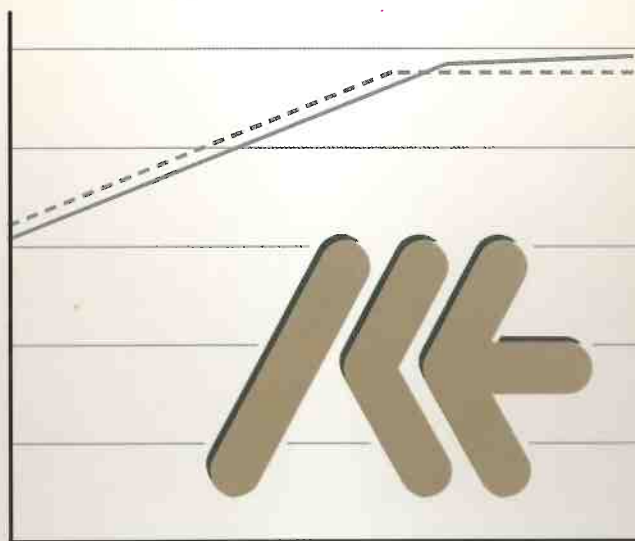




NATIONAL STATISTICAL SYSTEM
ITALIAN INSTITUTE FOR FOREIGN TRADE (ICE)
ITALIAN NATIONAL STATISTICAL INSTITUTE (ISTAT)



Italy and the World Market

*ICE Report 2000-2001
Summary*

75th

Anniversario

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*ICE Report 2000-2001
Summary*

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SLOWDOWN IN THE WORLD ECONOMY, UNCERTAINTIES OF THE WTO NEGOTIATION ROUNDS AND RECOVERY OF ITALIAN EXPORTS

Overview of the ICE 2000-01 Report

Trends in international trade

The unsettled conditions already threatening the phase of rapid recovery of the world economy, begun after the overcoming of the Asian crisis, took definite shape at the end of last year showing in a slowdown of world trade and production, whose intensity is still a matter of uncertainty.

For the most part it is the advanced economies that have lost momentum: whereas in the United States the long expansion cycle of the 1990s, sustained primarily by innovations in the field of information and communication technologies, seems to have reached a halt, the European Union is still questioning its ability to replicate a similar model, and is at the same time already acknowledging the first signs of a slowdown in its growth. Japan, on the other hand, despite implementing expansionary macroeconomic policies and structural reforms, seems unable to emerge from the lengthy stagnation phase in which it has been drifting for some years.

The developing countries and the countries in transition as a whole, which are now responsible for around 43 percent of world production¹ and more than 24 percent of exports, have maintained growth rates that are considerably higher than those of the advanced economies. However, they are still exposed to the risk of a precipitation of their structural problems, as demonstrated, for example, by the recent experiences of Argentina and Turkey. The intensity of these crises and their capacity for international diffusion appear now to be lower than in the episodes of 1997-99, but the general slowdown of the world economy, prompted in part by the oil price rise, might increase the vulnerability of other countries.

Despite these reasons for uncertainty – further compounded by the fear that the persistent overvaluation of share prices may sooner or later be adjusted more sharply than has so far proved to be the case – the short-term prospects for the world economy are not negative. According to the main international economic institutions, growth in production, primarily sustained by the emerging countries, although slowing down, should in 2001 remain higher than 3 percent and trade expansion should exceed 7 percent. These higher growth rates are, compared to the average of recent years, an evident sign of the strength still present in the processes of increasing productivity and integrating markets which fuelled development in the 1990s.

The same factors explain the exceptional results obtained in 2000 by the world economy: the growth rate of production came close to 5 percent and the growth rate of trade in goods and services exceeded 12 percent, whilst, according to the first available estimates, the value of international direct investment flows recorded an expansion close to 14 percent. For the first time in many years growth involved all major areas, including the countries in transition, Latin America and the Middle East, which previously had obtained considerably lower results than the world average. As mentioned above, this widespread international diffusion of growth is one of the main factors mitigating the depressive effects of the slowdown in the United States. Although not yet able to play a driving role comparable to that of the major developed countries, for some time now the dynamism of the emerging areas has made it possible for the world economy to prevent slowdown phases from turning into actual recessions. The degree of international openness of many emerg-

¹ Calculated at purchasing power parity exchange rates.

ing countries is greater than that of the industrial countries and as a result their expansion, other circumstances being equal, is more able to radiate positive impulses throughout the rest of the world.

Among the most dynamic areas in 2000, besides the United States, once again East Asia should be singled out, which returned to growth rates only slightly lower than the average of the years preceding the crisis. Particularly outstanding within this area is the performance of China, which continues to develop very rapidly and ranked seventh in the classification of world merchandise exporters, supplanting Italy and the Netherlands². Furthermore, there was a considerable increase in the share of world exports held by those countries most involved in processes of regional integration: Canada and Mexico, which benefit from privileged access to the United States' market, and several countries in Central-Eastern Europe, which are intensifying economic relations with the European Union, in preparation for its imminent expansion. Finally, the jump in oil prices meant for oil-producing countries increased share on world exports, as well as greater import capacity, placing them among the most dynamic markets in 2000.

Considering the 1990s, the primary feature of the decade worth highlighting is the sharp intensification of international economic integration. The average share of trade in goods and services on production value increased from 20 to 25 percent and the ratio between total foreign direct investments' stock and world GDP rose from 8.6 to 15 percent. However, growth rates in world trade and production, despite their intensification, so as to make concerns about its environmental sustainability even more acute, did not yet manage to reduce distributional imbalances and poverty to any significant extent: on the contrary, the least developed countries experienced an accentuation of their exclusion from the processes of technological renewal and trade intensification, and important social problems surfaced in emerging countries as well.

Prospects of international trade talks

North-South imbalances are, on close examination, also the deep-seated cause of the problems that beset the international trade system and, in particular, of the uncertainty that still surrounds the possibility of starting a new round of talks in the World Trade Organisation (WTO), with a wider agenda than that formerly envisaged after the end of the Uruguay Round.

It is not only a matter of the, albeit very important, problem of how to break the chain of structural factors that contribute to the marginalisation of the poorest countries from the benefits of greater integration in the world economy. The energies of the main international institutions, including the WTO, have been devoted to this for a long time, with results that are obviously inadequate to meet the requirements, partly because of the limited financial commitment of the developed countries.

In fact it is the developing world as a whole, including the major emerging countries, which for some time has been denouncing the limitations of the trade liberalisation process underway in the framework of the WTO, calling for revision and readjustment before implementing any new round of talks. The major problems inherent in this are linked to the implementation of the agreements in force, regarding which the developing countries are demanding rigorous compliance with the commitments to liberalisation undertaken by the developed countries, for example in the elimination of the restrictions envisaged by the Multifibre Arrangement, on the one hand, and are requesting greater

² China's share has continued to rise in almost all sectors and countries; on the United States' manufacturing imports market it is now close to 10% and on the Japanese market has exceeded 20% (against a percentage of 17.5% held by the European Union overall). On the world market, if the Hong Kong data were added to Chinese exports, the share obtained, before reciprocal exchanges, would only be less than that of the United States, Germany and Japan.

flexibility in the fulfilment of their own commitments, especially in spheres such as the protection of intellectual property, in which onerous institutional innovations are required, on the other hand. Furthermore, on a more general level, the developing countries are laying claim to a sectorial readjustment of the liberalisation process, hitherto considered to be too half-hearted in precisely those sectors in which the former enjoy comparative advantages, such as agriculture, textiles-apparel and various services offered by means of temporary migrations.

If adequate replies are not given to these issues and if the main industrial countries continue to believe that, as at the time of the GATT (General Agreement on Tariffs and Trade in the framework of which all the rounds of international trade talks took place before the foundation of the WTO), an agreement between themselves is sufficient to create a general consensus, there will be no way out of the present difficulties and the fourth Ministerial Conference of the WTO, scheduled to take place in Doha, in Qatar, in the month of November, will also close in failure, in a re-run of the proceedings in Seattle in 1999.

In order to circumvent this danger, it would also appear necessary to scale down the ambitions expressed by various developed countries, and in particular by the European Union, for a significant widening of the issues under discussion, beyond the traditional limits of trade regulations. That a wider agenda for the talks makes it generally easier to reach agreement is true, because it allows for increased opportunities to exchange concessions between different sectors. Yet in actual fact the sectors on which talks are being held (agriculture and services) already cover a huge and diversified range of economic activities, and the simple inclusion of the manufactured goods trade, in which important potential for liberalisation still exists, should be sufficient to provide the negotiators with substantial margins for intersectorial compensation. On the other hand, it is less likely, regardless of formal issues, that it will be possible to overcome the opposition of the developing countries to an explicit widening of the negotiating agenda to subjects that are not strictly trade-associated, such as labour standards, the environment, competition and investments. On these issues the claim of national sovereignty is combined with diffidence towards the possible protectionist use of some of these by the developed countries, and with the fear of having to undertake new institutional commitments too onerous for systems that have not yet succeeded in fully implementing those already subscribed to with the Uruguay Round. Aware of these problems, the European Commission, although not renouncing its basic objectives as far as the international regulations on economic transactions are concerned, has recently shown signs of greater negotiating flexibility. However, it is not yet clear to what extent the European governments, and those of the other industrial countries, will be willing to follow it down a path that risks exacerbating tensions with some of the social organisations mobilised against globalisation.

The institutional problems of the WTO, which came to the fore in Seattle, but are of older origin, further complicate prospects. In short, it is becoming increasingly difficult to make decisions on the basis of the principle of consensus in an organisation that now numbers 141 members, each of whom is showing an ever stronger interest in the stakes, given the increased degree of openness of the markets and the need to debate all the national policies that may become obstacles to trade. Many developing countries do not have adequate resources to take an active part in all the meetings of the various organisms into which the WTO is subdivided. Some of them do not even have permanent representation in Geneva. Furthermore, the established praxis of informal consultations between just few countries, which is inevitable in an attempt to form a consensus, aroused growing dissatisfaction among those who felt themselves to be excluded from the process. During 2000 the leaders of the WTO tried to remedy this situation, focusing on increasing the transparency and the degree of openness of existing procedures; however if the Doha Conference were to end in a new failure, the issue of a deep-seated reform of the decision-making mechanisms of the WTO would become a priority.

The WTO's activity is not confined to the preparations for the next Ministerial Conference, but is very intense in other areas as well. Particular prominence is acquired by the aforementioned talks on agriculture and on services, which had been scheduled in the conclusive agreements of the Uruguay Round and were duly begun last year. The first phase of these talks, primarily dedicated to

procedural issues, concluded positively just a few months ago, potentially paving the way for sector agreements to be reached outside a wider round of talks as well. However, as regards the content of the negotiating agenda, at least as far as agriculture is concerned, the positions of the member countries are still far apart. At first sight the gaps appear to be narrower in the case of services, partly due to the great flexibility allowed for by the GATS (General Agreement on Trade in Services) in the intensity of liberalisation. Despite the rapid process of service industry expansion, which affects all the economic systems, for two years the growth rate of world trade in services remained lower than that in merchandise, which might also be interpreted as a sign of an unexploited potential for development, on account of the insufficient degree of openness of the markets.

The WTO's activity in solving trade disputes between member countries continues to be very intense. On the one hand this confirms the persistence of tensions and difficulties in the international trade system, but on the other it shows evidence of the faith of the member countries in the institutional mechanisms in force. It is worth singling out in particular the positive conclusion of the long dispute stemming from the objections of the United States regarding the system of importing bananas adopted by the European Union.

The vitality of the WTO is also confirmed by the continuous increase in the number of participating countries. In the period since January 2000 six new members have been admitted (Albania, Croatia, Georgia, Jordan, Lithuania and Oman) and talks for the accession of China have now reached the final rush, an event that will bring to an end the long march conducted by this country to become integrated in the world economy, bringing new opportunities for development and considerable adjustment problems. Other important countries too, including Saudi Arabia, Russia and Vietnam, are negotiating their own entry into the organisation.

The persuasive force of the development pattern based on openness to international trade is documented by the liberalisation processes that various developing countries have carried out unilaterally, or in the context of reform programmes suggested by the international economic institutions. One of the questions to be resolved for the next round of talks focuses precisely on the recognition to be given to the liberalisation measures already taken.

On the other hand, protectionist trends still persist. Since the Asian crisis, there has been an intensified recourse to trade defence instruments, such as anti-dumping and anti-aid measures (the recent threats by the United States on steel are one example of this), and the use of subsidies, especially in the agricultural sector, also seems to be increasing. Furthermore, the slowness of the liberalisation process in the textile-apparel sector and the possible protectionist distortion of the regulations that prescribe certifications on product quality are frequently criticised.

One of the unknown factors regarding the near future is precisely concerned with the effects of the slowdown in the world economy on the direction of trade policies. This could result in an intensification of protectionist drives, as has happened on other occasions, but – according to a more optimistic interpretation – governments might also be motivated by the need to relaunch the economy to set aside differences and at least attempt to close the Doha Conference with a minimal agreement, with the aim of preventing the damage of a second failure. However, it is obvious that the complex mechanism of multilateral talks will only be able to have a stimulating effect on the economic activity if its agenda is shared by all the member countries and is sufficiently precise and ambitious to generate an intense and balanced liberalisation process.

The interplay of international trade relations is further complicated by the proliferation of preferential integration agreements, concluded mainly, but not exclusively, between countries belonging to the same geographical region. In a phase, like the current one, of problematic multilateral talks, the regional way forward might appear to be a less laborious alternative, by decreasing pressures to reach agreement. On the other hand, many believe that, in certain circumstances, this might provide a useful intermediate way of facilitating multilateral liberalisation.

The development of regionalism is most evident in America, where, in spite of the existence of drives in the opposite direction, the ambitious objection of a free continental trading area has been

fixed for 2005. Aside from its potential restraining effects on the multilateral talks, this project threatens in any case to exacerbate the difficulties that already beset existing regional agreements, and the Mercosur in particular.

In Asia too, where regionalism seemed not to have taken root, clear signs of a reversal of trend are showing. In more general terms, all the developing areas appear to be involved in a fervour of new regional initiatives or in strengthening the agreements already in force.

The European Union

The European Union contributes in various ways to these processes. In the first place, with the introduction of the euro, it further accomplishes its own internal integration. Furthermore, it is actively preparing for its imminent enlargement, which will involve a considerable expansion of its borders in the direction of Central-Eastern Europe and the Mediterranean (however, talks seem to be slow, perhaps partly as a consequence of the recent Irish referendum). Almost as hoping to counter-balance the possible effects of trade diversion resulting from its expansion, the European Union is also committed to a concentrated series of bilateral initiatives for preferential integration. Recent examples of this are the free trade agreements reached with South Africa and Mexico, as well as the Cotonou convention, which has revised the set-up of preferential relations with the ACP countries (Africa, Caribbean, Pacific). Finally, mention should be made of an important decision to liberalise unilaterally access to European markets for all products, apart from arms (*Everything but Arms*), originating from the 48 least developed countries (LDC). The effective contribution of this initiative has been diminished by the fact that it is staggered over a very long period of time (up to 2009) for imports of certain particularly important products (bananas, rice, sugar). On the other hand the simple abolition of tariff and quantitative restrictions is not sufficient to ensure concrete benefits to the LDC, whereas in fact more incisive policies are necessary, aimed at strengthening the export capacity of those countries. However, the European initiative represents a concrete sign of openness, which should be imitated by other developed countries, even though, in order to avoid making North-South relations within the WTO even more problematic, its possible negative implications should not be overlooked, for imports originating from the developing countries that are excluded from it.

In consideration of the recent data on the European Union's trade with the rest of the world, it appears that the year 2000 was characterised by a sharp deterioration in its current account balance, which turned into deficit: the marked deterioration of terms of trade more than offset the favourable trend in relative quantities. In the geographic distribution of trade, the countries of Central-Eastern Europe have acquired growing importance in recent years, as an effect of the integration processes underway and also in preparation for the expansion of the Union. There was also a slight modification, as compared to the end of the 1980s, in the trade specialisation pattern: in general there was a trend towards the alleviation of trade imbalances, both in the sectors of comparative disadvantage (computer science and telecommunications), and in the areas of strength (motor vehicles, industrial machinery, footwear and furniture), with several important exceptions in the textile-apparel sector, where the relative weakness of the European industry was further accentuated, in chemical products and in foodstuffs, where, on the other hand, its comparative advantages were strengthened.

Italy's position

In Italy the recent trend of foreign trade followed, at least in part, the general tendencies described previously for the European Union.

In 2000, for the first time in seven years, the current account balance showed a deficit, to an amount of almost 12,000 billion lire (0.5 percent of the gross national product, GNP), but Italy's net

position abroad remained positive at more than 90,000 billion lire.

The deficit relating to factor incomes increased, and the credit side of services almost zeroed, in spite of the increase in assets related to tourism, on account of the accentuation of the deficit in the remaining items, especially in transport and in services to enterprise. As for the other countries in the euro area, the deterioration of the current account balance still depended prevalently on that of the mercantile balance (from 43,000 to 23,000 billion lire in the FOB-FOB assessment), in its turn owed to the fact that the unit values of imports felt the effects of the sudden rise in oil prices and the depreciation of the euro.

In terms of quantities, however, merchandise imports and exports showed a favourable trend: whereas imports grew by 8.3 percent, raising their degree of penetration in relation to domestic demand, notwithstanding their diminished competitiveness, the increase in exports was more than 10 percent, around twice as much as the overall increase in the three-year period 1996-1999.

For 2001 it is already envisaged that the current account balance will return to a positive position: the protraction of the favourable trends in quantities should be combined with a recovery in the terms of trade, and the first data available do in fact point in this direction.

Considering goods and services as a whole, the contribution of net exports to the growth of GDP in 2000 was identical to the average contribution of the other countries belonging to the euro area (+0.6 percent). For Italy this contribution was, however, relatively more important since, returning to a positive position after three years, it determined a marked acceleration of the GDP: despite the slowdown in total domestic demand, as a result of the drop in stocks that contrasted with the recovery of consumer goods and investments, the trend of GDP did in fact rise from 1.6 percent in 1999 to 2.9 percent last year. The propensity to export, measured by the ratio between total foreign sales and GDP, exceeded the 30 percent level (at 1995 prices).

However, there are plenty of reasons for moderating satisfaction with these results, bearing in mind first and foremost that the growth of merchandise exports³ in quantity was even lower than the development of world trade, estimated in 2000 at around 13 percent.

By taking advantage (even if not fully) of the opportunity offered by the weak euro, Italian companies on average succeeded in making sales price increases abroad which were higher than those on the national market; however, this meant sacrificing margins of competitiveness to competitors of other countries, who preferred more aggressive strategies, aligning the unit values of their exports to the trend of costs.

Since, on the other hand, as an immediate effect of the weakening of the euro and the rise in oil prices, Italian export prices showed a markedly lower variation in common currency than those of world trade, the loss of market share suffered by Italy in values (from 3.9 percent to 3.6 percent) was greater than the one in quantities, protracting a declining trend that in recent years was interrupted only in 1998, as a consequence of the Asian crisis.

Beyond the components connected with the economic situation, this withdrawal of the Italian position is partly a natural reflection of the changes underway in the international division of labour, which determine a shift in manufacturing activities in developing countries and those in transition to a market economy, and in fact the other major industrial countries also suffered losses in their share. Last year, however, Italian exports continued to grow less, also in comparison to those of the European Union, and of France and Germany in particular.

³ However, it should not be forgotten that the data for 2000, unlike those for 1999, are still provisional and therefore omit a significant flow of sales towards the European Union, which in the Intrastat system are recorded with a certain time lag. This involves, as shown by the experience of recent years, a substantial under-valuation of the 2000 growth rates: comparing the provisional data for the two years, the trend of the value of Italian exports (18.5 percent) appears higher than the official rate (16.4 percent) and it may be presumed that the growth rates of quantities show a similar gap too.

The effects of the composition of demand, from the sectorial and geographical point of view, penalised Italy, which holds comparative advantages in products and in countries characterised by a relatively slow import trend; it is no coincidence that France, which is specialised in steady growth sectors, had a limited loss of share and countries such as Canada, more oriented towards the most dynamic markets, took advantage of this situation also in terms of global share. Yet, with few exceptions, Italian exports also lost ground in individual markets and sectors, which seems to reveal more general problems of competitiveness.

In actual fact, in some of the cases in which the reduction of the Italian share was most substantial (for example in Germany as regards footwear), this may to a certain extent be a consequence of production relocation in Central-Eastern Europe, from which it can be inferred that foreign affiliates of Italian companies have begun to supply some markets directly. It would thus be a case not of companies' lack of competitiveness, but rather an indirect sign of their capacity to become actively integrated in the changes in the international division of labour, facilitated by regional integration processes. This may also explain the fact that the few markets in which Italian exports gained in terms of share in the year 2000 do in fact number several countries of Central-Eastern Europe, which are involved in these trends.

On the other hand, the losses of shares in other areas (Americas and East Asia) may also be linked to the crowding-out effects determined by the deepening of regional integration processes taking place within them.

In recent times, however, Italian exports have shown clear signs of recovery, also in terms of shares. Already in 2000, in the markets outside the European Union, these had increased more rapidly than those of other European countries. The sharp acceleration recorded in the first quarter of 2001, with a tendential growth rate of exports of goods and services equal to 12.6 percent, puts Italy in first place among the major industrial countries, implying that the declining trend of the market share in recent years may finally have been reversed.

Geographical areas

In 2000 exports showed remarkable buoyancy in various markets outside the European Union, and especially in North America, East Asia, North Africa, the Middle East and Central-Eastern Europe.

It should be pointed out, as mentioned earlier, that in these areas as a whole the sales of Italian products grew more than those of other countries in the euro area, confirming Italian companies' talent for grasping with particular promptness the opportunities offered by propitious conditions of demand and/or exchange.

On the other hand, where such conditions were less favourable, the opposite phenomenon occurred: in the European Union, Italy's exports increased to only a moderate extent, so much so that the national balance plummeted from 2,800 billion lire on the credit side in 1999 to a deficit of 5,600 billion lire last year, and furthermore the Italian market share also declined in relation to the main competitors in the euro area.

In actual fact, this unsatisfactory outcome depended almost exclusively on the result relating to Germany, with which the deficit went from 5,300 to 11,500 billion lire and where Italy lost positions compared to many European countries. A trend that had been observed since 1996 was protracted: in the last four-year period Italy's bilateral balance deteriorated by 20,000 billion lire, 80 percent of that recorded in the balance with the European Union as a whole, and at the same time Italy's share in its major market fell below 7 percent, losing 1.4 percentage points.

In the *Report* it is argued that the origin of this negative trend might be traced back to the fact that Italian imports are growing quickly in Germany's sectors of comparative advantage and that, on

the contrary, German demand is increasingly directed at products in which Italy has scant specialisation; furthermore, as already pointed out, in recent times part of the footwear offer on the German market might originate from affiliates of Italian companies located in Central-Eastern Europe.

Phenomena of international fragmentation of production activities notoriously involve other sectors too, often translated, especially in trade with the countries of Central-Eastern Europe, into so-called outward processing traffic; the *Report* documents their gradual extension to new areas (Balkans and the Mediterranean).

This natural evolution might not bring with it further losses of market shares if the companies focus on an improvement in the quality and image of Italian products, which will limit their degree of interchangeability with those of emerging countries.

The first data relating to 2001 are encouraging. In fact there are obvious signs of a recovery of the Italian share of the European Union market, where Italy's exports have grown in value by 18 percent, against an increase of barely 8 percent obtained by the other countries of the Union. The weakness of the economic situation in the United States and in Japan has brought with it a slowdown in sales of Italian products, but in China and in the Mercosur exports have clearly accelerated, whilst in Central-Eastern Europe they have continued to show considerable dynamism.

Sectors

In 2000 the trade balance surplus of the manufacturing industry rose from 66,000 to 71,000 billion lire, reversing the negative trend that had characterised the previous three-year period. The improvement involved all the principal sectors, except for research-intensive products and intermediate goods with strong economies of scale. The rapidity of growth in exported quantities generally exceeded that of imports, with the important exceptions of textiles-apparel, furniture, machine tools and office machinery.

Despite this recovery, the market shares of Italian products dropped in almost all sectors; among the very few exceptions are pharmaceutical products and means of transport (excluding motor vehicles, for which the share remained almost unchanged). The most serious losses of 2000, both compared to 1999 and to 1996, were recorded in typical *made in Italy* products (textiles and apparel, homewear), but also in mechanical machinery and appliances.

Among the reasons that contributed to determining these collapses a certain role may also have been played, as already outlined, by the processes of international fragmentation of economic activities, which led to the relocation abroad of productions destined for export, not only in the traditional sectors of consumer goods, but also in the mechanical industry.

The overall effect of these processes on foreign trade is still uncertain, partly due to the insurmountable difficulties involved in their statistical documentation. The *Report* examines, among other things, the case of the automobile industry, in which the targeted "worldisation" strategies of the Fiat group have been a driving force for the internationalisation of the supply system, activating substantial flows of export and import both of vehicles and of components and materials.

By taking a longer-term look at the evolution of the international specialisation pattern of the Italian economy, its essential qualitative characteristics are confirmed, but interesting signs of evolution can also be detected. In the second half of the 1990s there was a considerable reduction in the intensity of sectorial imbalances (both comparative advantages and disadvantages lessened), with exceptions only in products for the home, where specialisation increased, and in motor vehicles, office machinery and insurance services, where Italy's weakness was accentuated. This reduced polarisation is generally interpreted as the sign of an intensification of intra-industry trade, in other words of a trend towards niche specialisation within each sector, which for some while now has united the main developed countries. A similar phenomenon was first highlighted in the European Union's trade with the rest of the world. What is more uncertain is the role played in it by the processes of regional integration: they can favour the trend towards intra-industry specialisation, but can also activate

processes of territorial concentration of production activities, which encourage greater polarisation between different sectors. For the time being, in the case of Europe, the empirical evidence seems more favourable to the first of these conjectures.

Whilst avoiding attributing excessive significance to partial data, it must in any case be pointed out that in the first part of 2001 a particularly steady trend in foreign sales still characterised chemical, electronic and telecommunications products, in which Italian companies might finally have succeeded in keeping pace with international trade.

The slowdown in demand from the United States has contributed to the decreased buoyancy of exports in means of transport and to their fall in jewellery, but positive results are recorded in the majority of specialisation sectors: textile products and apparel, and above all footwear, thanks to the recovery of the European market, have experienced a greater growth than in 2000, whilst a recovery has also occurred in capital goods.

The territory

In 2000 export trend was also characterised by more widespread territorial diffusion. The dynamism of the southern regions stands out in particular: although the values of the exports of some of these were expanded by the rise in price of petrochemical products, even net of this effect an increase emerges in their contribution to the national total, also in sectors with a higher technological content. This can be seen as a revival of a trend that had appeared during the 1990s, fuelled by vibrant displays of local entrepreneurship. A further indirect confirmation of this is the gradual increase in the share of exporting companies operating in the South, which rose from 11 to 12 percent between 1995 and 2000.

Signs indicating a greater balance in the territorial distribution of exports also appear in other trends of 2000: the contribution of central Italy increased, and in particular that of Tuscany and Lazio, whilst the importance of the northern regions was scaled down. In the case of the North-West this confirms a trend now in evidence for a number of years, partly linked to the growing expansion of the service industry in the economic systems of these regions. The North-East's drop in share, on the other hand, is a new feature, which could be partly attributed to the greater intensity of the relocation processes of manufacturing activities to various countries in Central-Eastern Europe. However, the entire Adriatic strip is actively participating in the intensification of relations with these countries, and in particular with the Balkan area, exploiting a geographical proximity whose economical potential has not yet been fully turned to account.

A more detailed analysis of the degree of provincial concentration of exports shows that the latter, despite its slight reduction between 1993 and 2000, remains high, especially in certain sectors with strong internal economies of scale, but also in productions characterised by agglomeration economies typical of industrial districts. The high territorial concentration of exports naturally corresponds to the accentuated sectorial specialisation of the various provinces, but there does not seem to be an unequivocal relationship between the intensity of this phenomenon and the results obtained on the international markets: both provinces with a sectorial structure polarised on just a few sectors and others with more balanced specialisation patterns appear among those with a greater propensity to export.

It goes without saying that in Italy's case the provincial dimension is not best suited to grasping the territorial characteristics of economic processes, because the local production systems on which these are based to a very significant extent, have more limited – and more mobile – boundaries than the provincial administrative bodies. Specific forms of local organisation of production activities also emerge in sectors other than manufacturing, such as tourist services.

Several empirical factors suggest that an important contribution to the recovery of Italian exports in 2000 was indeed made by some of the most typical *made in Italy* industrial districts, which

in recent years seemed to be experiencing difficulties. On the other hand important issues are still unresolved regarding the capacity of district systems to modernise once again, in order to adapt to the ongoing changes in the characteristics of international competition. One of the crucial points concerns the strengthening of their presence on international markets, which requires significant investments in various phases of the production process, such as distribution and after-sales assistance, necessarily performed outside local confines, and in direct contact with buyers. Moreover, defending the competitiveness of district productions increasingly requires a capacity to relocate some phases abroad, although at times this may jeopardise the distinctive concentration of capital, human resources and social values on which the "secret" of the district formula is based. From this point of view it seems that the best results, at least within the mechanics sector, were obtained by industrial districts characterised by the dominant presence of several leader-companies, capable of marking out the road of productive internationalisation, or by those in which the existing presence of companies controlled from abroad facilitates closer direct relations with the outlet markets for their products.

Business firms: exports and foreign investments

Although the growth of corporate firm size, especially in those sectors in which the international markets have become oligopolistic, is an important factor for competitiveness, precisely because it facilitates control of distribution channels and the internationalisation of production, the original feature of the Italian pattern actually lies in the concrete demonstration of the possibility to follow different paths, in which the advantages stemming from the small size of individual companies are developed by the strength of their economic and social ties with the local contexts in which they interact.

From this point of view the trend over time in the number of exporting companies is particularly significant, since it indicates the expansive capacity of production organisation models suited to international competition. The period of decline experienced by Italian exports in the second half of the 1990s was characterised, among other things, by a tendential stagnation of this indicator. In the recovery of last year, however, an outstanding and unprecedented increase was recorded in the number of exporting companies: a comparison between the provisional data for 1999 and for 2000 shows a net increase of more than 9,000 companies, equal to 5.6 percent of the total, signalling the appearance of a new generation of small exporters, especially, as already outlined, in the South. The phenomenon was presumably favoured, to some extent, by the depreciation of the euro, which offered new subjects – as was also the case in 1994 – the opportunity to appear on the international markets. However, this situation may also have been contributed to by the policies implemented to encourage the development of new entrepreneurial initiatives, or the emersion of those carried out in irregular conditions.

The increase in the number of companies did not prevent the protraction of an, albeit slight, basic trend towards a greater dimensional concentration of exports. The importance of the categories of smaller companies (with an annual export turnover of up to 500 million lire), which was equal to 76 percent of the *number* of companies in 1995, dropped to 73 percent in 2000. At the same time the share of the larger companies (with an export turnover higher than 25 billion lire) on the *value* of exports rose from 57 to 63 percent. In addition, there was a further increase in the numerical importance of the most stable companies, in terms of years present on foreign markets, whilst the appearance of many new exporters signalled a pause in the ascending trend characterising the degree of geographic diversification of exports in previous years, measured from the average number of areas in which each company is present.

Outgoing foreign direct investments are also showing a certain dynamism, assisted among other things by the new information technologies, which have done away with restraints on them, and a growing number of smaller-size companies is proving successful in pursuing production internationalisation. However, the progress made still appears to be insufficient: unlike the case of the other Eu-

ropean countries, the Italian share of international investments is much lower than its importance in world trade, and the growth of the phenomenon is also slower compared to that of Asian countries, which have only recently started to carry out significant investment activities abroad. The limited financial and organisational resources of many Italian companies often mean that they are still reluctant to bear the "irretrievable" costs of a production plant abroad. Even mild forms of multinational protection, in other words those that can be most immediately translated into the possibility of defending and enlarging export shares (opening of after-sales service centres, distribution control, etc.), are slow to develop. This is partly a natural feature of a specialisation pattern primarily directed at sectors other than those in which the wave of mergers and acquisitions that characterises the world economy, is concentrated. In other respects, however, the fact that production internationalisation is lagging behind, even in sectors in which Italy enjoys comparative advantages, underlines the need for companies to adjust their competitive strategies.

Support policies

A boost in this direction may also be provided by the public sector support policies for the internationalisation of firms. During the year 2000 the process to reform organisms and intervention tools, already initiated some years ago and characterised, among other things, by its encouragement of regions and other local bodies to play a more active role, continued. Corporate interest in public sector support is documented by the fact that during 2000 almost all the tools were used more intensively, due also to an increase in the financial resources available.

The *Report* presents several elements of comparative analysis of the policies in support of internationalisation adopted by the main industrial countries, not forgetting that these are carried out in a framework of institutional constraints (at European level, OSCE and WTO), which is tending to become increasingly rigid, in order to avoid distortions in international competition. Furthermore, the capacity of these tools to generate benefits commensurate to the undertaking required, in terms of the financial and human resources of the civil service, should always be kept under control.

Conclusions

In last year's edition this *Report* had already underlined the difficulty of explaining with the traditional tools of macroeconomic analysis the weakening of Italy's position in the international economy, evident in all the principal data relating to the second half of the 1990s. The final balance of 2000 is marked by light and shade: it indicates the extremely buoyant recovery of exports, also visible in the increase in the number of companies operating in foreign markets and in a greater territorial diffusion of the phenomenon; but it confirms the decline of the world market share held by Italian products. The first data available for 2001 are very positive and give rise to hope that the negative trend has been reversed.

It is no easy task to interpret these phenomena. The albeit necessary reference to price competitiveness, a complex indicator summarising impulses originating from exchange rates, productivity, costs and profits, in their turn influenced by factors internal and external to enterprises, appears to be inadequate. Not only because the success of a product on the international markets depends on a combination of several non-price competitiveness factors, but also because, competitive success in individual segments of the market being equal, a country's share in international trade can be influenced by the correlation between the geographical and sectorial characteristics of its international specialisation pattern and the trends of world demand. As already seen, Italy's share has been negatively influenced in recent years by the fact that the strengths of its exports are concentrated in relatively sluggish products and markets.

However, even after these structural factors have been taken into account, the decline of Italy's international position is evident and hard to explain. Some sparse evidence points to the hypothesis that Italian firms have started to serve foreign markets from plants relocated abroad, in Central-Eastern Europe in particular. This, if it were true, on the one hand would denote the growing inadequacy of the data with which a country's position in the world market is usually analysed, and on the other hand would raise different questions. The *Report* repeatedly underlines the importance of internationalising production, as unavoidable for confronting competition in increasingly integrated markets. Therefore, if the relocation hypothesis were to acquire a less uncertain empirical basis, what now appears in foreign trade as a problem of competitiveness of the *products* exported by Italy should be interpreted as a sign that competitive strategies of Italian firms have become more mature. The net effect on the economic well-being of the country would obviously depend on the capacity of its production structure to evolve in such a way as to generate elsewhere (in other sectors, in other products, or in other phases of the production process) work opportunities that are suppressed by relocation processes.

In an increasingly open economic system, like the Italian one, the possibilities of developing internal resources and increasing their value are influenced to a growing extent by the capacity to attract investments from abroad. From this point of view too the *Report* recalls more than once that the Italian position appears to be below its potential. In fact data for 2000 confirmed the signs of recovery in foreign investment inflows, which had already emerged in the previous year, but Italy's ranking among FDI host countries is still far below its economic importance.

The reasons for this are partly similar to those that explain the scarcity of outward investments: the major operations of merger and acquisition that dominate the international investments scene are concentrated in sectors other than those in which Italy enjoys comparative advantages; the proprietary structure of Italian firms does not encourage their takeover from abroad. But other factors of a structural nature, capable of influencing the location of multinationals' green-field investments – such as fiscal pressure, the quality of services and infrastructures, public safety, the simplicity and predictability of regulations and procedures – might also help to explain why Italy is lagging behind.

However, the important question of Italy's capacity to attract investments from abroad is sometimes ambiguously presented in terms of the country's "competitiveness", relying on synthetic quantitative rankings which are highly debatable.

Instead, the *Report* contains an analysis of the Italian position based on the so-called "Lisbon indicators", chosen by the European Union as reference for the development policies of the next few years. This analysis shows that, in terms of productivity, Italy is well-placed in the European rankings. Its principal problems are of another kind and are primarily concerned with the severe territorial imbalances within the country, the limitations of the training and research system and the insufficient degree of liberalisation of some markets, such as energy. In other words, the age-old "Mezzogiorno question", albeit in different forms, continues to condition the country's development opportunities, in combination with other factors of backwardness, also linked to the rents that still prosper under the protection of various safeguards.

Trade policy cannot undertake to solve problems of this entity, but the opportunities offered by a balanced process of trade liberalisation should not be underestimated. If the international negotiations succeed in promoting a greater openness of the markets, especially in services and in agriculture, also Italy's economic progress will be fostered.

1. WORLD TRADE

In 2000 world trade recorded the highest growth rate for more than a decade and, for the first time after many years, all the principal geographic areas experienced simultaneous cyclic expansion. In the advanced economies, the United States continued to be the driving force of world growth.

In 2000 all the main geo-economic areas experienced strong economic expansion

Economic activity in the European Union countries experienced a clear acceleration whilst the Japanese recovery still proved to be weak. For the developing countries, albeit at different paces, 2000 was characterised as a year of significant increase in production, whilst, for the first time since the fall of the Berlin wall, in all the economies in transition economic activity recorded positive growth rates, driven by the positive trend of world demand.

The EU economy accelerated whilst the Japanese economy still proved to be weak

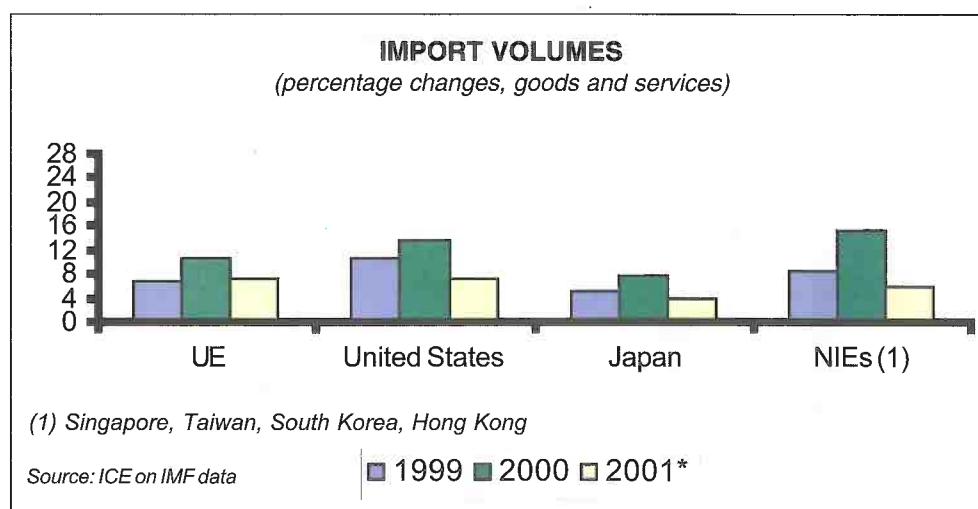
Thanks to the favourable development of the economic cycle, the debt situation of the developing countries and the countries in transition improved slightly in 2000, in particular as regards the ratio between debt and exports of goods and services.

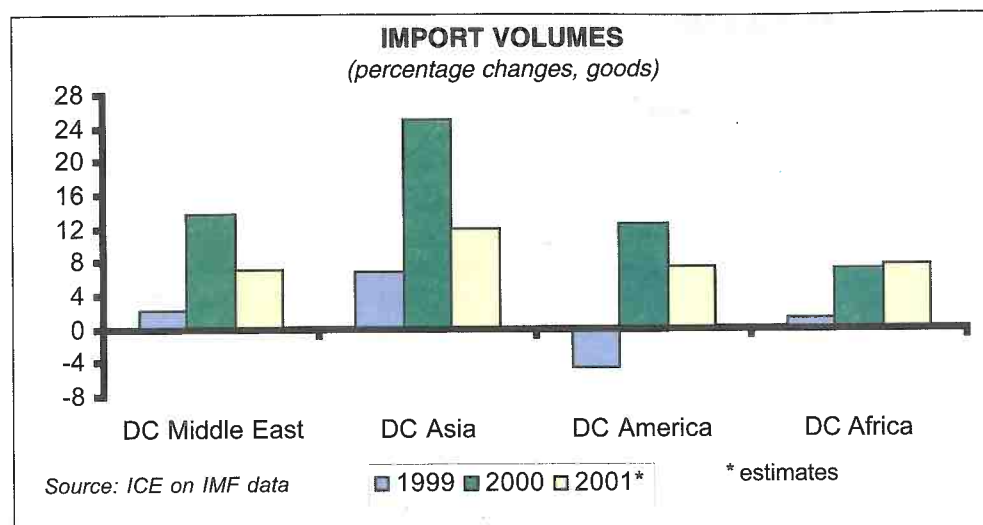
The debt position of the developing countries improved

In the final months of 2000, various signs of a slowdown in the world economy intensified, mainly on account of the weakening of economic activity in the United States and in the European Union countries and the persistent difficulties of the Japanese economy. This led to a downward reformulation of the growth forecasts for 2001, whilst the expansion phase of the cycle is expected to recover in 2002.

Driven by the favourable trend of world demand, 2000 was a year characterised by an intense rate of expansion in the world trade of goods and services. Compared to the previous year the growth rate of merchandise trade at constant prices was recorded at around 13%. In association with the net increase in traded volumes there was a stagnation of average unit values.

Strong expansion of world trade



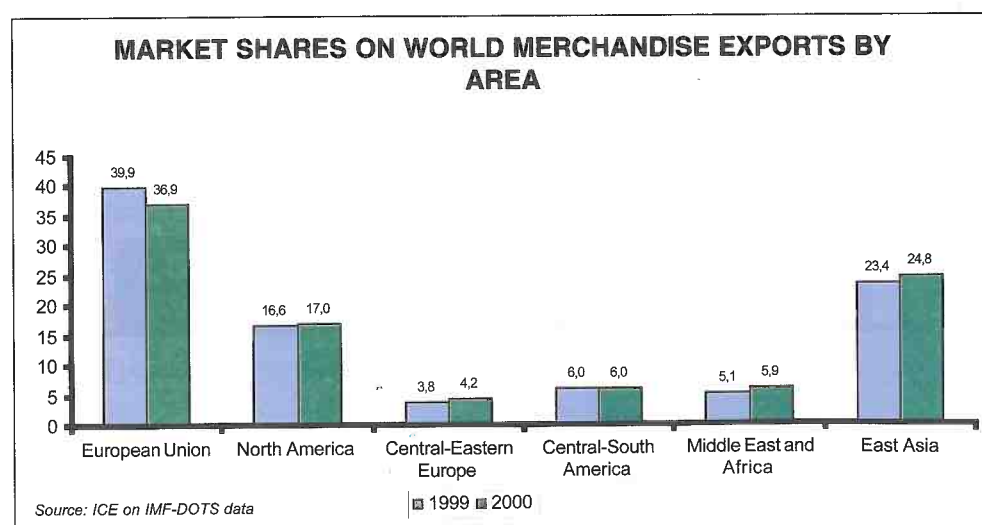


Increase in international oil prices and strengthening of the dollar led to a deterioration in the terms of trade for energy-importing countries

Terms of trade underwent a moderate reduction for the industrial countries and for the oil-importing developing countries, on account of the combined effect of the increase in oil prices and the depreciation of the exchange rates of most currencies against the dollar, whilst those of the petroleum-exporting countries clearly improved.

Drop in the market share of the advanced economies to the benefit of the developing countries, and to a lesser extent, of the countries in transition

In 2000 the market shares of world exports at current prices showed a decrease for the advanced economies, to the benefit of those of developing countries and, to a lesser extent, of the countries in transition. It is worth singling out the share gains obtained by the United States, Canada and Japan, in contrast to the net decrease in the aggregate share of the European Union, caused by the depreciation of the euro against the dollar. China and Russia showed more substantial share gains, although the relative positions of the East Asian countries were also characterised by general improvements. In the other areas, the countries of Central-South America held on to their positions and the aggregate share of Africa improved slightly.



In 2000 world exports of services, whose value is equal to about a quarter of total merchandise exports, increased by 5%, a lower rate than that recorded for merchandise for the second year running.

Imports and exports of services grew less than those of merchandise

World flows of direct investments, according to preliminary estimates, recorded a substantial increase compared to 1999, principally owing to the intensification of mergers and acquisitions between companies, continuing a trend uninterrupted since the beginning of the decade.

New increase in FDI flows and intensification of mergers and acquisitions between companies

Compared to the previous year a much more moderate growth in world trade is estimated for 2001, on account of the slowdown in world demand, caused primarily by the weakening of the United States' economic situation but also, at sectorial level, by the net deceleration of trade in electronic products and telecommunications, which, in 2000, recorded a very steady trend.

Prospects of a slowdown in 2001 due to the weakening of the economic situation in the United States

2. TRADE POLICIES

Globalisation imposes new intervention strategies and a greater sharing of objectives on the WTO

The new challenges launched by the growing integration of markets worldwide together with the interdependence between the processes transforming the economy, and the problems of political and social order forced the World Trade Organisation (WTO) to take a long look at its role, which will have to be adjusted to meet the changes in the international economic and political context, and at the need to formulate new strategies and new mechanisms for intervention on economic phenomena.

However, the need for the WTO to consolidate and redefine its aims and methods of action requires radical innovations, which also affect the decision-making mechanism. It therefore appears necessary to introduce a direct reform to strengthen the representativeness of the WTO and to increase the level at which aims are shared by its members.

Any such attempt though is made difficult because of the obstacles often encountered by developing countries (DC) in taking an effective part in the life of the organisation and in actually applying their own commitments to liberalisation. Furthermore, it is necessary to provide a real solution to the problems that prevent the DCs, and the least developed countries (LDCs) to an even greater extent, from being fully involved in the processes of trade intensification and globalisation of the economy.

It will be necessary to involve DCs in a proactive way in order to prevent their further marginalisation

The growing interest that some developing countries have shown in the opportunities offered by greater integration in the world market (but also by the relative processes of adjustment to international economic-production standards) has highlighted their will to carve out a role of greater importance for themselves in the international political panorama. Among these countries there is in fact a widespread conviction that the best way to prevent the risk of marginalisation is to take full part in the international institutions, such as the WTO, in order to try to become positively integrated in the economic evolution in progress and to reach higher levels of participation in international trade.

Limits to the sectorial approach in the management of global phenomena

The two important sector specific negotiations at present underway – on agriculture and on services – although having recorded progress in the debate on liberalisation, have, however, shown the limitations of the sectorial approach, which is faced with deeply-rooted attitudes of inelasticity, difficult to overcome in absence of a margin for manoeuvre that would allow for compensations vis-à-vis any concessions made.

Such opportunity is more likely to rise in the context of a wider negotiating agenda, so as to be able to confront at one and the same time, and from various points of view, global issues and those of general interest (such as, for example, environmental protection), which necessitate a solid political consensus and a cooperative stance.

The confrontation on the breadth of the negotiating agenda involves, in particular, the opposition between the political line taken by the United States, which favours talks on more circumscribed themes and of a sectorial nature,

and the one promoted by the European Union, which instead deems it necessary to widen the agenda with the aim of facilitating compensations among different sectors. It is therefore faced with the difficult task of finding the right balance between a pragmatism that proposes to concentrate on obtaining concrete, imminent results, and a wider and more functional vision of the issues under consideration, which would allow a connection to be made between their various components, giving rise to the necessary compensations among the most conflicting positions in the framework of the negotiation rounds.

The successful outcome of the preparation phase of the new round currently underway – the 4th ministerial meeting is in fact scheduled for the month of November 2001 in Doha, in Qatar – requires the WTO to increase its credibility as an institution capable of confronting and solving the most urgent issues, related not only to international trade, but also to development in general.

There are in fact real risks that the round will not be able to go ahead within the year. One of the factors that might contribute to this is the onset of protectionist drives, especially within the industrialised countries. This could be compounded by the DCs' lack of confidence in the capacities of the WTO to provide a solution to the problems encountered in the implementation of previous agreements, which would make them ill-disposed to participating in a new round of talks.

Interwoven with these tensions is the recurrent temptation to avoid the difficulties of multilateralism by adopting the shortcut of regional agreements. In fact another great danger for the launch of the new round lies in the possibility that regionalism may be considered as an alternative to multilateral liberalisation, rather than as a process to support and complete it, able to serve as an adhesive for the interested area and allow it to direct its interest towards integration objectives in wider contexts.

The stakes are very high and the meeting in Doha is shaping up to be a serious test for the credibility of the WTO and, more generally, of multilateralism. The dangerous prospect must be averted that a system of global regulation based on principles of non-discrimination might give way to a patchwork of *regional* agreements – discriminatory by definition – if not actually to potentially hostile blocks, with evident prejudice especially for the poorest countries with less bargaining power outside a multilateral context.

On the other hand, if the DCs succeeded in drawing up a positive agenda and coordinating their action, they could ensure that the next round is centred on themes of development and on the issues of most interest to them. It is precisely in consideration of the evident and important political repercussions resulting from a greater openness of markets that a Development Round is necessary, in other words a new round of multilateral talks characterised by a broader agenda, more directed at aims to include the DCs in development processes.

The WTO will therefore have to prove itself capable of providing opportunities for agreement in which the consensus reached by the parties is translated into mechanisms and regulations capable of extending the benefits of globalisation to the most backward countries, promoting their sustainable development.

Overcoming the obstacles of protectionism and regionalism to confirm the credibility of the WTO and the validity of multilateralism

A Development Round to promote objectives of inclusion and sustainable development

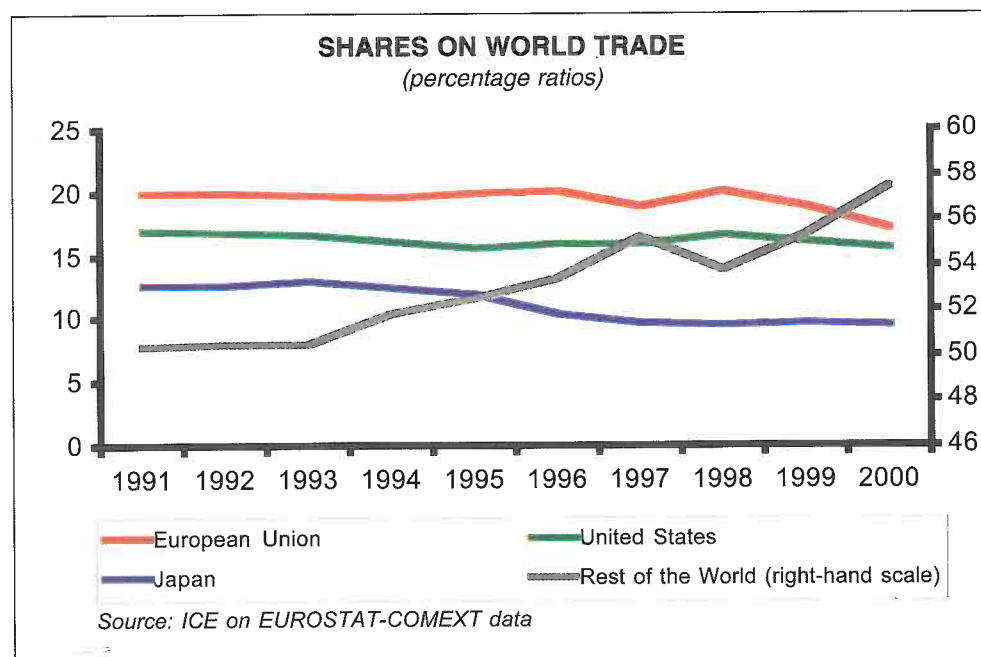
3. FOREIGN TRADE AND TRADE POLICY OF THE EUROPEAN UNION

The EU's economy contributed to the positive international economic situation

Steady growth of import-export flows. Buoyant foreign demand and the improvement of the competitive position owing to the depreciation of the euro drove exports. The tensions on the prices of energy products, amplified by the "dollar effect", weighed heavily on imports

The improvement in the economic fundamentals of the European area in 2000 contributed to determining the positive international economic situation, which, especially in the course of the first part of the year, due to the prolonged phase of expansion of the United States and the start of the recovery phase of the Asian economies, maintained particularly steady rates of development.

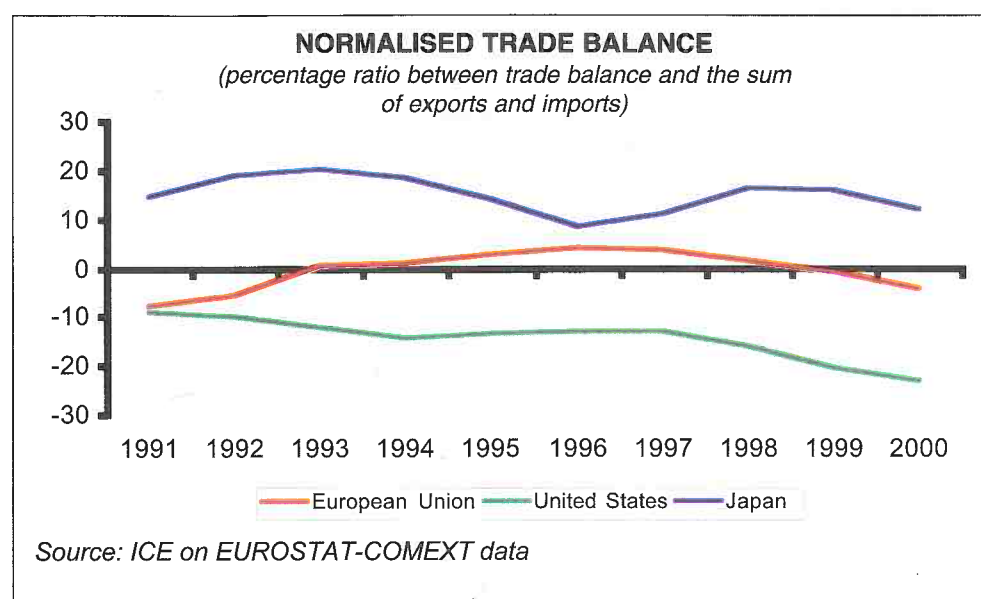
In line with the positive trends recorded in international trade, the European Union's foreign trade saw a steady trend in import-export flows. Whereas from the point of view of sales abroad in value, buoyant foreign demand and the improvement of the competitive position, obtained thanks to the depreciation of the euro against the principal world currencies, had a positive effect, the tensions on the oil market, magnified by the dollar effect weighed heavily on imports. These trends were stabilised in the last part of the year, although without showing clear signs of a reversal of direction.



The trade deficit increased, continuing the trend in progress since 1997

Beyond price factors, the development of volumes was equally dynamic, showing two-figure growth rates both for sales and for acquisitions from abroad, the latter being driven by strong domestic demand. Generally speaking, in an opposing trend to the previous two-year period, in 2000 the foreign trade component had a positive effect on the acceleration of growth of the GDP of the European Union countries, compared with a slight slowdown in the contribution to the growth of private consumer goods and investments.

The European Union's trade balance recorded an expansion of the deficit, which reached 86 billion euro against the 19 of 1999, becoming thus inserted into a gradual trend towards the deterioration of the balance of payments triggered off in 1997, as a result of which the Union saw its positive foreign balances gradually reduced to the point of turning into a deficit. The trade deficit in the energy sector, equal to 116 billion euro, almost doubled compared to 1999, explaining about 85% of the overall trade deterioration. The trade balance of the EMU area alone, on the other hand, remained on the credit side, albeit by only 13 billion euro, in other words less than a quarter of the surplus recorded in 1999.



From the analysis of the geographic composition of the flows, it emerges that the other European countries represent the principal outlet market for the exports of the Fifteen. Gradually growing within this aggregate is the role of the countries of Central-Eastern Europe, which benefit from greater economic integration as a consequence of pre-Union membership procedures. The position of the United States as the Union's major individual partner was particularly strengthened by the cyclical trends of the first part of 2000. From the point of view of acquisitions from abroad, the Asian area is the main supplier of the European market. The Union's trade balances show deficit positions with Asia and Russia but are strongly on the credit side vis-à-vis the American continent overall.

The sectorial breakdown of foreign trade flows shows that the general increase in traded values was almost equally distributed in all sections, following the European Union's international specialisation model. The general picture that emerges confirms the Fifteen's dependence on foreign countries for raw materials (not only energy-related) and basic agricultural products, whilst the manufacturing sector continues to be the point of strength of European production destined for export. In particular, the positive performance of manufactured goods seems to stem from better qualitative characteristics

The other European countries and the USA are confirmed as principal outlet markets for exports, mainly made up of manufactured goods. For imports, principally raw materials and basic agricultural products, Asia is confirmed as the leading supplier

rather than from greater price competitiveness. On the other hand, whereas more than half of European exports in the section is positioned on high-price segments, from the point of view of imports the Union is exposed not only to penetration of low-cost goods from the emerging economies, but also to the gradual re-absorption of the qualitative discrepancy in its favour especially vis-à-vis the countries of Central-Eastern Europe.

In general the international specialisation of the Fifteen as a whole is shown in the sectors of specialised offer and with strong economies of scale. The lag compared to traditional competitors such as the United States and Japan in research-intensive sectors, shrank, however, in the last five-year period, mainly in the section of electrical and precision machinery. Yet Europe is still a net importer of computer-related products (software and hardware components) and telecommunications; products that, in addition to acquiring a growing importance for all the advanced economies, in the case of the old continent play a strategic role in the light of the recent general economic policy decisions implemented at Community level, aimed at encouraging more widespread diffusion of the new technologies to all member countries.

The EU's trade policy was concentrated, at the normative level, on the necessary interventions for the alignment of Community legislation with the guidelines identified in the framework of the WTO's activity. More precisely – in addition to implementing a programme for removing obstacles to trade, through which the priority barriers that will be the subject of talks with non-member countries could be identified – it was hoped to encourage a more equal competitive climate, by introducing modifications to the measures for trade defence, and it was hoped to make the functioning of customs systems more rational and flexible.

New stage in view of a further expansion of the EU: the Community acquis will be applied in real terms in candidate countries

The urgency of these efforts at harmonisation was primarily felt in consideration of the interventions necessary in view of the imminent membership of the countries of Central-Eastern Europe and Turkey. In fact 2000 marked an important stage for the enlargement process of the European Union, involving in the negotiation rounds six other countries: Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia. The Commission, with the intention of simplifying the carrying out of these talks and of bringing them to a more rapid conclusion, reiterated the importance of really applying the Community *acquis* in the candidate countries, in order to guarantee the functioning of the domestic market and the continuity of the European Union's policies. On the other hand it also devised a strategy aimed at allowing the member states and each candidate country to confront the key questions still to be resolved, so as to be able to overcome the last serious obstacles and accelerate the obtainment of objectives.

Bilateral and regional relations with non-member countries aimed at the revival of a new round of talks. Special attention to the problems of the DCs and above all of the least developed countries

The bilateral and regional relations of the European Union vis-à-vis extra-European countries were oriented by the strong interest in the revival of a new round of WTO talks, which will make room for appropriate methods of multilateral confrontation, and by the desire to consolidate economic-commercial relations with the principal partners. In this context, particular attention was reserved for the problems that involve the DCs (important trade agreements came into force with Mexico and South Africa, whilst talks were

continued for a free trade agreement with the Mercosur and with Chile) and especially the least developed countries (LDCs), in consideration of the negative effects that the further marginalisation of these countries could cause at global level, in terms of instability and restraint of the economy. It was therefore deemed necessary to go beyond the commitments thus far undertaken and to guarantee in the short term the free access of products from the DCs to European markets.

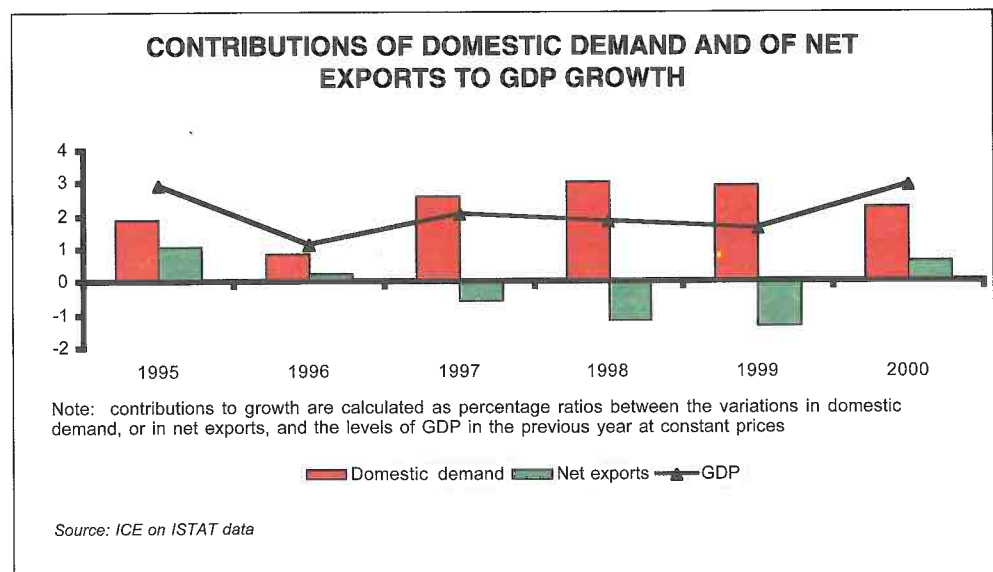
It is to this end that the initiative recently approved by the Council is directed, which goes by the name of Everything But Arms (EBA), with which it was hoped to extend free access to the Community market, without tariff or quantitative limitations, to all products originating from the 48 least developed countries (including agricultural products therefore), with the exception of arms and munitions. This initiative – aimed at improving the climate of trust and strengthening the credibility of the EU among these countries – does, however, have a great limitation in terms of the time-lag envisaged for the liberalisation of three important products for the economies of the least developed countries: for bananas, rice and sugar, in fact, the full implementation of the EBA initiative will only take place over an eight-year period.

4. ITALY'S BALANCE OF PAYMENTS

The increase in Italy's gross domestic product in 2000 recorded a considerable acceleration, showing the highest growth rate for five years (2.9%): a result in line with the increase recorded by France and Germany, both of 3%, and yet quite a lot lower than that of the "euro area" (3.4%).

Positive contribution of net exports (0.6%) to the growth of the gross domestic product (2.9%)

Thanks to the recovery of export activity, in all the EMU countries in 2000 foreign demand contributed in a positive way to the growth of the gross domestic product: in Italy too, contrary to what happened in recent years, the net recovery of exported quantities of goods and services, exceeded the albeit very buoyant trend of acquisitions from abroad giving rise to a positive contribution of net exports for 0.6 percentage points. The propelling role of sales abroad was accentuated in the second half of the year, in correspondence with a slowdown in domestic demand, whose contribution to growth was lower than that registered in the previous three years. Domestic demand was once again driven by the very steady trend in investments (6.1%) and by the acceleration of family consumer goods (2.9%). On the other hand a considerable decrease was noted in the activity of accumulation of reserves, concentrated in the second six months of the year.



Slowdown in growth envisaged in 2001

According to current estimates, in 2001 the Italian economy will experience a slowdown, whose size will also depend on the intensity of the short-term weakening of the United States' economy. The data on the increase at constant prices in Italy's gross domestic product in the first quarter (2.4% compared to the same quarter in 2000 and 0.8% as against the previous quarter) confirmed the growth deceleration phase.

The rise in the price of oil weighed heavily on the increase in consumer prices, which in Italy in 2000 reached 2.5%: however, the inflation rate, up to the first months of the current year, did not diverge from that recorded in the euro area overall.

In 2000 the Economic and Monetary Union's balance of payments showed a considerable deterioration caused by the jump in oil prices, as well as by the rise in the price of imports caused by the depreciation of the euro against the dollar. The current account balance of Italy's balance of payments, on the credit side since 1992, which had already greatly deteriorated in the two previous years, recorded a deficit equal to almost 12,000 billion lire (0.5% of the GDP). Unlike the situation in the three previous years, the deterioration in 2000 was brought about by the trend in the terms of trade (-7.4%) and not by the trend in the quantities of goods traded, which in fact showed a particularly favourable development. The deterioration of the balance affected all the items in the current account balance, if an exception is made for tourism, thanks to the draw of the Jubilee, and unilateral transfers.

The value of Italian direct investments abroad was about 2,000 billion lire less than that of foreign investments in Italy (slightly more than 28,000 billion lire). Both amounts remained almost unchanged compared to the previous year. The consolidated recovery of inflows after several years of stagnation should be singled out in particular.

Italian merchandise exports in 2000 increased in value by 16.4%. The performance in markets outside the European Union proved to be particularly successful. The propensity to export recorded a new increase, reaching the maximum level, higher than 30% of the GDP, thanks to an increase in exports of goods and services of 10.2%. In consideration of merchandise exports alone, the increase at constant prices of 10.1% represented a remarkable development for Italy compared to the stagnant state that characterised its trend up until the first half of the previous year. The recovery was encouraged by the favourable trend in world economic growth and the improved price competitiveness obtained thanks to the depreciation of the euro. Measured by the indicator that takes into account the trend of production prices, Italian exports gained competitiveness of 3.3%. Compared to their principal competitors, Italian exporters showed less inclination to squeeze their profit margins in exchange for an expansion of market shares.

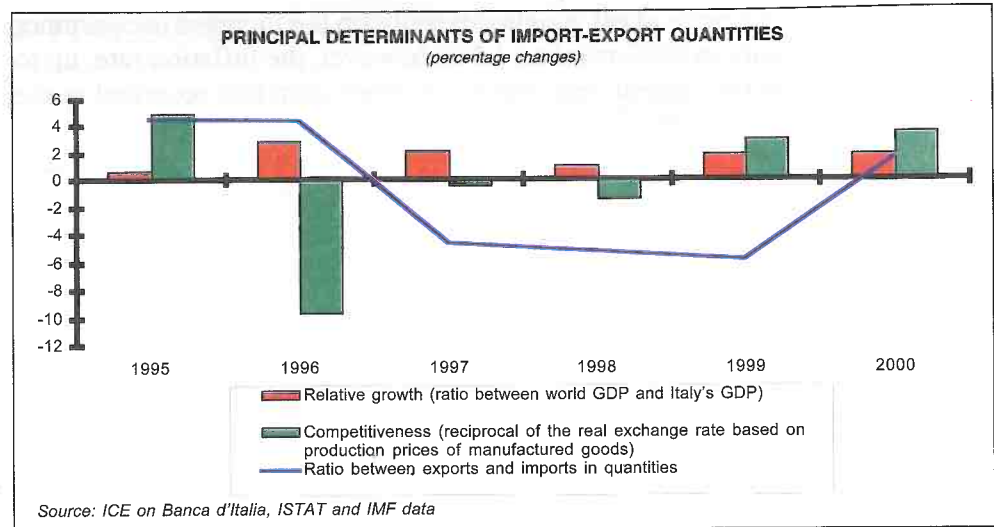
The positive trend in Italian exports was in any case lower than the development of world trade, in 2000 equal to 13.5%, and did not allow for a recovery of the market share measured at constant prices. On the other hand, the European Union overall, despite the advancement of the shares of France and Germany, also experienced a loss of share, from which the Asian developing economies in particular drew advantage. Italy's share at current prices also recorded a new drop, more substantial than that at constant prices because of the immediate effect of the depreciation of the euro on relative prices. The average unit values of Italian exports showed an increase of about 6%, after having remained stationary for several years.

Italy's current account balance in deficit, to an amount of almost 12,000 billion lire, for the first time since 1992. Net deterioration in the terms of trade (-7.4%) associated with a positive development of merchandise trade in volume

Consolidated recovery of inflows of FDI's, whose value equalled more or less that of outflows

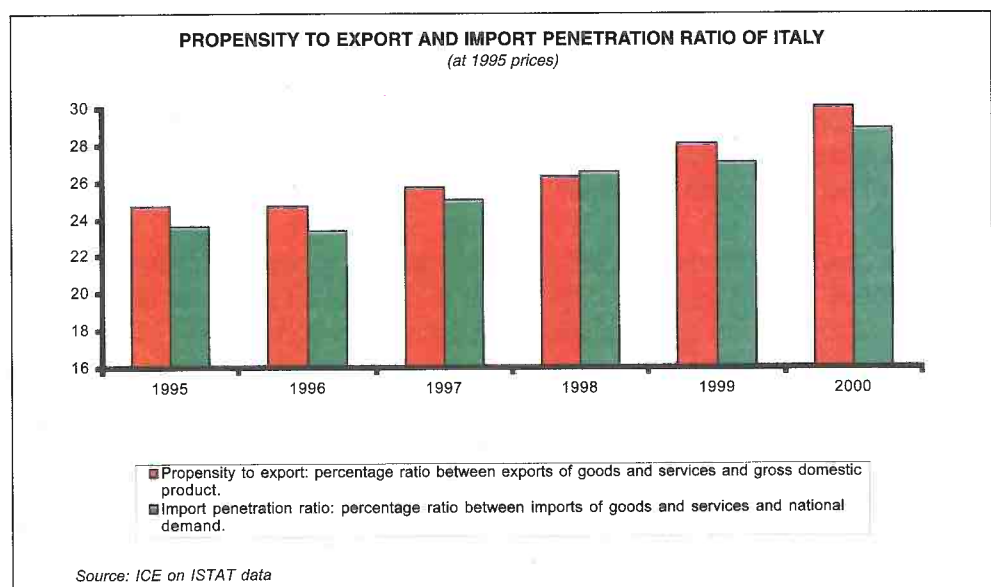
Sharp increase in Italy's exports, particularly in the areas outside the EU, favoured by the improvement in competitiveness...

...not sufficient, however, to prevent a further erosion of market share, experienced also by the EU overall to the advantage mainly of the Asian economies



Sharp increase in the value of imports from extra-EU areas because of the abrupt increase in the energy bill and the depreciation of the euro against the dollar

Led by the recovery in production and by the revival of exports, Italy's imports too showed fairly high growth rates. The value of those originating from areas outside the EU grew by more than 40%, because of the substantial increment in the relative average unit values owed to the abrupt increase in international prices in dollars of crude oil, which rose on average by more than 60%, and to the depreciation of the euro, first and foremost against the United States currency. Overall, the increase in the "energy bill" for Italy in 2000 was 85%. The trend in imported quantities, which excelled that of the national demand, does not appear to have been adversely affected by the loss of competitiveness of products acquired from abroad. On the contrary, imports in real terms showed an acceleration, in particular in components of consumer durables and investments in machinery and tools. In the second six-month period, in correspondence with a weakening of the domestic component, acquisitions from abroad were favoured by the positive development of exports.



In the first months of 2001, Italy's sales abroad continued to increase at a high rate and, unlike the situation recorded in 2000, particularly those directed towards the partner countries of the EU. Overall, values exported in the first four months increased by 15.4%, whilst in volume the increase referring to the first quarter was 11.2%.

The value of Italian imports in the first months of 2001 recorded a slowdown mainly due to the effect of the temporary decrease in oil prices. In the first four months acquisitions in value increased by 14.1%, whilst relatively to volumes the variation in the first quarter was 8.3%. A continuation of this tendency is estimated for the whole year, partly on account of the effect of the deceleration in production.

In the first months of 2001 Italy's sales abroad continued to grow at a very high rate and, unlike the situation in 2000, especially those directed towards EU countries

5. ITALY'S FOREIGN TRADE BY GEOGRAPHICAL DISTRIBUTION

World trade in sharp acceleration, depreciation of the euro exchange rate against the dollar and an increase in the price of oil are the main phenomena that characterised 2000 and influenced the trend and distribution of Italy's foreign trade.

The international economic situation favoured exports to the extra-EU area

The acceleration of trade, favoured by the dynamism of the United States, as well as by the recovery of the Asian economies and Eastern Europe from the financial and economic difficulties of the previous years, ensured in 2000 a remarkable development of the outlet markets for Italian exports. Although on the one hand the depreciation of the euro against the dollar led to a deterioration in Italy's terms of trade, on the other hand it contributed to the improvement in price competitiveness of Italian products. The combined result of these phenomena was a steady increase, compared to 1999, of the quantities exported to the extra-EU areas (16.2%), much more significant if compared with the drop recorded in the previous two years (-2.2% in 1999 and -2.1% in 1998). The trend of exports in volume in the EU was much less successful, increasing by 5.7%.

Italian companies seem to react rapidly to the favourable conditions of demand and exchange

In value, exports toward non-member countries grew by 26%, a significantly better performance than that of the main European competitors, which although partly owed to a "rebound" effect compared to the poor results of the previous year, confirms the capacity of Italian companies to readily exploit favourable conditions of demand and exchange. Sales to the European Union, which grew in value by 9.7%, appeared to be much less buoyant. In particular, those directed to Germany increased by just 5.1%.

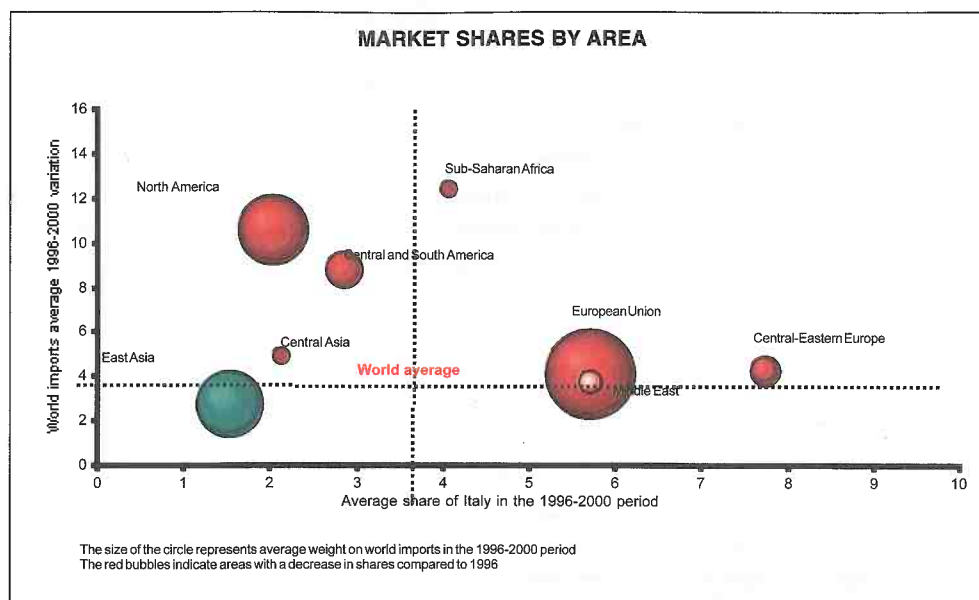
Trade surplus with the group of markets outside the European Union shrank, falling from 24,400 to 8,300 billion lire, as a consequence of the deterioration of the balances relative not only to the countries producing raw materials, but also to Japan and China, not offset by the positive results obtained in trade with the United States and the Asian NIEs. In its turn, the credit balance compared to the European Union, already gradually diminished to a value less than 3,000 billion lire in 1999, was transformed into a deficit of 5,600 billion lire, primarily because of the weak development of Italian exports to Germany.

The fairly neffective performance in the markets of the euro and the increase of intraregional trade determined a drop in share

The Italian share of world imports at current prices dropped by 0.3 percentage points (from 3.9% to 3.6%), as a consequences of losses in the main countries of the European Union (France, Germany, the United Kingdom and Spain), but also in the United States, in China, in Japan and in the countries of the Mercosur. On the contrary, slight increases were obtained in various countries of Central-Eastern Europe (Croatia, Romania and Slovenia) and in the Middle East.

The negative impact effect of the weak euro contributed decisively to the losses of the Italian share in many markets, not by chance shared by its

major European competitors as a result of the gains recorded, not only by the oil-producing countries, but also and primarily by the countries of South-East Asia. Other factors determining these trends also include the buoyancy of intra-area trade, in particular in Asia and between countries part of commercial agreements, such as between Mexico and the United States and between Argentina and Brazil.



Unlike the previous year, the most satisfactory results, in the first quarter of 2001, were obtained in the EU market, where Italy's exports compared to the same period in 2000 increased in quantity by 15% and in value by 18%, a far larger increase than that (8%) recorded in the same period by all the other countries of the European Union. The economic slowdown of the United States was reflected in the trend of exports towards the latter and towards the countries that depend strongly on the US economy (Japan and the Asian NIEs). On the other hand, in China and in the Mercosur sales of Italian products showed a net acceleration compared to the unsatisfactory trend of 2000.

In the first months of 2001, satisfactory results of the exports to the EU market, whilst sales in the USA slow down

6. ITALY'S FOREIGN TRADE BY SECTORIAL BREAKDOWN

In 2000 the trade assets of manufactured goods increased, reversing the trend of the last three years. The deficit of the energy sector, on the other hand, doubled

Among the sectors in which Italy does not hold comparative advantages, the growth of exports was steadier than that of imports and in any case deficits further increased

Faced with a net increase in the "energy bill" with abroad, whose value doubled, exceeding 50,000 billion lire, and a dilatation of the deficit regarding the other basic products, in 2000 the credit balance of the manufacturing industry overall rose from 66,000 to 71,000 billion lire, reversing the negative trend that had characterised the previous three-year period.

In fact, although in most of the sections of specialisation (textiles-apparel, leather and footwear, jewellery, furniture, building materials and industrial machinery) the balance improved in absolute terms, in relation to the value of sectorial import-export movements it worsened again, albeit only slightly.

Above all, however, it is the opposite phenomenon that should be singled out: in various sectors in which Italy does not hold comparative advantages (chemicals, metallurgy, electronic and telecommunications products, precision mechanics, means of transport), trade deficits increased further, but only due to an effect of scale owed to their previous amplitude, since the growth of exports in value was steadier than that of imports. The deficit of the pharmaceutical industry, which already in past years had not by chance gradually shrunk concurrently with substantial investments from abroad, turned into a surplus of almost 1,000 billion lire.

Among the sectors with a large structural deficit, only that of foodstuffs and beverages and that of computers and information systems showed a deterioration in the trade balance both in absolute terms and in relation to their import-export movements, the former interrupting a positive trend, the latter confirming its negative trend.

The revival of Italian consumer goods, and investments in particular, brought with it an acceleration, compared to the growth that took place in 1999, of imports in quantities of goods tied to the latter, despite the diminished price competitiveness compared to corresponding national productions, in its turn linked to the downturn of the euro.

Sharp increase in the degree of penetration of imports in recent years, shared by the other large European countries

Looking back over the last four years, the overall increase of imported quantities was, with a few exceptions (foodstuffs, chemicals), not less than 50% for the most important sectors, with peaks of 80% in means of transport and 60% in footwear; as a consequence, the degree of penetration of imports in relation to domestic demand rose, for the manufacturing industry overall, from 25% in 1996 to 31.4% in 2000 (at 1995 prices). In order to evaluate this phenomenon, it is in any case necessary to bear in mind the fact that this is shared in similar measure by the other large European countries, given the natural process of openness to the products of competitors and in particular of the developing countries and those in transition to the market economy.

Favourable conditions of foreign demand and exchange drove manufacturing exports, which in 1999 had remained stationery, whilst in 2000

they increased in value by 16.6%, reaching 487,000 billion lire, and in quantity by 10.8%, in other words at a rate not much lower than that of world trade.

Given their weight on the total, the contribution of traditional consumer goods and capital goods to the overall growth of manufacturing exports was decisive, although the former were restrained by the weak economic situation of the European markets and, in quantities, by the fact that Italian companies generally preferred to increase unit margins rather than practise aggressive price policies. However, the greatest increases, in nominal and real terms, were shown by the sectors with strong economies of scale (chemicals for example) and by research-intensive products (for example electronics and telecommunications), advantaged by the great buoyancy of their international demand.

The percentage of production intended for foreign markets increased considerably, after having remained almost unchanged in the three previous years, for many of the principal sectors.

The data of the first quarter of 2001 indicate that, continuing the favourable trend of the second half of last year, the value of manufacturing exports increased in tendential terms slightly more than that of imports, thanks to the acceleration of sales in the European Union (markedly in Germany), as far as the majority of sectors is concerned and footwear in particular. As a consequence of the economic slowdown in the United States, and therefore of other markets that closely depend on the conditions of that economy, exports to all the countries outside the European Union, on the other hand, showed some problems in "sensitive" sectors such as jewellery for example.

The Yearbook, which provides the statistical appendix to this Report, records the sectorial market shares in a time series from 1996 to 2000, at a level of breakdown corresponding to the over 100 ATECO (economic activity classification) groups for Italy alone, and for some product categories also for competitors, on the value of imports of 29 countries (all those in the European Union and the most important of the rest), which overall cover around 80% of world trade.

It appears that in the five-year period, with a temporary recovery in 1998 in concurrence with the Asian crisis, there was a gradual deterioration in the relative position of Italy in manufactured goods, in all of the 16 sectorial categories under consideration and with just few exceptions (leather tanning products, dairy-cheese produce, wooden panels, publishing, pharmaceutical products, shipbuilding industry and products of the aerospace industry) in the context of the ATECO groups.

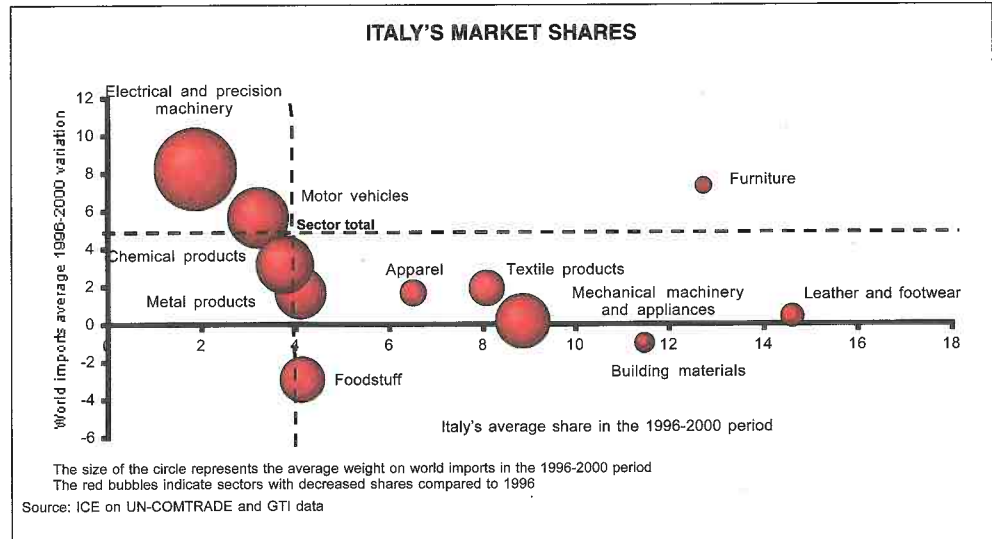
Decreases in shares were also experienced by the major European countries (to such a substantial extent that it is true to say that in relation to its combined EU competitors Italy's losses are scaled down and for some products do not occur at all), the United States and Japan; as a counterpart, the position of China, Canada and Mexico improved above all (in the latter two cases thanks to the strong demand of the United States), as did that of the countries of Eastern Europe. As far as chemical products are concerned, Ireland enlarged its already fair-sized portion of the world market, and in agro-

In the first quarter of 2001, sales relating to the majority of sectors (footwear in particular) to the European Union contributed to the growth of exports, which were more dynamic than imports

In the five-year period 1996-2000 Italy's share in manufactured goods decreased for all the merchandise sectors, with just few exceptions, but the other EU countries, the United States and Japan also decreased

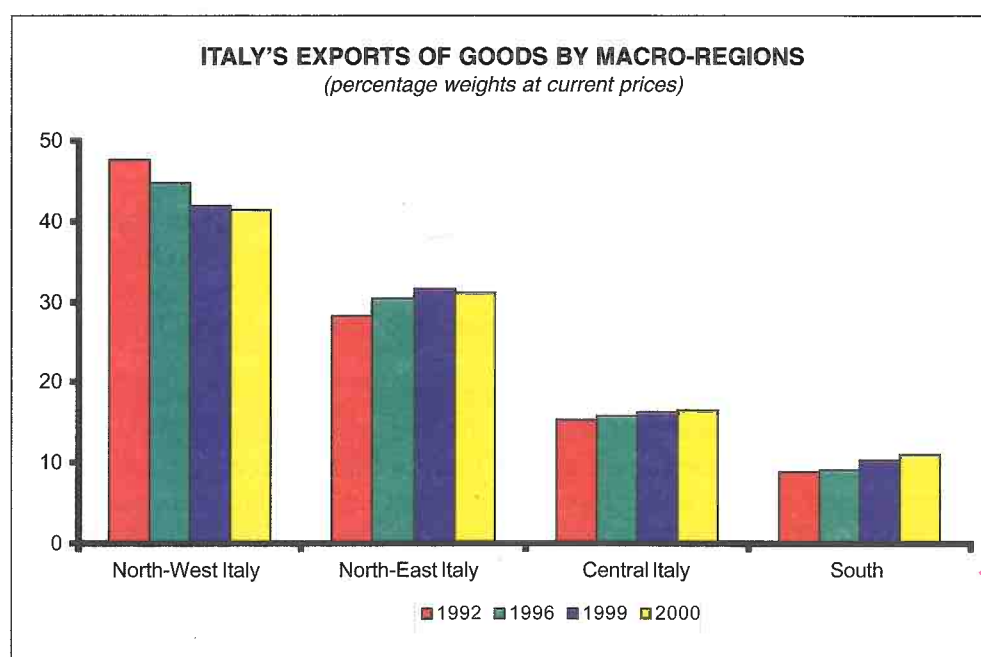
alimentary products, the countries of South America and those of Sub-Saharan Africa made gains in share.

China is now world leader in the exports of various categories of traditional consumer products (in 2000 it surpassed Italy in furniture), but also became a very tough competitor in the sectors with a higher technological content.



7. EXPORTS OF THE ITALIAN REGIONS

The growth of foreign sales had a widespread effect on all the regions, with the exception of Basilicata. Seven regions out of twenty recorded percentage changes lower than the national average: in the north-western area Piemonte and Lombardy, in the north-eastern area Trentino-Alto Adige, Veneto and Emilia Romagna, in the central area Marche and in the South Molise. The downturn in Basilicata's exports should essentially be attributed to the negative result obtained in the motor vehicles sector.



The favourable trend of 2000 underpins substantially dissimilar developments at the level of macro-areas. The positive result of the exports of the southern regions stands out, which was mainly influenced by the sharp increase in the price of refined oil products, which represent a substantial share of the area's foreign sales; however, high growth rates were also detected in mechanical machinery and appliances and in precision mechanics. The division drew advantage from the geographical specialisation of its exports, particularly oriented to the areas outside the EU (Central-Eastern Europe, North America and East Asia), whose import demand in 2000 proved to be in sharp growth.

Exports in value from the South in sharp increase, driven primarily by refined oil products, but also by mechanical machinery and appliances and precision mechanics

After a three-year period of substantial stability, the importance of the central regions increased too, albeit to a smaller extent than the southern regions: in this case too, the geographical specialisation of this territorial division proved to be decisive, given the dynamism shown in 2000 by Central-Eastern Europe and by North America, which represent their main outlet

Positive trend of central regions, on account of the dynamism of their outlet markets

markets. The performance of Central Italy's exports, however, implies different dynamics at the regional level: its greater contribution can be attributed to the healthy trend of Lazio's exports (confirming the positive data already recorded in 1999) and to the recovery of Tuscany's foreign sales. On the contrary, in 2000 the growth of Marche's exports did not offset the contraction recorded in the previous year.

Exports of the North-East recorded a slowdown

In 2000 there was a continued trend in the reduced weight of the north-western regions on national exports, partly owed to the accentuation of the process of expansion of the service industry in the area's production structure whilst, in an opposing trend to the tendencies of recent years, the exports of the north-eastern regions experienced a slowdown. This was strongly influenced by the modest result recorded by the Veneto region, owed essentially to the decrease in the region's share of national exports in traditional sectors (textiles, apparel and wooden products) and in jewellery.

The north-western regions are confirmed as main exporters of services

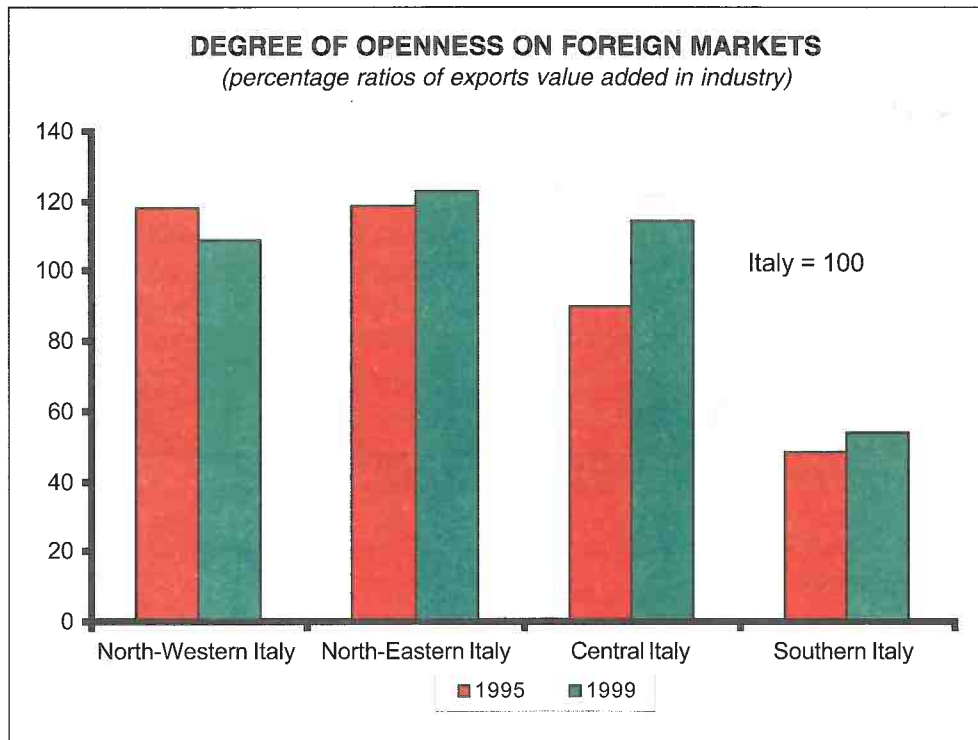
The north-western regions were also confirmed as the main exporters of services in 2000: Lombardy holds a very significant share in construction, in financial services and in services to enterprises. The central and north-eastern regions then follow. Among the former, Lazio plays a fundamental role, with a share of 42% of the total in construction, 27.5% in insurance and 24.2% in services to enterprises. Among the latter, particular importance is acquired by Friuli Venezia Giulia, which holds a good position in terms of Italian exports of insurance services and those linked to construction. The role of the southern regions on Italian exports of services is still marginal.

The lagging behind of the South persists in terms of openness to international markets

For the purposes of assessing each region's degree of orientation towards international markets, it is useful to refer to various indicators: the one that best summarises the importance of foreign trade as compared to the entire production system is the level of openness on international markets, in other words the ratio between exports and added value. This indicator shows the persistence of a certain lagging behind for the regions of the South, despite the considerable buoyancy shown in recent years: the index level, which in 1995 had not yet reached 50% of the national average, in 1999 was equal to approximately 54%. Only for Abruzzo did the value of the indicator come remarkably close to the national figure. Among the regions of the Centre-North, Friuli Venezia Giulia, Veneto and Tuscany showed a very high degree of openness compared to the national average.

Strong concentration of foreign investments in the north-western area

The most up-to-date figures, referring to 2000, on foreign direct investments, both outgoing and incoming, gathered by R & P – Milan Polytechnic confirm the heavy concentration of the foreign presence in the north-western areas: located in the four regions belonging to the northern band of the country are 1,492 factories belonging to countries with a foreign stake, 50.5% of the national total, against 348 located in the South, with a percentage of the national total equal to 11.8%. The region with the greatest number of production plants belonging to foreign companies is Lombardy, which alone absorbs more than a third of the total. It is followed by Piemonte (13.8%), Emilia Romagna (9.9%), Veneto (8.8%) and Lazio (5.7%). Among the regions with the smallest foreign presence on the other hand, are Valle d'Aosta, Calabria, Molise and Basilicata.



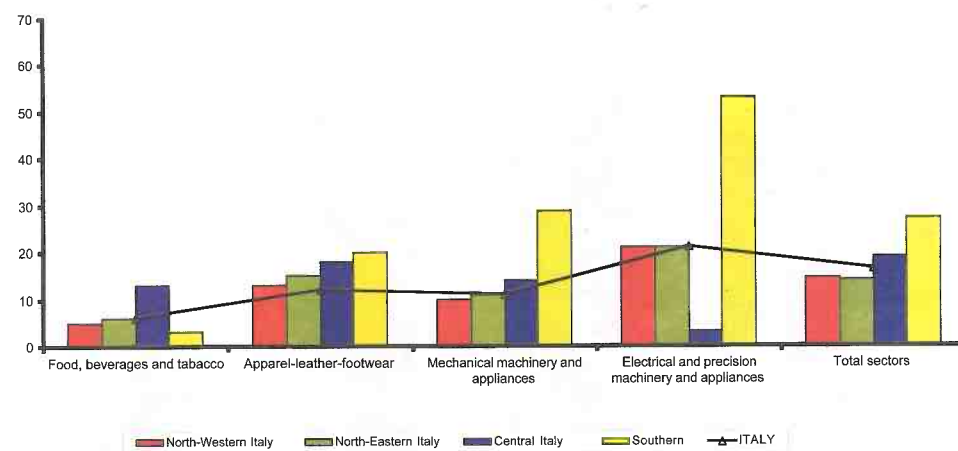
At provincial level, Bergamo's export trend was very positive, making it the fourth-ranked exporting province, outstripping Brescia and Treviso. Siracusa and Frosinone should be singled out among the 30 Italian provinces ranked in export value order.

In the first quarter of 2001, in the context of a tendential growth that affected almost all the regions, the exports of the South continued to show a particularly dynamic trend, thanks in particular to Abruzzo, Campania and to the recovery of Basilicata's exports. The exports of Marche and Veneto also showed a decisive acceleration, whilst the contribution of Piemonte proved to be modest. Friuli Venezia Giulia and Calabria are the only two regions to have recorded a drop in sales on the international markets: in the first case, the decrease of exports reflects the drop in naval job orders which, on the contrary, in the corresponding quarter of the previous year had strongly influenced the healthy export performance of this region; in the second case, on the other hand, the drop should be ascribed in part to the scaling down of sales of mechanical machinery and appliances, after the upswing recorded by this sector in the first three months of 2000.

The 2001 data confirm the growth of the exports of the South and show a recovery of Veneto and Marche

The analysis of the temporal evolution of the Italian provinces' exports between 1985 and 2000 confirms the strong concentration of Italian exports and the existence of a weak trend in territorial dispersion over time. As regards this latter aspect, it appears that in the period under consideration there was a substantial balance between centrifugal forces (availability of production factors) and centripetal forces (economies of agglomeration deriving from the removal of trade constraints) in determining the geographic distribution of exports.

EXPORTS OF MACRO-REGIONS BY SECTOR IN 2000
(percentage changes of values at current prices)

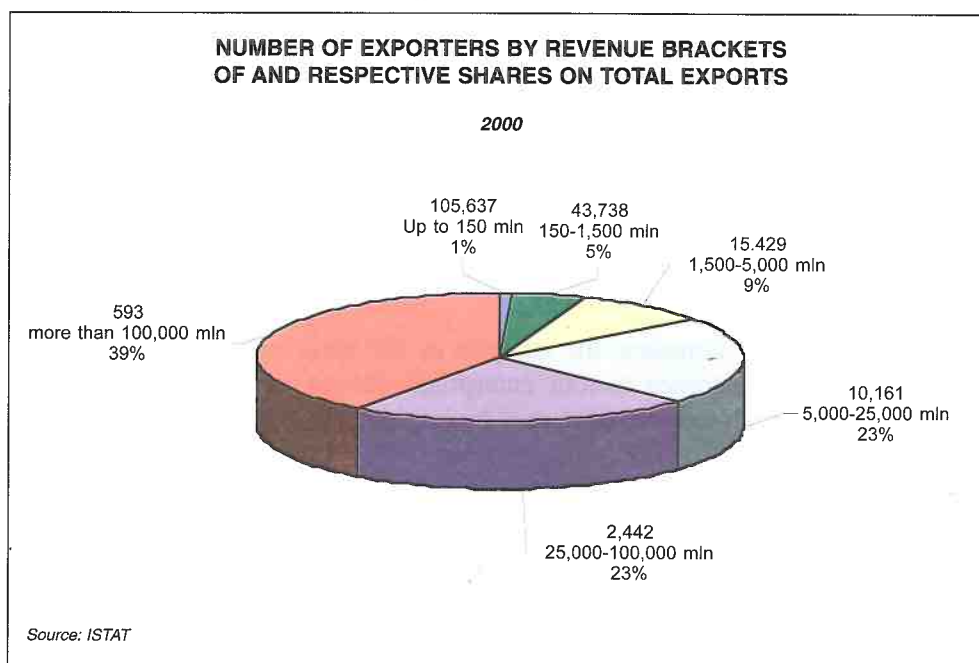


Source: ICE on ISTAT data

8. ITALIAN BUSINESS FIRM INTERNATIONALISATION STRATEGIES

According to ISTAT's recent findings, in 2000 the number of Italian exporters rose to more than 178,000 units compared to the 169,000 of 1999. This increase was accompanied by a more than proportional growth in the value of exports, which was translated into an improvement in average export revenue, rising from 2.4 billion lire to 2.7 billion lire in 2000.

The number of Italian exporters grows, presences increase in America and in East Asia



From the geographical point of view, North America and East Asia, areas of great importance in terms of the attractiveness for Italian exports, recorded large increases both in presences and in export revenues. Good results were also recorded in Central-Eastern Europe and the European Union. In the latter, in 2000, almost 105,000 exporters were operating, 8.9% more than in the previous year. On the other hand, presences and turnover in Africa and in Central-South America increased less than the world average.

The analysis of the sectorial distribution of presences confirms the manufacturing section as the predominant centre of activity of Italian exporters, albeit showing slight decreases in the shares of the main sectors of specialisation of the Italian economy, such as mechanical machinery and appliances, textile products and apparel, and the sector of various manufacturing products. In the oil-products sector, there was a considerable increase in average export revenues, which particularly influenced the results recorded by insular Italy.

Interesting indications relating to the solidity of the position of Italian companies abroad are revealed in the data on the stability of presences over

With the growth of the size of the company, the stability of the presence

on foreign markets also increases over time

Italian holdings abroad increase and the interest of foreign investors in Italy also grows. New forms of internationalisation are also diffused among smaller-size companies

the course of the years and in the number of outlet markets: both indicators confirm that stability grows with the increase in the size of the company.

The trend of outgoing and incoming foreign direct investments (FDI) shows a strong expansion of Italian holdings abroad (in the two-year period 1998-99, 316 and 313 new ventures were recorded respectively) and Italian investors' growing interest in assuming control of associated companies, as well as Italy's increased capacity to attract investments from abroad (in 1998 and 1999 respectively there were 101 and 100 new foreign company holdings in Italian production concerns). On the other hand it emerges from the information obtained from the revision of the R&P data base⁴, that recently, reduction of company size and the enlargement of the number of investors have proved problematic for Italian businesses in acquiring competitive advantages in sectors of high specialisation. However, the characteristic of the internationalisation processes of recent years has in fact been the more widespread diffusion of new forms of ventures, no longer limited to production, even among smaller-size concerns, which in part offset the difficulties encountered by the larger Italian companies. The diversification of internationalisation strategies, on the other hand, has made any analysis of the related phenomena even more problematic.

Corporate case studies:

Four examples complete the analysis of the ways to productive internationalisation, with reference to four enterprises chosen for their clear international vocation, which they have pursued by implementing specialised strategies.

Italtractor

The cases chosen are Italtractor, a niche company among the world's leading manufacturers of mechanical parts for the undercarriage of agricultural machinery and earth-moving machines, with 11 factories, 5 of which are in Italy and the rest in the United States, Spain, Germany, the United Kingdom, China and Brazil. In 2001 further development in emerging markets is envisaged.

Permasteelisa

Permasteelisa, a company producing panelling used to carry out architectural projects, is an Italian company at the head of a group created from the union of an Australian company and one from the Veneto region. The group, which is the result of a process of mergers and acquisitions of more than 30 companies operating in 20 countries in Europe, currently has sixteen production plants in various countries. It is responsible for various important works of architecture, including the Sidney Opera House, the European Parliament in Brussels and the Guggenheim in Bilbao, just to mention a few.

Diesel

Diesel, which specialises in clothing for young people (jeans, sportswear and accessories) is a global company that makes 85% of its turnover outside national boundaries. Its principal outlet market is the United States, but the company is present in 80 countries with 10,000 sales points and 51 of its own stores, which are characterised by their identical shopfitting.

¹ Italia Multinazionale 2000, edited by R. Cominotti, S. Mariotti, M. Mutinelli.

iGuzzini, a company in the lighting technique sector, founded in 1963 in Recanati, obtains 60% of its turnover in foreign markets. For this company, present in 64 countries, Europe is currently the main outlet market, in particular the countries in which its own affiliates operate (Germany, France, Spain, the United Kingdom and Norway). However, an expansion of its activity is envisaged in Eastern Europe, in the Middle East, in South-East Asia and in China.

iGuzzini

9. PUBLIC SECTOR SUPPORT FOR THE INTERNATIONALISATION OF ITALIAN FIRMS

The reorganisation process of the public sector support system for the international activities of Italian firms, which began in the second half of the 1990s, also continued in 2000 with a set of implementation regulations that allowed for the innovations introduced in 1998, favouring a general intensification of support activities, to be put into operation.

The number and the value both of facilitations and of insurances on export credits increased, as did financial interests in direct investments

Financial facilities for export credits, managed by the SIMEST (Italian Financial Institution for the Promotion of Italian Business Abroad), recorded a substantial increase, both in number, and in the value of transactions (even net of the substantial backing approved for the *Blue Stream* project – a gas pipeline between Russia and Turkey). The recovery of Italian exports to developing countries and the favourable trend in facilitation margins were contributory factors. However, facilitated activity flows are still well below the levels prevalent up to the mid-1990s.

Encouraged by the recovery in international trade, the year 2000 also saw a substantial development in the activity of the new Institute for Export Credits Insurance, which replaced the SACE (Institute for Foreign Trade Insurance Services), keeping its name. However, an ongoing tendency to concentrate activity in important transactions, carried out by large companies in North Italy, grew stronger.

The innovations introduced into the regulations allowed for a major expansion of SIMEST's financial participation to Italian firms' foreign investments towards Central-Eastern Europe, Latin America and China in particular.

There was also a considerable increase in the recourse to credit facilities for trade penetration programmes in countries outside the European Union, despite a reduction in their profit margins. On the other hand, corporate interest in fundings for participating in international tenders further decreased, whilst the new financial tools introduced for soft-term financing of the feasibility and pre-feasibility studies and technical assistance programmes used to present Italian firms on the international markets met with success.

There was a trend towards decentralisation in real services

In the field of real services for firms' international activities, attention was primarily focused on attempting to sharpen consortia's export action, in the framework of a gradual regional decentralisation of related competences. Furthermore, the promotional activity of a group of institutions, in particular the Italian Chambers of Commerce abroad, was strengthened by a considerable increase in funding.

The ICE increased its promotional activity, in particular with regard to Eastern Europe and Italy's sectors of

The promotional activity of the ICE (Italian Institute for Foreign Trade) also underwent substantial development in 2000, thanks to being able to count on larger financial resources. The highest share of funds was allocated to markets in Central-Eastern Europe, mainly in relation to the special initia-

tive carried out in Poland, but significant sums were also spent in America and in Asia. As usual, the main strengths of the international specialisation model of the Italian economy, capital goods and consumer goods for personal and domestic use, absorbed more than half of the promotional funds. Many promotional initiatives were targeted at sustaining the international collaboration activities of Italian companies.

Moreover, the ICE continued its task of refining and enriching its range of services to enterprise, with a central role now being played by the new National Information System for Foreign Trade (SINCE). At the same time it intensified its cooperation with the Regions, to which the reforms carried out in recent years have entrusted significant responsibilities as regards support policies for internationalisation.

specialisation, and at the same time was equipped with new services

STATISTICAL APPENDIX

WORLD TRADE IN GOODS AND SERVICES AND FOREIGN DIRECT INVESTMENTS (a)
(billion dollars)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
TRADE IN GOODS										
Values	3.540	3.781	3.707	4.188	5.036	5.274	5.475	5.356	5.544	6.239
INDEXES (PERCENTAGE CHANGES)										
Quantities	5,1	4,6	3,8	10,0	10,0	6,2	10,4	4,6	5,6	13,4
Average unit values	-1,5	2,1	-4,5	2,8	9,4	-0,9	-5,5	-6,1	-1,5	-0,3
TRADE IN SERVICES										
Values	847	942	1.000	1.078	1.227	1.307	1.364	1.364	1.396	1.468
FOREIGN DIRECT INVESTMENTS										
Values	160	172	226	256	331	377	473	683	982	1.118
Percentage share on merchandise and service trade	3,6	3,6	4,8	4,9	5,3	5,7	6,9	10,2	14,1	14,5

(a) Average imports and exports for goods and services and inflows for foreign direct investments.

Source: ICE on IMF data for goods and services and on UNCTAD data for FDIs

Table 1.1

TOP 20 IMPORTERS IN WORLD MERCHANDISE TRADE
(billion dollars and percentage shares on world exports)

Ranking 2000	Countries	values 2000	% shares 2000	% change 1999-2000	values 1999	% shares 1999
1	United States	1.258	18,9	19	1.057	17,9
2	Germany	500	7,5	5	476	8,1
3	Japan	379	5,7	22	311	5,3
4	United Kingdom	332	5,0	4	319	5,4
5	France	305	4,6	4	293	5,0
6	Canada	249	3,7	13	220	3,7
7	Italy	233	3,5	6	220	3,7
8	China	225	3,4	36	165	2,8
9	Hong Kong (1)	214	3,2	19	180	3,1
10	The Netherlands	197	3,0	3	191	3,2
11	Mexico	183	2,7	23	149	2,5
12	Belgium-Luxembourg	171	2,6	4	164	2,8
13	South Korea	160	2,4	34	119	2,0
14	Spain	153	2,3	3	148	2,5
15	Taiwan	140	2,1	26	111	1,9
16	Singapore (1)	135	2,0	21	112	1,9
17	Switzerland	83	1,2	3	81	1,4
18	Malaysia	82	1,2	27	65	1,1
19	Sweden	73	1,1	6	69	1,2
20	Australia	71	1,1	3	69	1,2

(1) Temporary imports included.

Source: ICE on WTO data

Table 1.2

TOP 20 EXPORTERS IN WORLD MERCHANDISE TRADE
(billion dollars and percentage shares on world exports)

Ranking 2000	Countries	values 2000	% shares 2000	% change 1999-2000	values 1999	% shares 1999
1	United States	782	12,3	12	698	12,3
2	Germany	551	8,7	1	545	9,6
3	Japan	479	7,5	14	420	7,4
4	France	298	4,7	-1	301	5,3
5	United Kingdom	280	4,4	4	269	4,7
6	Canada	277	4,4	16	239	4,2
7	China	249	3,9	28	195	3,4
8	Italy	235	3,7	-1	237	4,2
9	The Netherlands	211	3,3	5	201	3,5
10	Hong Kong (1)	202	3,2	16	174	3,1
11	Belgium-Luxembourg	184	2,9	3	179	3,2
12	South Korea	172	2,7	19	144	2,5
13	Mexico	166	2,6	22	136	2,4
14	Taiwan	148	2,3	22	121	2,1
15	Singapore (1)	138	2,2	20	115	2,0
16	Spain	113	1,8	2	111	2,0
17	Russia	105	1,7	39	76	1,3
18	Malaysia	98	1,5	16	84	1,5
19	Sweden	87	1,4	2	85	1,5
20	Saudi Arabia	84	1,3	66	51	0,9

(1) Re-exports included.

Source: ICE on WTO data

Table 1.3

FOREIGN DEBT OF DEVELOPING COUNTRIES AND COUNTRIES IN TRANSITION (1)
(billion dollars and percentage shares on exports of goods and services)

Regions and countries	1993	1994	1995	1996	1997	1998	1999	2000	forecasts	
									2001*	2002*
FOREIGN DEBT										
billion dollars										
Developing countries	1.535	1.656	1.805	1.878	1.966	2.104	2.155	2.120	2.172	2.247
AFRICA	267	286	303	301	296	295	295	285	284	285
ASIA	467	520	580	614	660	682	705	682	694	718
MIDDLE EAST AND EUROPE	276	284	302	316	338	372	388	400	415	433
LATIN AMERICA	526	566	620	647	672	756	767	755	780	812
Countries in transition	236	259	276	302	314	354	356	367	370	379
CENTRAL AND EASTERN EUROPE	112	114	127	140	148	166	171	177	189	202
RUSSIA	113	127	128	136	135	152	148	152	142	136
TRANSCAUCASUS AND CENTRAL ASIA	10	17	22	25	32	35	37	38	40	41
percentage shares on exports of goods and services										
Developing countries	204	192	175	163	157	181	172	137	134	131
AFRICA	272	281	252	226	217	244	230	183	179	176
ASIA	157	140	128	122	117	126	122	98	92	88
MIDDLE EAST AND EUROPE	158	155	145	130	134	174	158	117	121	130
LATIN AMERICA	288	273	252	238	226	262	257	214	212	202
Countries in transition	130	128	107	108	106	124	130	112	108	104
CENTRAL AND EASTERN EUROPE	135	119	102	106	101	107	114	110	107	104
RUSSIA	171	166	134	132	131	175	174	133	124	119
TRANSCAUCASUS AND CENTRAL ASIA	33	57	57	57	67	84	93	76	76	75
DEBT SERVICE PAYMENTS (2)										
billion dollars										
Developing countries	175	196	240	283	311	311	362	347	316	319
AFRICA	29	30	34	31	31	29	28	28	29	27
ASIA	53	64	75	81	86	97	111	92	94	96
MIDDLE EAST AND EUROPE	22	26	34	45	39	39	40	44	43	42
LATIN AMERICA	71	76	97	127	157	146	183	183	150	154
Countries in transition	18	21	29	30	30	50	45	47	51	55
CENTRAL AND EASTERN EUROPE	11	14	19	20	21	28	28	31	33	36
RUSSIA	6	4	6	7	6	16	13	11	14	15
TRANSCAUCASUS AND CENTRAL ASIA	1	2	3	3	3	6	4	5	5	5
percentage shares on exports of goods and services										
Developing countries	23	23	23	25	25	27	29	23	20	19
AFRICA	30	29	28	23	21	24	22	18	19	17
ASIA	18	17	17	16	15	18	19	13	13	12
MIDDLE EAST AND EUROPE	12	14	16	18	15	18	16	13	12	12
LATIN AMERICA	39	36	39	47	53	51	61	52	41	38
Countries in transition	10	10	11	11	10	18	16	14	15	15
CENTRAL AND EASTERN EUROPE	14	14	15	15	14	18	19	19	18	18
RUSSIA	9	6	7	7	6	19	15	10	12	13
TRANSCAUCASUS AND CENTRAL ASIA	2	8	9	6	7	14	9	9	9	9

(1) Excluding debt and debt service payments due to the IMF.

(2) Including interests on total debt and long-term amortization installments.

Source: ICE on IMF data

Table 1.4

WORLD TRADE SHARES AND TRADE BALANCES OF THE TRIAD

	1965	1975	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
World⁽¹⁾ (billion of Ecu/Euro)														
Exports	118	478	1.951	1.872	2.000	2.055	2.381	2.668	2.858	3.091	3.800	3.647	4.020	5.383
Imports	126	520	2.080	1.972	2.103	2.155	2.463	2.771	2.967	3.222	4.002	3.817	4.244	5.709
European Union⁽¹⁾														
Exports (%)	26,1	25,1	19,6	20,9	19,9	20,0	19,8	19,6	20,0	20,2	19,0	20,1	18,9	17,2
Imports (%)	31,0	23,9	19,1	22,3	22,3	21,5	19,1	18,7	18,4	18,0	16,8	18,7	18,2	18,2
Trade balance (billion of ecu/euro)	-8,3	-4,4	-14,5	-48,8	-70,2	-51,4	1,2	5,1	27,7	43,6	48,3	19,1	-19,4	-86,0
Normalized Trade Balance ⁽²⁾	-11,8	-1,8	-1,9	-5,9	-8,1	-5,9	0,1	0,5	2,5	3,6	3,5	1,3	-1,1	-4,4
United States														
Exports (%)	23,0	18,2	14,3	16,5	17,0	16,8	16,7	16,1	15,6	15,9	16,0	16,6	16,1	15,7
Imports (%)	18,3	16,4	22,8	20,6	19,5	19,8	20,8	20,9	19,9	20,0	19,8	22,1	23,2	23,9
Trade balance (billion of ecu/euro)	4,1	1,8	-194,6	-97,3	-70,7	-81,1	-115	-148,7	-143,3	-153,5	-186,1	-235,7	-335,7	-515,3
Normalized Trade Balance ⁽²⁾	8,1	1,0	-25,8	-13,6	-9,4	-10,5	-12,6	-14,7	-13,8	-13,5	-13,3	-16,3	-20,6	-23,3
Japan														
Exports (%)	7,0	9,4	11,9	12,1	12,7	12,7	13,0	12,5	11,9	10,5	9,8	9,5	9,7	9,6
Imports (%)	6,4	9,0	8,2	9,4	9,1	8,3	8,4	8,3	8,7	8,5	7,5	6,6	6,7	7,2
Trade balance (billion of ecu/euro)	0,2	-1,7	61,2	41,1	63,2	82,5	103,3	101,8	81,8	48,6	72,7	95,2	101,8	108,4
Normalized Trade Balance ⁽²⁾	1,2	-1,9	15,2	10,0	14,2	18,7	20,0	18,1	13,7	8,1	10,9	15,9	15,4	11,7
Total Triad														
Exports (%)	56,1	52,7	45,8	49,4	49,6	49,5	49,5	48,2	47,5	46,6	44,7	46,2	44,7	42,5
Imports (%)	55,7	49,3	50,1	52,2	50,9	49,6	48,3	47,9	46,9	46,6	44,1	47,3	48,1	49,3

1) Excluding intra-EU trade.

2) Percentage ratio of trade balance to sum of exports and imports.

Source: ICE on EUROSTAT-COMEXT data

Table 3.1

SECTORIAL BREAKDOWN OF EUROPEAN UNION EXPORTS AND IMPORTS
(percentage composition on values at current prices)

Sectors	1989-1990 Average	1994-1995 Average	1999-2000 Average
EXPORTS			
Agriculture, live animals and fishery products	4,5	3,9	1,4
Energy products	2,4	2,6	2,2
Food, beverages and tobacco	4,1	4,5	5,6
Textile, Wearing Apparel Products	5,1	5,0	4,9
Textile	3,2	3,2	3,4
Wearing Apparel	1,9	1,8	1,5
Footwear, hides and leather products	1,7	1,9	1,6
Footwear	0,9	0,9	0,8
Wood and cork products (excluding furniture)	0,6	0,6	0,8
Paper and Paper Products, Printing and Publishing	2,9	3,1	3,0
Chemical and pharmaceutical products	11,3	12,7	14,1
Rubber and plastic articles	4,4	4,1	2,6
Glass, ceramic and non-metallic construction materials	2,1	2,0	2,0
Metals and metal products	8,8	7,8	6,5
Machinery and mechanical equipment	16,0	16,1	15,5
Electrical and professional/scientific equipment	12,0	15,1	15,8
Transport Equipment	13,8	15,0	14,6
Motor vehicles	9,0	9,1	9,1
Other transport equipment	4,8	5,9	5,5
Furniture	0,6	0,6	1,2
Other Products	9,7	5,1	9,3
Total	100,0	100,0	100,0
IMPORTS			
Agriculture, live animals and fishery products	6,0	5,7	4,3
Energy products	16,4	12,6	10,0
Food, beverages and tobacco	6,7	6,5	4,4
Textile, Wearing Apparel Products	7,1	8,3	8,3
Textile	3,0	3,1	4,5
Wearing Apparel	4,1	5,2	3,8
Footwear, hides and leather products	1,6	1,9	2,0
Footwear	0,7	1,0	1,2
Wood and cork products (excluding furniture)	1,6	1,6	1,3
Paper and Paper Products, Printing and Publishing	2,2	2,2	2,0
Chemical and pharmaceutical products	7,2	8,0	8,5
Rubber and plastic articles	1,4	1,8	2,1
Glass, ceramic and non-metallic construction materials	0,7	0,9	1,0
Metals and metal products	8,0	8,3	7,7
Machinery and mechanical equipment	6,2	6,4	7,7
Electrical and professional/scientific equipment	16,9	20,2	17,0
Transport Equipment	8,8	8,6	10,4
Motor vehicles	4,1	4,1	5,5
Other transport equipment	4,7	4,5	4,9
Furniture	0,5	0,7	1,2
Other Products	8,7	6,3	12,1
Total	100,0	100,0	100,0

Source: ICE on EUROSTAT-COMEXT, GTI data

Table 3.2

CURRENT ACCOUNT BALANCE
(billion liras)

Categories	1994	1995	1996	1997	1998	1999	2000
Goods (FOB-FOB)	50.664	63.059	83.301	68.102	63.091	42.683	22.794
Services	8.399	10.324	11.084	13.255	8.493	2.178	64
transport	-2.941	-4.149	-4.448	-5.006	-5.007	-7.549	-10.254
travel	17.199	22.671	21.904	22.634	21.229	21.012	24.964
other services	-5.859	-8.198	-6.372	-4.394	-7.694	-11.084	-14.646
Income	-26.998	-25.908	-23.453	-17.446	-19.109	-20.122	-25.358
from capital	-26.986	-26.712	-24.255	-17.694	-18.983	-19.485	-24.442
from labor	-12	804	802	248	-126	-637	-915
Unilateral transfers	-11.516	-6.830	-10.162	-7.098	-12.891	-9.846	-9.294
private	-32	1.836	1.474	-1.098	-1.796	-1.775	-1.611
workers' remittances	410	161	44	55	-226	-369	-387
other	-442	1.675	1.430	-1.153	-1.570	-1.406	-1.224
public	-11.484	-8.666	-11.636	-6.003	-11.099	-8.028	-8.182
EU accounts	-7.873	-5.662	-8.829	-5.088	-11.501	-9.070	-9.497
other	-3.611	-3.004	-2.807	-915	402	1.042	1.315
Total Current Account	20.549	40.645	60.769	56.813	39.585	14.894	-11.794

Source: Bank of Italy

Table 4.1

IMPORTS-EXPORTS (FOB-CIF)

	1995	1996	1997	1998	1999	2000	2001 I Quarter
Exports FOB							
billion liras	381.175	388.885	409.128	426.183	427.994	498.201 ⁽¹⁾	128.036
percentage changes	23,7	2,0	5,2	4,2	0,4	16,4	15,9
Imports CIF							
billion liras	335.661	321.286	357.587	378.783	400.837	495.499	128.614
percentage changes	23,2	-4,3	11,3	5,9	5,8	23,6	15,5
Balance							
billion liras	45.514	67.599	51.541	47.400	27.157	2.702	-578
value change	9.850	22.085	-16.058	-4.141	-20.243	-24.455	-1.457
Normalized balance ⁽²⁾	6,3	9,5	6,7	5,9	3,3	0,3	-0,2
Exports: average unit values ⁽³⁾							
percentage changes	6,7	0,8	0,5	1,0	-0,3	5,7	4,2
Imports: average unit values ⁽³⁾							
percentage changes	11,1	-1,3	1,4	-2,7	-1,0	14,1	6,7
Exports: quantities ⁽³⁾							
percentage changes	16,0	1,2	4,7	3,2	0,7	10,1	11,2
Imports: quantities ⁽³⁾							
percentage changes	10,9	-3,0	9,7	8,8	7,0	8,3	8,3
Terms of trade ⁽⁴⁾							
percentage changes	-4,0	2,2	-0,9	3,8	0,7	-7,4	-2,3
Real coverage ratio ⁽⁵⁾							
percentage changes	4,6	4,4	-4,6	-5,2	-5,9	1,6	2,7

(1) According to balance of payments data (source Bank of Italy) exports and imports values, both in FOB terms, were 502.561 and 479.767 billion liras respectively, while ISTAT international transactions data show exports (FOB) 503.703 billion liras and imports (FOB) 469.086 billion liras.

(2) Percentage ratio of trade balance to the sum of exports and imports.

(3) Changes in average unit values and in quantities for years before 1995 have been computed using ISTAT's indexes for 1991 through 1995 (see ISTAT, Numeri indicati del commercio estero, Metodi e norme, n. 4, 1999).

(4) Percentage ratio of export prices (average unit values) to import prices.

(5) Percentage ratio of export quantities to import quantities.

Source: ICE on ISTAT data

Table 4.2

PRICE COMPETITIVENESS OF ITALY AND MAJOR COMPETITORS
COMPARISONS AMONG SELECTED INDICATORS
(index percentage change on previous year, base 1993=100)

	1994	1995	1996	1997	1998	1999	2000
based on manufacturing producer prices							
Italy	-2,2	-5,0	11,4	0,4	1,3	-2,8	-3,3
France	0,2	5,0	-3,3	-5,4	1,0	-2,4	-3,8
Germany	-0,9	3,7	-4,3	-5,0	1,4	-3,8	-7,1
United Kingdom	1,1	-3,9	4,3	15,6	5,6	0,3	-0,2
United States	-1,8	-1,6	3,7	4,9	3,4	-1,6	5,6
Japan	3,7	0,2	-15,6	-5,3	-4,1	13,3	5,5
based on average export unit values							
Italy	-1,9	-2,1	12,3	-1,0	2,7	-2,1	-3,7
France	-1,0	1,6	1,1	-3,2	0,6	-2,5	-7,7
Germany	-0,3	4,9	-2,9	-5,5	2,3	-3,5	-6,2
United Kingdom	1,1	-3,8	1,1	8,5	1,2	-3,3	-3,7
United States	-3,0	-6,3	-2,1	2,7	3,5	-1,7	1,2
Japan	5,3	-0,6	-7,8	-3,6	-2,0	7,9	6,6
based on unit labor costs							
Italy	-5,3	-8,5	15,0	3,0	3,8	-1,6	-3,9
France	-0,1	-0,8	-0,4	-6,5	-5,1	-1,2	-4,8
Germany	-0,8	8,0	-2,1	-6,5	1,6	-1,9	-7,1
United Kingdom	1,7	-1,4	2,9	20,2	8,3	-0,4	5,0
United States	-2,0	-5,4	1,3	5,3	4,5	-2,1	1,7
Japan	7,9	2,3	-15,6	-5,6	1,7	11,2	6,4

Source: ICE on Bank of Italy data

Table 4.3

ITALY'S FOREIGN TRADE BY GEOGRAPHICAL AREAS AND PRINCIPAL COUNTRIES
(billion liras and percentage changes on previous year)

	EXPORTS			IMPORTS			BALANCE	
	1999	2000	var. %	1999	2000	var. %	1999	2000
European Union	249.222	273.478	9,7%	246.459	279.116	13,3%	2.763	-5.638
<i>France</i>	56.492	62.609	10,8%	51.280	56.471	10,1%	5.212	6.138
<i>Germany</i>	71.574	75.208	5,1%	76.839	86.757	12,9%	-5.265	-11.549
<i>United Kingdom</i>	30.888	34.300	11,0%	24.503	26.966	10,1%	6.386	7.334
<i>Spain</i>	27.592	30.976	12,3%	17.489	20.415	16,7%	10.103	10.560
<i>EMU (2)</i>	201.017	220.100	9,5%	209.619	239.043	14,0%	-8.603	-18.942
Central - Eastern Europe	31.442	39.961	27,1%	28.835	42.538	47,5%	2.607	-2.577
<i>Russia</i>	3.338	4.881	46,2%	8.153	16.139	98,0%	-4.815	-11.258
Other European countries	24.595	30.550	24,2%	20.256	22.669	11,9%	4.338	7.881
<i>Switzerland</i>	14.828	16.701	12,6%	15.088	16.345	1,7%	-260	355
North Africa	10.163	11.996	18,0%	16.185	29.178	80,3%	-6.022	-17.182
Other Africa	4.700	5.917	25,9%	7.954	9.415	18,4%	-3.254	-3.498
North America	43.438	56.162	29,3%	22.135	29.895	35,1%	21.303	26.267
<i>United States</i>	39.785	51.622	29,8%	19.408	26.174	34,9%	20.377	25.448
Central-South America	16.741	19.910	18,9%	9.427	12.650	34,2%	7.314	7.260
<i>Mercosur</i>	7.590	7.388	-2,7%	5.227	7.087	35,6%	2.363	301
Middle East	13.772	16.674	21,1%	9.423	18.018	91,2%	4.348	-1.344
Central-South Asia	3.128	3.336	6,6%	4.856	6.257	28,9%	-1.728	-2.920
East Asia	25.025	33.341	33,2%	32.336	42.344	31,0%	-7.311	-9.003
<i>China</i>	3.552	4.609	29,8%	9.684	13.606	40,5%	-6.132	-8.997
<i>Japan</i>	6.794	8.399	23,6%	9.987	12.433	24,5%	-3.193	-4.034
<i>NIES (1)</i>	11.559	15.428	33,5%	7.587	9.630	26,9%	3.972	5.797
Oceania and other territories	5.768	6.876	19,2%	2.970	3.420	15,2%	1.509	3.456
WORLD	427.994	498.201	16,4%	400.837	495.499	23,6%	27.157	2.702
<i>Extra-UE</i>	178.772	224.723	25,7%	154.378	216.383	40,2%	24.394	8.340

(1) South Korea, Taiwan, Hong Kong, Singapore.

(2) The eleven countries adhering to the third stage of the Economic and Monetary Union from January 1st, 1999.

Source: ICE on ISTAT data

Tavola 5.1

IMPORTS OF AREAS AND SELECTED COUNTRIES AND ITALY'S MARKET SHARES
(at current prices)

	WEIGHTS ON WORLDS IMPORTS (percentages)		IMPORTS FROM THE WORLD (percentage changes on previous period)		ITALY'S MARKET SHARES (percentage ratios of countries' imports from Italy on countries' imports from the world)	
	1999	2000	1999	2000	1999	2000
European Union	38,1	35,3	5,7	4,9	5,6	5,2
<i>France</i>	5,5	5,1	8,1	6,2	9,4	8,6
<i>Germany</i>	8,3	7,7	2,4	5,8	7,3	6,8
<i>United Kingdom</i>	5,7	5,2	4,9	4,4	4,3	3,9
<i>Spain</i>	2,4	2,2	4,1	7,2	8,8	8,5
<i>EMU</i> ⁽¹⁾	29,9	27,8	6,3	5,2	5,8	5,4
Central-Eastern Europe	3,8	3,9	-9,4	15,6	8,0	7,5
<i>Russia</i>	0,5	0,5	-29,5	11,8	4,1	4,0
Other European countries	2,9	3,0	-4,1	18,5	8,0	8,2
<i>Switzerland</i>	1,4	1,5	-0,5	24,1	9,7	8,9
North Africa	0,9	0,9	7,0	8,7	10,8	10,6
Other africa	1,4	1,3	-6,8	9,0	3,6	3,6
North America	22,4	23,2	10,3	16,9	2,0	1,9
<i>United States</i>	18,3	19,1	11,0	18,1	2,2	2,1
North-Central America	6,0	6,3	-3,2	17,9	2,7	2,5
<i>Mercosur</i> ⁽²⁾	1,5	1,5	-16,0	11,1	5,3	4,2
Middle East	2,5	2,5	3,2	11,5	5,3	5,4
Central-South Asia	1,4	1,4	5,2	10,4	2,2	1,9
East Asia	19,0	20,9	10,6	24,7	1,3	1,2
<i>China</i>	2,9	3,5	17,9	36,0	1,6	1,1
<i>Japan</i>	5,4	5,8	10,5	20,7	1,6	1,4
<i>Nies</i> ⁽²⁾ ⁽³⁾	7,2	7,8	8,2	23,8	1,4	1,4
Oceania	1,6	1,4	8,4	2,4	2,6	2,5
MONDO	100,0	100,0	3,8	13,2	3,9	3,6
<i>Extra-UE</i>	62,0	64,8	2,7	18,4	2,9	2,7

(1) The eleven countries adhering to the European Monetary Union's third stage from January 1st, 1999.

(2) Market shares have been computed using world exports instead of world imports.

(3) South Korea, Hong Kong, Singapore.

Source: ICE on IMF-DOTS data

Table 5.2

TOP 20 COUNTRIES OF DESTINATION FOR ITALIAN EXPORTS

Countries		Ranking	Values (billion liras)	% change	Percentage shares		Cumulative shares
		1999	2000	1999-00	1999	2000	2000
1	Germany	1	75.208	5,1	16,5	15,1	15,1
2	France	2	62.609	10,8	13,0	12,6	27,7
3	United States	3	51.622	29,8	9,5	10,4	38,0
4	United Kingdom	4	34.300	11,0	7,1	6,9	44,9
5	Spain	5	30.976	12,3	6,3	6,2	51,1
6	Switzerland	6	16.701	12,6	3,5	3,4	54,5
7	Belgium	8	13.649	18,4	2,7	2,7	57,2
8	The Netherlands	7	13.263	6,8	2,9	2,7	59,9
9	Austria	9	11.048	9,1	2,3	2,2	62,1
10	Greece	10	10.192	13,4	2,0	2,0	64,1
11	Turkey	14	8.998	63,3	1,3	1,8	66,0
12	Japan	11	8.399	23,6	2,5	1,7	67,6
13	Poland	12	7.444	11,3	1,6	1,5	69,1
14	Portugal	13	6.812	4,7	1,5	1,4	70,5
15	Hong Kong	15	6.331	27,8	1,2	1,3	71,8
16	Romania	18	5.173	39,0	0,9	1,0	72,8
17	Sweden	17	5.007	7,3	0,9	1,0	73,8
18	Russian Federation	21	4.881	46,2	0,8	1,0	74,8
19	Brasil	16	4.766	2,2	1,1	1,0	75,7
20	Hungary	20	4.656	30,9	0,8	0,9	76,7
WORLD			498.201	16,4	100	100	100

Source: ICE on ISTAT data

Table 5.3

TOP 20 COUNTRIES OF ORIGIN FOR ITALIAN IMPORTS

Countries		Ranking	Values (billion liras)	% change	Percentage shares		Cumulative shares
		1999	2000	1999-00	1999	2000	2000
1	Germany	1	86.757	12,9	19,0	17,5	17,5
2	France	2	56.471	10,1	12,6	11,4	28,9
3	The Netherlands	3	29.422	16,8	6,3	5,9	34,8
4	United Kingdom	4	26.966	10,1	6,1	5,4	40,3
5	United States	5	26.174	34,9	4,9	5,3	45,6
6	Spain	6	20.415	16,7	4,3	4,1	49,7
7	Belgium	7	19.982	17,9	4,2	4,0	53,7
8	Switzerland	8	16.345	8,3	3,8	3,3	57,0
9	Russian Federation	12	16.139	97,9	2,1	3,3	60,3
10	China	10	13.606	40,5	2,5	2,7	63,0
11	Japan	9	12.433	24,5	2,5	2,5	65,5
12	Lybia	14	12.362	106,0	1,5	2,5	68,0
13	Austria	11	11.448	14,6	2,4	2,3	70,3
14	Algeria	16	10.900	100,9	1,4	2,2	72,5
15	Sweden	13	7.294	17,1	1,6	1,5	74,0
16	Irland	15	6.751	19,0	1,4	1,4	75,4
17	Brasil	19	4.987	40,1	0,9	1,0	76,4
18	Romania	18	4.964	32,0	1,0	1,0	77,4
19	South Africa	17	4.739	10,4	1,1	1,0	78,3
20	Iran	26	4.737	71,0	0,6	1,0	79,3
WORLD			495.499	23,6	100,0	100,0	100,0

Source: ICE on ISTAT data

Table 5.4

ITALY'S FOREIGN TRADE BY SECTOR
(billion liras)

Sectors of economic activity (ATECO)	EXPORTS			IMPORTS			BALANCES	
	1999	2000	% change	1999	2000	% change	1999	2000
AGRICULTURE, LIVE ANIMALS AND FISHERY PRODUCTS	7.140	7.319	2,5	16.658	17.537	5,3	-9.518	-10.218
MINING INDUSTRY PRODUCTS	833	999	19,9	29.514	57.209	93,8	-28.681	-56.210
<i>Energy products</i>	44	93	111,4	24.779	51.083	106,2	-24.735	-50.990
INDUSTRIAL MANUFACTURED GOODS	417.850	487.097	16,6	351.536	416.052	18,4	66.314	71.045
Food, beverages and tobacco	23.334	24.904	6,7	30.293	32.648	7,8	-6.959	-7.744
Textiles, Wearing Apparel	45.418	51.249	12,8	20.779	24.434	17,6	24.639	26.815
<i>Textiles and knitwear</i>	30.459	34.189	12,2	14.116	16.566	17,4	16.343	17.623
<i>Clothing</i>	14.959	17.060	14,0	6.663	7.868	18,1	8.296	9.192
Footwear and leather/hides products	21.211	25.387	19,7	7.767	10.534	35,6	13.444	14.853
<i>Footwear</i>	13.291	14.763	11,1	4.175	5.031	20,5	9.116	9.732
Wood and Cork Products (excluding furniture)	2.573	2.861	11,2	5.771	6.475	12,2	-3.198	-3.614
Paper and Paper Products, Printing and Publishing	9.738	11.324	16,3	12.047	13.840	14,9	-2.309	-2.516
Refined Petroleum Products	5.041	9.980	98,0	6.121	10.401	69,9	-1.080	-421
Chemical and Pharmaceutical products	37.702	46.386	23,0	54.403	63.835	17,3	-16.701	-17.449
<i>Basic Chemical Products</i>	13.915	17.185	23,5	26.998	33.203	23,0	-13.083	-16.018
<i>Drugs and Pharmaceutical Products</i>	11.473	14.691	28,0	12.470	13.702	9,9	-997	989
Rubber and Plastic Products	15.931	17.922	12,5	9.279	10.306	11,1	6.652	7.616
Glass, Ceramic and Non-Metallic Construction Materials	16.133	17.671	9,5	4.857	5.395	11,1	11.276	12.276
<i>Ceramic Tiles</i>	6.038	6.583	9,0	176	174	-1,1	5.862	6.409
Metals and Metal Products (excluding machinery equipment)	33.911	40.545	19,6	39.403	50.408	27,9	-5.492	-9.863
<i>Metallurgical Products</i>	15.864	20.987	32,3	32.613	42.724	31,0	-16.749	-21.737
<i>Finished Metal Products</i>	18.047	19.558	8,4	6.790	7.684	13,2	11.257	11.874
Mechanical Machinery Equipment	87.249	97.079	11,3	34.009	38.882	14,3	53.240	58.197
<i>General Industrial Machinery</i>	36.815	41.305	12,2	16.802	19.483	16,0	20.013	21.822
<i>Specialized Industrial Machinery</i>	34.279	37.744	10,1	13.464	15.683	16,5	20.815	22.061
<i>Home Machinery (including Electric Appliances)</i>	11.120	12.505	12,5	2.185	2.400	9,8	8.935	10.105
Electrical and professional/scientific machinery and equipment	41.859	50.473	20,6	59.990	73.248	22,1	-18.131	-22.775
<i>Office Machines and Computers</i>	6.299	6.745	7,1	15.373	17.548	14,1	-9.074	-10.803
<i>Electrical Machinery</i>	14.980	17.142	14,4	12.146	14.454	19,0	2.834	2.688
<i>Electronic and Telecommunications equipment</i>	11.475	15.707	36,9	19.790	26.337	33,1	-8.315	-10.630
<i>Medical and Scientific Instruments</i>	9.105	10.879	19,5	12.683	14.911	17,6	-3.578	-4.032
Transportation Equipment	48.897	57.950	18,5	59.983	67.522	12,6	-11.086	-9.572
<i>Motor Vehicles</i>	19.463	22.635	16,3	42.049	45.071	7,2	-22.586	-22.436
<i>Motor Vehicle Parts</i>	14.324	16.129	12,6	7.499	8.825	17,7	6.825	7.304
Other manufactures	28.853	33.366	15,6	6.834	8.124	18,9	22.019	25.242
<i>Furniture</i>	15.271	17.414	14,0	1.642	1.920	16,9	13.629	15.494
<i>Jewellery, Gold and Silver</i>	8.999	11.010	22,3	1.479	1.841	24,5	7.520	9.169
OTHER PRODUCTS	2.171	2.786	28,3	3.130	4.701	50,2	-959	-1.915
TOTAL	427.994	498.201	16,4	400.837	495.499	23,6	27.157	2.702

Source: ICE on ISTAT data

Table 6.1

ITALY'S MARKET SHARES BY SECTOR
(percentages on world imports)

Groups of economic activity	1996	1997	1998	1999	1999 ⁽²⁾	2000
Agriculture, Live Animals and Fishery Products	2,3	2,2	2,3	2,3	2,2	1,9
Food, beverages and tobacco	4,1	4,0	4,3	4,3	4,2	4,0
Meat and meat products	2,0	2,1	2,3	2,2	2,3	2,0
Preserved Fruit and Vegetables Products	6,5	6,6	6,5	5,8	5,7	5,4
Vegetal and Animal Oils and Fat	4,4	3,6	3,6	4,3	4,2	4,8
Dairy Products	4,2	4,1	4,5	4,5	4,8	4,6
Milling Products, Starch and Flour	4,0	3,9	3,8	4,4	4,0	3,9
Beverages	9,5	9,3	9,8	9,8	9,5	9,1
Textiles and Knitwear	9,5	8,6	8,3	7,5	7,4	6,5
Yarns and sewing threads	8,8	8,6	9,1	8,8	8,4	7,7
Textile Fabrics	14,4	13,5	13,6	12,8	13,6	12,3
Knitting Fabrics	10,9	9,5	9,9	9,9	9,6	8,3
Knitting Products	9,3	7,8	7,0	6,0	6,1	5,1
Wearing Apparel	7,6	7,0	6,6	6,0	6,0	5,3
Leatherwear	5,5	5,2	6,0	6,1	6,1	6,3
Wearing Apparel and subsidiary (excluding leather and furs)	7,6	7,0	6,6	6,0	5,9	5,2
Furs	10,8	10,0	8,6	8,6	8,8	9,4
Footwear and Leather/Hides Products	16,4	14,8	14,8	13,9	13,8	13,1
Leather	19,2	18,3	19,7	20,3	20,0	20,0
Travel Articles, Bags and similar	12,5	11,3	10,5	10,0	10,0	10,1
Footwear	17,1	15,1	15,1	14,0	13,8	12,4
Chemical and Pharmaceutical Products	3,8	3,8	3,8	3,8	3,6	3,6
Pharmaceutical products	6,1	6,0	5,9	6,1	5,6	6,2
Synthetic Fibres	5,5	5,1	5,5	5,2	5,3	5,3
Rubber and Plastic Products	7,0	6,6	6,7	6,1	6,0	5,6
Glass, Ceramic and Non-Metallic Construction Materials	12,0	11,6	12,2	11,3	11,5	10,1
Glass and Glass Products	6,3	6,0	6,5	6,1	5,6	4,7
Ceramic products	7,0	6,6	6,5	5,7	5,7	4,8
Ceramic Tiles	54,8	52,0	52,2	50,6	51,6	48,7
Construction stones	34,7	34,6	35,6	31,8	31,5	28,4
Metals and Metal Products	4,5	4,1	4,3	4,1	3,9	3,5
Pipes	10,7	9,0	9,6	10,2	10,6	10,3
Tanks and metal containers; radiators and boilers for central heating	14,8	15,1	16,6	17,4	16,4	15,8
Mechanical Machinery Equipment	9,4	9,1	9,2	8,7	8,7	7,9
Machine Tools for production and use of mechanical energy, excluding engines	8,1	7,8	7,6	7,5	7,4	6,8
Agriculture and forestry machine tools	11,5	11,4	11,5	11,7	11,5	11,2
Machine Tools	8,6	8,3	8,5	8,2	8,4	6,9
Arms and ammunition	9,6	7,6	8,0	7,5	7,2	10,3
Home Machinery (including Electric Appliances)	15,0	14,5	14,6	13,3	13,4	12,3
Electrical and professional/scientific machinery and equipment	2,1	1,9	1,9	1,7	2,1	1,8
Office Machines and Computers	1,8	1,3	1,2	1,1	1,4	1,1
Engines, Electrical Generators and Transformers	3,8	3,3	3,6	3,3	3,3	3,0
Equipment for electricity distribution and control	2,9	2,7	2,9	2,6	2,6	2,3
Lighting equipment and Electric Lamps	7,5	6,9	6,9	6,0	6,5	5,6
Electronic Valves, Cables and Other electronic Components	1,0	1,0	1,1	0,9	1,2	0,8
Broadcasting Equipment for Telecommunications	1,5	1,9	2,0	1,6	1,6	1,4
Receiving Equipment for Telecommunications	1,3	1,0	1,0	1,0	1,0	1,0
Medical-Surgical Equipment and Orthopedic Appliances	2,7	2,5	2,4	2,2	2,3	2,1
Optical Instruments and Photographic Equipment	5,8	5,3	5,0	4,2	4,4	4,2
Motor Vehicles	3,0	2,6	2,7	2,5	2,5	2,5
Boats	2,2	2,7	3,5	3,6	2,9	4,2
Locomotives and rolling-stock	5,8	4,6	4,6	2,9	3,1	3,6
Bicycles and Motorcycles	12,7	12,2	11,6	10,5	10,2	8,4
Furniture	15,0	13,5	13,1	11,5	11,6	10,5
Jewellery	10,4	9,5	9,7	9,1	8,8	8,0
Music Instruments	5,5	4,4	4,6	4,0	4,0	4,1
Sporting Articles	4,4	3,9	3,9	4,0	4,2	3,4
Games and Toys	2,6	1,8	1,7	1,4	1,5	1,2
Total	4,4	4,1	4,2	3,9	4,1	3,7

(1) In this table the world total is composed of the 15 European Union member and the following other countries: Australia, Brasil, Canada, China, South Korea, Japan, Indonesia, Malaysia, Mexico, Russia, South Africa, Switzerland, Turkey and United States.

(2) UN-Comtrade data, updated to 1999, have been integrated with GTI data which adopt the same sectorial classification (Harmonized System) but in the 1996 version. Differences between this version and the 1988 version, adopted by the UN, explain some small discrepancies; in fact, GTI ascribes European countries' imports following the criterion of country of provenance, different from the UN, which follows the criterion of country of origin. Therefore two columns are shown for the year 1999, the first with UN data and the second with GTI data.

Source: ICE on UN-COMTRADE and GTI data

Table 6.2

QUANTITIES AND PRICES OF IMPORTS AND EXPORTS BY SECTOR
(percentage changes, for exports and imports in 2000; index 1995 = 100 for quantities and relative prices)

ATECO Sectors	EXPORTS		IMPORTS		RELATIVE QUANTITIES (1)		TERMS OF TRADE (2)	
	quantities	average unit values	quantities	average unit values	1999	2000	1999	2000
AGRICULTURE, LIVE ANIMALS AND FISHERY PRODUCTS	-2,2	4,8	-0,7	6,0	92,2	90,8	117,2	115,9
MINING INDUSTRY PRODUCTS	11,1	8,0	9,2	77,5	92,0	93,6	90,9	55,3
INDUSTRIAL MANUFACTURED GOODS	10,8	5,2	8,5	9,1	87,6	89,5	105,8	102,0
Food, beverages and tobacco	4,9	1,7	2,4	5,2	103,5	106,0	111,2	107,5
<i>Beverages</i>	4,1	1,2	6,2	0,7	85,1	83,5	121,7	122,3
Textile, Wearing Apparel	10,7	1,9	11,8	5,2	82,3	81,5	108,8	105,4
Footwear and leather/hides products	11,3	7,5	17,5	15,4	73,6	69,7	112,2	104,5
<i>Footwear</i>	3,9	6,9	12,0	7,6	64,6	60,0	101,7	101,1
Wood and cork products (excluding furniture)	15,0	-3,3	8,0	3,9	107,5	114,4	97,8	91,1
Paper and Paper Products, Printing and Publishing	8,3	7,4	-13,6	33,0	106,7	133,8	102,8	83,0
Refined petroleum products	7,0	85,0	-4,5	77,9	139,6	156,3	97,0	100,9
Chemical and pharmaceutical products	13,9	8,0	7,9	8,8	108,1	114,2	98,7	98,0
<i>Basic chemical products</i>	7,1	15,3	7,4	14,5	107,6	107,3	96,2	96,9
<i>Drugs and pharmaceutical products</i>	21,2	5,6	6,4	3,3	105,6	120,4	91,9	94,0
Rubber and plastic products	8,3	3,9	8,8	2,1	92,4	92,1	97,7	99,3
Glass, ceramic and non-metallic construction materials	5,8	3,6	11,2	-0,1	98,3	93,5	102,0	105,7
<i>Ceramic tiles</i>	6,5	2,4	-4,3	3,2	107,8	120,0	86,3	85,6
Metals and metal products (excluding machinery equipment)	11,4	7,4	9,0	17,4	95,0	97,1	108,7	99,4
<i>Steel and iron pipes</i>	12,4	8,4	10,9	0,6	97,8	99,2	93,7	101,0
Machinery equipment	10,2	1,0	11,1	2,9	80,9	80,3	107,3	105,2
<i>Machine tools</i>	8,1	-0,6	11,0	6,5	84,8	82,6	104,8	97,8
<i>Home machinery (including electrical appliances)</i>	12,1	0,3	9,2	0,6	86,3	88,5	95,2	95,0
Electrical and professional/scientific machinery and equipment	12,2	7,4	12,8	8,3	81,1	80,6	102,8	102,0
<i>Office machines and computers</i>	-9,9	18,9	4,4	9,3	45,6	39,3	114,6	124,6
<i>Electric motors, generators and transformers</i>	16,4	-1,7	18,2	0,8	112,3	112,6	99,8	97,4
<i>Transmission equipment</i>	39,4	-11,6	19,1	10,5	82,9	97,0	103,9	83,1
Transportation Equipment	13,2	4,7	11,1	1,3	71,7	73,1	103,6	107,1
<i>Motor vehicles</i>	10,4	5,4	4,8	2,3	64,4	67,8	97,1	100,0
Other manufactured goods	13,4	2,0	14,5	3,8	85,7	84,9	93,8	92,1
<i>Furniture</i>	13,6	0,4	19,6	-2,2	64,6	61,4	99,3	101,9
TOTAL	10,1	5,7	8,3	14,1	88,9	90,3	105,8	98,0

(1) indexes' percentage ratio of quantities exported to quantities imported.

(2) Indexes' percentage ratio of exports' average unit values to imports' average unit values.

Source: ICE on ISTAT data

Table 6.3

FOREIGN DIRECT INVESTMENTS BY SECTOR (1) (2)
(billion liras)

SECTORS	1995	1996	1997	1998	1999	2000
FDI inflows to Italy						
Agriculture, forestry and fishery products	9	49	70	24	47	-36
Energy products	215	-262	109	-192	-23	236
Industrial manufactures, of which	3.361	955	2.782	2.916	3.985	11.541
Minerals and metals	58	102	269	85	918	616
Chemicals	264	-282	132	276	704	1.104
Mechanical products (3)	1.845	668	1.457	2.106	940	13.088
Food	439	75	436	204	659	928
Textiles	209	133	205	56	452	650
Construction and Public Works	52	63	73	78	277	508
Tradable services, of which	3.787	4.089	4.841	4.414	9.100	14.322
Commerce	276	162	437	148	1.166	-3.053
Transports and Communications	74	311	268	-447	1.338	4.950
Insurance	1.343	2.488	2.243	2.975	4.178	7.903
Total (4)	7.402	5.211	8.192	7.210	11.951	26.794
FDI outflows from Italy						
Agriculture, forestry and fishery products	-68	42	79	430	-39	30
Energy products	572	1.585	2.131	1.137	4.404	87
Industrial manufactures, of which	1.863	1.994	5.734	4.061	9.337	9.326
Minerals and metals	933	211	569	554	1.167	374
Chemicals	499	425	960	81	708	1.199
Mechanical products (3)	202	560	2.196	2.067	4.760	5.598
Food	40	182	645	508	985	-317
Textiles	167	258	570	473	346	498
Construction and Public Works	151	134	91	46	343	554
Tradable services, of which	5.978	4.928	11.534	18.679	-6.113	10.934
Commerce	-36	663	519	577	1.413	1.228
Transports and Communications	283	293	188	1.574	630	3.322
Insurance	5.455	3.669	9.611	15.484	3.309	2.271
Total (4)	8.915	9.542	20.224	27.373	11.309	24.984

(1) Difference between investments and divestiture.

(2) Classified on the Italian recipient economic sector, as far as FDI inflows are concerned, and on the foreign recipient economic sector, for FDI outflows.

(3) Capital goods, electrical and professional/scientific machinery and equipment, and transportation equipment.

(4) The total figure includes non tradable services but not the housing sector and banking services, in contrast with the balance of payment capital account published on the Annual Report of the Governor of the Bank of Italy.

Source: ICE on UIC data

Table 6.4

REGIONAL DISTRIBUTION OF ITALIAN MERCHANDISE EXPORTS
(percentage weights at current prices) (*)

	1992	1996	1997	1998	1999	2000	2001 I trim.
NORTH and CENTER	91,1	90,9	90,3	89,7	89,7	88,8	88,8
NORTH WESTERN ITALY	47,7	44,8	43,7	42,7	41,9	41,3	42,7
Piedmont	14,0	13,2	12,7	12,3	11,9	11,5	11,7
Valle d'Aosta	0,1	0,1	0,1	0,1	0,1	0,2	0,1
Lombardy	31,8	29,9	29,3	29,0	28,6	28,3	29,4
Liguria	1,8	1,6	1,6	1,3	1,3	1,4	1,5
NORTH EASTERN ITALY	28,3	30,3	30,4	31,0	31,6	31,1	30,2
Trentino Alto Adige	1,9	1,7	1,7	1,7	1,8	1,7	1,6
Veneto	12,9	13,9	13,9	13,9	14,6	14,3	14,1
Friuli Venezia Giulia	2,9	3,3	3,3	3,7	3,5	3,5	3,0
Emilia Romagna	10,5	11,3	11,5	11,7	11,8	11,5	11,5
CENTRAL ITALY	15,2	15,8	16,2	16,1	16,2	16,6	15,9
Tuscany	8,0	8,3	8,3	8,0	8,0	8,3	7,9
Umbria	0,7	0,9	0,9	0,9	0,9	0,9	0,8
The Marches	2,4	2,9	3,1	3,1	2,9	2,8	3,0
Lazio	4,0	3,6	3,9	4,1	4,4	4,6	4,2
MEZZOGIORNO	8,9	9,1	9,6	10,3	10,2	11,1	11,2
SOUTHERN ITALY	6,1	7,0	7,2	8,0	7,9	8,0	8,2
Abruzzo	1,2	1,8	1,9	1,9	1,8	2,0	2,2
Molise	0,1	0,2	0,2	0,2	0,2	0,2	0,2
Campania	2,5	2,5	2,6	3,0	3,0	3,0	3,2
Puglia	2,0	2,2	2,2	2,3	2,3	2,3	2,1
Basilicata	0,1	0,2	0,2	0,4	0,5	0,4	0,5
Calabria	0,1	0,1	0,1	0,1	0,1	0,1	0,1
ISLANDS	2,7	2,1	2,4	2,3	2,3	3,1	3,0
Sicily	1,9	1,4	1,6	1,6	1,6	2,1	2,1
Sardinia	0,8	0,7	0,8	0,7	0,7	1,0	0,9
ITALY	100,0	100,0	100,0	100,0	100,0	100,0	100,0

(*) The item "Various non specified provinces" has been removed.

Source: ICE on ISTAT data

Tavola 7.1

INTERNATIONALISATION INDICATORS FOR ITALIAN REGIONS

Areas and regions	Degree of export concentration 1999 (1)	Exports per employee (2) (Million liras)	Degree of GDP Concentration 1998 (3)	Degree of openness to foreign markets 1998 (4)	Degree of concentration of foreign participated firms (5)	Degree of concentration of foreign firms with Italian participation (6)
NORTH CENTER	88,8	93,9	75,9	110,5	88,2	95,6
NORTH WESTERN ITALY	41,3	98,9	32,3	108,6	50,5	53,3
Piedmont	11,5	90,6	8,6	112,8	13,8	15,4
Valle d'Aosta	0,2	85,0	0,3	71,3	0,3	0,0
Lombardy	28,3	106,0	20,1	113,2	34,1	33,6
Liguria	1,4	62,4	3,3	49,2	2,3	4,3
NORTH EASTERN ITALY	31,1	96,1	22,9	122,6	23,7	31,8
Trentino Alto Adige	1,7	78,7	2,0	104,7	2,3	1,0
Veneto	14,3	95,9	9,4	128,0	8,8	12,8
Friuli Venezia Giulia	3,5	122,4	2,5	150,2	2,6	2,2
Emilia Romagna	11,5	93,2	8,9	113,5	9,9	15,8
CENTRAL ITALY	16,6	80,3	20,7	114,4	14,0	10,4
Tuscany	8,3	95,9	6,6	118,5	5,2	3,6
Umbria	0,9	46,8	1,4	63,4	1,5	0,5
The Marches		2,8	63,3	2,6	99,9	1,7 2,8
Lazio	4,6	80,8	10,1	75,8	5,7	3,5
MEZZOGIORNO	11,1	41,4	24,1	54,1	11,8	3,8
SOUTHERN ITALY	8,0	40,1	16,4	60,1	9,2	3,5
Abruzzo	2,0	74,6	1,9	85,8	2,4	0,7
Molise	0,2	30,8	0,4	56,5	0,4	0,1
Campania	3,0	45,1	6,4	65,2	3,9	1,7
Puglia	2,3	33,5	4,8	56,1	1,6	0,9
Basilicata	0,4	37,7	0,7	73,4	0,6	0,1
Calabria	0,1	5,8	2,1	8,1	0,3	0,0
ISLANDS	3,1	45,3	7,7	40,3	2,6	0,3
Sicily	2,1	43,7	5,7	37,9	1,5	0,3
Sardinia	1,0	49,4	2,0	47,1	1,1	0,0
ITALY	100,0	82,4	100,0	100,0	100,0	100,0

(1) Percentage weights on national exports.

(2) People employed in agriculture and manufacture (excluding construction) in 1999.

(3) Value added at factor costs of total 1998 economic activities. Percentage weights on national total.

(4) Ratio of regions' degree of openness on foreign markets to Italy's degree of openness on foreign markets. The degree of openness is calculated as the ratio of exports to the added value at factor costs in agriculture and manufacture (excluding construction). The index is a measure of the regions' orientation to foreign markets

(5) Percentage share out of total Italian industries plants with foreign participation as of 1.1.1998.

(6) Percentage share out of total foreign direct Italian investments as of 1.1.1998, by region of parent company.

Source: ICE on ISTAT, Istituto Tagliacarne, Database Reprint R&P data

Table 7.2

COMPARISON OF ITALY'S INTERNATIONALISATION CHANNELS: OVERVIEW
(average export revenues and turnover in billion liras)

	1995	1996	1997	1998	1999	1999(a)	2000(a)
EXPORTERS							
Number of exporters	181.286	182.854	180.352	182.684	183.250	168.638	178.000
Average export revenues	2,1	2,1	2,2	2,3	2,3	2,4	2,7
ITALIAN PARTICIPATIONS IN FOREIGN INDUSTRIAL ENTERPRISES (b)							
Number of Italian investors (c)	793	-	946	-	-	1.104	-
Number of foreign participated firms	1.950	-	2.173	-	-	2.573	-
Employees of foreign participated firms	589.486	-	602.779	-	-	642.523	-
Average revenues of foreign participated firms	87,7	-	86,7	-	-	85,1	-
FOREIGN PARTICIPATIONS IN ITALIAN INDUSTRIAL ENTERPRISES (b)							
Number of foreign investors	992	-	993	-	-	1.046	-
Number of participated Italian firms	1.637	-	1.771	-	-	1.843	-
Employees of participated Italian firms	523.035	-	557.816	-	-	560.088	-
Average revenues of Italian participated firms	139,6	-	147,3	-	-	151,6	-

(a) Provisional data. In order to allow comparison between the number of exporters in the year 2000 and in the previous year, provisional data for 1999 are also reported.

(b) Data as of January 1st of the following year.

(c) Investors are considered as Italian industrial groups and not as individual companies.

Source: ICE on ISTAT and CNEL - R&P - Politecnico di Milano data

Table 8.1

EXPORTERS AND RELATED EXPORTS BY VALUE BRACKET AND NUMBER OF MARKETS IN 2000
(provisional data and percentage ratios)

NUMBER OF COUNTRIES	Export revenue brackets in million Liras						2000 Total	1999 Total
	up to 150	150-1500	1.500-5.000	5.000-25.000	25.000-100.000	100.000 and more		
EXPORTERS' DISTRIBUTION BY NUMBER OF COUNTRIES								
1	65,9	17,0	5,2	1,7	0,9	0,5	43,9	43,9
2	17,3	13,5	5,0	2,2	0,7	0,5	14,2	14,1
3-5	13,5	27,8	15,7	7,5	2,5	1,0	16,7	16,4
1-5	96,8	58,3	26,0	11,5	4,1	2,0	74,7	74,4
6-10	3,0	24,0	21,9	13,7	6,4	3,4	10,4	10,6
11-15	0,3	10,8	18,2	14,1	8,1	5,4	5,3	5,5
16-25	0,0	6,1	22,8	26,0	18,5	11,6	5,2	5,3
26-40	0,0	0,8	9,9	24,7	27,4	18,5	2,9	2,9
40 and more	0,0	0,0	1,2	10,0	35,5	59,0	1,4	1,3
Total	105.637	43.738	15.429	10.161	2.442	593	178.000	168.638

(a) Brackets' upper limit includes its value, while lower limit does not.

Source: ICE on ISTAT data

Table 8.2

EXPORTERS OPERATING IN 2000 BY ANNUAL REVENUE BRACKET AND YEARS OF ACTIVITY
DURING THE 1995-2000 PERIOD
(provisional data)

Years of activity	value brackets in million liras						Total
	up to 150	150-1.500	1.500-5.000	5.000-25.000	25.000-100.000	100.000 and more	
VALUES							
1	27.486	3.308	530	211	66	32	31.633
2	16.513	3.611	740	411	106	40	21.421
3	12.819	3.433	804	388	113	41	17.598
4	11.167	3.625	795	421	86	28	16.122
5	11.273	3.708	893	399	94	30	16.397
6	26.379	26.053	11.667	8.331	1.977	422	74.829
Total	105.637	43.738	15.429	10.161	2.442	593	178.000
PERCENT DISTRIBUTION ON BRACKET'S TOTAL							
1	26,0	7,6	3,4	2,1	2,7	5,4	17,8
2	15,6	8,3	4,8	4,0	4,3	6,7	12,0
3	12,1	7,8	5,2	3,8	4,6	6,9	9,9
4	10,6	8,3	5,2	4,1	3,5	4,7	9,1
5	10,7	8,5	5,8	3,9	3,8	5,1	9,2
6	25,0	59,6	75,6	82,0	81,0	71,2	42,0
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0

(a) Brackets' upper limit includes its value, while lower limit does not.

Source: ICE on ISTAT data

Table 8.3

ICE'S PROMOTIONAL ACTIVITY BY GEOGRAPHICAL AREAS AND SELECTED COUNTRIES IN 2000
(million Liras)

AREAS		% weights on total	% weights on Area
EUROPEAN UNION	22.855	13,6	
of which:			
France	8.654		37,9
Germany	4.898		21,4
The Netherlands	2.887		12,6
Sweden	1.503		6,6
United Kingdom	1.140		5,0
other countries	2.605		11,4
EASTERN EUROPE	38.543	22,9	
of which:			
Poland	17.516		45,4
Russia	16.575		43,0
Romania	665		1,7
other countries	821		2,1
OTHER EUROPE	2.208	1,3	
of which:			
Turkey	1.122		50,8
Switzerland	697		31,6
NORTH AMERICA	36.310	21,6	
of which:			
United states	34.605		95,3
Canada	1.408		3,9
others	296		0,8
LATIN AMERICA	6.516	3,9	
of which:			
Brazil	2.539		39,0
Argentina	1.802		27,7
Cuba	719		11,0
others	636		9,8
PACIFIC RIM	30.204	18,0	
of which:			
Japan	9.719		32,2
China	9.499		31,4
Hong Kong	3.600		11,9
Australia	954		3,2
others	4.477		14,8
OTHER ASIA + MIDDLE EAST	5.363	3,2	
of which:			
India	1.886		35,2
Iran	1.055		19,7
United Arab Emirates	552		10,3
others	649		12,1
AFRICA	3.751	2,2	
of which:			
Egypt	1.204		32,1
Algeria	1.001		26,7
Morocco	612		16,3
others	403		10,8
OTHER COUNTRIES n.i.e	22.421	13,3	
TOTAL	168.175	100	

Table 9.1

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