



## ITALIA



<b>Surface area</b>	302.073 sq km
<b>Population</b>	59,83 million/pop
<b>GDP</b>	2.071 billion/\$
<b>Change in% GDP (2012-2013)</b>	-0,2%
<b>Government debt (% GDP)</b>	135,6%
<b>Unemployment rate</b>	12,3%
<b>State form</b>	Parliamentary republic
<b>Currency</b>	Euro
<b>Religion</b>	Christian (91,6%)
<b>Official languages</b>	Italian

**POLITICAL BACKGROUND**

Italy is a bicameral parliamentary republic. The President of the Republic, Giorgio Napolitano, is at the head of State and represents national unity. He is elected by Parliament and has the duty of naming the government and the power to dissolve the chambers (Senate and House of Representatives). The Prime Minister, Matteo Renzi, of the Democratic Party, is at the head of government and exercises the role of Chairman of the Council of Ministers, from February 2014.

The executive power is held by the Government of the Republic (the Prime Minister and Council of Ministers) and the legislative authority is exercised by Parliament. The Judiciary, which is independent from the Government and the Parliament, controls instead the judicial power.

The priorities that the Government Renzi has set out for its mandate are to provide for the reform of the labor market (job Acts), of the school, of civil justice and the "Sblocca Italia Act" which is a decision aimed at rewriting the rules of contracts, the provision of services and licenses in order to attract more of foreign investment.

**ECONOMIC BACKGROUND**

Italy is the eighth largest economy in the world and the major third in the Euro zone. The country has a diversified manufacturing base, driven largely by the production of high quality goods consumption. After joining the European Union in 1952, Italy has experienced several decades of growth rates exceeding 4%, however, after 1992, they have fallen below the EU average. Since then, the government has tried to boost the economy by increasing public spending. As a result, the national debt and the deficit budget reached unsustainable levels and the country is currently facing harsh austerity measures, and its second recession in four years.

The Italian Government is therefore dealing with the pressure of investors and European partners to solve the structural impediments to growth, such as the inefficiencies of the labor market and the widespread tax evasion.

The projections of the BankItalia for the Italian economy in the years 2014-15 saw a slight recovery, based on the assumption of a moderate strengthening of the international trade in the next few quarters, driven by the consolidation of the recovery in the advanced economies and the acceleration of productivity in the emerging ones.

**FINANCIAL ENVIRONMENT**

The banking system retail collection is confirmed to be solid and some early signs of a confidence return of international investors in Italian brokers can be also noted. It continues, however, the decline in loans, reflecting demand weakness and supply policies. The financial position of Italian banks is generally improved, although profitability remains low. The stabilization of the internal situation and the prospects of stronger euro area growth also contributed to the improvement of the Italian financial market, both for government bonds for equities and private debt.

## **STRATEGIC ECONOMIC SECTORS**

Advanced and diversified, the Italian industry is particularly developed in the fields of shipbuilding, household appliances, chemical, pharmaceutical, metallurgy, food processing industry and defense. In the automotive industry, which together with petrochemical and steel industry has been at the post-war industrialization of the country, Italy is among the last in Europe for the production of cars (heavily penalized by the delocalisation of production) but maintains great relevance at an European level and world thanks to the Fiat group.

True excellence of "made in Italy" are the manufacturing sectors of automation, clothing, home decor and food. In these four sectors, Italian companies have leadership positions both in terms of competitiveness and soundness in the context of the global market, ranking for 932 products (about 5,117 products in which is subdivided the International Trade) in the top three manufacturers in the world.

## **TRADE BUSINESS**

In 2013 the value of exports of Italian goods increased by 2.4% to reach 513.7 billion dollars, while imports of goods decreased by 2.6% to a total of 476.4 billion dollars. The trade balance has therefore recorded a surplus of 37.3 billion dollars. The performance of Italian exports in the last three years (stable overall share of world trade to 3.1%), however, also benefited from a gradual shift towards the most dynamic economies outside the euro area. The growth of our exports to the United States, emerging nations in Asia, Turkey and Switzerland, was particularly significant. At the sectoral level, growth in exports contributed mainly mechanics and, to a lesser extent, chemicals and other manufactured products; were instead reduced sales of certain goods that had recorded a good performance in 2012 (refined petroleum products, pharmaceuticals and metals) and most of those "made in Italy".

With regard to Italian imports, the breakdown is as follows: fuels (17% of total imports), vehicles (10%), raw minerals (10%), chemicals (9%), electronics (8%) and food (7%). The main supplier countries of Italy are Germany (16%), France (8%), China (7%), the Netherlands (5%) and Spain (5%).

## **RATING (financial risk of the country)**

The BBB (Adequate capacity to meet our obligations. Adverse economic conditions or changing circumstances are more likely to be associated with a decreased ability to fulfill its obligations).

Source: S & P's

## **INFRASTRUCTURE**

The transport network in Italy includes the following infrastructure: 156 ports, a rail network of 19,472 km, a road network (national roads, regional roads, county roads, municipal roads) of 837,493 km, an highway network of 6532 km and 98 airports . Despite this significant network, compared to other European countries, Italy is plagued by physical and functional deficiencies at the sectoral level and in its territorial system, which affects the efficiency and quality of services available to citizens and businesses. So far there still are some weaknesses in infrastructure, particularly in mobility and logistics, which are significant hindrances to the competitiveness and economic growth.

## **EMERGENCY**

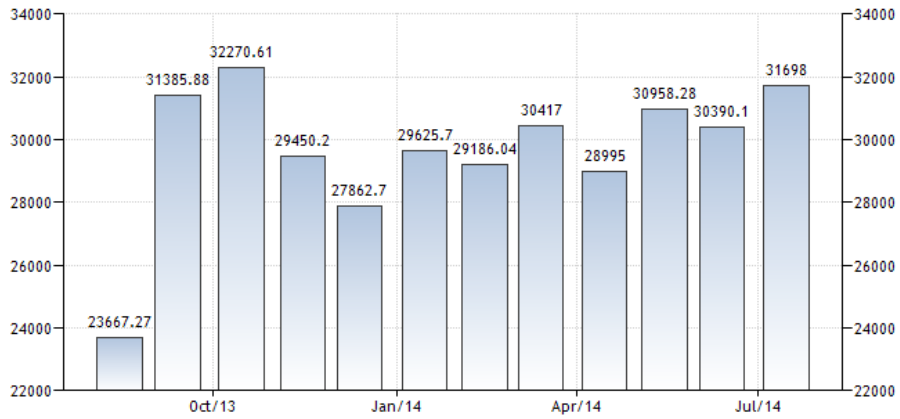
There are currently no public health, or other, emergencies. For more information about preventive health visit the website of the [Foreign Ministry](#).

## **AGREEMENTS WITH THE EU**

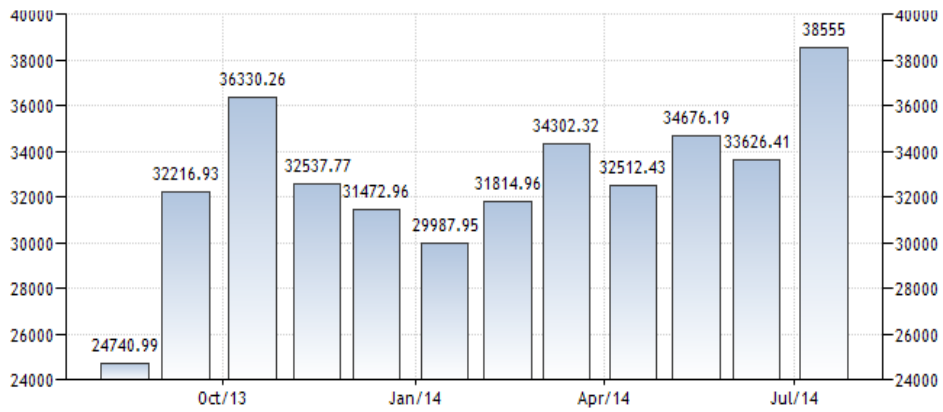
Italy is one of the founding countries of the European Union.

**STATISTICS:**

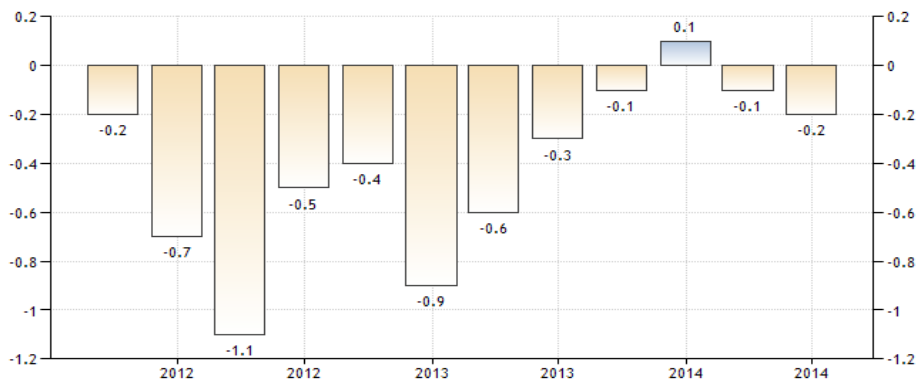
**IMPORTS (MILLION / €)**



**EXPORTS (MILLION / €)**



**GROWTH RATE OF GDP**



**SOURCES:**

- [www.ec.europa.eu/trade](http://www.ec.europa.eu/trade)
- <http://www.istat.it/it/archivio/disoccupati>
- <http://www.worldbank.org/en/country/italy>
- [http://www.bancaditalia.it/pubblicazioni/econo/bollec/2014/bolleco1/bollec1/boleco\\_1\\_2014.pdf](http://www.bancaditalia.it/pubblicazioni/econo/bollec/2014/bolleco1/bollec1/boleco_1_2014.pdf)
- <http://www.tradingeconomics.com/italy>
- <http://www.fondazioneedison.it/it/>