ITALIAN NATIONAL STATISTICAL SYSTEM
ITALIAN INSTITUTE FOR FOREIGN TRADE

# Italy in the World Economy

## *ICE Summary Report 2004-2005*

*The Report was prepared by a working group of the Research and Statistics Division of the Italian Institute for Foreign Trade (ICE).*

*Coordinator: Giorgia Giovannetti*

*Editorial staff: Massimo Armenise, Chiara Bonassi, Claudio Colacurcio, Alessandra D'Intinosante, Paolo Ferrucci, Cristina Gioffrè, Francesca Luchetti, Orietta Maizza, Elena Mazzeo, Roberta Mosca, Fabio Pizzino, Alessia Proietti, Chiara Salabè and Sergio Sgambato*

*Summary Report: Giorgia Giovannetti and Lelio Iapadre*

*Assistance and data processing: Giampiero Testardi and retItalia internazionale S.p.A.*

*The Report was drafted under the supervision of an Editorial Committee chaired by Fabrizio Onida and composed of Sergio de Nardis, Lucia Tajoli, Gianfranco Viesti, Lelio Iapadre, Salvatore Rossi and Roberto Tedeschi.*

*The following also collaborated: Paola Anitori, Michele Capriati, Davide Castellani, Nicola Coniglio, Stefano Costa, Giuseppe De Arcangelis, Luca De Benedictis, Sergio de Nardis, Daniela Federici, Anna Ferragina, Francesco Ferrante, Marzio Galeotti, Claudia Giovene di Girasole, Paolo Guerrieri, Stefano Menghinello, Paola Nardulli, Carmine Pappalardo, Carmela Pascucci, Prometeia, Elena Redaelli, Lucia Tajoli, Emanuela Trinca and Gianfranco Viesti.*

*The Report was made possible thanks to the contribution of the Bank of Italy and the Italian Foreign Exchange Office (UIC) in addition to that of the National Institute for Statistics (ISTAT).*

*In the Report reference is made to the data published in the ICE-Statistical Yearbook,* Commercio estero e attività internazionali delle imprese - edizione 2004.

*Based on information available at 16 June 2005. In all the tables the data for 2004 are provisional.*

# CONTENTS

## ITALY IN THE WORLD ECONOMY



## STATISTICAL TABLES

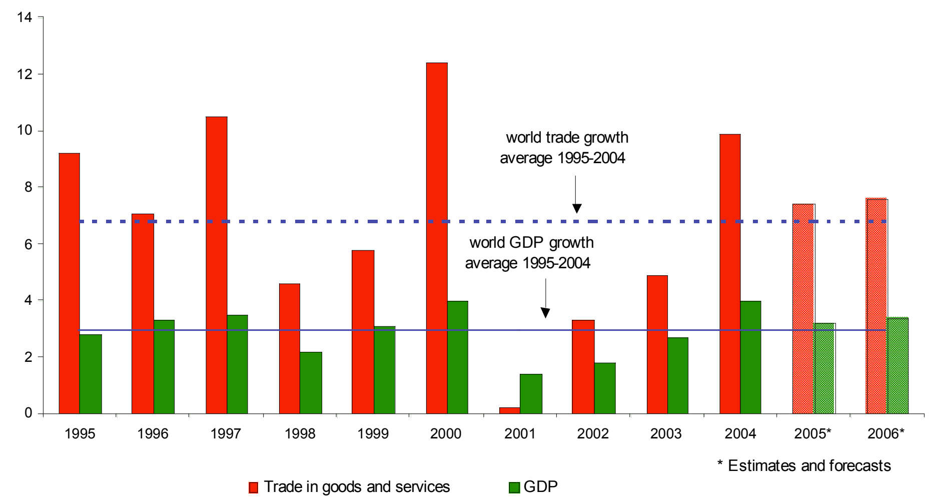
ITALY IN THE WORLD ECONOMY

## 1. World trade and international investment

*In 2004 every region except the European Union contributed to the world economy's rapid growth*

On the heels of two years of accelerating growth, in 2004 the world economy expanded at a rate seldom attained in the past (4 per cent).[1] Apart from the European Union, where economic activity remained relatively weak (GDP increased by 2.5 per cent), all regions contributed significantly to the expansion, with performances of 8.2 per cent in Asia and the Commonwealth of Independent States and rates exceeding 5 per cent in Latin America, the Middle East and Africa. Persistent strains in commodities markets and uncertainty about the evolution of trade and financial imbalances have recently begun to act as a braking factor. Nevertheless the International Monetary Fund forecasts that world economic output will grow in 2005 by 3.2 per cent, still outpacing the average for the last twenty years.

**World output and trade**
*(percentage changes in volume)*




*Source: Based on IMF data.*

---

[1] The world GDP growth rate referred to in this section was obtained by aggregating the GDP figures of the individual countries after converting them into dollars at market exchange rates, to allow comparison with the rate of growth in world trade. The regional growth rates are calculated at purchasing power parity. If the latter method is also used for the world, the rate of increase in output in 2004 is higher (5.1 per cent) because greater weight is assigned to the developing countries, whose growth rates are higher on average.

*World trade also expanded rapidly*

Following a trend similar to output, world trade in goods and services expanded last year by nearly 10 per cent in volume (20 per cent in current dollars) and is forecast to grow by 7.4 per cent in 2005. The ratio of trade growth to output growth, which approximately gauges the speed of international economic integration, thus appears to have risen back close to its average for the 1990s, after falling to an unusually low level at the beginning of this decade.

*Braked by the persistence of protective barriers, world trade in services grew less than merchandise trade*

For the second consecutive year, the value of world merchandise trade rose at a higher rate than that of trade in services (21 and 16 per cent respectively in dollar terms). Part of the gap was due to the increase in the prices of raw materials, which boosted the nominal growth in merchandise trade. However, the growth in trade in manufactures (18 per cent excluding refined petroleum products) also outpaced trade in services. The share of services in total world trade remains disproportionately small by comparison with the sector's economic importance, owing in part to the persistence of relatively high protective barriers and in part to the limited international marketability of services. The provision of services normally requires the presence of producer and buyer in the same place, which necessarily implies cross-border movements of persons or capital, only a fraction of which are recorded in the data on trade. By contrast, the contribution of services to total foreign direct investment (FDI) has grown in recent years.

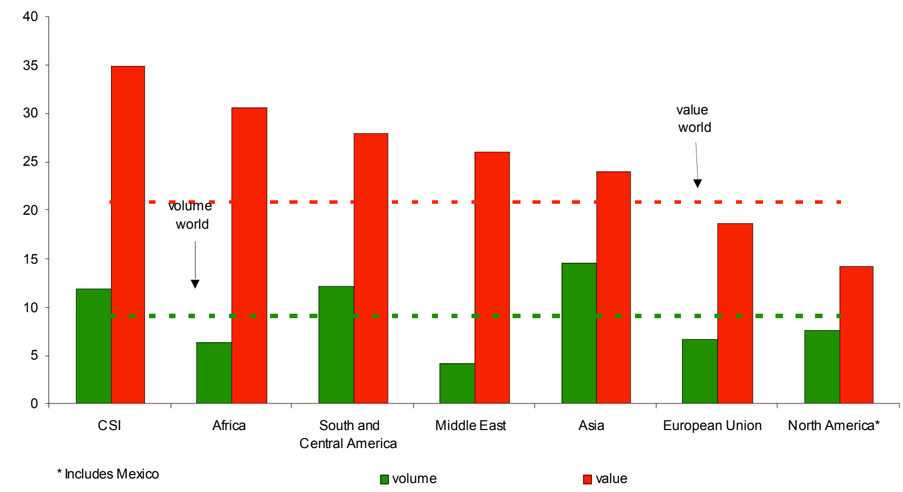
*Asia was again the "engine" of the world economy…*

As has been the case for some years now, at least since the end of the financial crisis of 1997-98, last year Asia was again the main engine of the world economy. Its contribution to the growth in the volume of world merchandise imports was close to 40 per cent, about one and a half times its share in 2003. China and India alone contributed more than 15 per cent, confirming the strong multiplier effects their economic development can generate in the rest of the world. For that matter, the whole continent of Asia is going through a period of acute dynamism, marked by the intensification of intra-regional trade and investment. The sole exception is Japan, where signs of recovery in the early part of the year subsequently gave way to a new slowdown.

*…together with the other emerging economies, which were favored in part by the rise in raw materials prices*

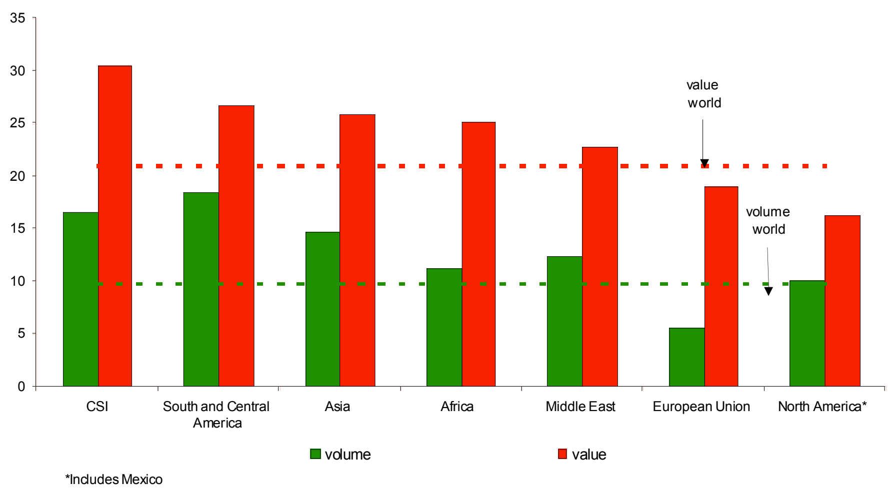
In addition to Asia, the other emerging regions also offered strong support to the growth in world demand. The rise in raw materials prices increased the import capacity and improved the debtor position of commodity-producing countries in Africa, Latin America, Eastern Europe and the Middle East, although the depreciation of the dollar attenuated the beneficial effects for their terms of trade. Among the industrialized countries, the United States continued to make an important contribution to the growth in world imports (19 per cent), in proportion to its original share. By contrast, the contribution of the European Union remained relatively modest (26 per cent), despite the positive impulses generated by the Union's enlargement in May 2004.

**Growth of merchandise exports in 2004: value in dollars and volume**
*( percentage changes)*




*Source: Based on WTO data.*

**Growth of merchandise imports in 2004: value in dollars and volume**
*(percentage changes)*




*Source: Based on WTO data.*

The developments in the market shares of the main exporting countries reflect the interaction of several factors:

*Export-share developments have not so much reflected exchange rate variations as the composition of world demand by region and sector and changes in the international location of production*

a) first, the nominal impact of exchange rate variations sometimes prevails with respect to the substitution effect, generating a divergence between shares in volume and value terms;
b) second, considering the geographical and sectoral composition effects, all else being equal, countries whose exports are more strongly oriented toward the most dynamic sectors and markets are favored (for example, a rise in the prices of raw materials favors the value shares of the

producing countries). Moreover, exchange rates variations can lead to changes in the relative share of the different regions: the massive depreciation of the dollar with respect to the euro since February 2002 (32 per cent against the euro and 17 per cent in nominal effective terms) has reduced the US's share of the value of world trade, benefiting the export shares of countries whose outlet markets are in other regions;

c) lastly, the variations in share also depend on the changes in the international location of manufacturing activities. The growth in the emerging countries' contribution to world exports is partly a consequence of these countries' ability to attract direct investment. This helps to explain why China, as an exporter, is closing on the United States, while the latter's share has constantly diminished in volume as well as in value terms, despite the depreciation of the dollar. However, the relation between exports and the internationalization of production is not univocal and in many cases complementarity effects prevail; for example, Germany's share of world exports has grown thanks to the increasing integration of its production with the countries of Central and Eastern Europe.

The external current account imbalances are influenced by exchange rate movements to only a marginal extent. They are also affected by countries' different positions with respect to the economic cycle and by the behavior of the prices of raw materials, as is shown by the increase in the current account deficit of the United States. The apparent insensitivity of the deficit to the depreciation of the dollar[2] can be explained in part by the pricing strategies of firms that export to the United States, aimed at compressing their profit margins in order to defend their market shares. In these circumstances, the real depreciation of the dollar is greater than its nominal depreciation and therefore has a weaker braking effect on imports. Furthermore, it should be noted that over a third of the US trade deficit is vis-à-vis countries whose currencies are basically pegged to the dollar, so that the policy of depreciation is unable to produce the desired adjustment of the external accounts.

*FDI flows returned to growth, after the sharp contraction in the previous three years*

Foreign direct investment, which had recorded a substantial contraction in the previous three years, grew by 5.5 per cent in 2004 according to UNCTAD estimates and is expected to continue to expand in the coming years, stimulated by the growth in output and by high profits, in an environment in which interest rates are expected to remain relatively low.[3] In addition, different forms of transnational production are developing in ways that are not captured by statistics. These are based on cooperation agreements between firms of different countries and do not imply changes in their ownership structures.

In a pattern similar to the developments in trade, the recovery in FDI flows in 2004 was concentrated toward the emerging regions, above all in Asia and Latin America, where the pessimism unleashed by the financial crises seems generally to have been overcome. The developed countries'

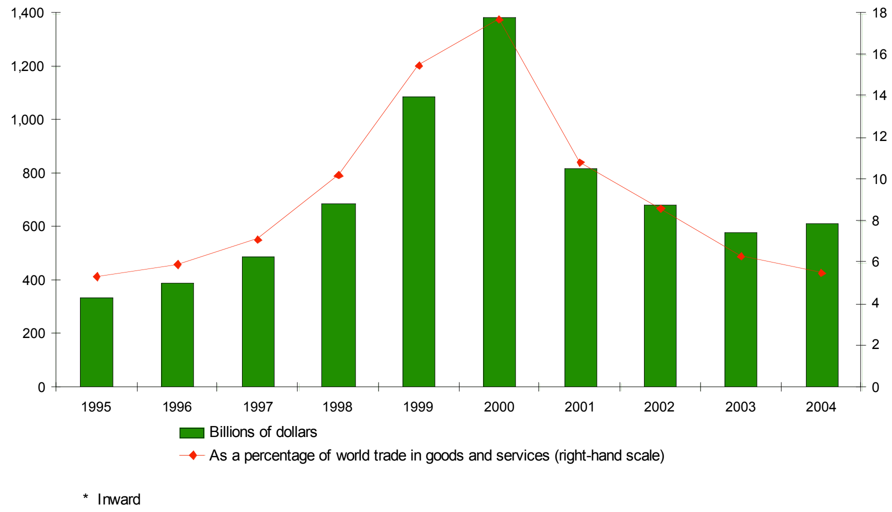
---

[2] A box in the first chapter of the *Rapporto sul Commercio Estero 2004-2005* specifically addresses this issue.

[3] See UNCTAD, *Prospects for Foreign Direct Investment and the Strategies of Transnational Corporations, 2004-2007*, United Nations Conference on Trade and Development, Geneva, 2004; http://www.unctad.org/en/docs/iteiit20048_en.pdf

overall share of inward FDI flows continued to fall, despite an upturn in the United Kingdom and the United States.

**World flows of foreign direct investment ***




*Source: Based on UNCTAD data.*

## 2. The external trade of the European Union

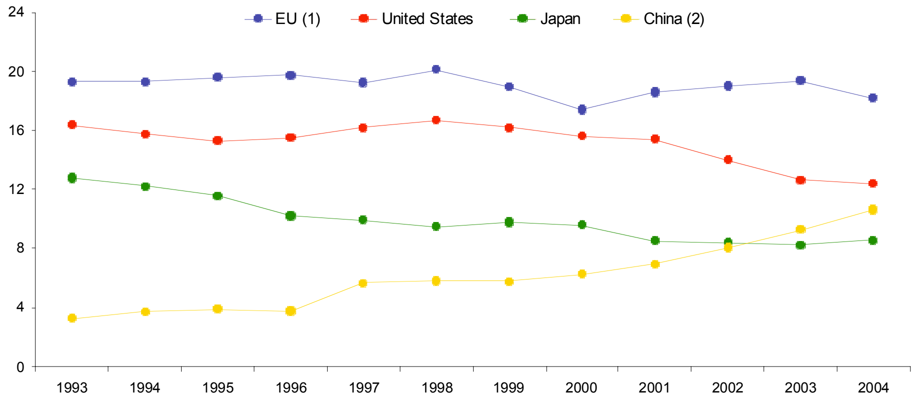
The serious institutional crisis that recently struck the European Union is closely linked to the EU's economic problems, complicating the search for their solution. Despite the dynamism of the new member countries, output growth continues to be modest, including vis-à-vis the other developed countries. Essentially, this problem can be traced to the negative productivity gap that some European countries have accumulated in the last decade.[4] Over a longer time horizon, productivity growth was higher in Europe than in the United States up to the mid-1990s. Since then the relationship has been reversed, primarily as a consequence of the extraordinary advantage the United States has gained in information and telecommunications products.

The European Union's share of the value of world exports (net of intra-EU trade) nevertheless has remained fairly stable in the last decade, while the advance of China has eroded the positions of Japan and the United States. One possible explanation for the divergence is that Japanese and US multinational corporations have taken greater steps than their European counterparts to relocate the manufacturing of export goods in China.

*The European Union's share of world trade has remained fairly stable in the last ten years, even following the Union's enlargement*

[4] See the box "La produttività del lavoro nell'Unione europea e negli Stati Uniti".

**Shares of world exports:**
**European Union, United States, Japan and China**




(1) Excludes intra-EU trade; EU-15 up to 2003, EU-25 for 2004. For the fall in the share of world exports in the year of the EU's enlargement, see the note to Table 1.7.
(2) From 1997 includes Hong Kong re-exports of Chinese origin.

*Sources: Based on WTO and Eurostat data.*

At aggregate level, the European Union's position in world trade has not changed significantly with the 2004 enlargement, given the modest size of the economies of the new member states. However, the fragmentation of production and the integration of markets, initiated several years ago, are altering the division of labor between the countries of Western and Eastern Europe (including those that have yet to enter the Union), and this, inevitably, involves a slow but steady evolution of the region's model of international specialization. In particular, in the countries of Western Europe there is likely to be a progressive concentration of manufacturing activity in sectors that are more innovation-intensive and face smaller problems of cost competitiveness.

## 3. International trade policies

*Little progress in the negotiations on manufactures and services, with the Ministerial Conference in Hong Kong approaching*

The world trade negotiations under way at the World Trade Organization (WTO) to implement the Doha Development Agenda are proceeding slowly and their outcome is still uncertain. In the agreement of July 2004, which made it possible to overcome the crisis that followed the failure of the Ministerial Conference in Cancún, the part on agriculture is based on recognition of the need to eliminate all forms of export subsidies, but it defines neither the timetable of the operation nor the specific procedures for reducing domestic support measures and barriers to market access. However, in May 2005 an important technical agreement was reached on the conversion of specific duties into *ad valorem* tariffs, and this could get the negotiations rolling again.

In contrast with the progress achieved in the agricultural talks, the negotiations on manufactures and services are stalled. More in general, it is not clear how far the developed countries are willing to accept the demands of the developing countries on the key issues of a round of negotiations that promised to pay special attention to the needs of development.

*The recent accord between the EU and China limiting the growth in imports of textiles and clothing could help to ease the tensions*

The main questions in the manufacturing sector remain in dispute and the climate of the negotiations is made worse by the tensions arising from the end of the Accord on textiles and clothing, which has exposed the developed countries to much faster growth in imports from China and has faced the least-developed countries, which previously enjoyed preferential access to the rich markets, with adjustment problems. A step forward has been taken with the very recent bilateral agreement between China and the European Union aimed at moderating the growth in Chinese exports through voluntary restrictions on some items.[5]

Another problem, and one that certainly does not make reaching an agreement any easier, is the enormous growth of traffic in counterfeit products, at least as it appears from the few data that are available.[6] Although the scale of activities connected with counterfeit and illegal copies is also very substantial in Italy, the Italian economic system has a specific interest in the solution of this problem, because its model of product specialization is strongly oriented toward consumer goods for which brands are of great value. Hopefully, the WTO negotiations will also contribute to more effective protection of intellectual and industrial property.

The negotiations on services, lastly, are an important bargaining terrain, where the issue in greatest dispute concerns the scant willingness of the developed countries to open their markets in the “fourth modality”, the provision of services via the temporary movement of the persons supplying them. Tensions of a political nature in this field threaten to paralyze the negotiations, overshadowing the great benefits all countries could derive from a greater international openness of the service sector.

The progress made following the failure in Cancún required patient consensus-building by the leading actors in the negotiations. However, the problems still to be solved are very intricate, especially in view of the little time available before the agreed deadlines. There is a high degree of uncertainty as to the possibility of reaching a significant agreement in time for the upcoming Ministerial Conference in Hong Kong, whose success is crucial for the negotiations to be completed by 2007.

The problems are aggravated by the crisis that has hit the European Union. The interweaving of institutional questions, disputes on the budget and the need to reform the Common Agricultural Policy could block the European Commission’s ability to negotiate and make it even harder to implement the Doha Agenda. In addition to the conflicts of interest between developed and developing countries, which as the history of the WTO from Seattle on demonstrates are the decisive terrain for the outcome of the negotiations, in the fundamental sphere of transatlantic relations there continue to be disagreements that are far from negligible, such as the recently rekindled dispute on subsidies to the aerospace industry.

[5] There is a focus in chapter 3 of the *Rapporto sul Commercio Estero 2004-2005* .

[6] See the focus in charter 3.

*The proliferation of regional agreements continues*

As in the past, the difficulties of multinational negotiations stimulate the quest for alternative paths of trade liberalization, particularly the proliferation of bilateral or regional preferential trade agreements. Sometimes these agreements allow closer forms of integration to be realized than those that can be achieved in the WTO framework, where, for example, the issues of investment and competition have been excluded from the negotiating agenda. In other cases they constitute an impediment, because they reduce the incentives to seek a multilateral accord and complicate the institutional structure of international trade relations. A contribution published in this *Report*[7] describes how the growth of preferential agreements is turning into another field of competition between the United States and the European Union, which are seeking to enlarge their respective networks of bilateral relations for economic and political reasons. Meanwhile, a tendency to negotiate formal preferential integration agreements is gaining ground in Asia too, after a long phase of spontaneous intensification of intra-regional trade.

## 4. Italy's position

*In Italy output continued to stagnate ...*

The Italian economy is going through a very difficult period, with GDP growth of less than 1 per cent per year since 2000. At the beginning of 2004 Italy appeared set to participate in the rather bland cyclical upswing of the euro-area economy, but the synchrony subsequently broke down. Output is stagnating, the gap with respect to the other European countries widening. The structural nature of the problems that are hampering growth is increasingly evident.

Reflecting the strong acceleration of world trade, the Italian economy's international openness increased slightly in 2004. The share of output sold on foreign markets and that of domestic demand covered by imports rose to 28.7 and 28.3 per cent, respectively, at constant prices, but these indicators remained below their levels of 2000.

*...while the current account balance improved despite a decline in the surplus on merchandise trade*

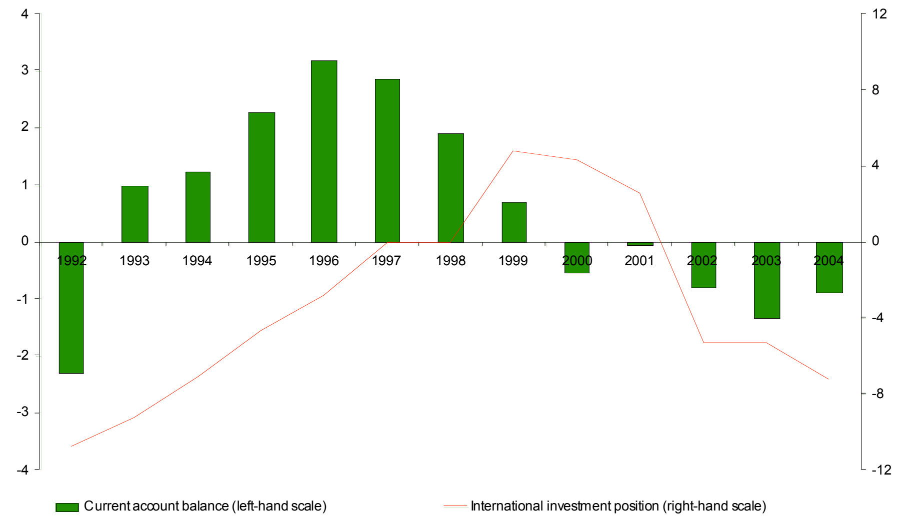
The deficit on current account of the balance of payments decreased, as often happens during phases of slowing domestic demand, falling to €12 billion or 0.9 per cent of GDP. However, an examination of its composition shows that the improvement was due to trade in services, which swung from a deficit of almost €2,400 million to a surplus of €1,500 million. In particular, the number of Italians traveling abroad fell sharply, probably as a consequence of the deterioration of households' confidence and income expectations.

---

[7] This issue is dealt with in a box in chapter 3 of the *Rapporto sul Commercio Estero 2004-2005*

The weakness of economic activity nevertheless did not prevent a further erosion of the merchandise trade surplus, which fell from 9,900 million to 8,800 million on an FOB-FOB basis.[8] Both the performance of relative volumes and the worsening of the terms of trade contributed to the erosion.

**Italy's current account balance and international investment position**
*(as a percentage of GDP)*




*Sources: Based on Bank of Italy and ISTAT data.*

Imports increased in value by 7.3 per cent in 2004. Their growth in volume (2.3 per cent) was moderated by the sluggishness of domestic demand. At the same time, the appreciation of the euro curbed the rise in prices (4.8 per cent), limiting the inflationary and recessionary impulses deriving from the rise in the price of oil.

After two consecutive years of decline, in 2004 merchandise exports increased by 6.1 per cent in value and 1.7 per cent in volume,[9] reflecting the strengthening of world demand to a modest extent. A strong performance in the central part of the year was followed by an abrupt reversal in the fall.

*Italy's share at constant prices diminished uninterruptedly in the last decade, also with respect to those of the other industrial countries*

Italy's share of the volume of world exports fell almost uninterruptedly in the last decade, from 4.6 per cent in 1995 to 3.1 per cent

[8] The merchandise trade balance on a customs basis (FOB-CIF) went from a surplus of about 1,600 million to a deficit of about 1,500 million.

[9] In evaluating the growth rates of merchandise trade in 2004, it is necessary to bear in mind that the National Institute for Statistics (ISTAT) compares the provisional data for the last year with the final data for the preceding year. This comparison generally leads to a substantial underestimation of the variation in trade flows, particularly with the European Union, since the provisional data do not include a series of transactions that are recorded only when the final data are published. According to national accounts data, in 2004 exports of goods increased by 7.5 per cent in value and 3.3 per cent in volume, exports by 8.5 and 3.2 per cent respectively.

in 2004.[10] A similar trend was recorded by nearly all the developed countries, corresponding to the gains achieved by the emerging regions of Asia and Central and Eastern Europe. However, Italian exports also lost share to those of the other developed countries. One factor in this decline was the appreciation of the euro, at least in the last three years, but the competitiveness of Italian products also diminished owing to the relative increase in unit labor costs, due basically to an unfavorable differential in productivity growth.[11] This development stems in part from a slowdown in the growth of capital intensity, connected with the increase in employment during a phase of stagnant output, but it is primarily the consequence of a negative differential in the rate of growth of total factor productivity. The latter constitutes a residual explanatory variable with respect to the contribution of labor and capital; it is influenced by such phenomena as process innovation and qualitative improvements in the organization of work, managerial techniques, the level of education and the type of capital goods employed.

*The loss of competitiveness is mainly a consequence of the unfavorable productivity performance in manufacturing industry*

The price competitiveness of Italian products as measured by the real effective exchange rate based on unit labor costs deteriorated by more than 25 per cent over the last four years, helping to explain the crisis of exports. However, their market share had also contracted in the previous two years, notwithstanding the considerable boost to competitiveness from the depreciation of the euro.

*By contrast, the share in value terms remained broadly stable, thanks to an increase in the prices of exports…*

The fall in Italy's share in volume terms was not accompanied by a similar decline in value: between 2000 and 2004 Italy's share of world exports, which had slipped by one percentage point in the four previous years, held steady at around 4 per cent. The divergence between the share in value and quantity suggests that the impact of exchange rate variations on relative prices was stronger than the consequent substitution effect on volumes. In other words, Italy's market share has been sustained in recent years precisely by the fact that the prices of Italian exports rose more than those of Italy's competitors. Furthermore, in 2004 the increase in Italian export prices (4.3 per cent) was perceptibly higher than that in the producer prices of goods sold on the domestic market (2.7 per cent).

*… that reflects both exporters' strategies and a qualitative improvement in the mix of products exported*

As it well known, in reality the prices of exports are proxied in statistics by their unit values, whose variation reflects both actual changes in prices and alterations in the qualitative mix of the products that are exported. The divergence between the unit values of Italian exports and those of Italy's competitors can therefore be interpreted in two different ways, which are not mutually exclusive. One explanation is that they are the result of differential pricing strategies by some companies, which, in a context of much more robust foreign than domestic demand, raised their export prices more rapidly than their prices for products sold on the domestic market.[12] Such a policy, pursued in a phase of euro appreciation, would suggest that these firms wield significant market power. At the same time, the divergence between the dynamics of domestic and export prices

---

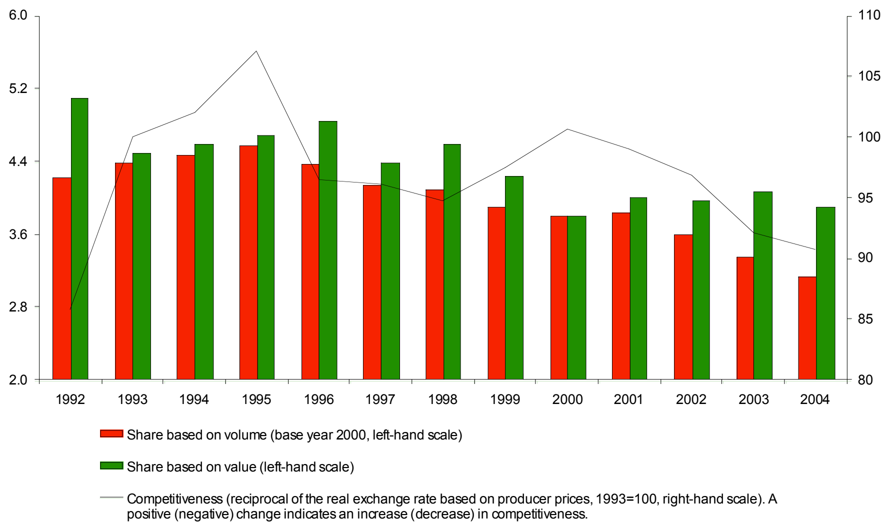
[10] In value terms, over the same period Italy's share of world exports fell from 4.7 to 3.9 per cent.

[11] A focus in chapter 4 examines this issue.

[12] It is no coincidence that the unit values of Italian exports to the United States diminished in the last three years, contrary to their trend in other markets, despite the strong expansion of demand in the US market.

could stem from strategies aimed at upgrading the quality of exports, to place them in market segments that are more remunerative and less exposed to competition from countries where labor costs are low. To the extent that they permit value market shares to be maintained, these strategies too appear to demonstrate the strength of Italian firms in non-price factors of competitiveness;[13] however, they involve a sacrifice in terms of export volumes and production levels.

**Competitiveness and world market shares of Italian exports**




*Sources: Based on Bank of Italy, IMF and GTI data.*

*The Italian economy's model of specialization remains characterized by "dynamic inefficiency": comparative advantages in slow-growing sectors and little capacity to adapt to changes in world demand*

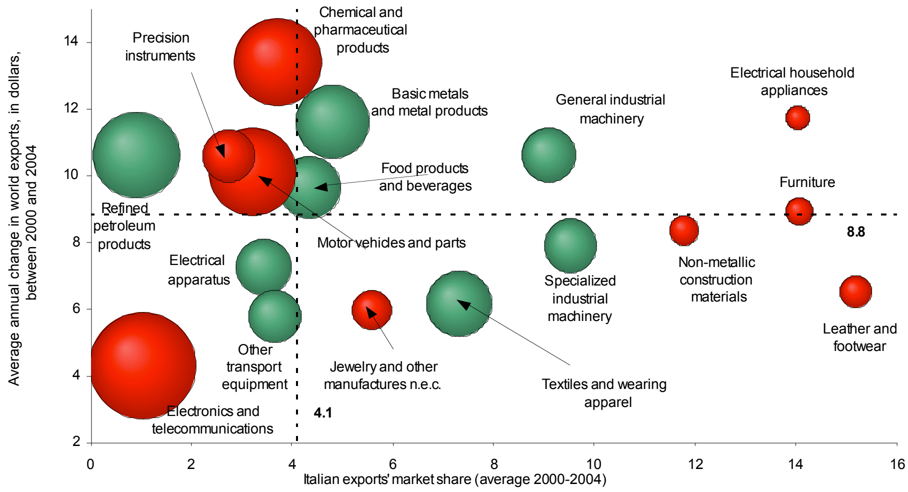
All in all, the real appreciation of the euro appears not to have been a decisive factor in the problems of Italian exports. The principal cause must therefore be sought elsewhere. A statistical analysis presented in this *Report*[14] shows that they derive largely from the so-called "dynamic inefficiency" of the Italian economy's model of international specialization, i.e. from the fact that Italy's comparative advantages are concentrated in relatively slow-growing sectors of world demand. This accounts for more than 70 per cent of Italian exports' loss of share at current prices with respect to the euro area in the period 1997-2004. In other words, there is a negative correlation between Italy's *initial* comparative advantages and the changes in the sectoral structure of world demand, accentuated by the Italian model's rigidity, its inability to *change* in the same direction as world demand. By contrast, the geographical structure of trade played a basically neutral role, given the limited differentiation among the euro-area countries in this respect.

Lastly, to some extent Italian exports' loss of share is attributable to the country's poor ability to attract foreign investment: Italy's share of the global stock of inward FDI is equal to about 2 per cent. To be sure, Italy cannot compete with the emerging countries for FDI inflows motivated by

[13] A contribution in chapter 7 addresses this issue with reference to firms producing typical Italian export goods.
[14] See the box on Constant Market Shares in chapter 4.

cost advantages, but its economic system also appears unattractive for multinational corporations interested in investing abroad in order to gain access to skilled resources and/or to consolidate their market power. The measures that continue to limit competition, above all in the service sector, play a negative role.

**Italy's market shares of world exports by sector**




The size of the circle represents the sector's average share of world exports in the period 2000-2004.
A red (green) circle indicate a decrease (increase) in the sector's share between 2000 and 2004.

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

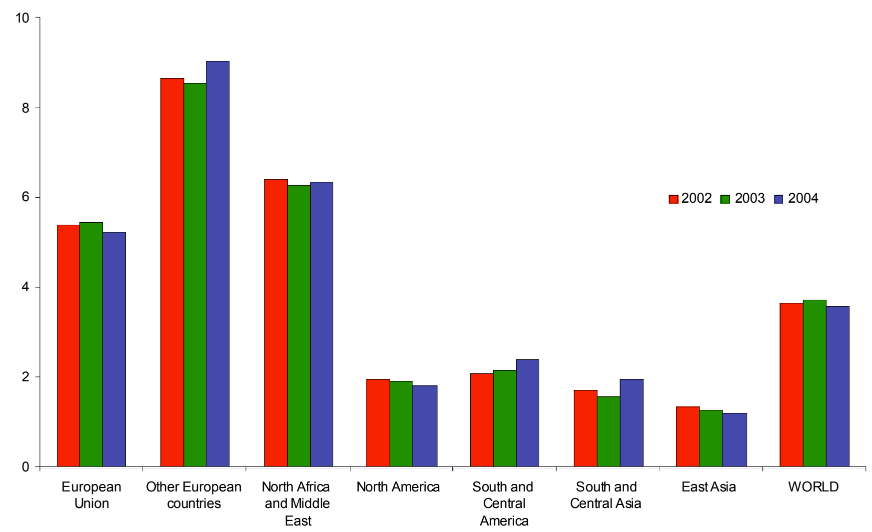
### *Trading regions and countries*

*The growth in exports was livelier in non-EU countries as a whole ...*

In 2004 Italy's balance of trade worsened both with the European Union (especially with Germany and the new member countries as a group) and with the rest of the world; the increase in the surplus with North America was more than offset by the deterioration in the balances with Asia and the commodity-producing countries. The growth in exports was strongest towards non-EU markets (9.6 per cent), buoyed by the latter's more vigorous demand, and the initial data on 2005 appear to confirm this tendency. Export market shares expanded in 2004 in most of the developing regions, but they contracted in the European Union, North America and East Asia.

On the Italian import market, China, Eastern Europe and the oil-producing countries gained share. Despite the depreciation of the dollar, Italian imports from the United States declined for the fourth consecutive year in volume as well as in value, penalized in part by the weakness of Italian firms' demand for investment goods.

**Italy's market shares of the merchandise imports of the main regions**
*(at current prices)*




*Source: Based on IMF-DOTS data.*

Examining the data for the last four years, one notes that Italian exports' market shares performed relatively better in some countries of Eastern Europe and in North Africa, probably owing to a complementarity between the international transfer of production into those regions and exports of intermediate and capital goods. In Eastern Europe and in North Africa, in fact, the sales revenues of foreign affiliates of Italian firms recorded above-average growth and other forms of international production developed considerably as well.

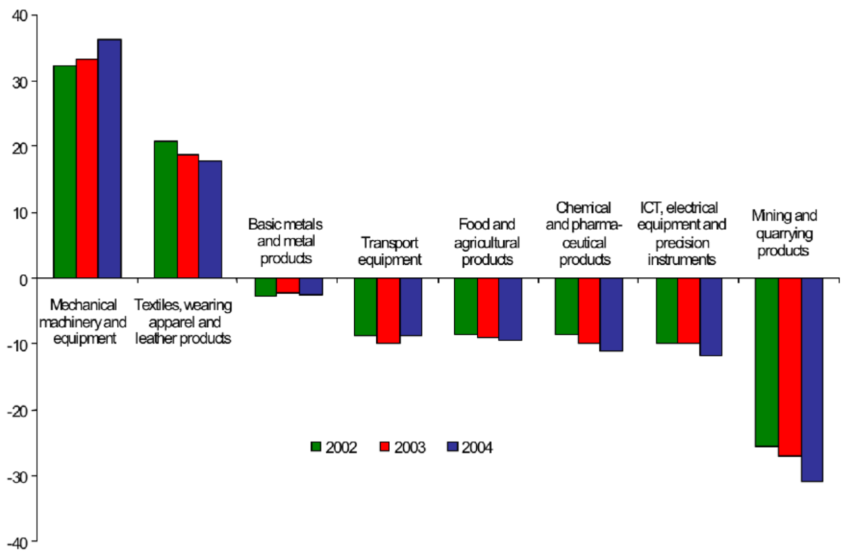
*...but Italy's share, which rose in the oil-exporting countries and in Latin America, fell not only in the European Union but also in North America and East Asia*

An especially interesting case is that of the Balkans, considered not simply as an outlet market and as an area to which production is being decentralized but, above all, as a region where Italy's internationalization can be called "systemic", embracing intense relations of various kinds: foreign trade and production outsourcing, but also direct investment in manufacturing for the local market, a presence in banking and other services, significant migratory flows, and cultural and political cooperation.

### *Sectors*

The widening of the energy deficit to almost 4 billion was decisive for the negative performance of Italy's trade balance in 2004. By contrast, after two years of contraction the surplus on manufactured goods returned to growth, rising from 36 billion to 37 billion. As mentioned earlier, the balance on services turned positive, thanks to the fall in Italians' spending for foreign travel and the improvement in the balances on transport and business services.

**Italy's sectoral balances**
*(billions of euros)*




*Source: Based on ISTAT data.*

*The growth in the surpluses on mechanical machinery and construction materials compensated for the deterioration in Italy's other sectors of specialization*

In the manufacturing sector the surplus on mechanical machinery rose from 33 billion to 36 billion and that on construction materials from 5.8 billion to 6 billion, compensating for the further deterioration in the balances in Italy's other sectors of specialization and the increases in the deficits in its sectors of comparative disadvantage, such as chemicals (from 9.8 billion to 10.9 billion), electronics (from 9.8 billion to 11.6 billion) and automobiles (from 11.3 billion to 11.5 billion). More than half of the growth in exports in 2004 was generated by two industries alone, basic metals and mechanical engineering, whose exports expanded by 23.3 and 7.5 per cent respectively, while the contribution of sales of personal or household consumer goods was slightly negative.

The differential between the change in the average unit values of exports and that in producer prices was particularly accentuated in the traditional sectors. As mentioned, this is probably both a sign of improvement in the qualitative mix of the products exported and a manifestation of the market power of a limited number of firms, which appear to have been able to impose higher prices in their sales abroad, exploiting other factors of competitiveness. However, in these sectors the downside of the increase in unit values was a large drop in export volumes, which also dragged down the volume of production.

Italy's share of the value of world exports of manufactured goods remained unchanged at 4.6 per cent in 2004. It held up better than the share of total merchandise exports, the latter being penalized by the rise in raw materials prices, which boosted the value of exports of the commodity-producing countries. The gains in Italy's shares in food products, basic metals and refined petroleum products offset the losses suffered in the main sectors of specialization.

Food products were the only sector in which Italian exports achieved a significant increase in share not only in 2004 but also over the span from 1997-2004 (from 3.9 to 4.6 per cent). Smaller increases were recorded in some sectors with pronounced economies of scale, such as basic metals, rubber and plastic products, paper and printing, and refined petroleum products, especially after 2000. By contrast, in personal and household goods market shares fell across the board, with particularly large drops for furniture (from 17.8 to 13.2 per cent), electrical household appliances (from 15.9 to 13.6 per cent) and jewelry (from 11 to 6.8 per cent). After 2000 the mechanical engineering industry recouped some of the ground lost in the previous three years, capturing a 9.8 per cent share of world exports in 2004.

Italy's export strengths therefore appear to be dwindling to a limited number of sectors that are better protected from the competition of the emerging countries. In some cases the losses of share suffered in traditional sectors have been accompanied by intense international relocation of production. Since the middle of the 1990s the sales of Italian firms' foreign affiliates have grown at a markedly faster pace than the exports of nearly all the sectors in which Italy is traditionally specialized.

The internationalization of production also takes routes other than direct investment. Romania, for example, has become an important outward processing center for many European countries through subcontracting relationships and is adjusting its model of product specialization according to the characteristics of the contracting countries. In order to defend their competitive advantages, many Italian firms, like those of other countries, have transferred labor-intensive phases of production to Romania.

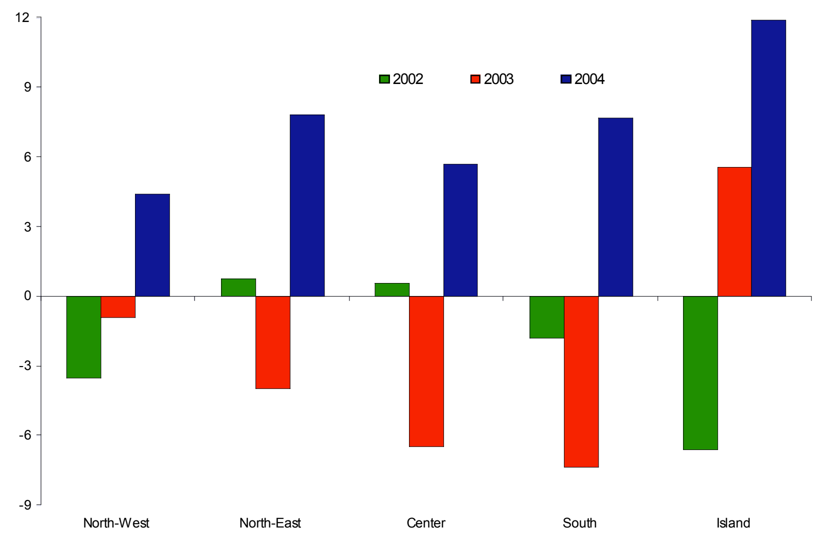
In general, the ability to relocate some phases of production abroad is an essential condition for firms to face international competition while they also reinforce the position of the activities that remain based in Italy.

### *Italian regions and districts*

*Among industrial districts, those that tend to diversify their production and can count on "leading" firms turned in good results*

In 2004 the growth of Italian exports was briskest in the North-East (except Veneto) and in some regions of the South. The initial data available on 2005 show relatively more favorable growth in the northern regions.

**Italy's merchandise exports by geographical area**
*(percentage changes)*




*Source: Based on ISTAT data.*

The macro-regions' shares of Italian exports changed little in the last four years, with that of the North-East expanding from 31 to 32 per cent mainly at the expense of the Center, whose share slipped from 16.7 to 16 per cent. The South's share, which had risen appreciably in the 1990s, subsequently stabilized just below 11 per cent. Among the results for individual regions, those of Emilia Romagna and Abruzzo were also positive in terms of the ratio of exports to value added. In general, with the exception of Veneto, the Adriatic regions achieved better results than those of the Tyrrhenian seaboard, where Tuscany, Lazio and Campania notably lost ground. The Adriatic regions also are more advanced in the internationalization of production, because they are able to exploit their greater proximity to Central and Eastern Europe.

The resilience of the South's performance since 2000 is mainly attributable to the scale-economy and research-intensive sectors, where there is a larger local presence of foreign firms, including multinational corporations. However, with the exception of Abruzzo, the southern regions' share of foreign equity investments in Italian firms is lower than their share of exports. By contrast, the local systems of small and medium-sized enterprises in the traditional sectors are generally in crisis in the South. Signs are emerging of an intensification of trade and production relationships between the southern regions and the Mediterranean basin, notably in the Balkans.

The contribution of industrial districts to Italian exports of personal and households goods has been diminishing in recent years, primarily as a consequence of the negative results of the local production systems of central Italy. On the other hand, the districts' share of exports has remained stable for fabricated metal products and has increased for agricultural and industrial machinery, sectors in which Italy has been able to consolidate its high world market shares.

Albeit with important exceptions, it can be said that the best results have been achieved by the districts that have oriented their specialization toward machinery upstream of the product chain (the Sassuolo district in the ceramics industry is a significant example), while the crisis has dealt its hardest blows to the districts concentrated in traditional sectors (such as Como, Vicenza, Carpi and Prato in textiles and clothing, and Solofra in leather tanning). In addition, local systems' ability to compete has proven strongest where they are led by the success of medium-sized/large companies (sports shoes in Montebelluna, eyewear in Cadore, some local systems in mechanical engineering).

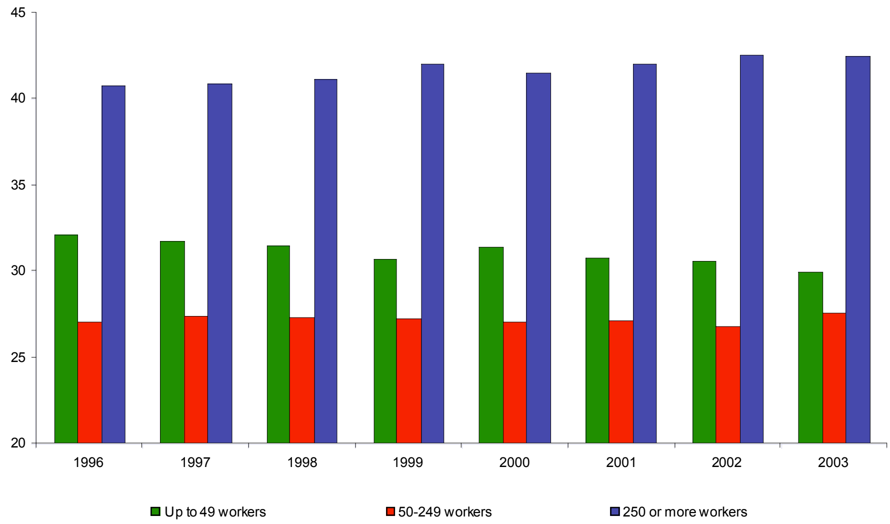
### *Firms*

The number of Italian exporting firms rose again in 2004, by 2 per cent, prolonging a trend that appears to be independent of the variation in the value of exports.

*Small firms' share of the value of exports fell again*

Small firms' share of the value of exports fell, here too prolonging a trend that characterized the entire period 1996-2003, when their share fell from 32 to 30 per cent, to the benefit of both medium-sized and large firms, whose shares rose from 27.1 and 40.8 per cent respectively to 27.6 and 42.4 per cent. The incidence of large firms on the structure of the economy, as measured by number of workers, nonetheless remains far lower in Italy than in other European countries.[15] The difficulties they have displayed for years in international oligopolistic competition play an important role in Italy's overall results for exports.

**Shares of Italian exports by size class of exporting firm**
*(percentage of each size class with respect to the total)*




*Source: Based on ISTAT data.*

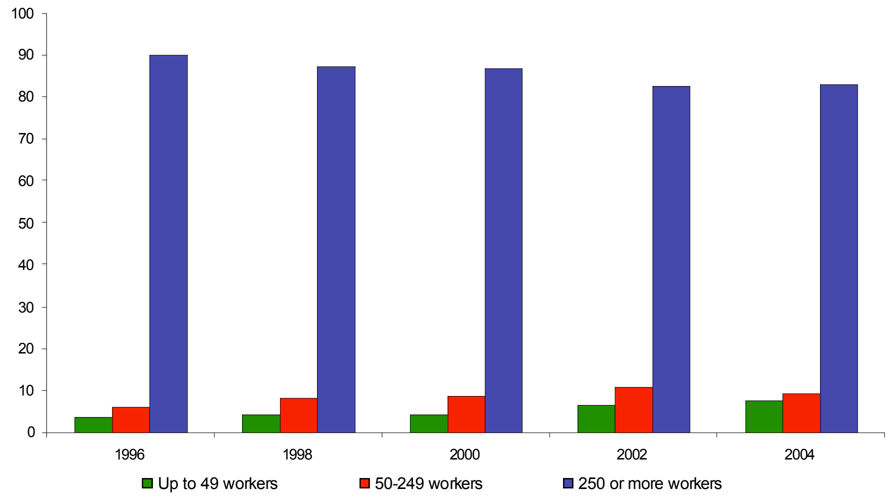
By contrast, the incidence of small and medium-sized firms in the internationalization of production has been increasing, especially their share of the number of workers employed in Italian investee companies abroad, which rose from 9.9 to 16.8 per cent between 1996 and 2004. The leading role played by smaller firms is very evident in Central and Eastern Europe, and it is also attested to by the fact that the number of foreign investees has grown more than their sales, above all in the second half of the 1990s. As previously mentioned, intermediate forms of internationalization that are not easily detectable in statistics have also expanded; these are based on production, marketing or technological cooperation agreements between firms.

Smaller companies are less able to overcome the obstacles of geographical distance and they direct their international activity primarily to areas closer to home, in Europe and the Mediterranean, which take more than three quarters of their exports. However, they have also developed initiatives for the internationalization of production in East Asia, the prevalent inducement being the quest for lower costs. At 1 January 2004 small firms' share of workers in Italian investee companies abroad, equal on average to 5.2 per cent, stood at 12.9 per cent in Central and Eastern Europe and 5.7 per cent in East Asia. Large firms instead show a greater geographical diversification of exports and a more substantial production

[15] The available data, from Eurostat, for a comparison of the distribution of the value of exports are limited to a few countries smaller than Italy. They show that the contribution of large firms in Italy is comparable to that observed in Belgium and the Netherlands but lower than in Portugal and Finland.

presence in developed markets, where their foreign investments are motivated primarily by access to skilled resources and proximity to customers.

**Employees of foreign investee firms in the manufacturing sector by size class (number of workers) of the investor firm**
*(percentages at 1 January)*




*Source: Reprint, Politecnico di Milano - ICE.*

*The geographical diversification of Italian firms' international activities has increased*

In any event, the diversification of Italian firms' international activities has increased as regards both exports and equity interests in foreign companies.

From the sectoral point of view, it is interesting to notice that large firms' export share has expanded in consumer goods for personal or household use, an apparent sign of a consolidation of Italy's industrial structure in these sectors but also of the crisis that has hit many traditional systems of small enterprise, plainly visible in the available estimates on the districts' exports.

*Firm size and productivity are higher than average in the mechanical engineering industry*

Furthermore, in the traditional sectors a selection is under way among smaller firms that tends to reward those with greater market power, located mainly in the Center and North. It is precisely these firms that succeed in applying higher export prices than their competitors, betting on qualitative factors of competitiveness. This process is clearest in the leather and footwear sector, but it can also be seen in textiles, where, however, it mainly involves medium-sized and large companies. By contrast, in the mechanical engineering industry average firm size and productivity levels are higher than in other sectors, and so too is the degree of export concentration, although the number of occasional exporters is very substantial.[16]

[16] See "Performance e esposizione internazionale delle imprese esportatrici italiane della meccanica nel periodo 2001-2004".

## 5. Concluding remarks

In 2004, in a context of rapidly accelerating international trade, the recovery of Italian exports did not keep pace with foreign demand. The decline in Italy's global market share in volume that began in the second half of the 1990s persisted, while the country's share in value terms remained basically stable. The shortfall in export growth contributed to the Italian economy's growth gap, including vis-à-vis the euro-area as a whole.

The loss of competitiveness accumulated by Italian firms in the last few years owing to the combination of the appreciation of the euro and an unfavorable differential in factor productivity growth is not sufficient to explain the weakness of exports in itself and by comparison with the other developed countries. The chief causes of Italian exports' loss of share are structural:

a) the dynamic inefficiency of the model of specialization, which concentrates its comparative advantages in slower-growing sectors of world demand and is weak in the fastest-growing ones;
b) the vulnerability of small and medium-sized enterprises in the phases downstream from production (distribution and post-sales assistance), where they are subject to the market power of commercial intermediaries, a problem that also emerges in industrial districts, albeit to a lesser extent;
c) the competitiveness problems of large manufacturing firms, exacerbated by the attraction of easier opportunities for profit in recently privatized service sectors that are still little exposed to international competition;
d) the changes in the international distribution of production, with the activity of multinational corporations (including Italian multinationals both big and small) increasingly attracted by countries that have low labor costs or offer greater strategic opportunities than Italy in terms of skilled resources and the size of domestic markets;
e) the poor ability of the Italian economic system to attract foreign investment. Like other developed countries, Italy has been forced to give up ground to China and the other emerging areas in labor-intensive production, but unlike the others it is unable to offset these inevitable losses with expanding production in sectors with a higher intensity of tangible and human capital inputs.

The response to the difficulties facing Italy (and the European Union) cannot be entrusted to restrictions on imports from the emerging countries, however motivated. Protectionism does not solve the problems generated by the integration of markets; on the contrary, it could aggravate them by excessively postponing the necessary restructuring operations. In addition, protectionism disturbs international relations and could thus also jeopardize the opportunities for growth that Italian firms are encountering in emerging countries.

For similar reasons, the recovery of Italian exports cannot be made to hinge exclusively on a depreciation of the euro. As has already been seen on past occasions, the benefits of depreciation are limited and temporary, and are offset by the costs deriving from higher import prices, especially in a context of rising dollar prices for raw materials for which Italy is still highly import-dependent.

While the reorientation of the model of specialization toward more dynamic sectors is desirable, it must be clear that it can only be achieved in the long term. Italy’s comparative advantages have deep roots in the history of the places where they matured, and they must be respected and turned to account. In the short run, for Italy to maintain the position of excellence that it has won for itself in some manufacturing sectors, in the face of greater competition from the emerging countries it is necessary to foster the development of product innovations that can establish themselves in households’ consumption models and firms’ investment plans.

An important contribution of industrial policy must consist in encouraging the accumulation and diffusion of innovation, not least within the organization of corporate functions. It would also be useful to foster forms of cooperation between firms that can help them overcome the limits imposed by their small size and gain access to foreign markets, stimulating the development of appropriate brand strategies and advanced arrangements for the internationalization of production.

However, policymaking’s foremost responsibilities regard the structural reforms that must be introduced in order to make a start on solving the underlying problems that have blocked the country’s economic and social progress. It is a question, on the one hand, of creating the conditions for relaunching investment and attracting a larger share of high-quality FDI to Italy, on the other of increasing the degree of competition in domestic markets, so as to stimulate the growth of the best firms.

# STATISTICAL TABLES

## World trade and foreign direct investment

*(billions of dollars)*

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | MERCHANDISE TRADE [1] | | | | | |
| Value | 5,077 | 5,300 | 5,520 | 5,387 | 5,583 | 6,295 | 6,032 | 6,304 | 7,352 | 8,902 |
| | | | | | ANNUAL PERCENTAGE CHANGES | | | | | |
| Volume Index | 9.7 | 6.6 | 11.1 | 4.9 | 5.6 | 13.2 | -0.3 | 3.5 | 5.3 | 10.7 |
| Average unit values | 9.4 | -1.4 | -6.5 | -6.6 | -1.4 | 0.1 | -3.7 | 0.6 | 10.7 | 9.6 |
| | | | | | TRADE IN SERVICES [1] | | | | | |
| Value | 1,225 | 1,324 | 1,379 | 1,401 | 1,449 | 1,533 | 1,535 | 1,632 | 1,864 | 2,167 |
| Percentage share of trade in goods and services | 19.4 | 20.0 | 20.0 | 20.6 | 20.6 | 19.6 | 20.3 | 20.6 | 20.2 | 19.6 |
| | | | | | FOREIGN DIRECT INVESTMENT [2] | | | | | |
| Value | 336 | 389 | 488 | 691 | 1,087 | 1,388 | 818 | 679 | 560 | 612 |
| Percentage ratio to trade in goods and services | 4.8 | 5.3 | 5.8 | 7.0 | 10.1 | 15.4 | 17.8 | 10.9 | 8.2 | 7.1 |

[1] Average of imports and exports,
[2] Net inward flows. For 2004. estimated.

*Sources: Based on IMF data for goods and services and UNCTAD data for foreign direct investment.*

Table 1.1

## Regional contributions to the growth of world merchandise imports in volume

*(composition at 2000 prices)*

| | 1995 | 2003 | 2004 | 1995-2004 | 2004 |
|---|---|---|---|---|---|
| | Composition | | | Contributions to growth | |
| **Advanced economies** | **77.7** | **76.6** | **75.7** | **77.0** | **66.6** |
| European Union | 37.5 | 37.0 | 36.0 | 37.5 | 26.2 |
| France | 5.1 | 4.9 | 4.8 | 5.0 | 3.7 |
| Germany | 7.8 | 7.4 | 7.2 | 7.5 | 5.4 |
| Italy | 3.9 | 3.3 | 3.1 | 3.5 | 1.0 |
| United Kingdom | 5.1 | 5.3 | 5.1 | 5.3 | 2.9 |
| Spain | 1.9 | 2.3 | 2.3 | 2.2 | 2.1 |
| New EU members | 2.0 | 2.8 | 2.8 | 2.5 | 3.6 |
| Japan | 7.1 | 5.8 | 5.6 | 5.9 | 3.8 |
| United States | 17.3 | 18.8 | 18.9 | 18.6 | 19.2 |
| NIEs | 8.6 | 8.0 | 8.4 | 7.9 | 11.8 |
| **Developing countries** | **19.5** | **20.4** | **21.4** | **19.8** | **30.6** |
| Africa | 2.0 | 1.9 | 1.8 | 1.8 | 1.7 |
| Asia | 8.4 | 9.9 | 10.9 | 8.8 | 19.9 |
| China and India | 3.1 | 6.1 | 7.0 | 4.8 | 15.5 |
| Middle East (including Turkey) | 2.7 | 3.1 | 3.1 | 3.0 | 2.6 |
| Latin America (including Mexico) | 6.3 | 5.5 | 5.6 | 6.2 | 6.4 |
| Other countries | **2.9** | **3.0** | **3.0** | **3.1** | **2.8** |
| **World** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

*Sources: Based on IMF, WTO and European Commission data at April 2005.*

Table 1.2

## Sectoral contributions to the growth of world exports in value

| | 1997 | 2003 | 2004 | 1997-2004 | 2004 |
|---|---|---|---|---|---|
| | Composition | | | Contributions to growth | |
| Agricultural products | 3.3 | 2.7 | 2.4 | 2.7 | 1.4 |
| Products of mining and quarrying | 6.0 | 7.2 | 7.7 | 6.7 | 10.2 |
| **Total manufactures** | **86.4** | **86.1** | **84.9** | **86.3** | **79.1** |
| Food products. beverages and tobacco | 5.9 | 5.2 | 4.9 | 5.2 | 3.1 |
| Textile products and wearing apparel | 6.4 | 5.6 | 5.2 | 5.7 | 2.9 |
| Footwear and leather products | 1.6 | 1.3 | 1.2 | 1.3 | 0.7 |
| Wood and cork products | 1.2 | 1.0 | 1.0 | 1.1 | 1.0 |
| Paper and paper products. printing and publishing | 2.7 | 2.5 | 2.3 | 2.6 | 1.2 |
| Refined petroleum products | 2.2 | 2.5 | 2.8 | 2.4 | 4.1 |
| Chemical and pharmaceutical products | 9.0 | 10.5 | 10.5 | 9.8 | 10.3 |
| Rubber and plastic products | 2.4 | 2.4 | 2.3 | 2.4 | 2.0 |
| Glass. ceramics. non-metallic constuct. material | 1.3 | 1.2 | 1.1 | 1.2 | 0.9 |
| Basic metals and fabricated metal products | 7.8 | 7.0 | 7.8 | 7.2 | 11.4 |
| Mechanical machinery and equipment | 9.2 | 8.4 | 8.4 | 8.5 | 8.4 |
| ICT products. electrical and precision equipment | 20.7 | 21.5 | 21.4 | 22.2 | 21.0 |
| Motor vehicles | 9.5 | 10.3 | 9.9 | 10.0 | 8.0 |
| Other transport equipment | 3.6 | 3.6 | 3.3 | 3.8 | 2.1 |
| Other manufactures. of which: | 3.0 | 3.0 | 2.8 | 3.0 | 2.0 |
| Furniture | 0.9 | 1.0 | 1.0 | 1.0 | *0.7* |
| Jewellery. gold and silver | 0.8 | 0.8 | 0.8 | 0.8 | *0.8* |
| Other products | 4.3 | 4.0 | 4.9 | 4.4 | 9.4 |
| **Total** (1) | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

(1) This value represents about 95% of effective world exports. It is given by the sum of the exports of 34 "reporting" countries (the EU-15 plus Argentina. Australia, Brazil, Canada, Chile, China, Colombia, Hong Kong, Japan, Malaysia, Mexico, New Zealand, Norway, the Philippines, South Africa, South Korea, Switzerland, Taiwan and the United States) and of their imports from the rest of the world net of the CIF component.

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

Table 1.3

## World merchandise trade: top 20 exporters

*(billions of dollars)*

| Rank in 2004 | | Value 2003 | Value 2004 | % change 2003-2004 | % share 2003 | % share 2004 |
|---|---|---|---|---|---|---|
| 1 | Germany | 752 | 915 | 21.7 | 10.0 | 10.0 |
| 2 | United States | 725 | 819 | 13.0 | 9.6 | 9.0 |
| 3 | China (1) | 529 | 703 | 32.8 | 7.0 | 7.7 |
| | *of which: Hong Kong re-exports* | *91* | *109* | *20.5* | *1.2* | *1.2* |
| 4 | Japan | 472 | 565 | 19.9 | 6.3 | 6.2 |
| 5 | France | 392 | 451 | 15.0 | 5.2 | 4.9 |
| 6 | Netherlands | 296 | 359 | 21.2 | 3.9 | 3.9 |
| 7 | Italy | 299 | 346 | 15.6 | 4.0 | 3.8 |
| 8 | United Kingdom | 306 | 346 | 13.1 | 4.1 | 3.8 |
| 9 | Canada | 273 | 322 | 18.0 | 3.6 | 3.5 |
| 10 | Belgium | 256 | 309 | 20.9 | 3.4 | 3.4 |
| 11 | South Korea | 194 | 254 | 31.0 | 2.6 | 2.8 |
| 12 | Mexico | 165 | 189 | 14.0 | 2.2 | 2.1 |
| 13 | Russia | 136 | 183 | 34.8 | 1.8 | 2.0 |
| 14 | Taiwan | 150 | 181 | 20.7 | 2.0 | 2.0 |
| 15 | Singapore | 144 | 180 | 24.5 | 1.9 | 2.0 |
| 16 | Spain | 156 | 179 | 14.6 | 2.1 | 2.0 |
| 17 | Hong Kong (2) | 138 | 156 | 13.1 | 1.8 | 1.7 |
| 18 | Malaysia | 105 | 126 | 20.5 | 1.4 | 1.4 |
| 19 | Sweden | 102 | 121 | 18.5 | 1.4 | 1.3 |
| 20 | Saudi Arabia | 93 | 120 | 28.0 | 1.2 | 1.3 |
| | Total 20 countries | 5,683 | 6,824 | 20.1 | 75.3 | 74.8 |
| | **World** | **7,546** | **9,124** | **20.9** | **100.0** | **100.0** |

(1) Includes Hong Kong re-exports of Chinese origin.
(2) Excludes re-exports of Chinese origin.

*Sources: Based on data published by Eurostat. national statistical offices and the WTO.*

Table 1.4

## World merchandise trade: top 20 importers

*(billions of dollars)*

| Rank in 2004 | | Value 2003 | Value 2004 | % change 2003-2004 | % share 2003 | % share 2004 |
|---|---|---|---|---|---|---|
| 1 | United States | 1,303 | 1,526 | 17.1 | 16.7 | 16.1 |
| 2 | Germany | 605 | 717 | 18.7 | 7.7 | 7.6 |
| 3 | China | 413 | 561 | 36.0 | 5.3 | 5.9 |
| 4 | France | 399 | 464 | 16.4 | 5.1 | 4.9 |
| 5 | United Kingdom | 392 | 462 | 17.9 | 5.0 | 4.9 |
| 6 | Japan | 383 | 455 | 18.7 | 4.9 | 4.8 |
| 7 | Italy | 298 | 349 | 17.3 | 3.8 | 3.7 |
| 8 | Netherlands | 265 | 320 | 20.8 | 3.4 | 3.4 |
| 9 | Belgium | 235 | 287 | 22.3 | 3.0 | 3.0 |
| 10 | Canada | 245 | 276 | 12.6 | 3.1 | 2.9 |
| 11 | Hong Kong | 233 | 273 | 17.1 | 3.0 | 2.9 |
| 12 | Spain | 209 | 250 | 19.8 | 2.7 | 2.6 |
| 13 | South Korea | 179 | 224 | 25.5 | 2.3 | 2.4 |
| 14 | Mexico | 179 | 206 | 15.6 | 2.3 | 2.2 |
| 15 | Taiwan | 127 | 168 | 31.8 | 1.6 | 1.8 |
| 16 | Singapore | 128 | 164 | 28.1 | 1.6 | 1.7 |
| 17 | Austria | 100 | 115 | 15.6 | 1.3 | 1.2 |
| 18 | Switzerland | 96 | 111 | 15.6 | 1.2 | 1.2 |
| 19 | Australia | 89 | 108 | 21.0 | 1.1 | 1.1 |
| 20 | Malaysia | 84 | 105 | 25.8 | 1.1 | 1.1 |
| | Total 20 countries | 5,959 | 7,143 | 19.9 | 76.2 | 75.5 |
| | **World** | **7,818** | **9,458** | **21.0** | **100.0** | **100.0** |

*Sources: Based on data published by Eurostat, national statistics offices and the WTO.*

Table 1.5

## Inward foreign direct investment: main recipient countries

*(amounts in billions of dollars; percentage composition)*

| Rank in 2003 | Country | Average 1998-2003 | 2003[1] | 2004[2] | Average 1998-2003 | 2003 | 2004[2] | 2003 | 2004 | 2003 | 2004[2] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Flows[3] | | | | | | Stocks | | | |
| | | Amounts | | | % composition | | | Amounts | | % composition | |
| 1 | Luxembourg | 34 | 88 | 52 | .. | 15.6 | 8.5 | .. | .. | .. | .. |
| 2 | China | 47 | 54 | 62 | 5.4 | 9.6 | 10.1 | 501 | 563 | 6.1 | 6.4 |
| 3 | France | 45 | 47 | 35 | 5.1 | 8.4 | 5.7 | 434 | 469 | 5.3 | 5.3 |
| 4 | United States | 171 | 30 | 121 | 19.6 | 5.3 | 19.8 | 1,554 | 1,675 | 18.8 | 18.9 |
| 5 | Belgium | 7 | 29 | 7 | 0.8 | 5.3 | 1.1 | .. | .. | .. | .. |
| 6 | Spain | 26 | 26 | 6 | 3.0 | 4.6 | 1.0 | 230 | 236 | 2.8 | 2.7 |
| 7 | Ireland | 19 | 25 | 26 | 2.2 | 4.6 | 4.2 | 193 | 219 | 2.3 | 2.5 |
| 8 | Netherlands | 40 | 20 | .. | 4.6 | 3.5 | .. | 336 | .. | 4.1 | .. |
| **9** | **Italy** | **11** | **16** | **15** | **1.3** | **2.9** | **2.5** | **174** | **189** | **2.1** | **2.1** |
| 10 | United Kingdom | 63 | 15 | 55 | 7.2 | 2.6 | 9.0 | 672 | 727 | 8.2 | 8.2 |
| 11 | Hong Kong | 25 | 14 | 33 | 2.8 | 2.4 | 5.4 | 375 | 408 | 4.5 | 4.6 |
| 12 | Germany | 58 | 13 | -49 | 6.7 | 2.3 | -8.0 | 545 | 496 | 6.6 | 5.6 |
| 13 | Switzerland | 11 | 12 | .. | 1.3 | 2.2 | .. | 154 | .. | 1.9 | .. |
| 14 | Singapore | 12 | 11 | 21 | 1.4 | 2.0 | 3.4 | 147 | 168 | 1.8 | 1.9 |
| 15 | Mexico | 16 | 11 | 18 | 1.8 | 1.9 | 2.9 | 166 | 184 | 2.0 | 2.1 |
| 16 | Brazil | 23 | 10 | 16 | 2.7 | 1.8 | 2.6 | 128 | 144 | 1.6 | 1.6 |
| 17 | Bermuda | 8 | 9 | .. | 1.0 | 1.5 | .. | 81 | .. | 1.0 | .. |
| 18 | Australia | 8 | 8 | 5 | 0.9 | 1.4 | 0.8 | 174 | 179 | 2.1 | 2.0 |
| 19 | Austria | 5 | 7 | .. | 0.6 | 1.2 | .. | 60 | .. | 0.7 | .. |
| 20 | Canada | 28 | 7 | 12 | 3.2 | 1.2 | 2.0 | 276 | 288 | 3.3 | 3.2 |
| | **World** | **870** | **560** | **612** | **100.0** | **100.0** | **100.0** | **8,245** | **8,857** | **100.0** | **100.0** |

(1) Provisional data. Revised data are available for only some countries.
(2) Estimates. The 2004 stocks are calculated by summing the stock in 2003 with the estimated flow in 2004, data for which are available only for some countries.
(3) Owing to the high volatility of the flows, the average for the period 1998-2003 is also shown.

*Source: Based on UNCTAD data.*

Table 1.6

## Outward foreign direct investment: main investor countries

*(amounts in billions of dollars; percentage composition)*

| Rank in 2003 | Country | Average 1998-2003 | 2003 | Average 1998-2003 | 2003 | 2003 | |
|---|---|---|---|---|---|---|---|
| | | Flows[1] | | | | Stocks | |
| | | Amounts | | % composition | | Amounts | composition |
| 1 | United States | 146 | 152 | 17.9 | 24.8 | 2069 | 25.2 |
| 2 | Luxembourg | 37 | 96 | 4.5 | 15.7 | .. | .. |
| 3 | France | 91 | 57 | 11.2 | 9.4 | 643 | 7.8 |
| 4 | United Kingdom | 118 | 55 | 14.4 | 9.0 | 1129 | 13.8 |
| 5 | Belgium | 8 | 37 | 1.0 | 6.0 | .. | .. |
| 6 | Netherlands | 48 | 36 | 5.9 | 5.9 | 384 | 4.7 |
| 7 | Japan | 30 | 29 | 3.6 | 4.7 | 335 | 4.1 |
| 8 | Spain | 34 | 23 | 4.2 | 3.8 | 208 | 2.5 |
| 9 | Canada | 30 | 22 | 3.7 | 3.5 | 308 | 3.8 |
| 10 | Sweden | 20 | 17 | 2.5 | 2.8 | 189 | 2.3 |
| 11 | Australia | 6 | 15 | 0.8 | 2.5 | 117 | 1.4 |
| 12 | Switzerland | 22 | 11 | 2.7 | 1.8 | 344 | 4.2 |
| **13** | **Italy** | **13** | **9** | **1.6** | **1.5** | **239** | **2.9** |
| 14 | Austria | 5 | 7 | 0.6 | 1.2 | 59 | 0.7 |
| 15 | Taiwan | 5 | 6 | 0.6 | 0.9 | 65 | 0.8 |
| 16 | Singapore | 7 | 6 | 0.9 | 0.9 | 91 | 1.1 |
| 17 | Russia | 3 | 4 | 0.3 | 0.7 | 52 | 0.6 |
| 18 | Hong Kong | 21 | 4 | 2.6 | 0.6 | 336 | 4.1 |
| 19 | South Korea | 4 | 3 | 0.5 | 0.6 | 35 | 0.4 |
| 20 | British Virgin Islands | 2 | 3 | 0.3 | 0.5 | 27 | 0.3 |
| | **World** | **816** | **612** | **100.0** | **100.0** | **8,197** | **100.0** |

(1) Owing to the high volatility of the flows, the average for the period 1998-2003 is also shown.

*Source: Based on UNCTAD data.*

Table 1.7

## Shares of world trade and trade balances

| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **World[1] (billions of ecus/euros)** | | | | | | | | | | | | |
| Exports | 2,424 | 2,731 | 2,926 | 3,175 | 3,752 | 3,644 | 4,015 | 5,414 | 5,304 | 5,243 | 5,064 | 5,321 |
| Imports | 2,505 | 2,813 | 3,013 | 3,285 | 3,879 | 3,791 | 4,195 | 5,690 | 5,614 | 5,489 | 5,300 | 5,590 |
| **European Union[1] [2]** | | | | | | | | | | | | |
| Exports (%) | 19.3 | 19.3 | 19.6 | 19.7 | 19.2 | 20.1 | 18.9 | 17.4 | 18.6 | 19.0 | 19.4 | 18.2 |
| Imports (%) | 18.6 | 18.3 | 18.1 | 17.7 | 17.3 | 18.7 | 18.6 | 18.2 | 18.3 | 18.0 | 18.7 | 18.4 |
| Trade balance (billions of ecus/euros) | 3.4 | 12.9 | 28.0 | 45.3 | 48.6 | 22.9 | -19.6 | -91.4 | -42.6 | 8.0 | -13.0 | -62 |
| Normalized trade balance[3] | 0.4 | 1.2 | 2.5 | 3.8 | 3.5 | 1.6 | -1.3 | -4.6 | -2.1 | 0.4 | -0.7 | -3.1 |
| **United States** | | | | | | | | | | | | |
| Exports (%) | 16.4 | 15.8 | 15.3 | 15.5 | 16.2 | 16.7 | 16.2 | 15.6 | 15.4 | 14.0 | 12.7 | 12.4 |
| Imports (%) | 20.6 | 20.6 | 19.6 | 19.7 | 20.4 | 22.2 | 23.7 | 24.0 | 23.5 | 23.2 | 21.7 | 22.0 |
| Trade balance (billions of ecus/euros) | -118.5 | -148.4 | -142.3 | -155.1 | -185.5 | -233.9 | -344.0 | -517.7 | -500.6 | -537.8 | -511.2 | -568.7 |
| Normalized trade balance[3] | -13.0 | -14.7 | -13.7 | -13.6 | -13.2 | -16.1 | -20.9 | -23.4 | -23.5 | -26.8 | -28.5 | -30.2 |
| **Japan** | | | | | | | | | | | | |
| Exports (%) | 12.8 | 12.2 | 11.6 | 10.2 | 9.9 | 9.5 | 9.8 | 9.6 | 8.5 | 8.4 | 8.2 | 8.5 |
| Imports (%) | 8.2 | 8.2 | 8.5 | 8.4 | 7.7 | 6.6 | 6.9 | 7.2 | 6.9 | 6.5 | 6.4 | 6.5 |
| Trade balance (billions of ecus/euros) | 103.1 | 102.3 | 82.0 | 48.6 | 72.5 | 95.8 | 101.0 | 108.0 | 60.7 | 84.1 | 78.6 | 89.2 |
| Normalized trade balance[3] | 20.0 | 18.1 | 13.8 | 8.1 | 10.8 | 16.1 | 14.8 | 11.6 | 7.2 | 10.5 | 10.4 | 10.9 |
| **China [3]** | | | | | | | | | | | | |
| Exports (%) | 3.2 | 3.7 | 3.9 | 3.7 | 5.6 | 5.8 | 5.8 | 6.2 | 6.9 | 8.0 | 9.2 | 10.6 |
| Imports (%) | 3.5 | 3.5 | 3.4 | 3.3 | 3.2 | 3.3 | 3.7 | 4.3 | 4.8 | 5.7 | 6.9 | 8.1 |
| Trade balance (billions of ecus/euros) | -10.4 | 4.5 | 12.8 | 9.6 | 86.2 | 85.7 | 75.8 | 94.2 | 96.5 | 109.9 | 102.9 | 113.7 |
| Normalized trade balance[3][4] | -6.2 | 2.3 | 5.9 | 4.2 | 25.6 | 25.5 | 19.6 | 16.2 | 15.1 | 15.0 | 12.4 | 11.2 |

1) Excludes intra-EU trade. The figures refer to the EU with 15 member countries up to 2003 and with 25 member countries in 2004.
2) The fall in the EU's share of world exports in 2004 is not a real development but a statistical effect of the EU's enlargement. In the calculation of the EU's share of world exports, the enlargement led to a larger reduction in the numerator than in the denominator, since the bulk of the new member countries' trade is with the EU-15. For further discussion, see *Statistics in Focus – Trade in a 25-member European Union*, Theme 6 – 4/2003, Eurostat, and Box 1 of chapter 2.
3) Trade balance as a percentage of the sum of exports and imports.
4) From 1997 onwards includes Hong-Kong re-exports of Chinese origin.

*Sources: Based on WTO and Eurostat data.*

Table 1.8

## Italy's balance of payments
## Current account: balances
*(millions of euros)*

| | | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|
| **Goods (FOB-FOB)** | | **32,584** | **22,044** | **10,368** | **17,405** | **14,049** | **9,922** | **8,838** |
| **Services** | | **4,386** | **1,125** | **1,167** | **18** | **-3,043** | **-2,362** | **1,528** |
| | transport | -2,586 | -3,898 | -4,158 | -3,859 | -4,190 | -4,972 | -4,530 |
| | travel | 10,964 | 10,852 | 12,893 | 12,427 | 10,396 | 9,386 | 12,150 |
| | other services | -3,992 | -5,829 | -7,568 | -8,550 | -9,249 | -6,776 | -6,092 |
| **Income** | | **-9,869** | **-10,392** | **-13,099** | **-11,635** | **-15,396** | **-17,811** | **-14,711** |
| | labor income | -65 | -329 | -473 | -68 | -900 | -1,126 | -213 |
| | investment income | -9,804 | -10,063 | -12,626 | -11,567 | -14,496 | -16,685 | -14,498 |
| **Transfers** | | **-6,658** | **-5,085** | **-4,742** | **-6,527** | **-5,624** | **-7,101** | **-7,690** |
| | private | -927 | -906 | -698 | -2,764 | -4,567 | -1,554 | -835 |
| | workers' remittances | -117 | -195 | -199 | -390 | -478 | -913 | -1,864 |
| | other | -810 | -711 | -499 | -2,374 | -4,089 | -641 | 1,029 |
| | public | -5,732 | -4,179 | -4,044 | -3,763 | -1,057 | -5,547 | -6,855 |
| | EU accounts | -5,940 | -4,684 | -4,905 | -5,634 | -5,727 | -6,289 | -6,537 |
| | other | 209 | 505 | 861 | 1,871 | 4,670 | 742 | -318 |
| **Current account** | | **20,444** | **7,692** | **-6,305** | **-740** | **-10,014** | **-17,351** | **-12,035** |

*Source: Bank of Italy.*

Table 2.1

## Italian exports and imports (FOB-CIF)

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|
| Exports FOB | | | | | | | |
| millions of euros | 220,105 | 221,040 | 260,413 | 272,990 | 269,064 | 264,616 | 280,692 |
| % change | 4.2 | 0.4 | 17.8 | 4.8 | -1.4 | -1.7 | 6.1 |
| Imports CIF | | | | | | | |
| millions of euros | 195,625 | 207,015 | 258,507 | 263,757 | 261,226 | 262,998 | 282,205 |
| % change | 5.9 | 5.8 | 24.9 | 2.0 | -1.0 | 0.7 | 7.3 |
| Balance | | | | | | | |
| millions of euros | 24,480 | 14,025 | 1,906 | 9,233 | 7,838 | 1,618 | -1,513 |
| change | -2,139 | -10,455 | -12,119 | 7,327 | -1,395 | -6,220 | -3,131 |
| Normalized balance (1) | 5.9 | 3.3 | 0.4 | 1.7 | 1.5 | 0.3 | -0.3 |
| Exports: average unit values | 3.4 | 2.7 | 8.0 | 3.6 | 1.4 | 0.8 | 4.3 |
| Imports: average unit values | -1.6 | 1.7 | 16.3 | 2.7 | -0.5 | -0.3 | 4.8 |
| Exports: volume | 0.7 | -2.6 | 9.0 | 1.5 | -3.1 | -2.4 | 1.7 |
| Imports: volume | 7.6 | 3.9 | 7.5 | -0.6 | -0.5 | 0.9 | 2.3 |
| Terms of trade (2) | 5.0 | 1.0 | -7.1 | 0.9 | 1.9 | 1.1 | -0.5 |
| Real cover ratio (3) | -6.4 | -6.3 | 1.4 | 2.1 | -2.6 | -3.3 | -0.6 |

(1) Trade balance as a percentage of the sum of exports and imports.
(2) Ratio between export prices and import prices, calculated on average unit values.
(3) Ratio between export volumes and import volumes.

*Source: Based on ISTAT data.*

Table 2.2

## Constant-market-shares analysis of Italy's share of world imports(1)(2)

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 1997-2004 |
|---|---|---|---|---|---|---|---|---|---|
| Market share | 3.98 | 4.16 | 3.82 | 3.39 | 3.50 | 3.49 | 3.56 | 3.37 | |
| Change | | 0.18 | -0.34 | -0.43 | 0.11 | -0.01 | 0.07 | -0.20 | -0.61 |
| Competitiveness effect | | -0.02 | -0.13 | -0.08 | 0.00 | -0.04 | 0.01 | -0.07 | -0.33 |
| Structural effect: | | 0.21 | -0.20 | -0.34 | 0.13 | 0.08 | 0.08 | -0.12 | -0.16 |
| *sectoral* | | *0.12* | *-0.10* | *-0.25* | *0.11* | *0.06* | *-0.01* | *-0.09* | *-0.18* |
| *geographical* | | *0.15* | *-0.13* | *-0.13* | *0.05* | *-0.01* | *0.08* | *-0.05* | *-0.05* |
| *interaction* | | *-0.05* | *0.03* | *0.04* | *-0.03* | *0.04* | *0.02* | *0.02* | *0.07* |
| Adaptation effect | | 0.00 | -0.01 | -0.01 | -0.02 | -0.06 | -0.02 | 0.00 | -0.12 |

## Constant-market-shares analysis of Italy's share of world imports from the euro area(1)(2)

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 1997-2004 |
|---|---|---|---|---|---|---|---|---|---|
| Market share | 12.71 | 12.44 | 12.00 | 11.78 | 11.57 | 11.30 | 11.21 | 10.94 | |
| Change | | -0.27 | -0.44 | -0.22 | -0.21 | -0.27 | -0.10 | -0.26 | -1.77 |
| Competitiveness effect | | -0.17 | -0.13 | 0.02 | -0.13 | -0.16 | 0.04 | 0.02 | -0.52 |
| Structural effect: | | -0.05 | -0.26 | -0.18 | -0.02 | 0.19 | -0.05 | -0.26 | -0.63 |
| *sectoral* | | *-0.09* | *-0.23* | *-0.34* | *0.02* | *0.05* | *-0.10* | *-0.19* | *-0.87* |
| *geographical* | | *0.07* | *0.01* | *0.11* | *-0.02* | *-0.08* | *0.02* | *-0.04* | *0.08* |
| *interaction* | | *-0.04* | *-0.04* | *0.04* | *-0.02* | *0.22* | *0.02* | *-0.04* | *0.15* |
| Adaptation effect | | -0.04 | -0.05 | -0.06 | -0.06 | -0.30 | -0.08 | -0.03 | -0.61 |

(1) The "world" consists of the EU-15 plus Brazil, Canada, China, Japan, Malaysia, Mexico, Russia, South Korea, Switzerland, Taiwan and the United States. The results of the constant-market-shares analysis differ in part from those published in previous editions of the Report. In past editions the European Union was treated as a single market, whereas starting this year the imports of the individual member countries are taken into account.
(2) The *competitiveness effect* is the weighted average of the changes in the elementary shares; presumably, it reflects changes in relative prices and in other factors affecting competitiveness. The structural effect depends on the degree of conformity of the geographical and sectoral specialization of the country whose share is analyzed with the changes in the composition of demand of the market in question, while the *adaptation effect* measures flexibility with respect to such changes.

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

Table 2.3

## Italy's foreign trade by geographical region and country

*(millions of euros)*

| | EXPORTS | | | IMPORTS | | | BALANCE | |
|---|---|---|---|---|---|---|---|---|
| | 2004 | % share | % change in value 2003-04 | 2004 | % share | % change in value 2003-04 | 2003 | 2004 |
| **European Union (25)** | 166,235 | 59.2 | 3.8 | 169,136 | 59.9 | 4.7 | -1,417 | -2,901 |
| *France* | 34,624 | 12.3 | 4.8 | 30,753 | 10.9 | 2.7 | 3,082 | 3,870 |
| *Germany* | 38,186 | 13.6 | 2.6 | 50,695 | 18.0 | 6.7 | -10,288 | -12,509 |
| *United Kingdom* | 19,400 | 6.9 | 3.8 | 11,999 | 4.3 | -5.6 | 5,978 | 7,400 |
| *Spain* | 20,244 | 7.2 | 7.1 | 12,905 | 4.6 | 1.4 | 6,182 | 7,339 |
| **Other European countries** | 34,921 | 12.4 | 17.0 | 34,626 | 12.3 | 9.6 | -1,750 | 294 |
| *Russia* | 4,964 | 1.8 | 29.0 | 9,691 | 3.4 | 17.8 | -4,383 | -4,727 |
| *Switzerland* | 11,772 | 4.2 | 17.9 | 9,333 | 3.3 | 3.1 | 933 | 2,439 |
| **North Africa** | 7,150 | 2.5 | 7.9 | 14,856 | 5.3 | 14.6 | -6,340 | -7,706 |
| **Other African countries** | 3,304 | 1.2 | 5.2 | 4,315 | 1.5 | 10.4 | -767 | -1,011 |
| **North America** | 24,798 | 8.8 | 1.7 | 11,335 | 4.0 | -1.6 | 12,868 | 13,463 |
| *United States* | 22,374 | 8.0 | 1.8 | 9,993 | 3.5 | -2.7 | 11,698 | 12,381 |
| **South and Central America** | 8,274 | 2.9 | 14.4 | 7,148 | 2.5 | 15.3 | 1,034 | 1,125 |
| *Mercosur* | 2,483 | 0.9 | 16.1 | 3,857 | 1.4 | 15.7 | -1,196 | -1,374 |
| **Middle East** | 10,537 | 3.8 | 10.1 | 8,575 | 3.0 | 15.4 | 2,146 | 1,962 |
| **South and Central Asia** | 2,396 | 0.9 | 23.0 | 3,840 | 1.4 | 22.1 | -1,197 | -1,445 |
| **East Asia** | 18,853 | 6.7 | 5.6 | 26,703 | 9.5 | 16.3 | -5,112 | -7,850 |
| *China* | 4,445 | 1.6 | 15.4 | 11,827 | 4.2 | 23.8 | -5,702 | -7,382 |
| *Japan* | 4,334 | 1.5 | .. | 5,520 | 2.0 | 4.5 | -947 | -1,186 |
| *DAEs*(1) | 8,974 | 3.2 | 4.4 | 6,395 | 2.3 | 16.1 | 2,202 | 1,547 |
| **Oceania** | 3,015 | 1.1 | 10.4 | 1,431 | 0.5 | -0.7 | 1,289 | 1,584 |
| **WORLD** | 280,692 | 100.0 | 6.1 | 282,205 | 100.0 | 7.3 | 1,618 | -1,513 |
| *New EU members* | 15,632 | 5.6 | 0.2 | 10,728 | 3.8 | 16.3 | 6,374 | 4,904 |

(1) Hong Kong, Malaysia, Singapore, South Korea, Taiwan and Thailand.

*Source: Based on ISTAT data.*

Table 2.4

## Imports of the geographical regions and main countries and Italy's market shares

| | PERCENTAGE SHARE OF WORLD IMPORTS | | PERCENTAGE CHANGE IN VALUE OF IMPORTS *(in current euros)* | | ITALY'S MARKET SHARE(1) *(at current prices)* | |
|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 |
| **European Union (25)** | 39.9 | 39.5 | 1.4 | 8.7 | 5.5 | 5.2 |
| *France* | 5.2 | 5.0 | 1.5 | 5.8 | 9.1 | 8.8 |
| *Germany* | 7.8 | 7.8 | 1.0 | 9.3 | 6.3 | 6.0 |
| *United Kingdom* | 5.0 | 4.9 | -4.4 | 7.5 | 4.9 | 4.7 |
| *Spain* | 2.7 | 2.7 | 12.8 | 8.6 | 9.1 | 8.9 |
| **Other European countries** | 4.8 | 5.2 | 4.4 | 20.1 | 8.5 | 9.0 |
| *Russia* | 0.7 | 0.9 | 4.1 | 30.7 | 7.7 | 7.3 |
| *Switzerland* | 1.3 | 1.4 | -3.6 | 23.4 | 10.7 | 11.3 |
| **North Africa** | 0.9 | 0.9 | -2.6 | 13.9 | 11.5 | 11.4 |
| **Other African countries** | 1.5 | 1.5 | 10.0 | 13.3 | 3.1 | 3.1 |
| **North America** | 20.5 | 19.5 | -9.4 | 4.6 | 1.9 | 1.8 |
| *United States* | 17.0 | 16.3 | -9.3 | 4.9 | 2.0 | 1.9 |
| **South and Central America** | 5.3 | 4.9 | -10.3 | 0.3 | 2.2 | 2.4 |
| **Middle East** | 3.2 | 3.1 | 8.4 | 7.7 | 4.8 | 4.9 |
| **South and Central Asia** | 1.5 | 1.7 | -7.3 | 22.2 | 1.6 | 2.0 |
| **East Asia** | 20.9 | 22.0 | -0.9 | 15.1 | 1.3 | 1.2 |
| *China* | 5.4 | 6.2 | 16.8 | 25.4 | 1.2 | 1.2 |
| *Japan* | 5.0 | 4.9 | -5.0 | 8.0 | 1.6 | 1.5 |
| **Oceania** | 1.5 | 1.6 | 2.1 | 11.2 | 3.0 | 2.9 |
| **WORLD** | 100.0 | 100.0 | -1.9 | 9.6 | 3.7 | 3.6 |
| *New EU members* | 3.1 | 3.2 | 5.5 | 12.4 | 7.6 | 7.0 |

(1) Imports from Italy as a percentage of the region or country's total imports. For Russia the numerator consists of Italian exports.

*Sources: Based on data published by the IMF-DOTS, the WTO, Eurostat and national statistical institutes.*

Table 2.5

## Italian exports: top 20 countries of destination

| | | Rank | Value *(millions of euros)* | Percentage change | Percentage share | |
|---|---|---|---|---|---|---|
| | | 2003 | 2004 | 2003-04 | 2003 | 2004 |
| 1 | Germany | 1 | 38,186 | 2.6 | 14.1 | 13.6 |
| 2 | France | 2 | 34,624 | 4.8 | 12.5 | 12.3 |
| 3 | United States | 3 | 22,374 | 1.8 | 8.3 | 8.0 |
| 4 | Spain | 4 | 20,244 | 7.1 | 7.1 | 7.2 |
| 5 | United Kingdom | 5 | 19,400 | 3.8 | 7.1 | 6.9 |
| 6 | Switzerland | 6 | 11,772 | 17.9 | 3.8 | 4.2 |
| 7 | Belgium | 7 | 6,987 | -2.8 | 2.7 | 2.5 |
| 8 | Austria | 9 | 6,763 | 9.1 | 2.3 | 2.4 |
| 9 | Netherlands | 8 | 6,593 | 3.2 | 2.4 | 2.3 |
| 10 | Greece | 10 | 6,241 | 7.0 | 2.2 | 2.2 |
| 11 | Turkey | 11 | 5,696 | 20.6 | 1.8 | 2.0 |
| 12 | Russia | 16 | 4,964 | 29.0 | 1.5 | 1.8 |
| 13 | Poland | 12 | 4,929 | 7.4 | 1.7 | 1.8 |
| 14 | China | 15 | 4,445 | 15.4 | 1.5 | 1.6 |
| 15 | Japan | 13 | 4,334 | - | 1.6 | 1.5 |
| 16 | Romania | 14 | 4,287 | 10.8 | 1.5 | 1.5 |
| 17 | Portugal | 17 | 3,285 | -0.5 | 1.2 | 1.2 |
| 18 | Hong Kong | 19 | 2,948 | 9.1 | 1.0 | 1.1 |
| 19 | Sweden | 20 | 2,827 | 5.5 | 1.0 | 1.0 |
| 20 | Hungary | 18 | 2,672 | -7.3 | 1.1 | 1.0 |
| | Other countries | | 67,141 | 7.5 | 23.6 | 23.9 |
| | **WORLD** | | **280,711** | **6.1** | **100.0** | **100.0** |

*Source: Based on ISTAT data.*

Table 2.6

## Italian imports: top 20 countries of origin

| | | Rank | Value *(millions of euros)* | Percentage change | Percentage share | |
|---|---|---|---|---|---|---|
| | | 2003 | 2004 | 2003-04 | 2003 | 2004 |
| 1 | Germany | 1 | 50,695 | 6.7 | 18.1 | 18.0 |
| 2 | France | 2 | 30,753 | 2.7 | 11.4 | 10.9 |
| 3 | Netherlands | 3 | 16,739 | 9.0 | 5.8 | 5.9 |
| 4 | Spain | 4 | 12,905 | 1.4 | 4.8 | 4.6 |
| 5 | Belgium | 6 | 12,540 | 11.0 | 4.3 | 4.4 |
| 6 | United Kingdom | 5 | 11,999 | -5.6 | 4.8 | 4.3 |
| 7 | China | 8 | 11,827 | 23.8 | 3.6 | 4.2 |
| 8 | United States | 7 | 9,993 | -2.7 | 3.9 | 3.5 |
| 9 | Russia | 10 | 9,691 | 17.8 | 3.1 | 3.4 |
| 10 | Switzerland | 9 | 9,333 | 3.1 | 3.4 | 3.3 |
| 11 | Austria | 11 | 7,269 | -3.7 | 2.9 | 2.6 |
| 12 | Libya | 13 | 6,310 | 20.7 | 2.0 | 2.2 |
| 13 | Japan | 12 | 5,520 | 4.5 | 2.0 | 2.0 |
| 14 | Algeria | 14 | 4,841 | 3.4 | 1.8 | 1.7 |
| 15 | Ireland | 15 | 4,253 | 4.2 | 1.6 | 1.5 |
| 16 | Romania | 16 | 4,041 | 3.7 | 1.5 | 1.4 |
| 17 | Turkey | 18 | 3,967 | 19.0 | 1.3 | 1.4 |
| 18 | Sweden | 17 | 3,805 | 7.4 | 1.3 | 1.3 |
| 19 | Poland | 19 | 3,520 | 30.7 | 1.0 | 1.2 |
| 20 | South Korea | 20 | 3,189 | 23.9 | 1.0 | 1.1 |
| | Other countries | | 59,028 | 10.4 | 20.3 | 20.9 |
| | **WORLD** | | **282,217** | **7.3** | **100.0** | **100.0** |

*Source: Based on ISTAT data.*

Table 2.7

## Italy's exports and imports by sector

*(millions of euros)*

| | EXPORTS | | | IMPORTS | | | BALANCE | |
|---|---|---|---|---|---|---|---|---|
| | 2004 | % share | % change in value 2003-04 | 2004 | % share | % change in value 2003-04 | 2003 | 2004 |
| PRODUCTS OF AGRICULTURE AND FISHING | 3,763 | 1.3 | -9.2 | 9,166 | 3.2 | -1.4 | -5,148 | -5,404 |
| PRODUCTS OF MINING AND QUARRYING | 779 | 0.3 | 13.5 | 31,506 | 11.2 | 14.7 | -26,771 | -30,727 |
| *Energy products* | *285* | *0.1* | *11.3* | *29,377* | *10.4* | *14.7* | *-25,366* | *-29,092* |
| MANUFACTURES | 270,780 | 96.5 | 6.4 | 233,504 | 82.7 | 7.1 | 36,451 | 37,276 |
| Food products. beverages and tobacco | 15,525 | 5.5 | 4.2 | 19,360 | 6.9 | 3.7 | -3,768 | -3,835 |
| Textiles and wearing apparel | 25,958 | 9.2 | -1.1 | 14,441 | 5.1 | 4.2 | 12,385 | 11,517 |
| *Textiles* | *14,574* | *5.2* | *-1.5* | *6,930* | *2.5* | *1.1* | *7,944* | *7,644* |
| *Wearing apparel* | *11,384* | *4.1* | *-0.6* | *7,511* | *2.7* | *7.1* | *4,441* | *3,873* |
| Footwear and leather products | 12,479 | 4.4 | -1.7 | 6,124 | 2.2 | -1.5 | 6,479 | 6,355 |
| *Footwear* | *7,241* | *2.6* | *-3.3* | *3,377* | *1.2* | *0.0* | *4,115* | *3,864* |
| Wood and cork products (excluding furniture) | 1,359 | 0.5 | 2.5 | 3,461 | 1.2 | 2.1 | -2,064 | -2,102 |
| Paper and paper products. printing and publishing | 6,136 | 2.2 | 2.0 | 6,246 | 2.2 | -0.4 | -255 | -110 |
| Refined petroleum products | 6,266 | 2.2 | 16.7 | 4,704 | 1.7 | -0.7 | 636 | 1,563 |
| Chemical and pharmaceutical products | 27,172 | 9.7 | 4.3 | 38,064 | 13.5 | 6.3 | -9,766 | -10,892 |
| *Basic chemical products* | *9,151* | *3.3* | *10.7* | *17,530* | *6.2* | *10.0* | *-7,660* | *-8,379* |
| *Pharmaceutical and medical products* | *9,525* | *3.4* | *-2.2* | *11,349* | *4.0* | *5.4* | *-1,028* | *-1,824* |
| Rubber and plastic products | 10,526 | 3.8 | 6.9 | 5,943 | 2.1 | 6.8 | 4,279 | 4,583 |
| Glass. ceramics and non-metallic construction materials | 8,977 | 3.2 | 3.1 | 2,992 | 1.1 | 3.8 | 5,830 | 5,986 |
| Basic metals and fabricated metal products | 26,990 | 9.6 | 23.3 | 29,357 | 10.4 | 22.1 | -2,145 | -2,367 |
| *Iron and steel products* | *11,080* | *3.9* | *42.4* | *13,917* | *4.9* | *36.4* | *-2,427* | *-2,838* |
| *Nonferrous metals* | *3,804* | *1.4* | *17.9* | *10,980* | *3.9* | *13.8* | *-6,421* | *-7,176* |
| *Finished metal products* | *12,106* | *4.3* | *11.2* | *4,460* | *1.6* | *6.5* | *6,703* | *7,647* |
| Mechanical machinery and equipment | 57,334 | 20.4 | 7.5 | 20,947 | 7.4 | 5.2 | 33,424 | 36,387 |
| *General industrial machinery* | *25,927* | *9.2* | *10.7* | *11,521* | *4.1* | *7.7* | *12,734* | *14,407* |
| *Specialized industrial machinery* | *23,693* | *8.4* | *6.3* | *7,461* | *2.6* | *2.2* | *14,994* | *16,232* |
| *Household equipment and appliances* | *7,099* | *2.5* | *2.0* | *1,697* | *0.6* | *4.6* | *5,338* | *5,402* |
| ICT products. electrical equipment and precision instruments | 25,545 | 9.1 | 7.5 | 37,100 | 13.1 | 10.4 | -9,839 | -11,554 |
| *ICT products* | *9,014* | *3.2* | *3.6* | *21,410* | *7.6* | *14.6* | *-9,985* | *-12,396* |
| *Electrical equipment and apparatus* | *9,897* | *3.5* | *11.9* | *7,764* | *2.8* | *4.8* | *1,436* | *2,134* |
| *Medical and precision instruments* | *6,634* | *2.4* | *6.8* | *7,927* | *2.8* | *5.7* | *-1,290* | *-1,293* |
| Transport equipment | 31,436 | 11.2 | 7.8 | 40,140 | 14.2 | 3.1 | -9,766 | -8,703 |
| *Motor vehicles and parts* | *22,536* | *8.0* | *5.9* | *34,051* | *12.1* | *4.4* | *-11,352* | *-11,515* |
| *Other transport equipment* | *8,901* | *3.2* | *12.7* | *6,089* | *2.2* | *-3.5* | *1,585* | *2,812* |
| Other manufactures | 15,076 | 5.4 | -0.9 | 4,629 | 1.6 | 10.4 | 11,021 | 10,447 |
| *Furniture* | *8,709* | *3.1* | *0.2* | *1,282* | *0.5* | *16.0* | *7,583* | *7,426* |
| *Jewelry. gold and silver* | *3,916* | *1.4* | *-0.6* | *905* | *0.3* | *13.5* | *3,144* | *3,011* |
| OTHER PRODUCTS | 5,370 | 1.9 | 2.4 | 8,028 | 2.8 | -1.6 | -2,914 | -2,659 |
| **TOTAL** | **280,692** | **100.0** | **6.1** | **282,205** | **100.0** | **7.3** | **1,618** | **-1,513** |

*Source: Based on ISTAT data.*

Table 2.8

## World exports and Italy's market shares by sector

| | PERCENTAGE SHARE OF WORLD EXPORTS | | ITALY'S MARKET SHARE | | ITALY'S SHARE OF EURO-AREA EXPORTS | |
|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 |
| AGRICULTURAL PRODUCTS | 2.7 | 2.4 | 2.5 | 2.2 | 8.1 | 7.8 |
| PRODUCTS OF MINING AND QUARRYING | 7.2 | 7.7 | 0.2 | 0.1 | 2.7 | 3.4 |
| MANUFACTURES | 86.1 | 84.9 | 4.6 | 4.6 | 12.8 | 13.0 |
| Food products. beverages and tobacco | 5.2 | 4.9 | 4.5 | 4.6 | 10.3 | 10.7 |
| Textiles and wearing apparel | 5.6 | 5.2 | 7.4 | 7.2 | 28.5 | 28.7 |
| *Textiles* | *2.8* | *2.6* | *8.3* | *8.2* | *28.4* | *28.9* |
| *Wearing apparel* | *2.8* | *2.6* | *6.4* | *6.3* | *28.6* | *28.5* |
| Footwear and leather products | 1.3 | 1.2 | 15.1 | 14.8 | 44.2 | 44.0 |
| *Footwear* | *0.8* | *0.7* | *15.2* | *15.0* | *42.8* | *42.4* |
| Wood and cork products (excluding furniture) | 1.0 | 1.0 | 2.2 | 2.1 | 7.6 | 7.3 |
| Paper and paper products. printing and publishing | 2.5 | 2.3 | 3.8 | 3.9 | 8.4 | 8.7 |
| Refined petroleum products | 2.5 | 2.8 | 3.3 | 3.2 | 11.8 | 11.9 |
| Chemical and pharmaceutical products | 10.5 | 10.5 | 3.7 | 3.5 | 8.0 | 7.8 |
| *Basic chemical products* | *4.6* | *4.8* | *2.5* | *2.4* | *6.3* | *6.4* |
| *Pharmaceutical and medical products* | *3.0* | *3.0* | *5.0* | *4.6* | *9.0* | *8.1* |
| Rubber and plastic products | 2.4 | 2.3 | 6.4 | 6.5 | 15.2 | 15.5 |
| Glass. ceramics and non-metallic construction materials | 1.2 | 1.1 | 11.6 | 11.4 | 24.1 | 24.3 |
| Basic metals and fabricated metal products | 7.0 | 7.8 | 4.9 | 5.0 | 13.8 | 14.7 |
| *Basic metals* | *4.9* | *5.7* | *3.5* | *3.7* | *11.0* | *12.2* |
| *Fabricated metal products* | *2.1* | *2.1* | *8.0* | *8.3* | *18.8* | *19.8* |
| Mechanical machinery and equipment. electrical household appliances | 8.4 | 8.4 | 10.0 | 9.8 | 23.0 | 23.1 |
| *General industrial machinery* | *3.9* | *3.9* | *9.4* | *9.5* | *21.1* | *21.5* |
| *Specialized industrial machinery* | *3.6* | *3.6* | *9.8* | *9.5* | *22.7* | *22.7* |
| *Household equipment and appliances* | *0.8* | *0.8* | *14.0* | *13.6* | *34.4* | *34.3* |
| ICT products. electrical equipment and precision instruments | 21.5 | 21.4 | 1.7 | 1.7 | 7.1 | 7.3 |
| *ICT products* | *14.1* | *14.0* | *1.0* | *0.9* | *4.7* | *4.9* |
| *Electrical equipment and apparatus* | *4.0* | *3.9* | *3.5* | *3.6* | *11.1* | *11.5* |
| *Medical and precision instruments* | *3.5* | *3.5* | *2.8* | *2.7* | *8.9* | *8.7* |
| Transport equipment | 13.9 | 13.2 | 3.3 | 3.4 | 7.5 | 7.8 |
| *Motor vehicles and parts* | *10.3* | *9.9* | *3.3* | *3.3* | *7.2* | *7.3* |
| *Other transport equipment* | *3.6* | *3.3* | *3.5* | *3.8* | *8.5* | *9.4* |
| Other manufactures | 3.0 | 2.8 | 8.1 | 7.8 | 28.9 | 29.1 |
| *Furniture* | *1.0* | *1.0* | *13.7* | *13.2* | *37.0* | *37.3* |
| *Jewelry. gold and silver* | *0.8* | *0.8* | *7.6* | *6.8* | *34.6* | *32.8* |
| OTHER PRODUCTS | 4.0 | 4.9 | 2.8 | 2.2 | 5.8 | 4.0 |
| **TOTAL** | **100.0** | **100.0** | **4.2** | **4.0** | **12.2** | **12.0** |

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

Table 2.9

## Volumes and prices of Italian exports and imports by sector

*(percentage changes between 2003 and 2004 for exports and imports; indices, 2000=100, for relative volumes and prices)*

| | EXPORTS | | | | RELATIVE VOLUMES(1) | | TERMS OF TRADE(2) | |
|---|---|---|---|---|---|---|---|---|
| | volume | av. unit values | volume | av. unit values | 2003 | 2004 | 2003 | 2004 |
| PRODUCTS OF AGRICULTURE AND FISHING | -7.8 | -0.9 | -3.5 | 2.2 | 84.1 | 80.4 | 128.1 | 124.2 |
| PRODUCTS OF MINING AND QUARRYING | 8.4 | 5.4 | 5.2 | 9.5 | 114.7 | 118.1 | 127.3 | 122.5 |
| MANUFACTURES | 1.7 | 4.5 | 2.6 | 4.3 | 96.4 | 95.5 | 103.0 | 103.2 |
| Food products. beverages and tobacco | 1.9 | 2.3 | 2.0 | 1.6 | 98.1 | 98.0 | 107.7 | 108.4 |
| Textiles and wearing apparel | -5.5 | 4.6 | 2.1 | 2.0 | 78.6 | 72.7 | 112.9 | 115.7 |
| Footwear and leather products | -5.5 | 4.0 | 0.8 | -2.1 | 74.3 | 69.6 | 112.7 | 119.8 |
| *Footwear* | *-8.9* | *6.3* | *0.7* | *-0.7* | *66.8* | *60.4* | *111.3* | *119.1* |
| Wood and cork products (excluding furniture) | -2.8 | 5.5 | 0.5 | 1.4 | 82.1 | 79.4 | 105.4 | 109.6 |
| Paper and paper products. printing and publishing | 1.3 | 0.6 | 1.4 | -1.7 | 105.9 | 105.8 | 110.2 | 112.7 |
| Refined petroleum products | -1.1 | 18.4 | -11.8 | 12.8 | 105.9 | 118.8 | 111.1 | 116.6 |
| Chemical and pharmaceutical products | 1.4 | 2.8 | 2.1 | 4.1 | 107.0 | 106.2 | 93.6 | 92.5 |
| *Basic chemical products* | *4.7* | *5.6* | *4.0* | *5.8* | *100.2* | *100.8* | *100.6* | *100.4* |
| *Pharmaceutical and medical products* | *-4.4* | *2.3* | *3.8* | *1.4* | *115.5* | *106.5* | *73.2* | *73.8* |
| Rubber and plastic products | 4.6 | 2.4 | 5.7 | 1.1 | 99.6 | 98.6 | 100.2 | 101.4 |
| Glass. ceramics and non-metallic construction materials | 2.2 | 0.9 | 4.5 | -0.4 | 92.2 | 90.2 | 97.6 | 98.9 |
| *Ceramic tiles* | *3.6* | *1.2* | *32.3* | *-3.5* | *77.7* | *60.8* | *109.7* | *115.0* |
| Basic metals and fabricated metal products | 11.0 | 10.8 | 3.6 | 17.7 | 111.4 | 119.4 | 101.2 | 95.3 |
| *Iron and steel tubes and pipes* | *15.9* | *14.7* | *0.4* | *14.7* | *95.3* | *110.0* | *93.4* | *93.4* |
| Mechanical machinery and equipment | 3.3 | 4.2 | 1.0 | 4.3 | 103.7 | 106.0 | 102.0 | 101.9 |
| *Agricultural machinery* | *2.1* | *3.0* | *-1.1* | *1.9* | *88.0* | *90.9* | *96.9* | *97.9* |
| *Household equipment and appliances* | *1.1* | *0.9* | *5.5* | *-1.1* | *83.0* | *79.5* | *97.7* | *99.7* |
| ICT products. electrical equipment and precision instruments | 1.2 | 6.0 | 6.9 | 3.3 | 96.3 | 91.2 | 106.5 | 109.3 |
| *Electronic components* | *12.8* | *15.0* | *-4.3* | *9.4* | *85.8* | *101.2* | *95.4* | *100.3* |
| *Lamps and lighting equipment* | *-6.9* | *7.4* | *4.2* | *-0.8* | *79.9* | *71.4* | *108.8* | *117.8* |
| Transport equipment | 5.4 | 2.2 | 1.3 | 1.8 | 88.7 | 92.4 | 98.1 | 98.5 |
| *Motor vehicles* | *-0.1* | *2.6* | *3.9* | *1.1* | *82.9* | *79.7* | *99.0* | *100.5* |
| Other manufactures | -4.1 | 3.5 | 9.8 | 0.5 | 89.3 | 78.0 | 96.5 | 99.3 |
| *Furniture* | *-1.1* | *1.3* | *13.3* | *2.3* | *88.7* | *77.4* | *94.6* | *93.8* |
| **TOTAL** | **1.7** | **4.3** | **2.6** | **4.8** | **96.5** | **95.7** | **103.9** | **103.4** |

(1) Percentage ratios between the indices of the volume exported and imported.
(2) Percentage ratios between the indices of the average unit values of exports and imports.

*Source: Based on ISTAT data.*

Tabella 2.10

## Merchandise exports of the Italian regions (1)

*(values in millions of euros, changes on 2003 and percentage shares)*

| | | Shares | | | | |
|---|---|---|---|---|---|---|
| | **2004** | **2000** | **2001** | **2002** | **2003** | **2004** |
| **North-West** | **113,363** | **41.3** | **41.7** | **40.8** | **41.8** | **41.1** |
| | ***4.4*** | | | | | |
| Piedmont | 30,964 | 11.5 | 11.3 | 11.1 | 11.4 | 11.2 |
| | *4.2* | | | | | |
| Valle d'Aosta | 471 | 0.2 | 0.1 | 0.1 | 0.2 | 0.2 |
| | *19.6* | | | | | |
| Lombardy | 78,347 | 28.3 | 28.8 | 28.2 | 28.8 | 28.4 |
| | *4.6* | | | | | |
| Liguria | 3,580 | 1.3 | 1.5 | 1.4 | 1.4 | 1.3 |
| | *0.3* | | | | | |
| **North-East** | **88,313** | **31.0** | **31.1** | **31.8** | **31.5** | **32.0** |
| | ***7.8*** | | | | | |
| Trentino-Alto Adige | 4,971 | 1.7 | 1.6 | 1.7 | 1.8 | 1.8 |
| | *8.1* | | | | | |
| Veneto | 39,316 | 14.4 | 14.5 | 14.8 | 14.5 | 14.3 |
| | *4.2* | | | | | |
| Friuli-Venezia Giulia | 9,836 | 3.4 | 3.4 | 3.4 | 3.2 | 3.6 |
| | *19.6* | | | | | |
| Emilia-Romagna | 34,190 | 11.5 | 11.5 | 11.9 | 12.1 | 12.4 |
| | *9.1* | | | | | |
| **Center** | **44,063** | **16.7** | **16.3** | **16.6** | **16.0** | **16.0** |
| | ***5.7*** | | | | | |
| Tuscany | 21,561 | 8.3 | 8.3 | 8.1 | 7.8 | 7.8 |
| | *6.9* | | | | | |
| Umbria | 2,595 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 |
| | *9.0* | | | | | |
| Marche | 8,883 | 2.9 | 3.1 | 3.2 | 3.3 | 3.2 |
| | *2.3* | | | | | |
| Lazio | 11,024 | 4.6 | 4.1 | 4.4 | 4.0 | 4.0 |
| | *5.5* | | | | | |
| **South and Islands** | **30,066** | **11.0** | **10.9** | **10.7** | **10.6** | **10.9** |
| | ***8.9*** | | | | | |
| **South** | **21,682** | **8.0** | **8.1** | **8.1** | **7.7** | **7.9** |
| | ***7.7*** | | | | | |
| Abruzzo | 6,061 | 2.0 | 2.0 | 2.1 | 2.1 | 2.2 |
| | *13.4* | | | | | |
| Molise | 534 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| | *3.5* | | | | | |
| Campania | 7,109 | 3.0 | 3.1 | 3.0 | 2.6 | 2.6 |
| | *3.8* | | | | | |
| Puglia | 6,373 | 2.3 | 2.3 | 2.2 | 2.2 | 2.3 |
| | *13.7* | | | | | |
| Basilicata | 1,260 | 0.4 | 0.4 | 0.6 | 0.6 | 0.5 |
| | *-16.9* | | | | | |
| Calabria | 345 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| | *13.7* | | | | | |
| **Islands** | **8,384** | **3.1** | **2.8** | **2.6** | **2.9** | **3.0** |
| | ***11.9*** | | | | | |
| Sicily | 5,541 | 2.1 | 2.0 | 1.9 | 1.9 | 2.0 |
| | *9.6* | | | | | |
| Sardinia | 2,843 | 0.9 | 0.8 | 0.8 | 0.9 | 1.0 |
| | *16.7* | | | | | |
| **Total regions** | **275,804** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |
| | ***6.2*** | | | | | |

(1) For 2004 the data on the regions' exports and imports vis-à-vis the European Union only include the amounts that are recorded monthly. Regional exports therefore do not include the minor Community flows that are reported quarterly and annually, which are allocated to the item "sundry and unspecified provinces". For reasons of homogeneity, the changes in 2004 are calculated with respect to the values of 2003 net of the above-mentioned quarterly and annual flows, as announced by ISTAT in a press release on 16 March 2005, and the shares are calculated on the sum of the regions net of "sundry and unspecific provinces", i.e. with a procedure different from that used in the Statistical Yearbook that accompanies this Report.

*Source: Based on ISTAT data.*

Table 2.11

## Propensity to export of the Italian regions [(1)]

*(Total regions=100)*

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|
| **North-West** | **106.9** | **108.8** | **107.7** | **110.9** | **107.8** |
| Piedmont | 108.6 | 109.3 | 111.6 | 116.5 | 115.1 |
| Valle d'Aosta | 108.0 | 97.1 | 84.0 | 94.3 | 104.7 |
| Lombardy | 109.5 | 111.4 | 109.1 | 111.8 | 108.0 |
| Liguria | 65.7 | 73.7 | 70.3 | 71.4 | 68.5 |
| **North-East** | **118.4** | **120.0** | **122.6** | **121.6** | **124.6** |
| Trentino-Alto Adige | 101.3 | 98.3 | 98.8 | 107.2 | 107.9 |
| Veneto | 125.1 | 129.2 | 133.3 | 130.2 | 127.3 |
| Friuli-Venezia Giulia | 152.3 | 152.5 | 148.7 | 137.9 | 160.9 |
| Emilia-Romagna | 106.8 | 107.0 | 109.7 | 111.5 | 116.7 |
| **Center** | **97.2** | **92.5** | **93.9** | **91.4** | **90.0** |
| Tuscany | 119.8 | 117.8 | 117.7 | 114.7 | 114.5 |
| Umbria | 62.1 | 60.3 | 63.4 | 63.2 | 66.0 |
| Marche | 101.7 | 104.7 | 107.7 | 113.1 | 107.4 |
| Lazio | 77.2 | 65.6 | 69.0 | 63.0 | 61.4 |
| **South and Islands** | **61.2** | **60.2** | **58.3** | **56.5** | **59.2** |
| **South** | **60.9** | **61.6** | **59.9** | **57.4** | **59.3** |
| Abruzzo | 93.8 | 96.3 | 98.9 | 99.4 | 108.0 |
| Molise | 47.9 | 50.0 | 51.0 | 50.1 | 51.6 |
| Campania | 64.0 | 64.6 | 60.3 | 53.4 | 53.5 |
| Puglia | 58.6 | 60.4 | 56.5 | 55.5 | 60.9 |
| Basilicata | 55.7 | 56.9 | 71.8 | 71.8 | 57.2 |
| Calabria | 9.3 | 7.9 | 7.5 | 8.3 | 8.6 |
| **Islands** | **62.0** | **56.6** | **54.0** | **54.2** | **59.0** |
| Sicily | 60.4 | 57.3 | 55.4 | 52.8 | 56.6 |
| Sardinia | 65.7 | 55.0 | 50.8 | 57.3 | 64.4 |
| **Totale regions** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

(1) Ratio. at current prices, of merchandise exports to value added at base prices in agriculture and industry excluding construction.

*Sources: Based on ISTAT and SVIMEZ data.*

Table 2.12

## Internationalization of Italian firms

*(value of exports and sales of foreign investee companies in millions of euros)*

| | 2000 | 2001 | 2002 | 2003 | 2003[(a)] | 2004[(a)] |
|---|---|---|---|---|---|---|
| Number of exporting firms | 188,750 | 190,982 | 195,905 | 196,914 | 183,134 | 186,706 |
| % change | - | 1.2 | 2.6 | 0.5 | - | 2.0 |
| Value of exports | 254,079 | 266,434 | 266,561 | 261,898 | 255,368 | 277,383 |
| % change | - | *4.9* | *0.0* | *-1.7* | - | *8.6* |
| Italian firms with equity investments abroad[(b)] | - | 4,740 | 4,988 | 5,204 | - | 5,415 |
| % change | - | - | 5.2 | 4.3 | - | 4.1 |
| Number of foreign investee companies[(b)] | 13,555 | 14,295 | 14,848 | 14,934 | - | 15,058 |
| % change | - | 5.5 | 3.9 | 0.6 | - | 0.8 |
| Employees of foreign investee companies[(b)] | 994,350 | 1,083,007 | 1,151,729 | 1,133,805 | | 1,108,976 |
| % change | - | 8.9 | 6.3 | -1.6 | - | -2.2 |
| Sales of foreign investee companies | 267,046 | 274,716 | 265,383 | 265,625 | - | - |
| % change | - | 2.9 | -3.4 | 0.1 | - | - |

(a) Provisional ISTAT data.
(b) At 1 January.

*Sources: Based on data published by ISTAT and REPRINT. Politecnico di Milano - ICE.*

Table 2.13

## Exporting firms by size class

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|---|---|---|
| | | | | **Number of firms** | | | | |
| 1-9 workers | 95,145 | 101,005 | 102,570 | 102,386 | 108,318 | 108,991 | 110,908 | 110,046 |
| 10-49 | 53,875 | 53,616 | 53,986 | 54,226 | 54,590 | 54,584 | 56,687 | 57,469 |
| 50-250 | 10,366 | 10,590 | 10,389 | 10,566 | 10,884 | 11,117 | 11,181 | 11,521 |
| 250-499 | 1,052 | 1,026 | 1,043 | 1,071 | 1,119 | 1,143 | 1,153 | 1,144 |
| 500+ | 733 | 710 | 705 | 751 | 802 | 839 | 938 | 902 |
| **Total** | **161,171** | **166,947** | **168,693** | **169,000** | **175,713** | **176,674** | **180,867** | **181,082** |
| | | | | **Employment** | | | | |
| 1-9 workers | 369,998 | 377,513 | 379,988 | 378,699 | 388,978 | 390,169 | 382,511 | 385,253 |
| 10-49 | 1,097,453 | 1,093,959 | 1,104,217 | 1,110,588 | 1,118,169 | 1,115,955 | 1,135,863 | 1,148,191 |
| 50-250 | 1,030,610 | 1,038,119 | 1,022,241 | 1,041,875 | 1,074,433 | 1,094,825 | 1,096,043 | 1,119,394 |
| 250-499 | 358,264 | 351,686 | 357,862 | 369,972 | 383,630 | 391,726 | 393,244 | 389,824 |
| 500+ | 1,796,478 | 1,631,313 | 1,748,050 | 1,612,839 | 1,843,590 | 1,820,921 | 2,039,747 | 1,861,889 |
| **Total** | **4,652,803** | **4,492,590** | **4,612,358** | **4,513,973** | **4,808,800** | **4,813,596** | **5,047,408** | **4,904,551** |
| | | | | **Percentage share of employment in active firms** | | | | |
| 1-9 workers | 5.4 | 5.7 | 5.3 | 5.2 | 5.3 | 5.2 | 5.1 | 5.0 |
| 10-49 | 36.4 | 37.5 | 36.5 | 36.0 | 35.5 | 34.9 | 34.2 | 32.9 |
| 50-250 | 61.3 | 62.6 | 58.6 | 58.3 | 56.8 | 56.4 | 55.7 | 55.0 |
| 250-499 | 64.3 | 64.6 | 61.3 | 62.3 | 61.4 | 58.6 | 58.5 | 58.8 |
| 500+ | 80.1 | 72.6 | 76.6 | 69.8 | 75.8 | 72.0 | 79.7 | 71.4 |
| **Total** | **32.4** | **32.2** | **31.3** | **30.1** | **31.1** | **30.3** | **31.4** | **29.8** |
| | | | | **Value of exports** *(mllions of euros)* | | | | |
| 1-9 workers | 18,122 | 20,174 | 20,638 | 20,019 | 28,163 | 28,054 | 28,626 | 26,415 |
| 10-49 | 42,351 | 44,784 | 45,312 | 45,595 | 50,635 | 52,725 | 52,226 | 51,159 |
| 50-250 | 50,986 | 55,983 | 57,225 | 58,073 | 67,763 | 71,250 | 70,826 | 71,459 |
| 250-499 | 18,055 | 19,949 | 21,318 | 22,994 | 26,719 | 28,250 | 29,355 | 28,814 |
| 500+ | 58,634 | 63,540 | 64,888 | 66,778 | 77,359 | 81,894 | 83,060 | 81,040 |
| **Total** | **188,148** | **204,429** | **209,382** | **213,459** | **250,640** | **262,172** | **264,093** | **258,887** |

*Source: Based on Istat data.*

Table 2.14