positively influenced by the ability to introduce productivity-enhancing technological and organizational innovations. In turn, their presence on international markets stimulates processes of learning and investment in innovative activities. This virtuous circle helps explain the advantages that the largest companies enjoy, but it also is at work among SMEs, where it can be weakened, however, by their scant control of distribution channels. Of special interest are new firms created from the very start to operate on international markets, on the basis of innovation-intensive business plans.[24]

International networks and digital technologies are creating new opportunities for the internationalization of SMEs

Participation in international value chains and the dissemination of digital technologies are allowing a growing number of small firms to overcome some of the problems posed by their size. In the first case, the organization of the networks often permits small producers to specialize in the phases and corporate functions in which the minimum scale of efficiency is lower, leaving those where fixed costs are higher to bigger partners. In the second case, the dematerialization of processes allows smaller firms as well to lower the access barriers to international markets, by seeking to intercept the growing demand for differentiated goods of high manufacturing quality. This transformation is actively promoted by large digital companies operating on a global scale, which are trying to capture and exploit the potential of "made in Italy" niche goods. So it becomes a matter of essential importance to disseminate among Italian enterprises the digital skills needed in order to plug into these processes.[25]

7. Policies for internationalization

In 2014 the system of support for internationalization continued to assist firms with real and financial services, which were provided by central and local government bodies, agencies and corporations.

24 See the contribution by A. Zucchella,"Innovazione e internazionalizzazione: dalle imprese affermate alle nuove imprese internazionali", in Chapter 6.

25 See the contribution by G. Corò, S. Micelli and G. Toschi, "Piccole imprese globali crescono. Nuovo manufatturiero, tecnologie di rete ed *e-commerce* a sostengo del *made in Italy*", in Chapter 6.

An extraordinary plan to promote "made in Italy" products and attract investment is launched

The system's main governance instrument is the Steering Committee for International Italy, co-chaired by the Minister for Economic Development and the Minister for Foreign Affairs and International Cooperation, which sets guidelines and strategies for the external promotion and internationalization of Italy's productive system. At the beginning of 2015 the Steering Committee approved the framework of the operational program to implement the Extraordinary Plan to Promote Made in Italy Products and Attract Investment to Italy, consisting in the ten macro-objectives established by Law 164/2014.[26] The Ministry for Economic Development has ensured that additional funding totaling €130 million will be available for the first of the three years of the Plan. The Steering Committee also identified a group of regions and countries to receive priority in the activities to support internationalization and approved the basic stages of the reorganization of the ICE – Italian Trade Agency, aimed at strengthening its attention to the needs of small and medium-sized enterprises and better coordinating the work to attract foreign investment, while improving efficiency and curbing costs. Lastly, in reaffirming the necessity of a coordinated approach, the Steering Committee acknowledged the regional governments' intention to promote the products in which their respective territories specialize but underscored the desirability of their doing so within a single frame of reference under the national strategies for internationalization, with a common effort directed to specific sectors and events.[27] It is worth noting that a number of interregional projects in which the ICE participates are already under way.

The government renews instruments and networks

Overall, 2014 testifies to the continuing dynamism of support activity in the form of the provision of real services to firms. The resources made available for incentives and real services were unchanged with respect to 2013. The increase in the number of firms using services supplied by the ICE was set against a decline in the number of those assisted by the Chambers of Commerce and by the Ministry for Economic Development.

The Ministry for Economic Development and the Ministry for Foreign Affairs and International Cooperation proceeded with their activity focusing respectively on the provision of subsidies to Italian firms and on the circulation of useful information for the activation of new internationalization initiatives. The Ministry for Foreign Affairs and International Cooperation reoriented its network with a view to improving its assistance to firms on foreign markets.

Restructuring enables the ICE to step up its activity

In 2014 and the first few months of 2015 the ICE carried out vigorous measures of restructuring, partly redesigning its organization chart. Allocations and expenditures for promotional activity increased again, although they did not reach the levels recorded at the start of the decade. The output indicators for information, assistance and training services rose, and activity for the creation of partnerships and participation in competitive tendering procedures grew. Among the activities performed by the ICE, the roadshows

26 See the box "Il Piano straordinario per la promozione del *Made in Italy* e per l'attrazione degli investimenti dall'estero" and the contribution by M. Mutinelli and L. Sansoucy, "L'esperienza delle agenzie nazionali di promozione degli investimenti esteri in Europa", in Chapter 7.

27 See the contribution by L. Gudas and M. Saladini, "I rapporti tra stato e regioni nelle politiche di sostegno all'internazionalizzazione", in Chapter 7.

for internationalization and the programs of communication, networking and invitation of foreign delegates on the occasion of the Milan Universal Exposition (Expo 2015) deserve special mention.

New resources for territorial policies are made available by the EU

Against the background of a further rationalization of activities, local government bodies continued their support action. Expenditure increased in seven regions (six in the Center or North and one in the South), while it remained unchanged or diminished in the others. Planning began for the structural funds made available by the new EU budget and centering on *intelligent specialization*, closely linked with the processes of internationalization. Many regions also implemented special programs in connection with Expo 2015.

The number of promotional initiatives undertaken by the Chambers of Commerce increases

The Chambers of Commerce carried out more than 3,600 promotional initiatives, two-thirds of which in the North. The Worldpass website that provides information services was developed further. The Chambers of Commerce and the Union of Chambers of Commerce were active participants in system initiatives such as governmental missions and roadshows.

With regard to financial services and incentives, the reduction in lending and integrated bancassurance products was accompanied by an increase in insurance guarantees and investments in foreign campanies. In 2014 the total value of international support transactions backed by Cassa Depositi e Prestiti (CDP) grew, thanks to more extensive involvement of the banking sector, while the flow of CDP's own lending diminished. By contrast, SACE recorded growth both in the number of customer firms and in its new insurance commitments. SIMEST increased its commitment of equity capital, concentrating its investments in a smaller number of customer firms; the value of assisted transactions decreased. Cooperation among the components of the public support system in the financial field continued to produce positive effects.

CDP creates a facility reserved to exporting SMEs

Starting in 2014 CDP has also been able to offer loans guaranteed by credit institutions or by insurance companies other than SACE. In order to exploit this new possibility, CDP has created an export facility reserved to small and mid-sized exporters. Export Banca, which serves large-scale exporters, continued its operations, with 60 percent of its lending going to the shipbuilding sector and 66 percent relating to transactions in the United States. CDP's activity had a significant impact on the attraction of foreign investment.[28]

SIMEST introduces innovations in facilitated loans for SMEs

In 2014 Società italiana per le imprese all'estero (SIMEST) continued to provide support for Italian direct investment abroad. There was a slight decrease in shareholdings acquired drawing on its own equity capital and an increase in those drawing on the venture capital fund. Export facilitation went down sharply, as did the other main types of facilitation managed by SIMEST. Changes were made to the mechanism of facilitated loans under Law 394/1981, primarily with a view to assisting SMEs in internationalizing production.[29]

SACE total exposure and supply of services grow

In 2014, in a macroeconomic setting still characterized by weak growth and by geopolitical crises, Servizi Assicurativi del Commercio Estero (SACE) strengthened its role. Its parent company's total exposure grew, thanks to an increase in the transactions insured in the different branches of activity.

28 See the box "Il ruolo di Cassa depositi e prestiti e del Fondo strategico italiano nell'attrazione degli investimenti diretti esteri" in Chapter 7.

29 See the box "Novità introdotte a valere sul Fondo ex lege 394 del 1981" in Chapter 7.

During the year SACE enriched its supply with important new financial services and products (Trade Finance, Export Development Fund, bond issue) and new real services (Advisory, new website, Export Map).[30]

The ICE's activities are subjected to evaluation procedures based not only on output indicators, such as the number of users served and promotional activities completed, but also on outcome indicators, for example, the percent of customers satisfied with the services supplied. At the end of an evaluation of the results reached in the light of the strategic objectives assigned to the organization by the Performance Plan, the ICE's overall score in 2014 was 94.8 out of 100. The customer satisfaction surveys attest to firms' high regard for the work of the ICE

In order to adjust the policies to support internationalization and continually enhance their effectiveness, it is necessary to have a thorough knowledge of the firms that utilize them. The exporting firms that turned to the ICE for assistance in 2014 are marked by considerable diversity. Their distribution by firm size differs from that of Italian exporting firms: although most of the ICE's customer firms are small too, they include a much higher proportion of medium-sized and large companies, in terms of workers and export sales, than is found among the general population of Italian exporting firms. The differences in size characteristics also have an impact on the demand for the different types of support services: while micro-firms are chiefly interested in free-of-charge information services (online and initial orientation) and make less use of promotional support, the opposite holds in the case of firms with export sales of more than €250,000, which are interested above all in participating in promotional events (also because they are in a position to support higher costs) and make less use of free online information services.[31]

8. Concluding remarks

Although it remains subject to a host of uncertainties, the current global economic recovery is gaining traction, but this is happening in an appreciably different environment from the one prevailing in the years before the crisis.

The customary comparison between advanced economies and emerging and developing economies is no longer sufficient to grasp the salient features of the situation. The acceleration of the former and the slowing of the latter conceal significant differences in the growth paths and models of the main countries.

While China is strengthening its position as the world's largest economy by value of output and trade, its growth rate is falling and the underlying tensions are surfacing, heralded by the slump in stock-market prices, in a context of heavy public and private indebtedness. Other major emerging economies, such as Brazil and Russia, are slipping into a new recession, with

30 See the contribution by S. Gorissen, "*Export Opportunity Index*: su quali mercati puntare?", in Chapter 7.

31 See the contribution by C. Castelli, L. Esposito, R. Sacilotto and L. Soriani, "Il sostegno all'internazionalizzazione: le caratteristiche strutturali dell'utenza Ice e la sua distribuzione per tipo di servizi", in Chapter 7.

the decline in commodity prices reigniting their internal contradictions. In Eastern Europe, the Middle East, Africa and the Mediterranean, this decline is exacerbating the long-standing problems that trigger wars, terrorism and political tensions.
At the same time, in Asia and elsewhere, other developing countries are benefiting from the lower cost of raw materials and continue to progress on paths of rapid growth, facilitated by a greater degree of participation in international trade and production networks.
Among the advanced economies, while the United States confirms its traditional role as driver, Japan and the euro area, though recovering, are failing to keep pace with it.
The dire crisis of Greece, independently of its domestic origins, reveals the limits and delays of the process of European integration and threatens its future.
Among the clouds darkening the prospects, for some years now there has also been an unexpected slowing of globalization, shown by the lower elasticity of international trade to output and by the deceleration of foreign direct investment. In addition to short-term factors, the phenomenon may also reflect a transition to a new phase of the international fragmentation of production, with an increase in the domestic value-added content of some value chains.
The growth of international trade and investment is restrained, moreover, by the persistence of significant tariff, quantitative and regulatory barriers. The multilateral trade negotiations are still far from a positive outcome and the intense activism of governments in pursuing preferential liberalization initiatives of various kinds has produced only marginally better results.
Still, an acceleration in the negotiations in the coming months cannot be ruled out, not least because of the growing pressure from the United States after the approval of Trade Promotion Authority. The progress of preferential talks has been restrained up to now by political and social opposition akin to the resistance that has paralyzed the WTO: A positive outcome can be achieved if there is growing awareness of the close link between international integration and the potential for economic growth and social progress of all countries.

The Italian economy is encountering the new features of this situation in a very delicate moment for it. After going through its most severe recession, it is finally showing its capacity for recovery. The fall in domestic demand was extremely deep and also undermined capital formation and long-term potential growth. This is why the pace of the recovery is still slow and hesitant, and the gap to close in order to return to the pre-crisis levels of activity and employment remains large. However, the signs of recovery are strengthening and spreading, fueling the precious ingredient that is confidence.
Among the drivers of growth, a leading role is to be played by exports, which even during the recession had provided important support, attenuating the fall in output. The competitive success of exports is measured not so much by the growth in the surplus on the external current account, which mainly reflects the decline in domestic demand and the lower cost of imported raw materials, as by the trend in market shares.

Although the volume growth of Italian exports of goods and services remains lower than that of world trade and also than the average for euro-area exports, their market shares, measured in value, have given clear signs of recovery in recent years, ending a long downward trend. The most clear-cut competitive successes have been achieved in markets such as the United States, Japan and South Korea and in sectors such as machinery and equipment and pharmaceuticals, but a positive contribution has also come from a change in the sectoral distribution of foreign demand, which has shifted more toward the products where Italian industry enjoys competitive advantage, possibly reflecting their ability to attract the consumer spending of the middle classes in the emerging countries.

In any event, it is on these markets that Italian firms face the most important competitive challenges. A significant core of manufacturing firms has now attained the necessary size and organizational maturity to confront them with success, partly as a result of the processes of competitive selection generated by exposure to foreign competition and exacerbated by the recession.

However, the bulk of Italian industry continues to consist of the small and medium-size enterprises that built the success of hallmark Italian products in decades past through the experience of industrial districts. The recession has dealt severe blows to this fabric and many firms have been forced to close, failing to overcome the financial and organizational limitations connected with smallness.

But this outcome is not inevitable. The lowering of access costs to international markets made possible by the digital revolution is opening up new prospects for Italian SMEs as well as for other firms. And so the crucial role played by firms' capacity to introduce the technological and organizational innovations needed in order to increase their own market power in exports and successfully participate in international production networks is even more evident than before. Whatever the size of firms, this capacity hinges on the quality of human resources they employ, which relates to the quality of the national and local systems of training, research and innovation.

A far from negligible contribution can come from the policies to support internationalization. First of all, more systematic and effective action to stimulate the flow of new investment from abroad and reduce Italy's large gap in its pull capacity with respect to the other major European countries could contribute significantly to strengthening the productive fabric and the circulation of innovations.

In addition, the improvements being made in the coordination and efficiency of the different instruments of public support for Italian firms' internationalization can be turned more fully to account if there is success in concretely creating the virtuous circle linking international openness to firms' innovative capacity and to the social system's development potential.

STATISTICAL TABLES

Table 1.1 – World trade and foreign direct investment (1)
Values in billions of dollars, % change

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Trade in goods										
Value (2)	10,509	12,131	14,023	16,160	12,555	15,301	18,333	18,408	18,826	18,935
% change	-	15.4	15.6	15.2	-22.3	21.9	19.8	0.4	2.3	0.6
Percentage changes in the indices										
Volume index	6.4	8.7	6.5	2.0	-12.2	14.1	5.4	2.2	2.7	2.7
Average unit value index	7.1	6.3	8.6	13.1	-11.8	6.7	13.8	-2.0	-0.6	-2.0
Trade in commercial services										
Value	2,575	2,917	3,486	3,947	3,519	3,820	4,285	4,428	4,667	4,862
% change	-	13.3	19.5	13.2	-10.9	8.6	12.1	3.4	5.4	4.2
Foreign direct investment										
Value	927	1,393	1,872	1,490	1,186	1,328	1,564	1,403	1,467	1,228
% change	-	50.2	34.3	-20.4	-20.4	11.9	17.7	-10.3	4.6	-16.3
As a percentage of world trade in goods and services	7.1	9.3	10.7	7.4	7.4	6.9	6.9	6.1	6.2	5.2

(1) Exports for goods and services, inflows for foreign direct investment.
(2) Includes Hong Kong re-exports.

Sources: Based on WTO data for trade in goods and services and UNCTAD data for foreign direct investment

Table 1.2 – Regional shares of world merchandise exports
At current prices

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
European Union	**39.3**	**38.4**	**38.7**	**37.1**	**37.3**	**33.6**	**32.9**	**31.2**	**32.0**	**32.3**
Euro area	30.7	29.6	30.3	28.9	29.3	26.2	25.4	24.2	24.6	24.9
Other EU countries	8.7	8.7	8.4	8.2	8.1	7.4	7.5	7.0	7.5	7.4
Other European countries	**5.9**	**6.0**	**6.2**	**6.8**	**6.1**	**6.1**	**6.5**	**6.8**	**6.6**	**6.3**
Africa	**2.7**	**2.9**	**2.9**	**3.3**	**2.9**	**3.1**	**3.1**	**3.2**	**3.0**	**2.7**
North America	**12.2**	**11.9**	**11.4**	**10.9**	**11.1**	**11.2**	**10.8**	**11.2**	**11.2**	**11.4**
South and Central America	**5.6**	**5.7**	**5.6**	**5.6**	**5.6**	**5.9**	**6.1**	**6.2**	**6.0**	**6.0**
Middle East	**4.7**	**5.2**	**5.1**	**6.4**	**5.2**	**5.8**	**6.7**	**7.1**	**6.8**	**6.4**
Central Asia	**1.6**	**1.7**	**1.9**	**2.1**	**2.1**	**2.3**	**2.6**	**2.6**	**2.6**	**2.5**
East Asia	**26.7**	**27.0**	**27.0**	**26.3**	**28.1**	**30.3**	**29.4**	**30.1**	**30.2**	**30.7**
Oceania and other territories	**1.3**	**1.3**	**1.3**	**1.4**	**1.5**	**1.7**	**1.8**	**1.7**	**1.7**	**1.6**
World	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Sources: Based on IMF-DOTS data and, for Taiwan, Taiwan Directorate General of Customs data

Table 1.3 – Regional shares of world merchandise imports
At current prices

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
European Union	**38.6**	**38.5**	**39.0**	**37.8**	**37.0**	**33.9**	**33.3**	**31.1**	**31.0**	**31.4**
Euro area	28.9	28.5	29.0	28.2	27.8	25.4	24.9	23.0	23.1	23.2
Other EU countries	9.7	10.0	9.9	9.6	9.2	8.5	8.4	8.1	7.9	8.2
Other European countries	**4.4**	**4.7**	**5.2**	**5.6**	**5.0**	**5.2**	**5.5**	**5.5**	**5.5**	**5.2**
Africa	**2.4**	**2.5**	**2.7**	**3.0**	**3.4**	**3.1**	**3.1**	**3.2**	**3.4**	**3.5**
North America	**19.3**	**18.6**	**17.0**	**15.8**	**15.4**	**15.6**	**15.1**	**15.4**	**14.9**	**15.1**
South and Central America	**5.2**	**5.4**	**5.6**	**5.8**	**5.7**	**6.1**	**6.2**	**6.5**	**6.5**	**6.5**
Middle East	**3.3**	**3.3**	**3.5**	**3.9**	**4.1**	**3.9**	**4.0**	**4.3**	**4.5**	**4.7**
Central Asia	**2.0**	**2.2**	**2.5**	**2.9**	**3.0**	**3.2**	**3.5**	**3.6**	**3.7**	**3.7**
East Asia	**23.3**	**23.4**	**23.0**	**23.6**	**24.7**	**27.2**	**27.6**	**28.5**	**28.8**	**28.3**
Oceania and other territories	**1.5**	**1.5**	**1.5**	**1.5**	**1.6**	**1.7**	**1.7**	**1.8**	**1.7**	**1.6**
World	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Sources: Based on IMF-DOTS data and, for Taiwan, Taiwan Directorate General of Customs data

Table 1.4 – Top twenty world merchandise exporters
Amounts in billions of current dollars

Rank			Country	Amount		% change		% share		
2010	2013	2014		2013	2014	2010-14 (1)	2013-14	2010	2013	2014
1	1	1	China	2,209	2,343	10.4	6.1	10.3	11.7	12.4
2	2	2	United States	1,580	1,623	6.1	2.8	8.4	8.4	8.6
3	3	3	Germany	1,452	1,511	4.7	4.1	8.2	7.7	8.0
4	4	4	Japan	715	684	-2.9	-4.4	5.0	3.8	3.6
5	5	5	Netherlands	672	672	4.0	0.1	3.8	3.6	3.6
6	6	6	France	581	583	2.7	0.4	3.4	3.1	3.1
7	7	7	South Korea	560	573	5.3	2.3	3.0	3.0	3.0
8	**11**	**8**	**Italy**	**518**	**529**	**4.3**	**2.0**	**2.9**	**2.8**	**2.8**
11	9	9	Hong Kong	535	524	6.9	-2.1	2.6	2.8	2.8
9	8	10	United Kingdom	541	507	5.1	-6.3	2.7	2.9	2.7
12	10	11	Russia	523	497	5.5	-5.1	2.6	2.8	2.6
13	13	12	Canada	458	474	5.2	3.5	2.5	2.4	2.5
10	12	13	Belgium	469	469	3.6	0.1	2.7	2.5	2.5
14	14	14	Singapore	410	410	3.9	-0.1	2.3	2.2	2.2
15	15	15	Mexico	380	398	7.4	4.6	1.9	2.0	2.1
20	16	16	United Arab Emirates	379	359	13.8	-5.3	1.4	2.0	1.9
18	17	17	Saudi Arabia	376	354	8.9	-6.0	1.6	2.0	1.9
17	18	18	Spain	318	323	6.1	1.5	1.7	1.7	1.7
19	19	19	India	315	317	8.8	0.8	1.5	1.7	1.7
16	20	20	Taiwan	305	314	3.4	2.7	1.8	1.6	1.7
			Total 20 countries	**13,296**	**13,462**	**5.7**	**1.3**	**70.5**	**70.6**	**71.1**
			World	**18,826**	**18,935**	**5.5**	**0.6**	**100.0**	**100.0**	**100.0**

(1) Average annual growth rate.

Source: Based on WTO data

Table 1.5 – Top twenty world merchandise importers
Amounts in billions of current dollars

Rank			Country	Amount		% change		% share		
2010	2013	2014		2013	2014	2010-14 [1]	2013-14	2010	2013	2014
1	1	1	Unites States	2,329	2,409	5.2	3.4	12.7	12.3	12.7
2	2	2	China	1,950	1,960	8.9	0.5	9.0	10.3	10.3
3	3	3	Germany	1,192	1,217	3.6	2.2	6.8	6.3	6.4
4	4	4	Japan	833	822	4.3	-1.3	4.5	4.4	4.3
6	6	5	United Kingdom	656	683	3.7	4.1	3.8	3.5	3.6
5	5	6	France	681	679	2.7	-0.3	3.9	3.6	3.6
9	7	7	Hong Kong	621	601	8.0	-3.3	2.8	3.3	3.2
7	8	8	Netherlands	590	587	3.2	-0.5	3.3	3.1	3.1
10	9	9	South Korea	516	526	5.4	1.9	2.7	2.7	2.8
11	11	10	Canada	474	475	4.2	0.1	2.6	2.5	2.5
8	**10**	**11**	**Italy**	**479**	**472**	**-0.8**	**-1.6**	**3.1**	**2.5**	**2.5**
13	12	12	India	465	460	7.1	-1.1	2.3	2.5	2.4
12	13	13	Belgium	452	451	3.6	-0.1	2.5	2.4	2.4
16	14	14	Mexico	391	412	7.3	5.3	2.0	2.1	2.2
15	15	15	Singapore	373	366	4.2	-1.8	2.0	2.0	1.9
14	17	16	Spain	341	356	2.1	4.5	2.1	1.8	1.9
18	16	17	Russia	341	308	5.5	-9.8	1.6	1.8	1.6
17	18	18	Taiwan	270	274	2.2	1.5	1.6	1.4	1.4
25	20	19	United Arab Emirates	251	262	12.3	4.4	1.1	1.3	1.4
21	19	20	Turkey	252	242	6.9	-3.8	1.2	1.3	1.3
			Total 20 countries	**13,457**	**13,562**	**5.1**	**0.8**	**71.7**	**71.2**	**71.3**
			World	**18,890**	**19,024**	**5.2**	**0.6**	**100.0**	**100.0**	**100.0**

(1) Average annual growth rate.

Source: Based on WTO data

Table 1.6 – Inward foreign direct investment: main recipient countries
Amounts in billions of dollars at current prices

Rank (1)	Country	Flows						Stocks (2)					
		Amount			% composition			Amount			% composition		
		2012	2013	2014	2012	2013	2014	1990	2000	2014	1990	2000	2014
1	China	121	124	129	8.6	8.4	10.5	21	193	1,085	0.9	2.7	4.2
2	Hong Kong	70	74	103	5.0	5.1	8.4	202	435	1,550	9.2	6.0	6.0
3	United States	170	231	92	12.1	15.7	7.5	540	2,783	5,410	24.6	38.6	20.8
4	United Kingdom	59	48	72	4.2	3.2	5.9	204	463	1,663	9.3	6.4	6.4
5	Singapore	57	65	68	4.0	4.4	5.5	30	111	912	1.4	1.5	3.5
6	Brazil	65	64	62	4.7	4.4	5.1	37	122	755	1.7	1.7	2.9
7	Canada	39	71	54	2.8	4.8	4.4	113	213	631	5.1	3.0	2.4
8	Australia	56	54	52	4.0	3.7	4.2	80	122	565	3.7	1.7	2.2
9	India	24	28	34	1.7	1.9	2.8	2	16	252	0.1	0.2	1.0
10	Netherlands	18	32	30	1.3	2.2	2.5	72	244	664	3.3	3.4	2.6
11	Chile	25	17	23	1.8	1.1	1.9	16	46	208	0.7	0.6	0.8
12	Spain	26	42	23	1.8	2.8	1.9	66	156	722	3.0	2.2	2.8
13	Mexico	19	45	23	1.4	3.0	1.9	22	122	338	1.0	1.7	1.3
14	Indonesia	19	19	23	1.4	1.3	1.8	9	25	253	0.4	0.3	1.0
15	Switzerland	16	-23	22	1.1	-1.5	1.8	34	87	682	1.6	1.2	2.6
16	Russia	51	69	21	3.6	4.7	1.7	-	32	379	-	0.4	1.5
17	Finland	4	-5	19	0.3	-0.4	1.5	4	24	133	0.2	0.3	0.5
18	Colombia	15	16	16	1.1	1.1	1.3	4	11	142	0.2	0.2	0.5
19	France	17	43	15	1.2	2.9	1.2	104	184	729	4.7	2.6	2.8
20	Poland	7	0	14	0.5	0.0	1.1	0	34	245	0.0	0.5	0.9
	World	1,403	1,467	1,228	100.0	100.0	100.0	2,198	7,202	26,039	100.0	100.0	100.0

(1) Sorted according to 2014 flow data.
(2) Italy did not rank among the top twenty countries by flows in 2014. Italy's stock in 2014 amounted to $374 billion.

Source: Based on UNCTAD data

Table 1.7 – Outward foreign direct investment: main investor countries
Amounts in billions of dollars at current prices

Rank (1)	Country	Flows						Stocks					
		Amount			% composition			Amount			% composition		
		2012	2013	2014	2012	2013	2014	1990	2000	2014	1990	2000	2014
1	United States	311	328	337	24.3	25.1	24.9	732	2,694	6,319	32.5	36.9	24.4
2	Hong Kong	83	81	143	6.5	6.2	10.5	12	379	1,460	0.5	5.2	5.6
3	China	88	101	116	6.8	7.7	8.6	4	28	730	0.2	0.4	2.8
4	Japan	123	136	114	9.5	10.4	8.4	201	278	1,193	8.9	3.8	4.6
5	Germany	66	30	112	5.1	2.3	8.3	309	542	1,583	13.7	7.4	6.1
6	Russia	49	87	56	3.8	6.6	4.2	-	20	432	-	0.3	1.7
7	Canada	54	51	53	4.2	3.9	3.9	85	238	715	3.8	3.3	2.8
8	France	32	25	43	2.5	1.9	3.2	120	366	1,279	5.3	5.0	4.9
9	Netherlands	5	57	41	0.4	4.4	3.0	105	305	985	4.7	4.2	3.8
10	Singapore	15	29	41	1.2	2.2	3.0	8	57	576	0.3	0.8	2.2
11	Ireland	15	24	32	1.2	1.8	2.3	15	28	628	0.7	0.4	2.4
12	Spain	-4	26	31	-0.3	2.0	2.3	16	129	674	0.7	1.8	2.6
13	South Korea	31	28	31	2.4	2.2	2.3	2	22	259	0.1	0.3	1.0
14	Italy	8	31	23	0.6	2.4	1.7	60	170	548	2.7	2.3	2.1
15	Norway	20	21	19	1.5	1.6	1.4	11	34	214	0.5	0.5	0.8
16	Switzerland	43	10	17	3.4	0.8	1.2	66	232	1,131	2.9	3.2	4.4
17	Malaysia	17	14	16	1.3	1.1	1.2	1	16	136	0.0	0.2	0.5
18	Kuwait	7	17	13	0.5	1.3	1.0	4	1	37	0.2	0.0	0.1
19	Chile	17	8	13	1.3	0.6	1.0	0	11	90	0.0	0.2	0.3
20	Taiwan	13	14	13	1.0	1.1	0.9	30	67	259	1.3	0.9	1.0
	World	1,284	1,306	1,354	100.0	100.0	100.0	2,254	7,298	25,875	100.0	100.0	100.0

(1) Sorted according to 2014 flow data.

Source: Based on UNCTAD data

Table 2.1 – Italy's balance of payments
Millions of euros

	2010	2011	2012	2013	2014
Current account	**-55,711**	**-50,371**	**-6,939**	**14,967**	**30,940**
Capital account	**46**	**1,032**	**3,959**	**161**	**3,355**
Financial account	**-87,735**	**-69,063**	**-14,806**	**11,333**	**50,208**
Direct investment	16,057	12,325	5,272	3,622	9,045
Abroad	23,232	37,016	5,220	18,260	19,715
In Italy	7,174	24,691	-52	14,638	10,670
Portfolio investment	42,513	9,735	-25,883	-14,564	-4,457
Assets	31,398	-34,756	-61,471	20,655	93,246
Liabilities	-11,115	-44,492	-35,589	35,220	97,704
Other investments	-152,307	-84,806	-1,496	17,713	50,155
Assets	-51,738	41,832	37,333	-28,056	14,379
Liabilities	100,569	126,639	38,830	-45,769	-35,775
Financial derivatives	4,969	-7,257	5,839	3,035	-3,581
Change in reserve assets	1,033	941	1,461	1,528	-953
Errors and omissions	**-32,070**	**-19,723**	**-11,826**	**-3,795**	**15,912**

Current account balance

	2010	2011	2012	2013	2014
Goods (FOB-FOB)	**-21,730**	**-18,583**	**16,829**	**36,103**	**49,462**
Services	**-9,154**	**-6,157**	**-130**	**1,369**	**455**
Transport	-8,517	-8,677	-8,223	-7,891	-8,345
Foreign travel	8,841	10,308	11,543	12,755	12,528
Other services	-9,478	-7,788	-3,450	-3,494	-3,729
Primary income	**-4,826**	**-6,378**	**-4,122**	**-4,448**	**-2,343**
Labor income	2,179	2,618	3,677	2,967	3,579
Investment income	-9,873	-12,044	-10,814	-10,724	-9,818
Others	2,869	3,048	3,015	3,309	3,896
Secondary income	**-20,002**	**-19,253**	**-19,516**	**-18,056**	**-16,634**
Public administrations	-13,970	-14,212	-13,597	-15,360	-14,559
Other sectors	-6,032	-5,041	-5,918	-2,697	-2,075
of which: workers' remittances	-6,137	-6,916	-6,347	-5,059	-4,795
Current account	**-55,711**	**-50,371**	**-6,939**	**14,967**	**30,940**

Source: Based on Bank of Italy data

Table 2.2 – Italy's foreign trade in goods and services[1]

Goods	2011	2012	2013	2014
Exports				
Millions of euros	363,867	377,407	379,057	386,936
% change	10.7	3.7	0.4	2.1
Imports				
Millions of euros	382,450	360,579	342,948	337,540
% change	9.2	-5.7	-4.9	-1.6
Trade balance				
Millions of euros	-18,582	16,828	36,109	49,396
Change in amount	3,148	35,410	19,281	13,287
Normalized trade balance [3]	-2.5	2.3	5.0	6.8
Export prices [3]	4.2	1.9	-0.2	-0.4
Import prices [3]	7.9	3.4	-2.3	-3.3
Exports: change in volumes	6.2	1.8	0.7	2.5
Imports: change in volumes	1.2	-8.8	-2.7	1.8
Foreign trade, customs values (millions of euros)				
Exports FOB	375,904	390,182	390,233	397,996
Imports CIF	401,428	380,292	361,002	355,115
Trade balance	-25,524	9,890	29,230	42,882
Services	**2011**	**2012**	**2013**	**2014**
Exports				
Millions of euros	78,352	83,765	84,712	87,712
% change	3.7	6.9	1.1	3.5
Imports				
Millions of euros	85,482	84,445	83,484	85,762
% change	0.1	-1.2	-1.1	2.7
Trade balance				
Millions of euros	-7,131	-680	1,228	1,951
Change in amount	2,735	6,451	1,908	723
Normalized trade balance [3]	-4.4	-0.4	0.7	1.1
Export prices [3]	3.1	1.8	1.5	0.2
Import prices [3]	2.2	4.2	-0.2	0.7
Exports: change in volumes	0.6	5.0	-0.3	3.3
Imports: change in volumes	-2.1	-5.2	-0.9	2.1

[1] National accounting data.
[2] Trade balance as a percentage of the sum of exports and imports.
[3] Deflators are implicit.

Source: Based on Istat data

Table 2.3.A - Constant-market-share analysis of Italy's share of world imports (1)(2)
Percentages on current values

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2005-2014
Market share	**3.39**	**3.32**	**3.46**	**3.33**	**3.24**	**2.91**	**2.88**	**2.77**	**2.78**	**2.86**	-
change	-	-0.07	0.14	-0.13	-0.09	-0.33	-0.03	-0.11	0.01	0.08	-0.53
Competitiveness effect		**0.04**	**0.00**	**-0.02**	**-0.07**	**0.00**	**-0.02**	**0.04**	**-0.02**	**0.00**	**-0.05**
Structure effect		**-0.10**	**0.16**	**-0.12**	**-0.01**	**-0.32**	**-0.01**	**-0.12**	**0.04**	**0.10**	**-0.37**
sectoral		-0.06	0.07	-0.13	0.09	-0.15	-0.04	-0.04	0.04	0.10	-0.12
geographical		-0.06	0.14	-0.09	0.03	-0.27	-0.03	-0.12	0.03	0.06	-0.31
interaction		0.03	-0.05	0.10	-0.13	0.09	0.06	0.05	-0.03	-0.06	0.06
Adaptation effect		**-0.02**	**-0.02**	**0.01**	**-0.01**	**-0.01**	**0.00**	**-0.02**	**-0.01**	**-0.02**	**-0.11**

Table 2.3.B - Constant-market-share analysis of Italy's share of world imports from the euro area (1)(2)
Percentages on current values

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2005-2014
Market share	**11.05**	**11.04**	**11.10**	**11.06**	**10.64**	**10.44**	**10.48**	**10.58**	**10.50**	**10.57**	
change	-	0.00	0.06	-0.04	-0.42	-0.19	0.04	0.11	-0.09	0.07	-0.48
Competitiveness effect		**0.17**	**0.00**	**-0.05**	**-0.24**	**0.04**	**-0.06**	**0.16**	**-0.09**	**0.03**	**-0.04**
Structure effect		**-0.12**	**0.13**	**-0.01**	**-0.16**	**-0.21**	**0.11**	**0.05**	**0.03**	**0.13**	**-0.04**
sectoral		-0.11	0.11	0.02	-0.09	-0.18	0.05	-0.04	0.08	0.08	-0.07
geographical		0.00	0.05	0.07	0.01	-0.04	0.03	0.06	0.00	0.00	0.17
interaction		-0.02	-0.03	-0.10	-0.07	0.01	0.03	0.04	-0.05	0.04	-0.14
Adaptation effect		**-0.05**	**-0.07**	**0.02**	**-0.03**	**-0.03**	**-0.01**	**-0.10**	**-0.04**	**-0.09**	**-0.39**

(1) The "world" consists of 42 countries: the 28 European Union countries plus Argentina, Brazil, Canada, China, Hong Kong, Japan, Malaysia, Mexico, Philippines, South Korea, Switzerland, Taiwan, Turkey and the United States.
(2) The competitiveness effect is the weighted average of the changes in the elementary shares; it can be considered to reflect the changes in relative prices and in the other determinants of competitive success. The structure effect depends on the degree of conformity between the geographical and sectoral specialization of the country whose share is analyzed and the changes in the composition of demand in the market in question, while the adaptation effect measures flexibility with respect to such changes.

Sources: Based on data published by Eurostat and national statistical institutes

Table 2.4 - Italy's trade in goods by region and with the main countries
Amounts in millions of euros

	Exports				Imports				Balance	
	2014	% share	% change in value 2013/2014	% change in value (1) 2010-2014	2014	% share	% change in value 2013/2014	% change in value (1) 2010-2014	2013	2014
European Union	**217,721**	**54.7**	**3.8**	**2.7**	**202,896**	**57.1**	**1.4**	**0.0**	**9,661**	**14,825**
France	42,014	10.6	-0.6	1.7	30,646	8.6	0.4	-1.2	11,778	11,368
Germany	50,060	12.6	3.3	3.4	54,618	15.4	2.5	-1.9	-4,826	-4,559
United Kingdom	20,907	5.3	6.7	4.4	10,071	2.8	4.1	0.1	9,921	10,837
Spain	17,944	4.5	4.5	-2.2	17,035	4.8	4.2	0.4	812	909
Non EU countries	**46,993**	**11.8**	**-7.2**	**5.1**	**40,131**	**11.3**	**-8.3**	**2.5**	**6,835**	**6,862**
Russia	9,523	2.4	-11.6	4.8	16,164	4.6	-20.0	2.5	-9,426	-6,641
Switzerland	19,074	4.8	-6.4	4.8	10,534	3.0	-1.0	0.8	9,744	8,540
Turkey	9,755	2.5	-3.3	5.0	5,705	1.6	3.6	2.6	4,579	4,050
North Africa	**14,038**	**3.5**	**-4.7**	**1.2**	**13,680**	**3.9**	**-28.7**	**-14.1**	**-4,461**	**358**
Other African countries	**6,207**	**1.6**	**8.9**	**8.7**	**7,589**	**2.1**	**-1.7**	**7.5**	**-2,020**	**-1,382**
North America	**32,904**	**8.3**	**9.4**	**9.7**	**14,968**	**4.2**	**13.9**	**4.3**	**16,930**	**17,936**
United States	29,802	7.5	10.2	10.0	12,495	3.5	8.3	2.9	15,512	17,307
South and Central America	**13,921**	**3.5**	**-4.6**	**5.8**	**9,516**	**2.7**	**6.0**	**-1.0**	**5,608**	**4,405**
Argentina	1,032	0.3	-5.0	2.2	883	0.2	7.3	-9.1	264	150
Brazil	4,696	1.2	-7.5	4.9	3,101	0.9	-3.4	-1.6	1,865	1,595
Mexico	3,080	0.8	-6.2	4.7	1,202	0.3	31.9	17.9	2,372	1,878
Middle East	**19,867**	**5.0**	**-0.6**	**5.3**	**16,579**	**4.7**	**-17.9**	**-5.7**	**-207**	**3,289**
Saudi Arabia	4,824	1.2	7.6	15.9	4,191	1.2	-23.8	6.7	-1,018	633
United Arab Emirates	5,316	1.3	-3.5	9.6	628	0.2	-51.7	8.7	4,208	4,688
Central Asia	**5,082**	**1.3**	**3.4**	**-2.7**	**9,109**	**2.6**	**-6.5**	**4.0**	**-4,828**	**-4,027**
India	3,041	0.8	2.4	-2.7	4,159	1.2	4.7	2.1	-1,003	-1,118
East Asia	**33,944**	**8.5**	**4.9**	**8.5**	**38,892**	**11.0**	**7.1**	**-3.2**	**-3,956**	**-4,948**
China	10,494	2.6	6.6	5.1	25,055	7.1	8.6	-3.4	-13,228	-14,560
South Korea	4,161	1.0	10.0	13.4	2,343	0.7	-0.7	-5.9	1,424	1,819
Japan	5,364	1.3	-10.9	7.5	2,705	0.8	5.4	-10.9	3,457	2,659
Oceania	**4,154**	**1.0**	**-4.5**	**7.2**	**917**	**0.3**	**-6.7**	**-6.0**	**3,369**	**3,237**
Other territories	**3,167**	**0.8**	**2.4**	**9.6**	**838**	**0.2**	**5.4**	**6.4**	**2,299**	**2,328**
World	**397,996**	**100.0**	**2.0**	**4.2**	**355,115**	**100.0**	**-1.6**	**-0.8**	**29,230**	**42,882**

(1) Average annual growth rate.

Source: Based on Istat data

Table 2.5 – Size of markets and Italian exports' market shares
% shares

	Markets' size (1)			Italy's share of world exports (2)				Italy's share of euro-area exports (3)			
	2000	2013	2014	2000	2010	2013	2014	2000	2010	2013	2014
European Union	**38.4**	**31.5**	**31.9**	**6.0**	**4.9**	**4.7**	**4.8**	**11.3**	**9.9**	**9.6**	**9.7**
France	5.1	3.6	3.6	9.4	8.3	8.2	8.2	16.0	14.1	13.9	13.7
Germany	7.8	6.4	6.5	7.5	5.8	5.6	5.6	14.8	11.9	11.8	12.0
United Kingdom	5.2	3.4	3.5	4.9	4.1	3.9	4.0	9.5	9.0	8.2	8.2
Spain	2.2	1.8	1.9	9.6	8.1	7.0	7.0	16.0	15.5	14.4	14.1
Non EU countries	**3.7**	**5.6**	**5.3**	**6.9**	**6.2**	**6.0**	**6.2**	**14.3**	**14.9**	**15.6**	**15.6**
Russia	0.5	1.7	1.6	5.3	4.8	4.5	4.4	13.8	12.2	12.2	12.7
Switzerland	1.3	1.1	1.1	8.5	9.0	8.8	9.9	13.5	17.0	18.5	17.6
Turkey	0.8	1.4	1.3	8.5	6.4	6.1	6.0	18.1	16.6	16.7	16.8
North Africa	**0.9**	**1.2**	**1.2**	**11.0**	**10.0**	**9.1**	**8.5**	**21.1**	**23.7**	**22.5**	**21.4**
Other African countries	**1.2**	**2.3**	**2.3**	**3.6**	**2.1**	**2.0**	**2.0**	**11.1**	**9.0**	**8.9**	**9.6**
North America	**23.3**	**15.1**	**15.3**	**1.9**	**1.3**	**1.5**	**1.6**	**15.5**	**11.3**	**12.2**	**12.5**
United States	19.2	12.3	12.6	2.1	1.5	1.7	1.7	15.4	11.2	12.2	12.4
South and Central America	**6.4**	**6.6**	**6.6**	**2.6**	**1.7**	**1.7**	**1.6**	**19.2**	**14.0**	**14.4**	**14.5**
Brazil	1.0	1.4	1.4	4.0	2.8	2.8	2.7	17.1	14.5	15.1	15.1
Mexico	3.0	2.3	2.4	1.2	1.3	1.2	1.1	15.6	13.7	13.7	12.4
Middle East	**2.3**	**4.5**	**4.8**	**5.3**	**3.6**	**3.3**	**3.2**	**18.6**	**18.5**	**18.9**	**18.2**
United Arab Emirates	0.4	1.4	1.5	4.8	3.0	3.2	2.9	19.6	17.4	18.5	16.8
Central Asia	**1.4**	**3.8**	**3.8**	**2.0**	**1.5**	**1.1**	**1.1**	**12.1**	**14.8**	**12.1**	**12.3**
India	0.8	2.5	2.5	2.1	1.3	1.0	1.0	11.1	12.4	10.8	10.8
East Asia	**21.0**	**27.7**	**27.2**	**1.3**	**0.9**	**0.9**	**0.9**	**13.5**	**10.4**	**10.9**	**10.9**
China	3.5	10.6	10.2	1.1	1.0	0.8	0.9	11.5	9.0	8.1	8.0
South Korea	2.5	2.8	2.8	1.2	0.8	1.0	1.1	13.8	10.9	12.2	11.9
Japan	5.9	4.5	4.3	1.2	0.9	1.1	1.0	12.6	11.5	13.8	12.5
Singapore	2.1	2.0	1.9	1.2	0.7	0.8	0.8	13.8	7.6	8.9	10.0
Oceania and other territories	**1.4**	**1.7**	**1.7**	**2.5**	**1.8**	**2.0**	**1.9**	**16.6**	**12.4**	**11.0**	**11.3**
Australia	1.2	1.4	1.3	2.8	2.1	2.3	2.2	19.1	13.4	15.4	16.3
World	**100.0**	**100.0**	**100.0**	**3.7**	**3.0**	**2.8**	**2.8**	**12.5**	**11.1**	**11.2**	**11.2**

(1) Imports of each market as a percentage of world's imports (excluding Taiwan).
(2) Italy's percentage share of world exports to each market.
(3) Italy's percentage share of euro-area exports to each market.

Sources: Based on IMF-DOTS data and, for Taiwan, Taiwan Directorate General of Customs data

Table 2.6 – Top twenty destination countries of Italian exports
Amounts in millions of euro

		Rank	Amount	% change	Percentage shares		Cumulative percentage
		2013	2014	2013/14	2013	2014	2014
1	Germany	1	50,060	3.3	12.4	12.6	12.6
2	France	2	42,014	-0.6	10.8	10.6	23.1
3	United States	3	29,802	10.2	6.9	7.5	30.6
4	United Kingdom	5	20,907	6.7	5.0	5.3	35.9
5	Switzerland	4	19,074	-6.4	5.2	4.8	40.7
6	Spain	6	17,944	4.5	4.4	4.5	45.2
7	Belgium	7	13,217	15.7	2.9	3.3	48.5
8	China	10	10,494	6.6	2.5	2.6	51.1
9	Poland	11	10,324	9.9	2.4	2.6	53.7
10	Turkey	9	9,755	-3.3	2.6	2.5	56.2
11	Russia	8	9,523	-11.6	2.8	2.4	58.6
12	Netherlands	12	9,285	2.3	2.3	2.3	60.9
13	Austria	13	8,328	-2.1	2.2	2.1	63.0
14	Romania	15	6,195	3.2	1.5	1.6	64.5
15	Hong Kong	18	5,477	15.5	1.2	1.4	65.9
16	Japan	14	5,364	-10.9	1.5	1.3	67.3
17	United Arab Emirates	16	5,316	-3.5	1.4	1.3	68.6
18	Saudi Arabia	19	4,824	7.6	1.1	1.2	69.8
19	Brazil	17	4,696	-7.5	1.3	1.2	71.0
20	Czech Republic	21	4,658	9.4	1.1	1.2	72.2
	Other countries		110,739			27.8	100.0
	World		397,996	2.0	100.0	100.0	100.0

Source: Based on Istat data

Table 2.7 – Italian imports: top twenty countries of origin
Amounts in millions of euros

		Rank	Amount	% change	Percentage shares		Cumulative percentage
		2013	2014	2013/14	2013	2014	2014
1	Germany	1	54,618	2.5	14.8	15.4	15.4
2	France	2	30,646	0.4	8.5	8.6	24.0
3	China	3	25,055	8.6	6.4	7.1	31.1
4	Netherlands	4	19,634	-5.1	5.7	5.5	36.6
5	Spain	6	17,035	4.2	4.5	4.8	41.4
6	Russia	5	16,164	-20.0	5.6	4.6	45.9
7	Belgium	7	15,115	0.6	4.2	4.3	50.2
8	United States	8	12,495	8.3	3.2	3.5	53.7
9	Switzerland	9	10,534	-1.0	2.9	3.0	56.7
10	United Kingdom	10	10,071	4.1	2.7	2.8	59.5
11	Austria	11	8,462	-4.4	2.5	2.4	61.9
12	Poland	14	7,160	8.0	1.8	2.0	63.9
13	Romania	18	5,735	10.5	1.4	1.6	65.5
14	Turkey	16	5,705	3.6	1.5	1.6	67.1
15	Azerbaijan	13	5,487	-20.4	1.9	1.5	68.7
16	Czech Republic	19	4,878	9.3	1.2	1.4	70.1
17	Libya	12	4,543	-43.9	2.2	1.3	71.3
18	Saudi Arabia	17	4,191	-23.8	1.5	1.2	72.5
19	India	20	4,159	4.6	1.1	1.2	73.7
20	Hungary	21	4,066	5.0	1.1	1.1	74.8
	Other countries		89,361			25.2	100.0
	World		355,115	-1.6	100.0	100.0	100.0

Source: Based on Istat data

Table 2.8 – Exports and imports of goods by sector: values
Millions of euros and percentage changes

	Exports			Imports			Balance	
	2014	2010-14[1] % change	2013-14 % change	2014	2010-14[1] % change	2013-14 % change	2013	2014
Products of agriculture, fishing and forestry	**5,922**	**1.3**	**-1.0**	**12,961**	**3.9**	**2.2**	**-6,712**	**-7,052**
Mining products	**1,190**	**0.5**	**-0.9**	**47,912**	**-5.1**	**-19.7**	**-58,448**	**-46,722**
Crude oil and natural gas	374	-5.4	-13.4	44,261	-4.9	-20.3	-55,068	-43,887
Manufacturing products	**381,936**	**4.3**	**2.2**	**282,483**	**-0.2**	**2.1**	**97,047**	**99,456**
Food products, beverages and tobacco	28,391	6.4	3.2	28,931	3.4	2.9	-598	-540
Textiles, apparel and leather products	46,892	5.9	4.3	28,722	2.6	7.9	18,352	18,170
Textile articles	9,747	2.1	3.6	6,516	1.9	5.8	3,247	3,232
Wearing apparel	18,548	5.4	4.3	12,629	1.2	8.7	6,173	5,919
Leather and leather products (excluding apparel)	18,597	8.6	4.6	9,577	5.1	8.3	8,932	9,020
Footwear	8,726	5.9	4.0	4,781	2.8	7.5	3,947	3,945
Wood and wood products (excluding furniture)	1,570	3.0	3.8	3,048	-2.6	5.6	-1,373	-1,478
Paper and paper products; printing	6,424	2.8	2.6	6,399	-0.8	1.1	-65	25
Coke and refined petroleum products	14,044	-1.3	-14.2	10,123	4.3	-17.1	4,161	3,923
Chemical substances and products	25,949	3.5	1.7	34,248	1.6	-1.4	-9,212	-8,299
Pharmaceutical, medicinal and botanical products	20,735	10.4	5.6	19,679	3.2	-5.1	-1,095	1,056
Rubber and plastic products	14,225	3.6	2.4	8,848	3.0	3.6	5,360	5,376
Non-metallic mineral products	9,501	2.8	1.5	3,435	-0.1	7.8	6,175	6,066
Basic metal products and fabricated metal products	44,617	3.2	-2.0	35,992	-0.1	2.1	10,304	8,624
Iron and steel products	26,118	2.9	-4.5	28,832	-0.5	1.3	-1,105	-2,715
Fabricated metal products	18,499	3.7	1.7	7,160	1.7	5.6	11,409	11,339
Computers, electronic and optical apparatus	12,041	0.9	-2.2	22,450	-9.8	-1.8	-10,563	-10,408
Electrical apparatus	20,826	1.8	2.9	13,575	0.5	4.9	7,301	7,251
Mechanical machinery and equipment	74,194	5.4	3.6	23,817	1.5	6.5	49,240	50,377
Transport equipment	39,905	3.7	7.2	31,902	-4.2	8.0	7,694	8,003
Motor vehicles and trailers	27,614	5.1	4.0	26,771	-3.4	10.3	2,279	843
Other transport equipment	12,290	0.9	14.9	5,131	-7.8	-2.8	5,415	7,159
Furniture	8,633	2.7	3.2	1,756	-0.4	11.1	6,787	6,877
Other manufactured products	13,991	5.8	3.7	9,559	1.9	7.3	4,581	4,432
Jewellery	6,035	7.2	-0.2	2,147	7.6	12.3	4,135	3,888
Other products	**8,948**	**2.9**	**-2.9**	**11,747**	**-1.5**	**-1.1**	**-2,656**	**-2,800**
Total	**397,996**	**4.2**	**2.0**	**355,115**	**-0.9**	**-1.6**	**29,230**	**42,882**

[1] Annual average growth rate.

Source: Based on Istat data

Table 2.9 – Exports and imports of goods by sector: volumes and prices
Percentage changes; 2014 indices, 2010=100

	Exports						Imports					
	Volumes		Average unit values		Prices		Volumes		Average unit values		Prices	
	2013-14 % changes	2014 Indices	2013-14 % changes	2014 Indices	2013-14 % changes	2014 Indices	2013-14 % changes	2014 Indices	2013-14 % changes	2014 Indices	2013-14 % changes	2014 Indices
Products of agriculture, fishing and forestry	**0.9**	**92.1**	**-2.2**	**114.3**	-	-	**2.8**	**95.5**	**-0.6**	**121.9**	-	-
Mining products	**2.5**	**92.0**	**-3.1**	**111.3**	**-1.8**	**99.8**	**-9.3**	**68.6**	**-11.5**	**118.3**	**-7.4**	**121.0**
Manufacturing products	**0.6**	**103.1**	**1.5**	**114.8**	**-0.2**	**104.6**	**2.1**	**91.4**	**-0.1**	**108.5**	**-1.8**	**102.2**
Food products, beverages and tobacco.	1.5	109.5	1.7	116.8	0.7	108.2	2.9	98.1	0.1	116.5	-2.7	112.5
Textiles, apparel and leather products	0.2	101.3	4.0	123.9	1.4	107.0	5.7	90.7	2.1	122.1	0.0	109.5
Textile articles	2.4	92.2	1.3	117.8	1.6	110.8	5.9	89.7	-0.1	120.1	-1.0	110.9
Wearing apparel	0.7	101.7	3.6	121.2	1.2	104.7	7.8	91.4	0.9	114.6	-0.8	106.8
Leather and leather products (exc. apparel), footwear	-1.1	107.8	5.7	129.2	1.2	106.1	2.7	91.2	5.4	134.0	2.1	112.5
Footwear	-1.7	99.4	5.8	127.1	0.9	105.8	4.9	90.9	2.4	123.2	-0.4	108.9
Wood and wood products (excluding furniture)	0.9	102.1	3.0	110.2	2.2	107.0	3.4	82.2	2.2	109.6	0.7	105.3
Paper and paper products	2.5	107.3	0.1	103.9	0.4	103.3	2.5	97.5	-1.4	99.0	-1.4	99.4
Coke and refined petroleum products	-11.4	69.1	-2.9	137.9	-6.6	128.0	-10.6	98.3	-7.3	120.5	-7.3	131.3
Chemical substances and products	1.1	100.0	0.6	115.0	-2.9	108.4	-1.1	93.0	-0.3	114.7	-2.0	105.4
Pharmaceutical, medicinal and botanical products	10.2	142.1	-4.0	104.9	-0.9	102.8	-3.8	105.5	-1.3	107.8	-0.4	97.3
Rubber and plastic products	0.3	96.9	2.1	118.9	0.1	107.1	4.5	100.5	-0.8	111.9	0.0	103.4
Non-metallic mineral products	-0.4	100.0	1.8	111.8	0.6	102.6	6.0	89.7	1.8	111.3	-0.7	101.6
Basic metal products and fabricated metal products	-0.6	108.2	-1.3	104.8	-1.1	99.2	4.9	97.8	-2.5	102.0	-2.5	97.7
Iron and steel products	-0.4	114.1	-3.9	98.1	-2.1	95.7	5.1	99.7	-3.3	98.4	-3.1	96.7
Fabricated metal products	-1.1	98.3	2.9	117.5	-0.1	102.9	3.6	89.3	1.9	120.0	-0.3	102.0
Computers, electronic and optical apparatus	-2.6	95.2	0.3	109.0	1.8	106.4	-2.7	80.8	0.8	82.0	-2.2	91.0
Electrical apparatus	2.4	103.1	0.5	104.2	-0.2	103.0	3.7	88.3	1.2	115.7	-0.4	103.2
Mechanical machinery and equipment	-0.9	101.8	4.5	121.3	0.3	103.0	5.2	93.0	1.3	114.3	-0.3	103.1
Transport equipment	5.3	108.3	1.8	106.9	-0.3	100.0	5.3	76.5	2.5	110.1	-3.0	93.7
Motor vehicles and trailers	2.2	116.2	1.7	105.1	-0.2	100.2	8.3	81.4	1.8	106.8	-3.2	92.9
Other transport equipment	13.2	92.0	2.3	113.1	-1.0	99.1	-8.0	55.8	7.1	130.8	-1.0	105.4
Furniture	1.8	99.9	1.3	111.3	1.0	104.3	10.5	95.0	0.6	103.5	-0.5	100.9
Other manufactured products	1.8	106.2	1.8	118.1	0.0	104.9	5.5	90.9	1.6	118.6	-0.9	104.3
Total	**0.6**	**102.8**	**1.4**	**114.8**	**-0.3**	**104.5**	**1.1**	**87.5**	**-2.7**	**110.5**	**-3.1**	**105.4**

Source: Based on Istat data

Table 2.10 – Italy's market shares of merchandise exports by sector
Percentages

	Incidence on world demand			Share of world exports				Share of euro-area exports			
	2000	2013	2014	2000	2010	2013	2014	2000	2010	2013	2014
Products of agriculture, fishing and forestry	**2.8**	**3.0**	**3.0**	**2.2**	**2.0**	**1.7**	**1.7**	**8.2**	**7.7**	**6.9**	**7.2**
Mining products	**8.2**	**13.9**	**12.8**	**0.1**	**0.1**	**0.1**	**0.1**	**2.4**	**2.8**	**2.3**	**2.3**
Manufacturing products	**84.6**	**78.6**	**79.8**	**4.3**	**3.7**	**3.6**	**3.6**	**13.4**	**11.9**	**11.9**	**12.0**
Food products, beverages and tobacco.	4.8	5.2	5.4	3.9	3.9	3.9	3.9	9.8	10.3	10.3	10.6
Textiles, apparel and leather products	6.7	4.7	5.0	8.3	6.6	6.4	6.3	32.0	27.8	28.5	28.0
Textile articles	2.2	1.3	1.3	6.9	5.0	4.4	4.4	25.5	23.5	23.4	23.3
Wearing apparel	3.2	2.3	2.4	6.7	5.6	5.4	5.2	30.8	25.1	25.3	24.8
Leather and leather products (exc. apparel), footwear	1.3	1.1	1.2	14.8	11.3	11.3	10.9	45.1	36.9	37.5	36.6
Footwear	0.7	0.7	0.7	14.7	10.0	9.3	8.7	43.0	33.1	32.1	30.5
Wood and wood products (excluding furniture)	1.1	0.6	0.7	2.2	2.0	1.8	1.8	8.0	6.2	6.2	6.2
Paper and paper products; printing	2.0	1.2	1.2	3.3	3.7	3.8	3.9	8.2	9.1	9.7	9.9
Coke and refined petroleum products	2.5	5.0	4.6	2.8	3.2	2.3	2.1	10.6	12.6	9.0	8.7
Chemical substances and products	7.4	7.7	7.7	3.0	2.6	2.5	2.5	8.0	6.9	6.9	7.1
Pharmaceutical, medicinal and botanical products	2.0	3.4	3.6	5.6	3.6	4.7	4.7	11.9	7.3	9.0	9.1
Rubber and plastic products	2.2	2.4	2.5	6.3	4.9	4.3	4.3	16.2	13.5	13.2	13.3
Non-metallic mineral products	1.2	1.0	1.1	10.6	6.8	6.4	6.2	25.1	20.2	20.3	19.9
Basic metal products and fabricated metal products	6.9	7.7	7.5	4.3	4.2	3.9	4.0	13.9	14.8	15.7	15.6
Iron and steel products	4.8	5.7	5.4	3.2	3.5	3.3	3.4	11.0	13.4	14.9	14.6
Fabricated metal products	2.1	2.0	2.1	6.7	6.1	5.6	5.4	18.9	17.6	17.2	17.0
Computers, electronic and optical apparatus	15.5	13.4	13.4	1.1	0.8	0.8	0.7	5.8	4.6	4.8	4.5
Electrical apparatus	5.0	4.4	4.5	4.6	4.3	3.8	3.7	15.9	13.6	12.9	13.0
Mechanical machinery and equipment	10.8	8.2	8.4	6.3	6.3	6.5	6.6	21.1	18.4	18.9	19.3
Transport equipment	12.8	10.2	10.6	3.4	2.9	2.6	2.8	8.4	7.8	7.2	7.4
Motor vehicles and trailers	9.7	7.8	8.1	3.2	2.8	2.6	2.6	7.9	7.0	7.0	6.9
Other transport equipment	3.1	2.4	2.5	3.8	3.1	2.5	2.8	9.8	10.2	7.8	8.8
Furniture	0.9	0.8	0.9	14.5	8.8	7.5	7.3	38.3	30.3	30.6	30.6
Other manufactured products	2.7	2.7	3.0	6.0	3.9	3.8	3.6	23.1	14.4	14.5	14.3
Jewellery	0.8	0.9	1.1	9.3	4.5	4.5	3.8	36.2	30.4	30.9	30.4
Other products	**4.3**	**3.7**	**3.6**	**2.1**	**1.7**	**1.7**	**1.7**	**4.0**	**4.5**	**4.7**	**4.2**
Total	**100.0**	**100.0**	**100.0**	**3.8**	**3.2**	**3.0**	**3.0**	**12.5**	**11.1**	**11.2**	**11.2**

Sources: Based on Eurostat and national statistical institutes data

Table 2.11 – Merchandise exports of the Italian regions
Amounts in millions of euros, percentage changes and composition

	Amount	Change (%)		Share of Italian exports (%)					
	2014	2012-2013	2013- 2014	2000	2005	2008	2012	2013	2014
North-West	**160,007**	**0.7**	**2.2**	**41.3**	**41.5**	**40.9**	**40.3**	**40.6**	**40.7**
Piedmont	42,755	3.8	3.3	11.5	10.9	10.5	10.3	10.7	10.9
Valle d'Aosta	608	-3.8	6.1	0.2	0.2	0.2	0.2	0.1	0.2
Lombardy	109,568	0.0	1.4	28.3	29.0	28.7	28.0	28.0	27.9
Liguria	7,076	-6.2	10.2	1.3	1.4	1.4	1.8	1.7	1.8
North-East	**126,371**	**2.5**	**3.5**	**31.0**	**31.6**	**32.3**	**30.9**	**31.7**	**32.1**
Trentino Alto Adige	7,276	3.0	2.1	1.7	1.8	1.7	1.8	1.8	1.9
Veneto	54,117	2.9	2.7	14.4	13.8	13.8	13.3	13.7	13.8
Friuli-Venezia Giulia	12,012	-0.2	5.0	3.4	3.3	3.7	3.0	3.0	3.1
Emilia-Romagna	52,966	2.7	4.3	11.5	12.7	13.1	12.8	13.2	13.5
Center	**66,196**	**-0.5**	**3.0**	**16.7**	**15.4**	**14.9**	**16.7**	**16.7**	**16.8**
Tuscany	31,974	-3.5	2.2	8.3	7.4	7.0	8.4	8.1	8.1
Umbria	3,438	-6.3	-5.7	0.9	1.0	0.9	1.0	0.9	0.9
Marche	12,484	12.2	7.5	2.9	3.2	2.9	2.7	3.0	3.2
Lazio	18,299	-1.4	3.4	4.6	3.8	4.0	4.7	4.6	4.7
South and Islands	**40,600**	**-8.5**	**-4.7**	**11.0**	**11.5**	**12.0**	**12.1**	**11.1**	**10.3**
Abruzzo	6,931	-2.4	2.9	2.0	2.1	2.1	1.8	1.7	1.8
Molise	371	-10.2	9.7	0.2	0.2	0.2	0.1	0.1	0.1
Campania	9,446	2.0	-1.7	3.0	2.6	2.6	2.4	2.5	2.4
Puglia	8,107	-10.3	1.9	2.3	2.3	2.1	2.3	2.1	2.1
Basilicata	1,133	-10.6	9.9	0.4	0.4	0.5	0.3	0.3	0.3
Calabria	324	-6.7	-8.1	0.1	0.1	0.1	0.1	0.1	0.1
Sicily	9,648	-14.4	-13.9	2.1	2.5	2.8	3.4	2.9	2.5
Sardinia	4,641	-15.8	-13.6	0.9	1.3	1.6	1.7	1.4	1.2
Total regions	**393,174**	**-0.1**	**2.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Unallocable data	**4,823**	**7.3**	**-0.8**						
Total	**397,996**	**-0.1**	**2.0**						

Source: Based on Istat data

Table 2.12 – Internationalization of Italian firms
Amounts in millions of euros

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014[1]
No. of exporting firms	**201,680**	**206,795**	**204,619**	**205,643**	**194,255**	**205,708**	**207,352**	**209,090**	**211,249**	**212,023**
% change	-	2.5	-1.1	0.5	-5.5	5.9	0.8	0.8	1.0	0.4
Exports [2]	**296,954**	**328,715**	**359,981**	**364,275**	**286,281**	**331,348**	**368,504**	**381,442**	**380,876**	**388,469**
% change	-	10.7	9.5	1.2	-21.4	15.7	11.2	3.5	-0.1	2.0
No. of foreign affiliates	**21,740**	**22,754**	**24,398**	**25,467**	**26,998**	**28,257**	**29,484**	**29,903**	**30,513**	**29,839**
% change	-	8.0	10.5	4.0	0.5	1.3	1.9	-0.3	0.7	-2.2
No. of workers in foreign affiliates	**1,323,327**	**1,352,838**	**1,515,228**	**1,588,253**	**1,569,449**	**1,581,601**	**1,582,836**	**1,577,471**	**1,537,918**	**1,490,520**
% change	-	1.3	12.1	2.8	3.1	-0.6	1.6	-1.1	-2.6	-3.1
No. of foreign subsidiaries	**17,480**	**18,632**	**19,553**	**20,390**	**21,459**	**22,473**	**23,450**	**23,790**	**24,322**	**23,826**
% change	-	6.6	4.9	4.3	5.2	4.7	4.3	1.4	2.2	-2.0
No. of workers in foreign subsidiaries	**972,961**	**989,847**	**1,152,528**	**1,212,527**	**1,151,491**	**1,191,374**	**1,217,507**	**1,221,173**	**1,232,111**	**1,189,314**
% change	-	1.7	16.4	5.2	-5.0	3.5	2.2	0.3	0.9	-3.5

(1) Istat data are provisional; Ice-Reprint data are preliminary calculations.
(2) In millions of euros. Exports in this table differ from those in the other tables because this one only takes account of the exports of identified exporting firms.

Sources: Based on Istat and ICE-Reprint, Politecnico di Milano data

Table 2.13 – Percentage distribution of the workers and sales revenues of foreign affiliates by geographical region of the investment and size class (number of workers) of the investor
In percentages, data at 31 December 2014 (1)

	Workers					Sales revenues				
	1- 49	50-249	≥250	Total	Share of the area (%)	1- 49	50-249	≥250	Total	Share of the area (%)
European Union (27)	13.9	19.3	66.8	100.0	42.2	5.2	10.8	84.0	100.0	53.2
Other European countries	15.5	19.2	65.3	100.0	9.2	6.4	10.9	82.6	100.0	7.2
North Africa	11.6	17.4	71.0	100.0	4.1	4.5	7.5	88.0	100.0	1.8
Other African countries	13.6	9.7	76.6	100.0	2.8	1.6	5.9	92.5	100.0	3.6
North America	3.4	11.2	85.3	100.0	11.4	2.2	7.4	90.4	100.0	14.6
South and Central America	3.4	11.8	84.8	100.0	17.0	1.3	7.2	91.5	100.0	12.0
Middle East	12.5	18.5	69.0	100.0	0.9	3.3	8.1	88.6	100.0	0.6
Central Asia	7.1	12.8	80.1	100.0	2.3	4.6	7.7	87.6	100.0	1.7
East Asia	6.1	21.2	72.7	100.0	9.5	4.0	14.1	81.9	100.0	4.6
Oceania	4.4	14.8	80.8	100.0	0.5	1.1	10.3	88.7	100.0	0.8
Total	10.0	16.7	73.3	100.0	100.0	4.1	9.7	86.2	100.0	100.0

(1) Preliminary data.

Source: Based on ICE-Reprint, Politecnico di Milano data

Table 2.14 – Public support to internationalization: overview of promotional and financial services
Amounts in millions of euros

	2012	2013	2014	2012	2013	2014	2012	2013	2014
	Promotional services								
	User firms			**Funds spent (1)**			**Users' contribution to costs**		
Ministry for Economic Development (2)(3)	**280**	**172**	**163**	**21**	**21**	**19**	**11**	**7**	**8**
Regions (4)	**-**	**-**	**-**	**101**	**89**	**84**	**-**	**.**	**-**
ICE (5)	**20,733**	**19,578**	**25,301**	**21**	**31**	**51**	**7**	**14**	**13**
Chambers of Commerce (6)	**52,586**	**65,341**	**58,452**	**76**	**79**	**63**	**-**	**.**	**-**
	Financial services								
	Customer firms			**New underwritings**			**Gross premiums**		
SACE	**24,978**	**22,698**	**23,547**	**8,520**	**8,704**	**10,937**	**380**	**399**	**390**
	Customer firms			**Own funds invested**			**Amount of assisted transactions(7)**		
Cassa Depositi e Prestiti (8)(9)(10)	**6**	**21**	**25**	**659**	**1,807**	**1,101**	**1,218**	**2,240**	**2,369**
SIMEST	**570**	**440**	**344**	**391**	**455**	**492**	**4,600**	**5,069**	**2,530**

(1) Funds spent except Regions 2012, see footnote 4. For ICE and the Ministry for Economic Development, excluding users' contributions to the costs; for Chambers of commerce and Regions, including contributions and incentives provided to businesses on behalf of third parties .
(2) Only support programs directly managed on behalf of associations, Italian Chambers of commerce abroad, consortia, organizations and institutions and the Made in Italy program.
(3) Data on users' contributions to the costs are estimated.
(4) Prelimary estimates, incomplete in the case of users' contribution. For 2012, budgets; for 2013 and 2014, funds spent, equal to the sum of regional funds, European funds and private contributions (where applicable).
(5) Funds and users for promotion and training. Including foreign users. The Made in Italy program is counted in the funds spent but not in the number of users.
(6) Companies participating in promotional activities and participants in training activities. Part of the funds spent by the chambers of commerce derived from regional budgets. Funds spent in 2014 refer to 89 Chambers out of 105.
(7) The amount of assisted transactions refers to the total amount financed for CDP, invested for SIMEST.
(8) Number of transactions financed. Customer firms may have entered into more than one contract.
(9) The amount of own funds invested in 2013 has undergone some accounting adjustments and differs from the one published in the previous edition of this work.
(10) The operations of CDP in terms of customer firms and assisted transactions are also accounted for in those of SACE.

Sources: Based on data provided by the Ministry for Economic Development, regional governments,ICE (ITA), Unioncamere, Cassa Depositi e Prestiti, SACE and SIMEST

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