The European House
Ambrosetti

Business Insights from Italy

A Letter to International Investors

Business Insights from Italy is a publication by **The European House - Ambrosetti**, produced in collaboration with leading Italian institutions. The publication provides updates on the Italian macroeconomic scenario, on Italy's industrial sectors and on policies directed to foreign investors.

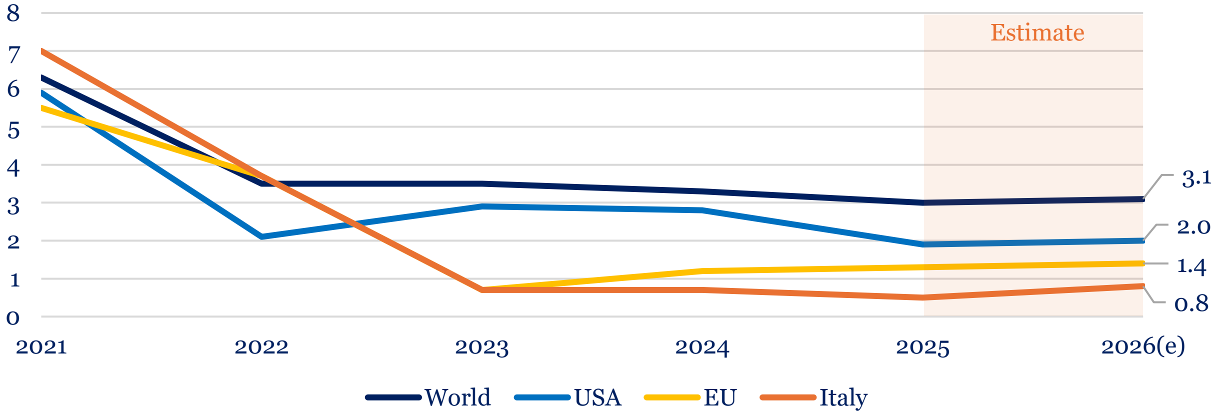
In this edition:

Italy's Macroeconomic Outlook

In July 2025, the global economy is projected to expand by just 3.0 percent, down from 3.3 percent in 2024 and only marginally above the 2.8 percent forecast in April, underscoring a clear **loss of momentum** as front-loaded tariff effects wane and uncertainty weighs on investment and consumption.

Growth in the **euro area remains subdued**, at around 1.0 percent - a modest uptick from 0.8 percent in April but still well below pre-pandemic norms - reflecting weak private demand outside a few export-oriented economies.

Italy's outlook is softer still: **GDP** is expected to advance by only **+0.5 percent**, unchanged from April, as stagnant domestic spending and structural rigidities continue to constrain its recovery. Together, these projections paint a picture of a world grappling with a synchronized slowdown - from global headwinds down to Europe's and Italy's own persistent challenges.



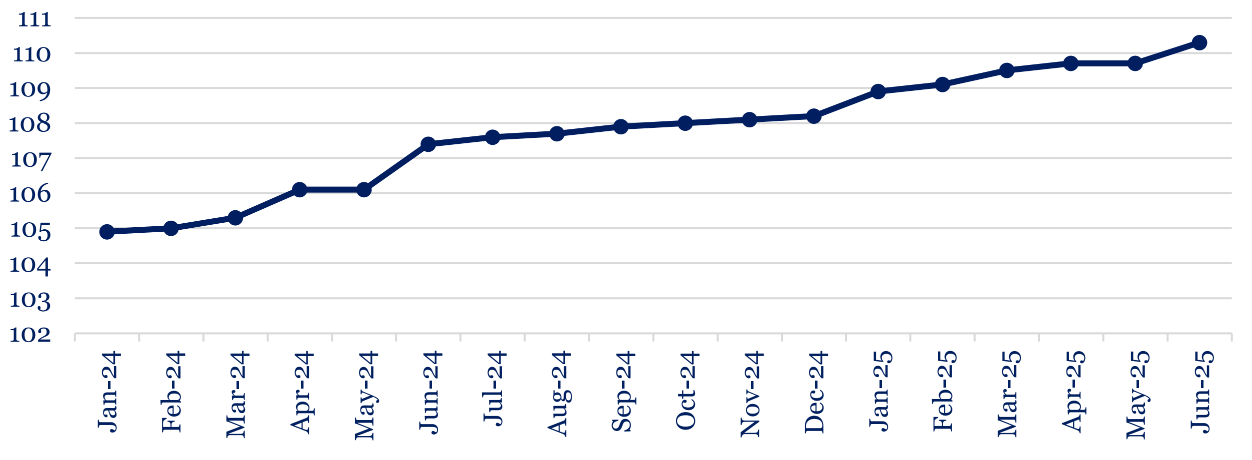
Real GDP Growth (Percent change), 2021-2026 (estimate)

Source: TEHA Group elaboration on International Monetary Fund data

Yet, even as headline growth softens, Italy is experiencing a notable rise in household incomes that could underpin a sustained recovery in domestic demand.

In Q2 2025, ISTAT data show that **average contractual hourly wages** climbed **+3.5 percent year-on-year** (January–June), while the hourly wage index rose **+0.5 percent month-on-month** and **+2.7 percent year-on-year** in June. This momentum was driven by the implementation of ten new **national collective bargaining agreements** - five in industry, two in private services and three in the public administration - covering roughly **7.4 million employees**, or **56.3 percent** of the workforce.

Meanwhile, 31 agreements affecting 5.7 million workers remain pending renewal, yet the average waiting time for expired contracts has shortened from 27.3 to 24.9 months for those employees and from 9.8 to 10.9 months across all workers.



Nominal hourly wages (index: December 2021 = 100)

Because Italian households spend the lion's share of their income on **domestically produced goods and services**, these real-wage gains are poised to translate directly into **stronger retail** and service-sector activity rather than leak abroad through imports.

Higher disposable incomes should therefore bolster private consumption, helping to offset external headwinds and structural constraints. As a result, pay-driven demand growth may prove pivotal in **cushioning Italy's GDP trajectory** and reinforcing its economic resilience in the quarters ahead.

In June 2025, retail sales to households showed a month-on-month increase, both in value (+0.6%) and volume (+0.4%). Sales of food products rose (+1.4% in value and +1.1% in volume), whereas non-food product sales remained almost unchanged.

In the second quarter of 2025, **retail sales increased by 0.6% in value and 0.2% in volume** compared to the previous quarter. Once again, food product sales increased (+1.3% in value and +0.4% in volume), while non-food product sales remained broadly stable (+0.1% in value and -0.1% in volume).

Source: TEHA Group elaboration on Istat data

On the employment front, in June 2025, the number of employed individuals increased compared to the previous month, while the number of unemployed decreased.

The **rise in employment** (+0.1%, or +16 thousand people) involved women, permanent employees, self-employed individuals, and all age groups except those aged 35–49, who experienced a decline. The employment rate remained stable at 62.9%.

The decline in the number of job seekers (-4.2%, or -71 thousand people) affected both genders and occurred across all age groups.

The unemployment rate fell to **6.3%** (-0.3 percentage points compared to May 2025), and youth unemployment dropped to 20.1% (-1.4 percentage points).

An increase in the number of employed persons was also recorded when comparing the second quarter of 2025 with the previous quarter (+0.4%, or +93 thousand people compared to Q1 2025).

Compared to the previous quarter, there was also growth in the number of job seekers (+1.2%, or +20 thousand people), while inactive individuals aged between 15 and 64 decreased (-0.7%, or -81 thousand people).

In June 2025, **the number of employed individuals was 1.5% higher** (+363 thousand people) **than in June 2024**; this increase concerned men, women, and those aged 50 or older, while other age groups saw a decline. The employment rate rose by 0.6 percentage points year-over-year.

Finally, regarding **international trade**, in June 2025, Italy's trade with non-EU27 countries increased compared to the previous month. This growth was observed in both directions, with exports rising by 6.0% and imports by 5.1%.

The monthly increase in exports was primarily due to higher sales of capital goods (+13.1%), notably maritime vessels. Sales also increased in energy (+19.7%), intermediate goods (+5.2%), and non-durable consumer goods (+1.8%), whereas exports of durable consumer goods declined (-5.4%). On the import side, widespread month-on-month increases were noted, particularly for durable consumer goods (+12.2%) and capital goods (+8.6%).

In June 2025, **exports rose by 4.7%** compared to the previous year. Imports registered a year-on-year increase of 10.0%, widespread across sectors, with a particularly notable rise in non-durable consumer goods (+26.6%).

In June 2025, the **trade surplus** with non-EU27 countries stood at **€5,391 million** (€6,111 million in the same month of 2024). The energy deficit reached €3,880 million, compared to €3,618 million a year earlier. The surplus in trade of non-energy products decreased from €9,729 million in June 2024 to €9,271 million in June 2025.

In June 2025, there were significant annual increases in exports to Switzerland (+18.4%), the United States (+10.3%), and the United Kingdom (+8.1%). Conversely, exports to Turkey (-13.6%), MERCOSUR countries (-6.1%), and China (-4.0%) declined.

Imports from the United States (+45.7%) recorded a notable year-on-year increase; there were also higher purchases from China (+25.8%), MERCOSUR countries (+23.8%), ASEAN countries (+18.8%), and Turkey (+10.6%). Conversely, imports from OPEC countries (-20.6%), Switzerland (-14.1%), and the United Kingdom (-12.9%) decreased.

Source: TEHA Group elaboration on Bank of Italy data

The National Complementary Plan (PNC)

In response to the economic and social impact of the COVID-19 pandemic, the European Union launched the Next Generation EU programme, a **€750 billion recovery package** designed to support Member States in building a more sustainable, resilient, and inclusive economy. Within this framework, each country was required to submit a National Recovery and Resilience Plan (*NRRP*). Italy's National Recovery and Resilience Plan - *Piano Nazionale di Ripresa e Resilienza*, or *PNRR* - is the largest in Europe, with a total value of **€191,5 billion** funded through EU grants and loans. Structured around six thematic "missions" (**Digital Transition**, **Green Revolution**, **Infrastructure**, **Education** and **Research**, **Inclusion** and **Cohesion**, and **Health**), the NRRP outlines reforms and investments to be completed by 2026, with over 45% of resources earmarked for southern regions and more than 37% aligned with climate objectives.

To reinforce and complement the NRRP, Italy introduced in 2021 the **National Complementary Plan** (*PNC*) - *Piano Nazionale Complementare* - entirely financed through **national funds**. The PNC was created to ensure full execution of projects not eligible for EU funding, reduce territorial disparities, and bolster Italy's administrative capacity to deliver structural reforms and investments.

The PNC mobilizes **€30,6 billion** over the period **2021–2026**, as allocated by *Decree-Law No. 59/2021* and later detailed in implementation guidelines published by the MEF - State General Accounting Department (*Ragioneria Generale dello Stato*). According to the official dashboard of Italia Domani[1], approximately **82,4%** of **PNC funds** had been committed as of **June 2025**, with payments progressing steadily in line with yearly targets.

Resources under the **PNC** are distributed across **six priority areas**:

- **Infrastructure for Sustainable Mobility**: €11,6 billion (approx. 38%)
- **Innovation, Research and Competitiveness**: €6,7 billion
- **Social Inclusion and Territorial Cohesion**: €5,9 billion
- **Health**: €2 billion
- **Justice and Efficiency of Public Administration**: €1,3 billion
- **Environment and Sustainability**: €1,5 billion

National Recovery and Resilience Plan (**NRRP**)

€ 30,6 bn
+
€ 191,5 bn

≈**€ 222** bn
for post-covid recovery

[1] "Italia Domani" "is the name given by the Italian government to the National Recovery and Resilience Plan

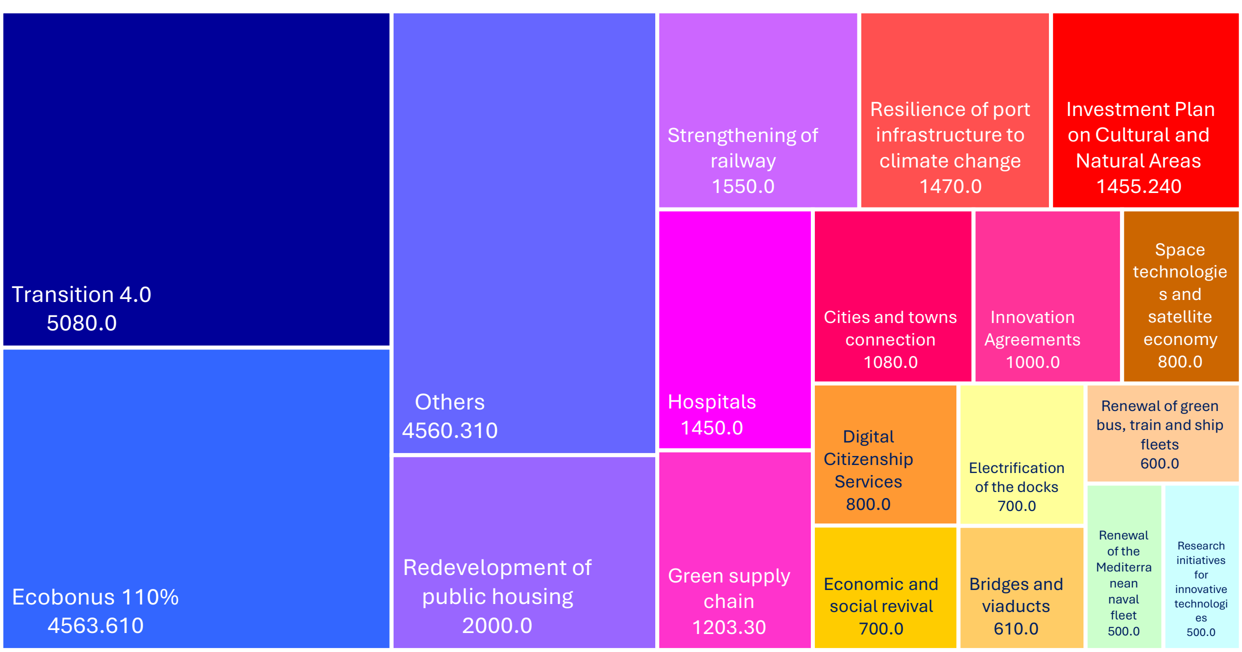
Source: TEHA Group elaboration on Italian Ministry of Economics and ItaliaDomani data

Programming under the PNC is closely coordinated with that of the NRRP, **enabling synergies in governance**, **project pipeline development**, and **monitoring**.

Notably, the PNC supports the same six missions as the NRRP, while targeting gaps in funding eligibility or operational readiness. For example, many rail infrastructure projects in Southern Italy, school building renovations, and digital upgrades in local administrations are financed jointly by NRRP and PNC. Implementation is managed by central ministries in partnership with regional and local authorities. As detailed in *OpenCoesione*, more than **4.200 projects** are currently co-financed or exclusively funded under the **PNC**, with a focus on **local impact**, **administrative strengthening**, and **acceleration of investment procedures**.

In addition to its financial complementarity, the PNC serves as a **structural lever**: it provides pre-financing for NRRP actions, supports project continuity beyond the scope of EU funds, and helps streamline procurement and reporting mechanisms. A dedicated performance monitoring system, aligned with the EU's Recovery and Resilience Scoreboard, ensures **real-time oversight** of spending progress and policy outcomes.

Together, the **NRRP** and **PNC** represent a **coordinated national strategy to modernize Italy's economy**, reduce long-standing inequalities, and improve resilience to future crises. By mid-2025, Italy had met **over 70%** of its **EU milestones and targets**, positioning itself among the leading Member States in terms of implementation performance, according to the European Commission's Fourth Payment Report (June 2025).



NPC Investment Categories by Magnitude (€ Millions), 2024

Source: TEHA Group elaboration on Italian Ministry of Economics, European Commission and ItaliaDomani data

The European House Ambrosetti

Focus on a sector: Logistics and Infrastructure in Italy

In this section, we examine each month a strategic sector of the Italian economy, providing an overview of the sector's main innovations and most interesting data. In this edition, we focus on the Logistics and Infrastructure industrial sector .

Italy's position at the crossroads of the Mediterranean and continental Europe underpins its role as a **premier logistics hub**. Traversed by four of the EU's nine **TEN-T corridors**, the country links Northern Europe with North Africa and the Balkans. Its infrastructure comprises **62 major seaports** handling over **12 million TEU annually**, **24 intermodal terminals** covering **32 million m²** of **service area**, and **39 airports** - including the international hubs of Milan, Rome and Venice - supported by an extensive **electrified rail network** and **121 industrial districts**. This integrated system enables seamless door-to-door connections across road, rail, sea and air, reinforcing Italy's competitive advantage in pan-European supply chains.

In maritime transport, Italy leads the EU in **Short Sea Shipping**, accounting for **15 %** of all **intra-EU coastal** tonnage in 2023, with door-to-door services spanning the Mediterranean, the Black Sea and Northern Europe. **Passenger maritime traffic** also ranks second in the Union, with **53 million travellers** processed last year. On the rail-sea interface, **seven** of the EU's top fifteen **intermodal terminals** are located in Italy, underpinning a modal-shift agenda that delivers both cost efficiency and environmental benefits. Such strengths position Italian ports and interports as critical nodes in the evolving European logistics network.

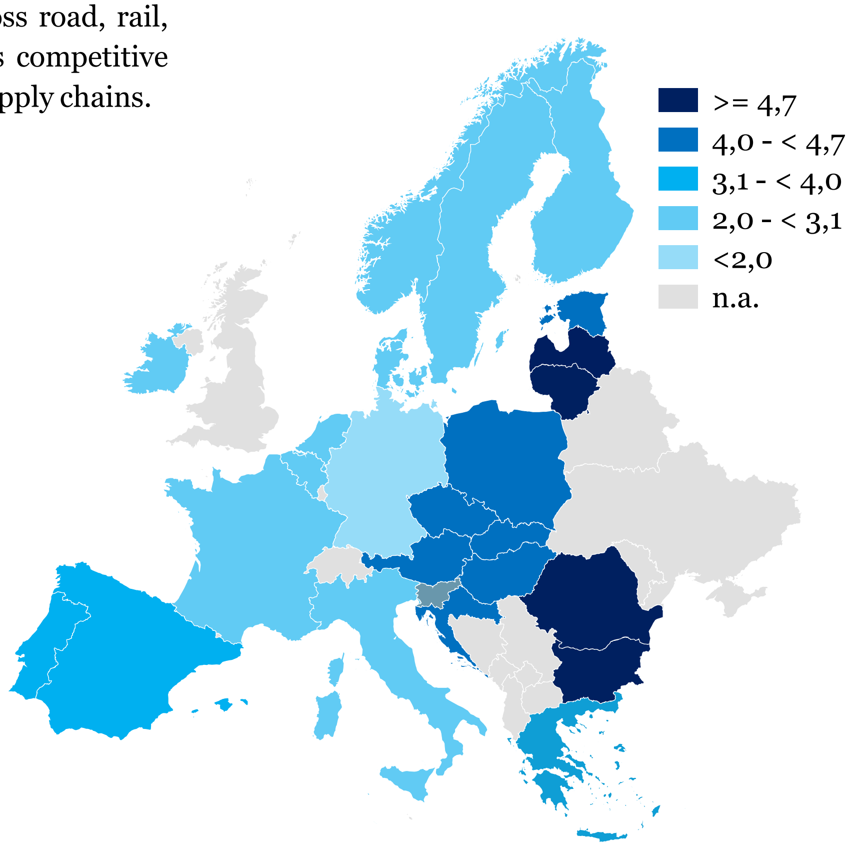
EU → **3,1%**

Romania → **5,9%**

Italy → **2,7%**

Germany → **1,7%**

Cyprus → **1,1%**



Employment in the transport sector as a share of total employment (%), 2023

Last year, the **logistics and infrastructure** sector in Italy generated approximately **€95 billion** in **revenue** and provided direct employment to **1,1 million people**. Highly fragmented, over 94 % of the **25.000 active firms are SMEs**. Regional value added is concentrated in **Lombardy** (≈ 18 %), **Veneto** (≈ 12 %), **Emilia-Romagna** (≈ 10 %) and **Campania** (≈ 7 %, the leading Southern region). Looking ahead, the market is **projected to grow** at a compound annual rate of **3,67 %** between 2025 and 2030, driven by continued investments in capacity expansion, digitalization and the green transition, reaching a value of €128 billion by 2030. A wave of **modernization** and **sustainability** initiatives is reshaping Italy's logistics landscape. Some **€8,9 billion** has been earmarked through 2026 for **port upgrades**, including a **€115 million** expansion of Ancona's port link. On the road network, **€800 million** in financing from the EIB and Cassa Depositi e Prestiti will enhance the Alto Adriatico motorway, alongside a **€1,41 billion east-west corridor project**. Ferrovie dello Stato has committed **€160 billion to rail infrastructure** and **€190 billion to rolling stock** and services by 2030, targeting an increase in **rail freight's modal share above 10 %.** Digital transformation is also accelerating – 14,2 % of warehouses are now automated and 80 % of operators have deployed WMS/TMS/IoT platforms - while **electric truck registrations** surged 323 % in 2023. Incentive schemes totaling **€747 million** continue to drive **fleet renewal** towards low- and zero-emission vehicles, cementing Italy's trajectory toward a more efficient, resilient and sustainable logistics ecosystem.

Source: TEHA Group elaboration on Eurostat, Unione Interporti Riuniti and European Commission data

A dedicated tutor for international investors

Investors interested in Italy can rely on tailor-made services offered by the *Invest in Italy* team. The Ministry of Enterprise and Made in Italy (MIMIT) provides potential investors with a **dedicated tutor** that supports the entire investment process.

In particular, tutors:

- support investors in identifying suitable greenfield and brownfield sites;
- facilitate contacts with central/local administrations to obtain the necessary authorizations and permits;
- facilitate contacts with the Italian supply chain, research centres, universities and technical colleges;
- identify the most suitable incentive schemes to support investments;
- facilitate the search for personnel through partnerships with regional employment centres and local employment agencies;
- follow the process of obtaining visas, authorisations and work permits for the staff of non-EU foreign investors.

For more information and to get in touch with a dedicated tutor, please visit: www.investinitaly.gov.it website.

Favourable tax regime for new residents

New fiscal residents in Italy have the opportunity to apply for a **special tax scheme**, that lasts **for 15 years**:

- Foreign-source income will not be taxed at ordinary rates, but at a yearly substitutive **lump-sum tax of 200,000 euros**.
- All foreign assets will be **exempted from Italian inheritance taxes**.
- No reporting obligations to Italian tax authorities on assets held abroad.
- No wealth taxes on assets held abroad.
- Exemption from Italian CFC rules on foreign companies.

The flat taxation on foreign-source income can also be extended to family members, for 25,000 euros per year per each additional family member.

Should new residents decide to work in Italy, they could apply for a reduction of 50% over their Italian taxable income from employment or self-employment (within an annual limit of EUR 600,000).

Such reduction is granted for a period of 5 years and can be increased to 60% if moving with a minor. Applicants should commit to maintain their fiscal residence in Italy for at least 5 years and should get minimum educational requirements.

Where to find the right opportunities? *www.investinitaly.gov.it*

The Italian Government has recently launched the official www.investinitaly.gov.it website.

The platform is designed to provide foreign investors with comprehensive information on the main investment opportunities in Italy. It presents investors with detailed information on the main strategic sectors, incentives, taxation, labour law and immigration.

Moreover, it showcases more than **300 greenfield** and **brownfield public sites** that are immediately available for industrial and logistic projects.

USEFUL TO KNOW:

The **Ministry of Foreign Affairs and International Cooperation** and the **Italian Trade Agency (ITA)** are the first point of contact for all potential investors.

Italian Embassies and Consulates abroad, together with dedicated ITA'S FDI offices, provide information and facilitate any needed dialogue with other Italian institutions.

Please click on the following links to find updated contact details of:

- **Italy's diplomatic-consular network**: Italian Missions Abroad - Ministry of Foreign Affairs and International Cooperation;
- **ITA's FDI offices**: Invest in Italy | Italian Trade Agency (ice.it);
- **Italy's Ministry of Foreign Affairs and International Cooperation** is also available at the following email address: dgsp-03@esteri.it.