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Italian National Statistical System
Ministry of Economic Development

Italy in the World Economy

Report 2010-2011 - Summary

Ministero dello Sviluppo Economico

Italian National Statistical System
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This Report is based on information available as of 30 June 2011.

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Global production networks and Italian firms: the outlook for recovery

1. International Trade and Investment

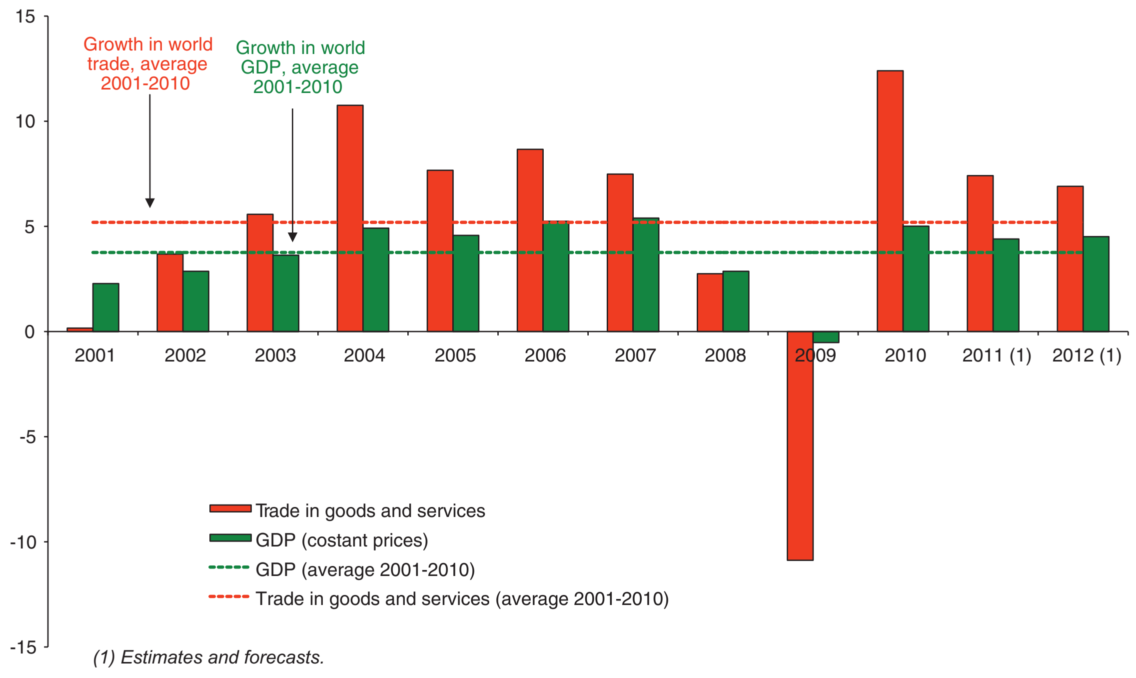
Sharp recovery of industrial production and trade in 2010

The strong integration of international markets, that accentuated the effects of the economic crisis in 2009, took the world economy back onto a sustained growth path last year. In 2010, world output growth exceeded 5 per cent[1], as an average of higher rates of growth for emerging economies and of more moderate growth for the advanced economies which, excluding the United States, have not yet achieved their pre-crisis level of economic activity. In the euro-zone, with the exception of Germany, recovery has been too weak to absorb increased unemployment.

Merchandise trade more dynamic than trade in services

Trade in goods and services increased by 14.5 per cent in volume, completely recovering the collapse recorded in 2009 (-12 per cent). Trade flows accelerated more than production, with a particularly strong dynamics for emerging economies, mostly in Asia. Merchandise trade - more sensitive to economic cycles - expanded more than services.

Chart 1
World output and trade. Percentage changes in volume



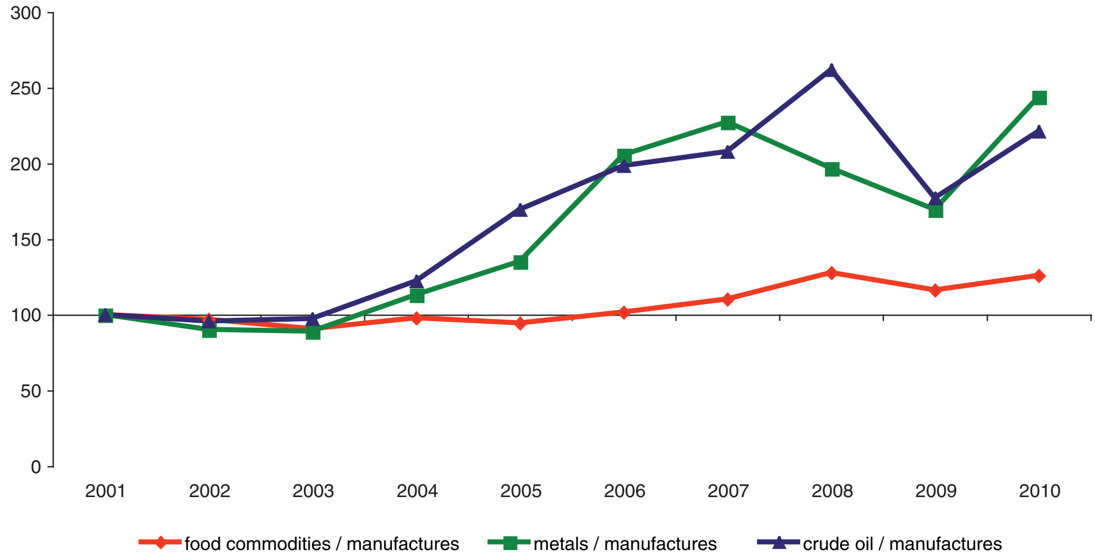
Source: Based on IMF data

1 Purchasing Power Parity.

The international fragmentation of production and the sector composition of trade fostered economic rebound after 2009 crisis

The international fragmentation of production and the sectorial composition effect of trade with respect to value added[2], are among the factors that in 2009 amplified the transmission of the recession and in 2010 helped the recovery fostering world trade rebound.

Chart 2
Prices of raw materials relative to manufactures. Indices, 2005=100



Source: Based on IMF data

High volatility of raw material quotations with a strong hike in the second half of the year

Against the backdrop of substantially stable international prices for manufacturing, the prices for raw materials increased markedly in 2010, rising more steadly in the second half of the year, reflecting, in addition to expectations of improvement in production, real gaps between demand and supply. The increase in the prices of oil and metals (respectively 28 and 48 per cent in dollar terms), preceded and exceeded those of food. Food prices increase became more marked in the second half of 2010: an unexpected supply contraction, due to adverse climate conditions, added to pressures coming from structural widening of the food needs[3] for emerging countries.

The increase of raw material prices transferred income to producing zones, thereby increasing their import capacity: in real terms, emerging countries' foreign purchases increased by 18 per cent, compared to an increase of 10.7 per cent for advanced economies.

East Asia gave the greatest contribution to the growth of trade, thanks to increasing regional integration

The most sizeable contribution to trade flow growth, continued to come from Asia, especially China and India.

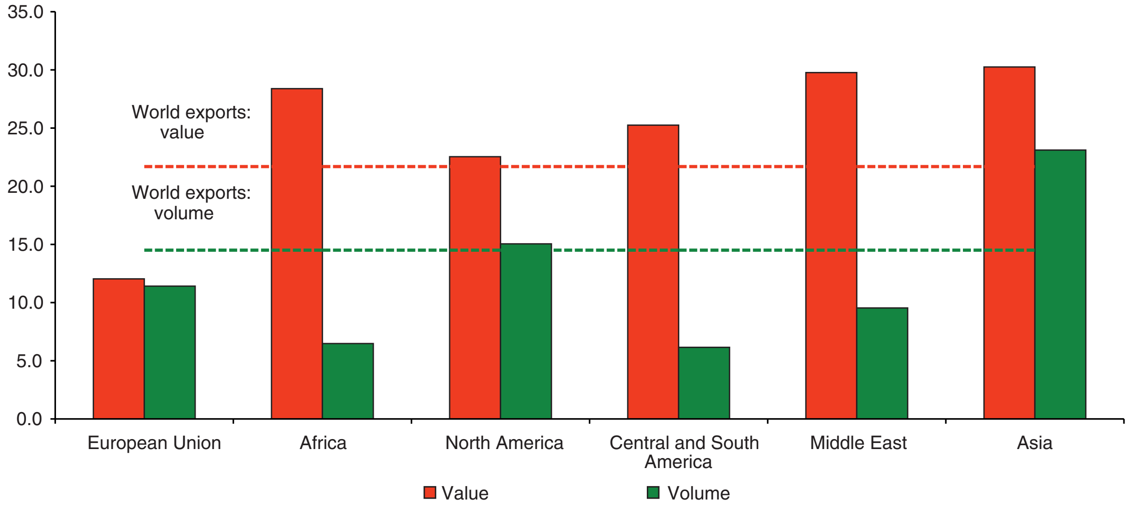
Between 2007 and 2010, hence including the 2009 interruption, the volume of exports for both these countries increased by 25 per cent, while their imports grew even more (30 per cent).

Intra-regional trade in Central and Eastern Asia strongly intensified, particularly with reference to intermediate goods, due to the increasingly intense production's integration

2 The share of durable goods and equipment is larger with respect to trade than to production. Therefore, the contraction of firms' and families' investment during crisis brought about an even larger drop of international trade; similarly, their timid recovery in 2010 affected trade more than proportionally.

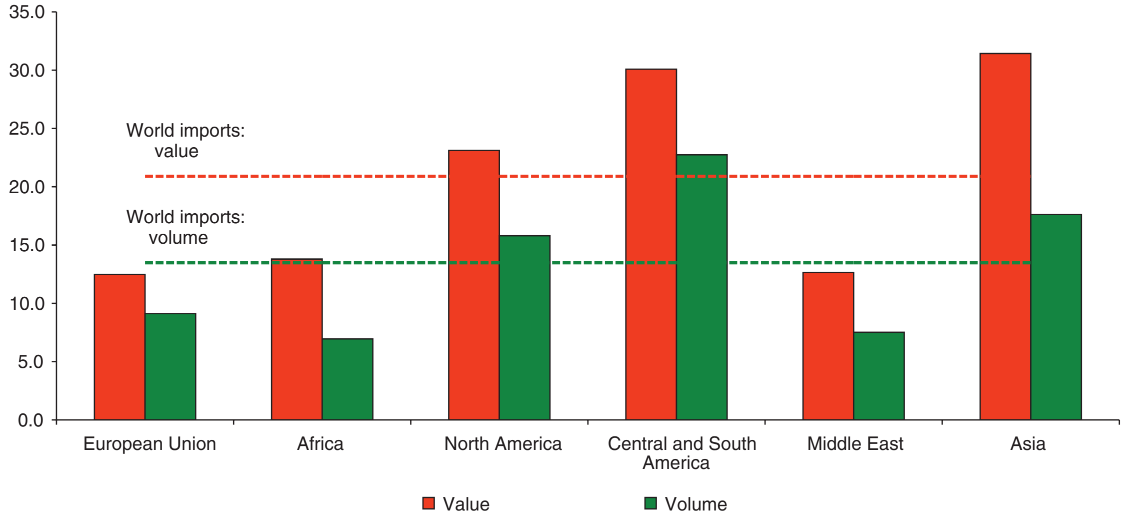
3 In the first three months of 2011, oil quotations increased from 90 to 120 dollars a barrel, affected by production stoppage in Lybia and by political turmoils in the Middle East and the Gulf, later returning to their early year levels, following a concerted supply rise. Food prices instead remain on their maximum 2010 year-end levels, in the presence of sharp reduction in inventories and of strong demand from emerging countries.

Chart 3
Merchandise exports by Region in 2010. Percentage changes on previous year in dollar values and in volume indices 2005=100



Source: Based on WTO data

Chart 4
Merchandise imports by Region in 2010. Percentage changes on previous year in dollar values and in volume indices 2005=100



Source: Based on WTO data

processes. Their centre of gravity in the Region progressively moved towards China which, at the end of the decade, had become the main source of imports for Asian countries as well as the main market for their exports.
Within this framework, China consolidated its position as first world merchandise exporter, with a share up to 10.4 per cent, against a value of 9.7 per cent in 2009. On the other hand, the United States, after several years of decline, levelled off at their 2009 share (8.4 per cent) surpassing Germany[4].

The different patterns of economic recovery, along with increased raw material prices, brought about a new widening of current account imbalances.

4 The relative weakness of German exports in value terms, like for the other euro-area countries, has to be associated with the negative nominal impact of the average yearly depreciation of common currency.

US trade deficit further widened while China's surplus decreased, limited by raw material price increase

The United States' deficit, which had decreased during the recession, widened again, growing from 2.7 to 3.2 per cent of GDP, though a lower level than that recorded before the crisis. China's current account surplus decrease to 5.2 per cent from 6 per cent of GDP, contained by raw material price increase and by the strength of domestic demand.
Since the reduction of imbalances during the crisis turned to be more cyclical than structural, the current recovery is likely to worsen them.

FDI flows returned to grow after sharp drop in 2009

In 2009, according to most recent available data, world total of Foreign Direct Investments (FDIs) decreased as a result of the sharp contraction recorded in the first quarter. The geographical composition of FDI flows also changed, with developing and emerging countries attracting more than 50 per cent of total inflows for the first time, while contributing to about 25 per cent of FDI outflows. Very strong increases were recorded by South-South flows, mainly under the forms of greenfield investments.
Preliminary estimates by UNCTAD for 2010 show a slight recovery for FDI, even towards developed countries, while for this year there remains a great deal of uncertainty linked to tensions in financial markets.

High uncertainty for the world economic outlook: Japan's earthquake, turmoil in North Africa and the Middle East, tensions on financial markets and fear of Greece's default

The short term outlook for the world economy is highly uncertain. First of all, a full assessment of the economic repercussions of Japan's catastrophe is still difficult at this stage. According to preliminary estimates, the sharp reduction in electric-energy supply, the extensive damage to the production system and the stoppages to intermediate goods' supply, has created, in the first quarter, a GDP contraction of 3.7 per cent, on a yearly basis.

Other serious risks persist. In advanced economies, many factors curb domestic demand, worries about sovereign debt in some countries, public deficit in the United States and the price hike for raw materials. Furthermore, turmoils and armed conflicts in North Africa and the Middle East, have not only influenced energy prices increases, but also strongly reduced trade and investment flows with some European countries. In emerging countries, inflation pressure could bring along restrictive measures of monetary policy.
Recent estimates, taking into account the slowdown of the US economy and the higher-than-average growth in Germany, point to a rate of growth in world GDP and trade respectively of 4.3 per cent and 6.7 per cent in 2011.

2. The European Union

Slight contraction of European Union's share on world trade

The position of the European Union (EU) in the world economy ranking can be best assessed by excluding intra-regional transactions from the analysis. As an integrated zone, the EU was confirmed as the largest world exporter and importer in 2010. However, continuing a trend under way for several years, it recorded a further, albeit slight, contraction of its world export share as well as a drop of its world imports share. The EU's current account, with a negative balance of 94.5 billion euros, in 2010 did not show significant changes with respect to the previous year.

Weight's reduction of the main EU's export market continued: United States

The geographical distribution of EU exports continued its slight change which began in the early 2000's: the US share shrank again but it still remains the first export market for EU goods and services, with 16.7 per cent of the total. China's, and more generally, Asia's share, strongly increased given the large flows of intermediate and investment goods necessary to feed the process of international production de-localization.
The Russian market, which grew quickly in the last decade, was severely hit by the 2009 crisis, although partially recovering in 2010.

In 2010 a new widening of EU's deficit occurred due to raw material price rise

As far as the geographical distribution of imports is concerned, China consolidated its position as the EU's largest merchandise supplier. The EU's bilateral merchandise trade deficit, though decreasing compared to pre-crisis periods, maintained high levels. Due to the increase in raw material prices, the trade balance worsened with Russia, which was confirmed as the largest supplier of energy products, and North Africa.

The composition of market sector trade flows remained rather stable. An industrial restructuring process is slowly taking place in the European Union aimed at recovering productivity (either through increasing labour productivity or moving to higher value added activities) and by intercepting market segments characterized by higher spending propensity and lower exposure to international competition.
The basic features of the EU's trade specialization model remained the same. Mechanical engineering, chemical, pharmaceutical, wood and food products are the sectors with the strongest competitive advantages, recording improvements in their normalized trade balances in 2010.

The EU keeps its leading position in services' trade

The European Union still ranks first in the global services sector, followed by the United States. Its share in exports decreased less than that in imports with a subsequent overall improvement of its trade surplus. However, its traditional deficit with the United States, the main EU partner, widened mainly due to royalties, licences and patents, as well as personal, cultural and recreational services (including audiovisuals) and other business services.
Although in 2010 virtually all EU countries somehow participated in the recovery of trade by some means with its strength varying widely from country to country, depending on their respective specialization model as well as their degree of integration within the global production chains. Germany, for instance, took the lead, especially thanks to the good domestic demand performance. Generally speaking, the strong pro-cyclical trend of trade seems to be linked to a structural change in world trade, particularly due to the growing importance of fragmentation of production.[5]

In a generally positive framework, the still incomplete process of European integration nevertheless showed its limits both institutionally and economically. Greece's sovereign debt crisis, the difficult situation in other countries, and common problems linked to high unemployment, triggered a confidence crisis for the project. In this context, the euro also paid its price due to uncertain exit strategies from the crisis.
Considering FDIs data (now available up to 2009), the EU lost its leadership as first destination market. Preliminary data for 2010 seem to point to an increase in inward flows. Furthermore, European firms reduced their FDIs in 2009, as difficult financial conditions and profit reductions discouraged new investment projects, sometimes making necessary the repatriation of invested capital. The burden of productive internationalisation can explain the reduction in investment flows during a recession as companies wait for improved credit access and more solid financial conditions. 2009's crisis induced a period of "wait and see" which does not yet appear to be over.

3. Trade policies

Limited recourse to protectionist measures, and an important role for the WTO to play

In 2010 the use of defensive protectionist measures (anti-dumping duties, activation of safeguarding clauses, introduction of new duties or non tariff barriers), remained limited. However, within the World Trade Organization (WTO), multilateral negotiations under the Doha Development Agenda have continued to languish. Trade in non agricultural goods and gaps in tariff levels between advanced and emerging countries have made it difficult to compromise on the type and magnitude of cuts to be introduced. In the agricultural sector, some areas of potential agreement exist, but many open matters still persist on.
Negotiations on services, have been affected by other sectors performances, and have progressed slowly.
Notwithstanding its inability to unlock negotiations, the WTO exerted an important influence in limiting protectionist pressures as a reaction to 2009 crisis.

Countries adopting trade restrictive measures have not generally broken any WTO agreement previously made. The wide margins created by the liberalization in the recent

5 See the paper by A. Falzoni and L. Tajoli "International fragmentation of production and international trade fluctuations: an analysis of the European situation", published in Chapter 2.

years, have been used to partially and temporarily increase protection or alternatively to grant subsidies. This may demonstrate that occasionally it can be useful to grant governments some “degree of freedom” to be used in exceptional situations. However, damage caused by protectionist measures is generally smaller if they are adopted in temporary and curtailed by precise regolation.

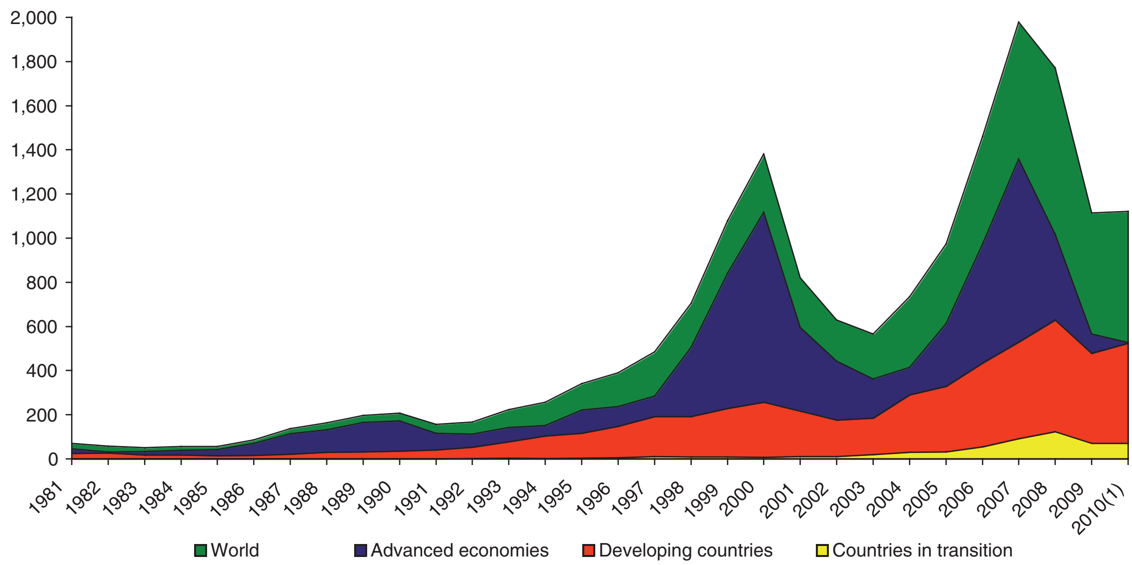
Little progress for Doha Round negotiations: agreement within 2009 unlikely

A successful conclusion of negotiations in 2011 does not seem likely at this point and strong uncertainty on future prospects is widespread. Persistent divergences have left many countries, including the United States, reluctant to collaborate in order to draft new negotiation documents. Furthermore, some bilateral talks taking place between some key delegations seem to have left little margin for compromise. Only a strong political commitment, so far absent, could lead to a deal. In May 2011, commitment to conclude the Doha Round with a single undertaking was confirmed. However, the possibility of early concluding negotiations on specified matters was also proposed in order to avoid the complete failure of the entire multilateral system.

Tendency to the proliferation of regional agreements continues. India and South Korea very active in 2010

The perennial difficulties of WTO’s negotiations continue to offer added stimulus to a tendency to conclude Regional and bilateral preferential trade agreements. At the beginning of 2011 the number of treaties notified to the WTO reached 489, most of them relating to Free Trade Areas.

Chart 5
Foreign direct investment inflows. Billions of dollars

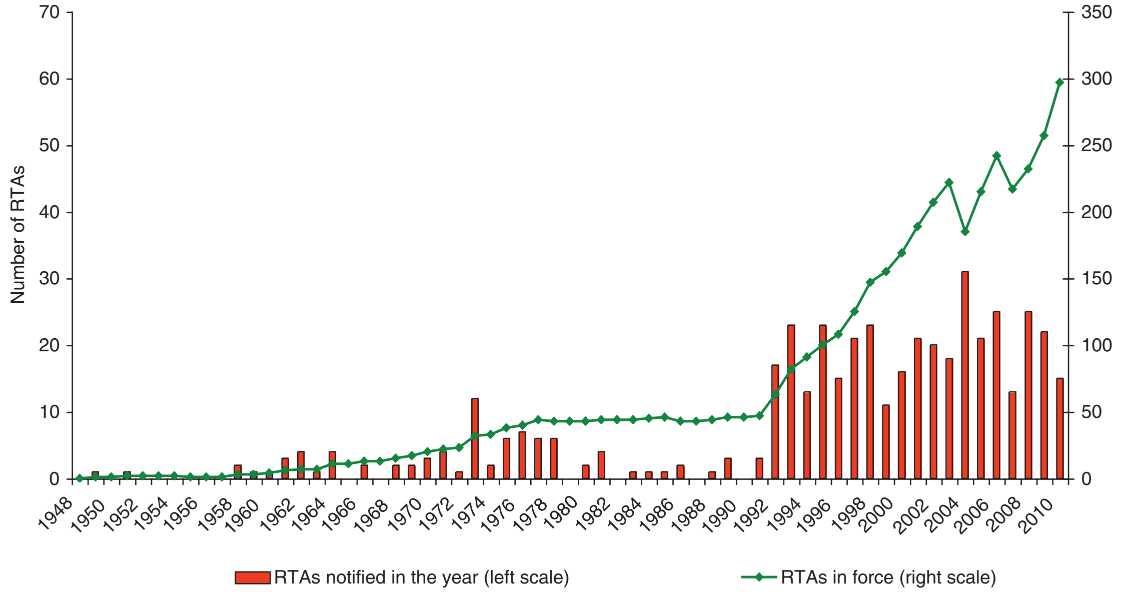


(1) Provisional data

Source: Based on UNCTAD data

Other favourable factors towards making preferential agreements lie in the competition among larger countries to extend their influence on international markets and the fear of exclusion of these countries from existing agreements to be marginalized from trade growth.
Worries that the shift of world trade towards a system of intertwined and overlapping preferential agreements could lead to a growing complexity and to a distortion of trade flows, mainly to the detriment of smaller countries, remain. However, one should acknowledge that some preferential agreements included some important elements, such as FDIs and the links between trade and the environment, on which it is difficult to envisage progress at a multilateral level.

Chart 6
Regional Trade Agreements (RTA) notified to the WTO.



Source: Based on WTO data

The Region where preferential agreements have mainly developed was, again, Asia. However, while 2009 was characterized by Chinese dynamism, in 2010 the main players were South Korea and India. India signed a trade agreement with Japan, concluded negotiations with Malaysia and carried on those with ASEAN. The EU was also particularly active in bilateral talks, concluding an agreement with South Korea, the first ever with an Asian country, Colombia and Peru as well as continuing negotiations with ASEAN, Canada, India and Malaysia.

4. Italy: macroeconomic analysis

Recovery of the Italian economy still weak

The Italian economy responded positively to the stimulus from foreign demand and production started to grow again. However, again in 2010, the rate of GDP growth (1.3 per cent) remained below the euro-zone average (1.8 per cent). Data for the early months of 2011 and available forecasts for the entire year confirm a weak recovery. Gaps to be filled in order to resume levels comparable to pre-crisis year remain substantial.

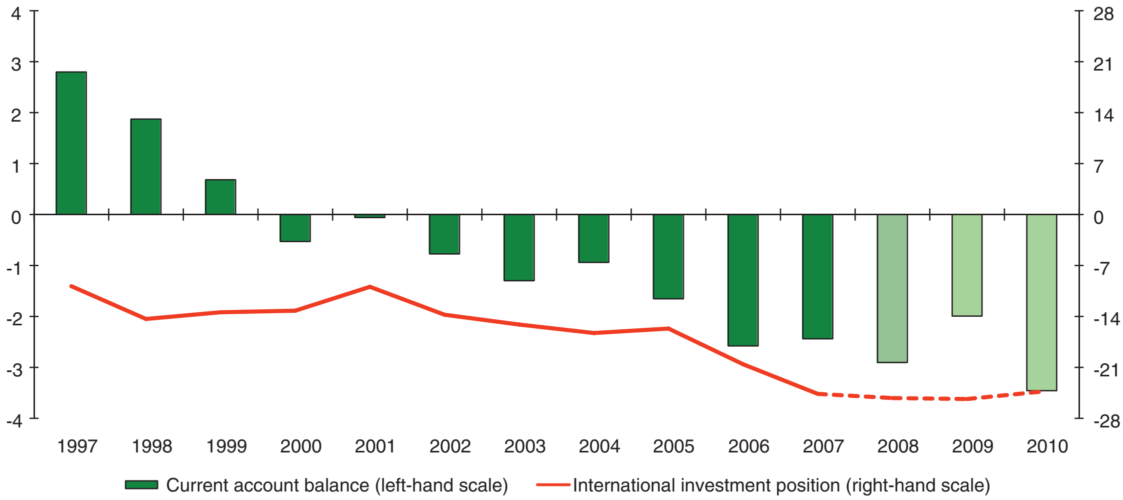
Trade recovery in Italy was stronger than production levels, providing some optimism for the economy that, nevertheless, continued to be at a lower level than for major euro-zone countries, both in terms of export capability (26.6 per cent of GDP at constant prices) and of import penetration (28.8 per cent of domestic demand at constant prices).

Current account deficit widened

The balance of payments current account deficit noticeably widened, exceeding 53 billion euros (3.5 per cent of GDP), mainly as a result of worsening trade balance. Price increases contributed to this due to the strong growth of raw material quotations and to the Euro's weakening. Import values also grew more than exports accentuating the effects of production recovery. An important contribution to this was import of photovoltaic cells, spurred by government incentives for the use of solar energy.

The balance of supplied services slightly worsened, mainly due to the transport sector, while a deficit in unilateral transfers, mainly towards European institutions, increased considerably. On the other hand, the deficit of factor income sensibly decreased. Foreign Direct Investments (FDI) data show a new contraction of inward flows, confirming

Chart 7
Italy's current account balance and international investment position.
As a percentage of GDP



Note: The Bank of Italy introduced a new methodology for balance of payments' data gathering. Data have been revised since 2008 for flows and from the end of 2007 for stocks

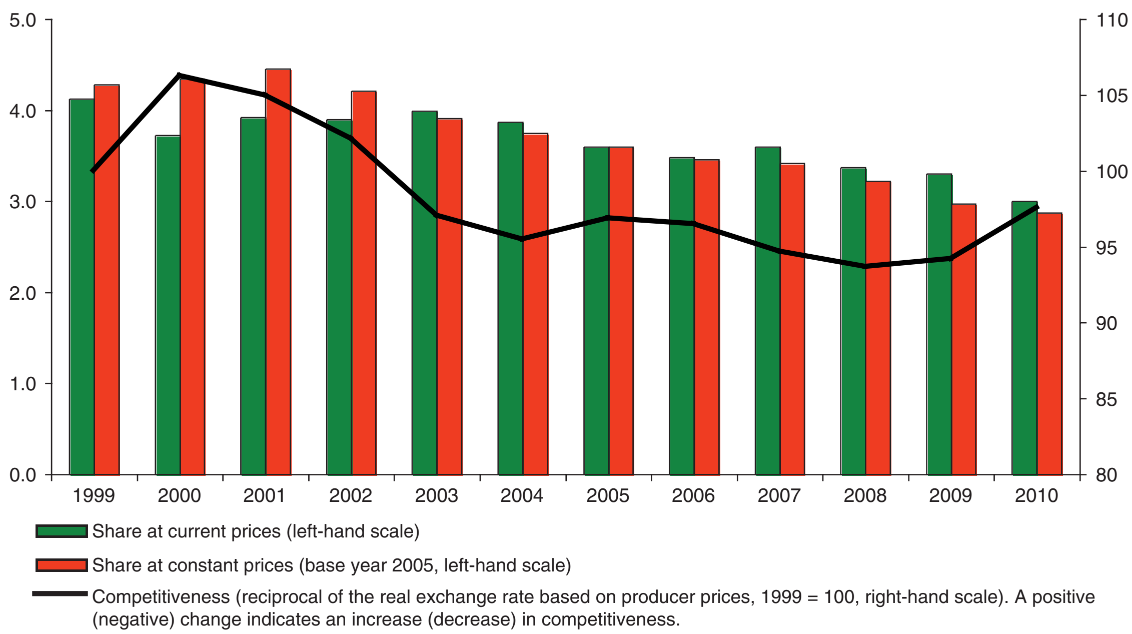
Sources: Based on Bank of Italy and Istat data

the problems of the Italian economy in attracting the interest of multinationals. The outflows remained stable.

Driven by a rebound in world trade, that was as strong as its previous unexpected fall, Italian exports showed signs of rapid recovery. However, their rate of growth (15.8 per cent in value terms) remained lower than foreign demand, prolonging a tendency existing since the Nineties.

The reduction of Italy's market share in world exports, down to 2.9 per cent in 2009 (its lowest level since 1960), is in large part the physiological effect of changing patterns in world economic geography, with the rise of emerging countries, China in particular.

Chart 8
Italian exports' competitiveness and world market shares.



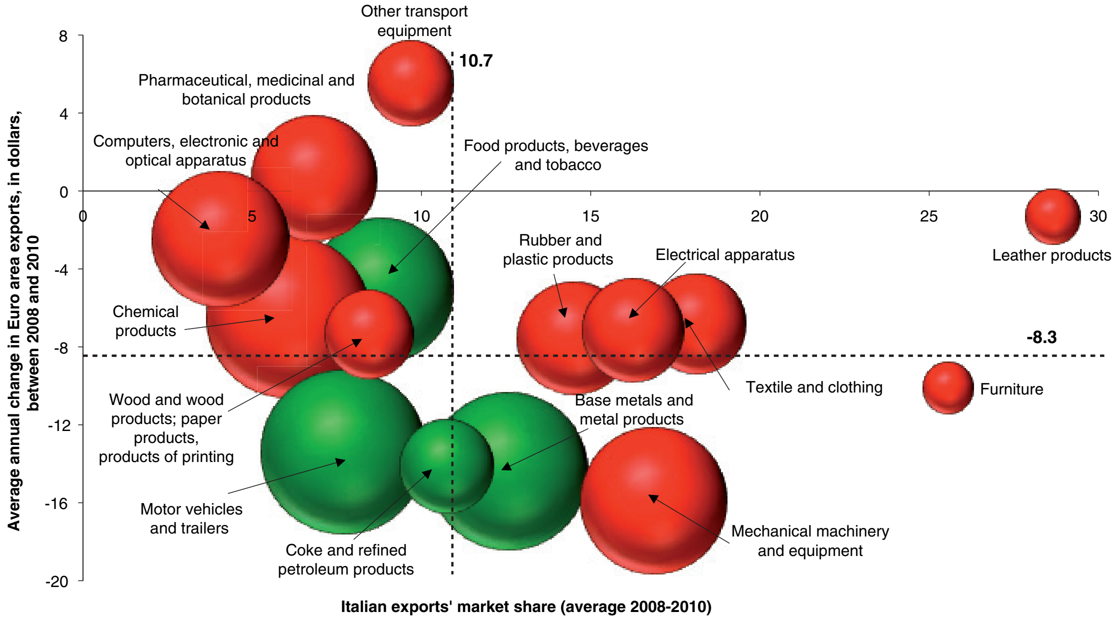
Sources: Based on Bank of Italy, Eurostat and WTO data

Contributing to its further contraction in 2010 were the distribution of foreign demand, mainly concentrated in markets where Italian presence is relatively weak, raw materials recovery, providing an advantage to countries specialized in these products, and the negative nominal impact of the euro's depreciation.

Exports' recovery still lower than euro zone average

Italian exports' growth still remained lower than the average of other euro-zone countries. The main reason for this disparity evident over the last decade, could be explained with the essential features of the Italian manufacturing specialization, mainly focalized on products with a slow growth in demand.[6]

Chart 9
Italy's market share on world exports by sector.



The size of the circle represents the sector's average share of Euro area exports in the period 2008-2010. Red (green) circle identify sectors in which Italy's share decreased (increased) between 2008 and 2010.

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

Trends in the early months of 2011 were not easy to identify. According to national accounts data for the first quarter, the volume growth of Italian exports of goods and services (8.1 per cent) was sharply lower than the euro-zone average (10.4 per cent). The overall trend is more lively: in the period January-April 2011 Italy's merchandise export share in the euro-zone total slightly increased, although it remained lower than pre-crisis levels. Yearly forecasts, influenced by the strong uncertainty associated with the international outlook, point to a continuing recovery at a relatively moderate pace.

Export prices outside the euro zone increased less than those applied on domestic markets, despite euro's weakening

In a year of exchange rate depreciation, producers' prices applied by Italian companies in the euro-zone, particularly on the domestic market, increased more than those for products exported outside the area. This behaviour is hard to explain and being quite different, contradicts that of German and Spanish firms, which instead took advantage of the weakness of the euro to raise the relative prices of their products exported outside the area compared to those sold to the internal market. One can speculate perhaps that Italian companies wanted to rapidly restore normal profit margins on the domestic market as the drop in demand in 2009 has produced a significant fall in margin. Furthermore it should be

6 See the analysis by E. Mazzeo, A. Proietti and A. Venneri, "Main European Countries' Market Shares: update and articulation of the *constant market share analysis*", published in Chapter 4.

remembered that price list adjustments towards exchange rate's fluctuations do not take place immediately. In periods of currency cycle inversion, in fact, a certain degree of inertia driving firms to continue compressing margins on extra-euro sales, in the fear that depreciation would only prove temporary, is likely. Data for January-April 2011 seem to confirm this, where the euro regained ground compared with previous months while still remaining below levels reached in the same period of 2010. Prices of Italian exports in external markets continued growing less than those practiced on euro-zone.

The dynamics of export unit values (6.1 per cent) was again higher than price (2.7 per cent). With all the caution imposed by the limits of these statistical indicators, one could assume that this difference shows a tendency to an upward shift in the relative quality of exported goods.

In 2009 Italian exports to the European Union, though hit hard by the crisis, were sustained for the medium-high quality range of products. In the lower quality segments, where demand increased with the reduction of family incomes, emerging countries took advantage from their higher price competitiveness.[7]

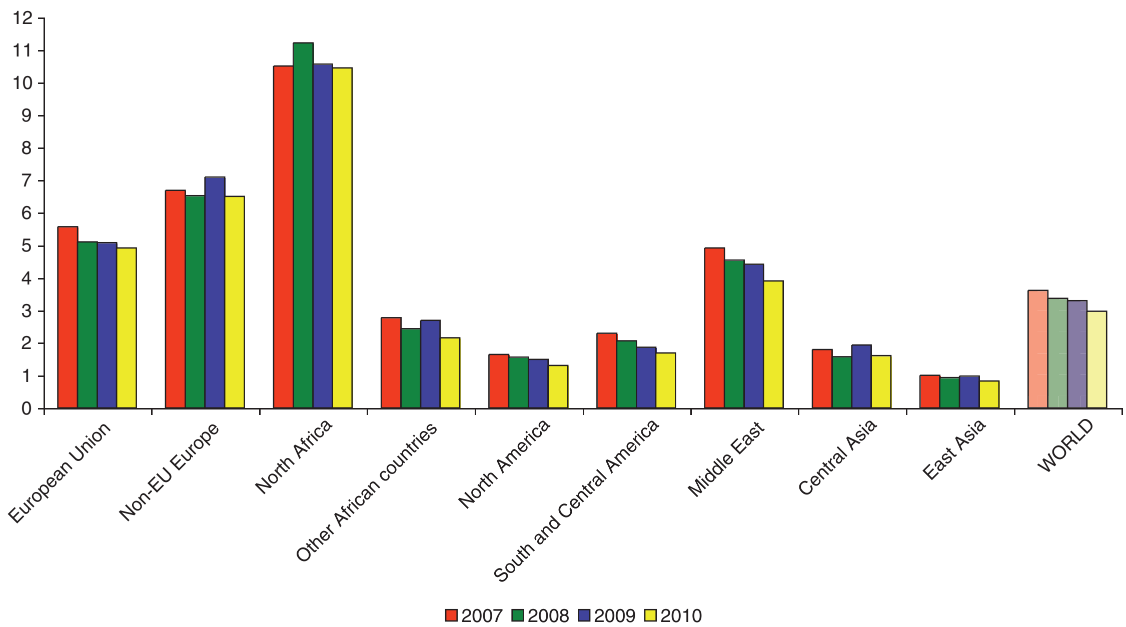
5. Geographical areas and main countries

Exports remain too concentrated in relatively lower demand markets

Italian exports recovery spread across all main markets, even though almost everywhere it was lower to that necessary to recoup the fall of 2009 and to prevent further contractions in their market shares.
Compared to other main countries, Italian exports adjusted less rapidly to the geographical changes in world trade, remaining concentrated in slower demand areas, such as the European Union.

Economic recovery, raw material price rise and the depreciation of the euro favoured imports from countries producing intermediate and investment goods. The upsurge in the purchase of photovoltaic cells, mainly coming from China and Germany, was spurred by government incentives aimed at promoting their use. However, it also illustrated the current

Chart 10
Italy's market shares by Region.
Percentages of world merchandise exports at current prices



Fonte: elaborazioni ICE su dati FMI-DOTS

7 See the analysis of P. Esposito and C. Vicarelli "Italian export *performance* during the crisis: quality matters", published in Chapter 4.

changes taking place in the last decade in China that continued to specialize as a supplier of high tech products, as did other emerging countries such as India.[8]

Italy's bilateral trade balances generally worsened, particularly with the European Union, Africa and Asia. Among the exceptions, one could mention improvements recorded with France, United Kingdom, United States, Switzerland and Turkey.

In the first months of 2011, exports growth continued to be generally briskier ouside the EU, particularly in European and American markets. Negative effects on trade were also exerted by the political and military crises in North Africa and by the catastrophe that hit Japan.

Available data for equity stakes of Italian firms in foreign companies, have been updated to 2009 and they show a wider orientation towards North Africa and the American continent, to the detriment of both Europe or East Asia. Foreign investment in Italian companies from almost all countries decreased, especially from the United States, which however scaled down its presence in other markets.

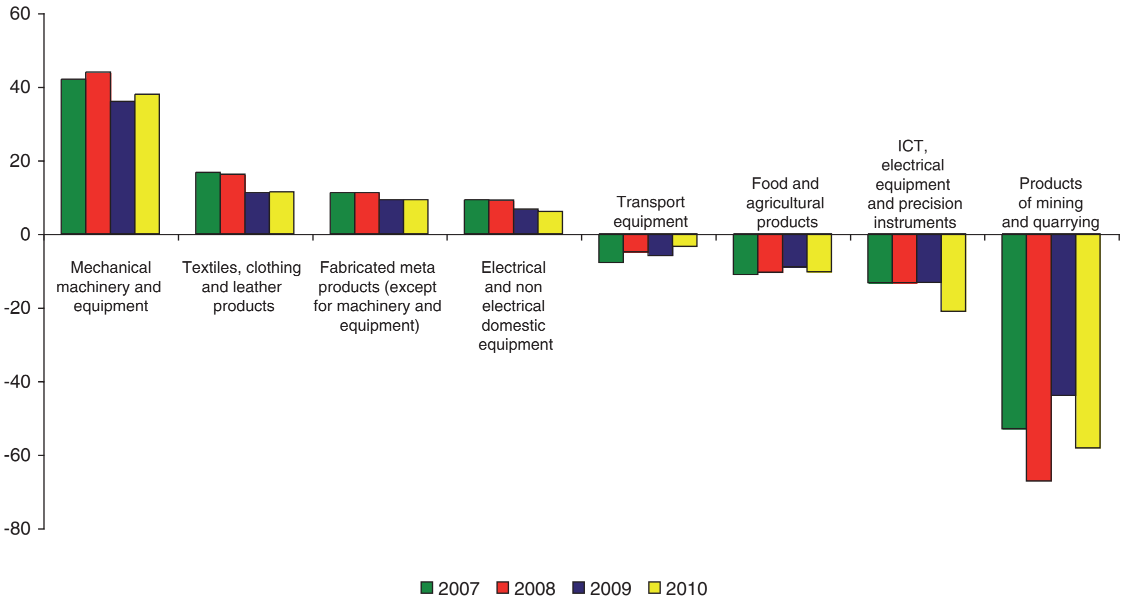
6. Sectors

Trade balance worsened mainly due to raw materials' price rise, while surplus decreased also in several manufacturing sectors

Trade in raw materials, namely energy, was the prime contributor to the worsening of Italian trade balance. Manufacturing surplus also decreased for the second year in a row. Export recovery looked brisk in some sectors (chemicals, motor vehicles) but not enough to resume pre-crisis levels, particularly in Italian high specialization sectors (apparel, machinery).

Exports sectorial shares generally decreased, with minor exceptions (refined petroleum, pharmaceutical, agricultural-chemical and some types of metal products). Share losses were indeed common to euro zone countries and this both reflected the nominal impact of currency depreciation, to the benefit of US's shares, and the geographical distribution of demand, rising above all in the markets located far away from Europe. In those emerging countries gaining shares (China, India, Brazil, Mexico, Bangladesh, Vietnam), the role played by foreign branches of multinational enterprises was increasingly relevant.

Chart 11
Italy's sectoral balances.
Billions of euros

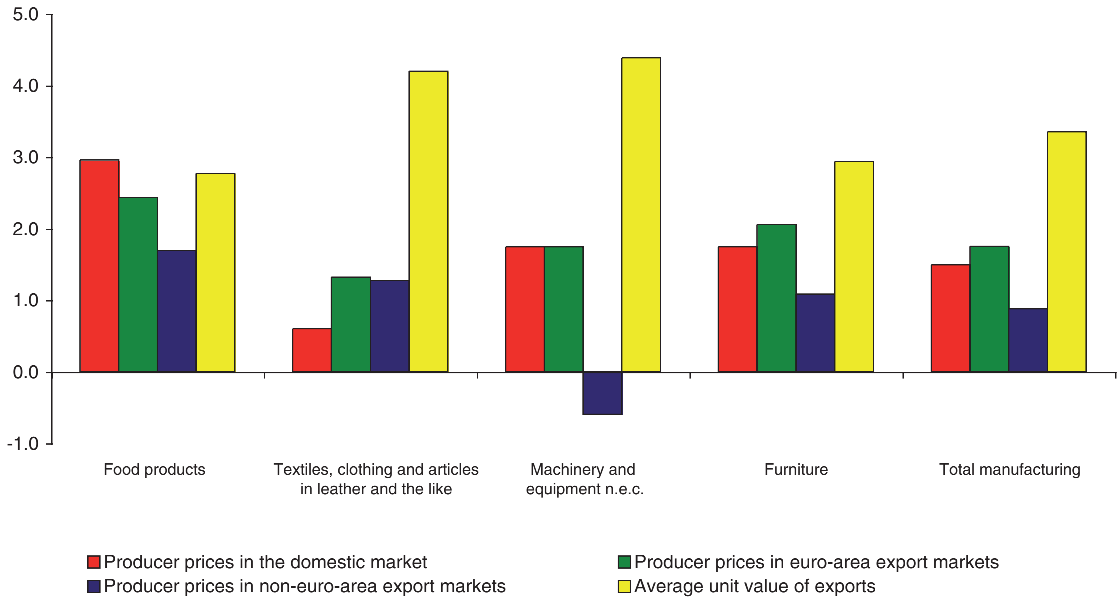


Source: Based on Istat data

8 See the note by L. Ciardelli and M. Narilli "Merchandise trade with China and India: an analysis by products' technologic contribution", published in Chapter 5.

Looking at the whole of the last decade, the weakening of Italian specialization in traditional, personal and home consumer goods clearly emerges, in common with the contribution of production internationalisation processes by the same Italian companies. This can be seen by viewing data concerning production participation in foreign companies and bilateral trade data, that often clearly identify the presence of transnational production networks.
In the early months of 2011, the manufacturing balance widened again, thanks to a more sustained exports compared to imports. The ability of Italian enterprises to successfully take up the challenge of international competition is increasingly identified with their desire to be involved in transnational production networks. The global reorganization of their economic activity is shown by a growing emphasis on production and trade of intermediate goods and services. This also implies the need to increase the country's capacity to attract foreign direct investment, as the case of chemical productions clearly demonstrates.[9]

Chart 12
Producer prices and average unit values for selected typical Italian product sectors.
Average annual growth rates, 2006-2010



Source: Based on Istat data

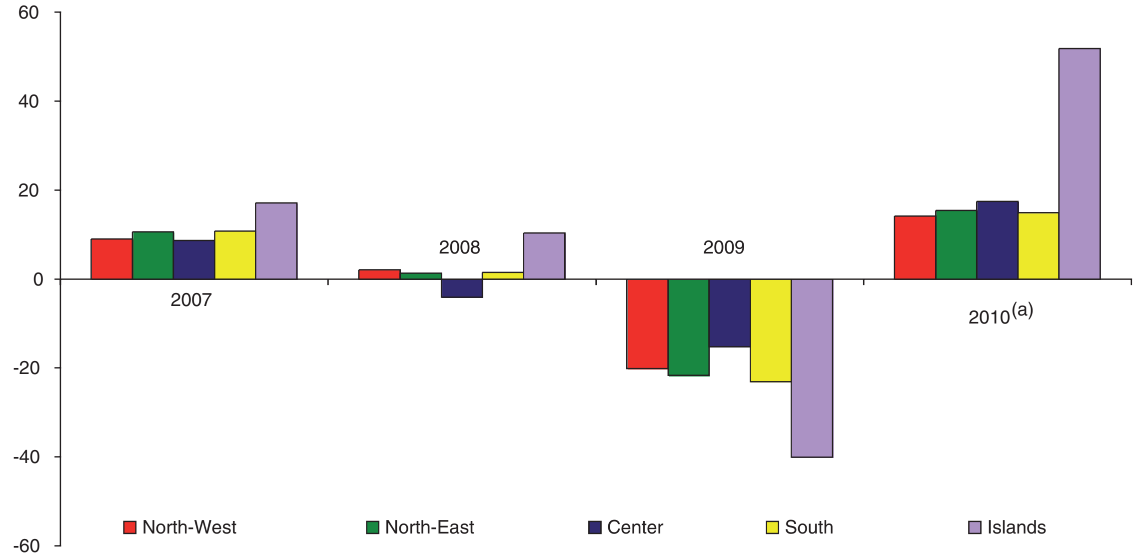
Despite some signs of slowing down, tensions between demand and supply in raw material international markets remain high, making the upward price trend more likely. This characterized the last decade, and was only temporarily interrupted by the global crisis. Although the energy efficiency of productive systems increased with respect to the Seventies, raw materials price rise still represents a real problem for economic growth, particularly for countries like Italy, wchich are characterized by a relatively high degree of dependence on imports.[10]

7. Territory

The recovery in Italian exports was echoed in all the Italian Regions, with the exception of Basilicata where, for the third year in a succession motor vehicles' sales decreased but it was still insufficient to recover previous year's drop.

9 See the essay by A. Dossena and A. Lanza "The Italian sector of intermediate chemical products: the case of fine special accessories and of paints, inks and adhesives varnishes", published in Chapter 6.
10 See the analysis by S. Causo and C. Vicarelli "Tendenze congiunturali e fattori strutturali nella dipendenza dall'estero di materie prime energetiche e non energetiche: quadro attuale e possibili scenari evolutivi per l'Italia e i principali paesi europei", published in Chapter 6.

Chart 13
Merchandise exports of Italy's geographical areas.
Percentage changes in value in euros



(a) Provisional data.

Source: Based on Istat data

Exports' growth differences among Italian regions mainly due to sectors dominated by large firms

Regional differences in the intensity of recovery could be attributed to the performance of some sectors with a more relevant large firms presence. The highest rates of growth were recorded by Sicily and Sardinia, where petroleum product price rise allowed them to make up for the 2009 losses, due in turn to price developments. In Southern Italy, Abruzzo (motor vehicles) and Apulia (iron and steel, chemical, food and agricultural products) also gained shares.

In Centre-North, only Latium demonstrated a significant increase in its share on the country's total exports, mainly thanks to its chemical-pharmaceutical sector, while Lombardy (chemical and engineering industry), Liguria and Friuli Venezia Giulia lost grounds.

In the first quarter of 2011, the largest exporting Regions recorded significant acceleration in their export rate of growth, compared to the previous year. The most visible increases were attained by Liguria, Latium, the island Regions, and especially Basilicata, which appeared to have reversed last years' decrease trends.

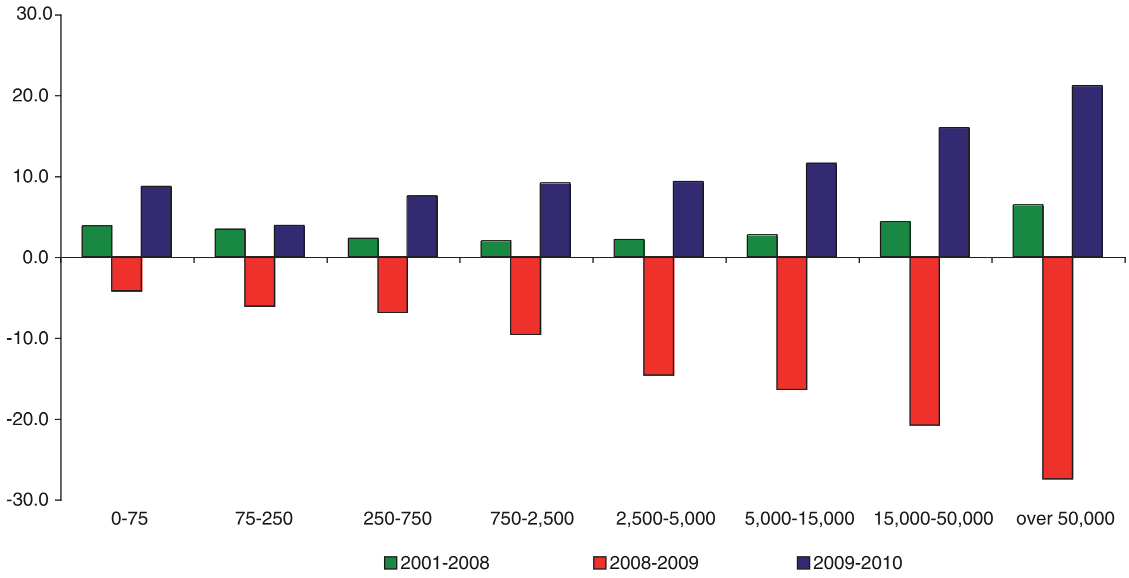
With regard to the Regional distribution of foreign participation in Italian firms, we note in recent years an increase of the Central Regions' shares, particularly Latium and Emilia Romagna.

8. Enterprises

Euro's depreciation favoured entry on foreign markets by many small exporters, but the process of competitive selection among the already active firms continued

The number of Italian exporters increased remarkably in 2010 (6 per cent), completely reversing the previous year's losses. However, recovery was concentrated in the lowest turnover bracket (up to 750.000 euros per annum). One can infer that, as with previous experiences, the euro's depreciation allowed several very small firms to start enter foreign markets, spurred on by the weakness of domestic demand to find new customers abroad. In most of the high dimensional brackets, the number of exporters, though increasing compared to 2009, remained comparatively lower than not only pre-crisis levels, but also those prevailing at the beginning of the decade. In the 75.000-250.000 euros bracket a drop was actually recorded. It is likely therefore that the spread of export capability among many tiny enterprises has been accompanied by a competitive selection process in companies already active on foreign markets.

Chart 14
Italian exports by size class of exporting firms[1].
Average annual growth rates in percentages



(1) Classes of sales revenues in thousands of euros.

Source: Based on Istat data

This is also confirmed by the fact that in 2010 the number of exporters increasingly grew along with their size, reversing the negative correlation that emerged during the crisis. In other words, the recovery allowed the larger firms to return to to higher turnover brackets. This upward redistribution of the so called exports' "extensive margin" (number of firms) clearly explains the upward concentration of their value. The recovery of average foreign turnover per firm (the so called exports' "intensive margin") is in fact rather uniform among different dimensional brackets.

One notable exception is the group including the largest firms, which have an average turnover exceeding 50 million euros. In 2010, this consisted of 753 companies (a decrease from 931 to 693 between 2007 and 2009) generating 45 per cent of total Italian exports, with an 11.6 per cent average turnover growth, higher than the national average (9.4 per cent).

Lager firms are still farther from recouping exports' values attained before crisis

Nonetheless, the largest firms are precisely the ones that are farther away from resuming pre-crisis export values. Surveys conducted by the Italian National Statistical Institute (Istat) on a wide sample of firms confirmed that the smallest ones, in terms of employees, recorded better results in the two-year period 2009-10, than medium and large companies, especially in instrumental, intermediate and durable consumer goods.[11]

In order to be able to export, firms must enjoy an economy of scale, in productivity, and a higher level of workers' qualification compared to other firms solely present on the domestic market. According to available data, these advantages are relatively higher for smaller firms, where it is more difficult to compensate for hidden costs associated with internationalization. This structural weakness of smaller exporting firms may have well contributed to their stronger resilience during the crisis.

Every economic system is characterized by a high degree of diversity among firms, making it impossible to understand ongoing changes by confing attention to aggregate data. However, some national background characteristics may exert the same influence over the

11 See the essay by F. Oropallo "Determinants of heterogeneity in firms' behaviour in the phase of recovery of pre-crisis exports' levels", published in Chapter 8.

bulk of firms. In the case of Italy, the specific characteristics of its export model (relative weakness in high tech sectors) can be found across every firms size. More closely it can quickly be seen that this overall image conceals many differences. In particular, both small and medium-large firms reveal significant comparative advantages as in medium to high technological intensity productions.[12]

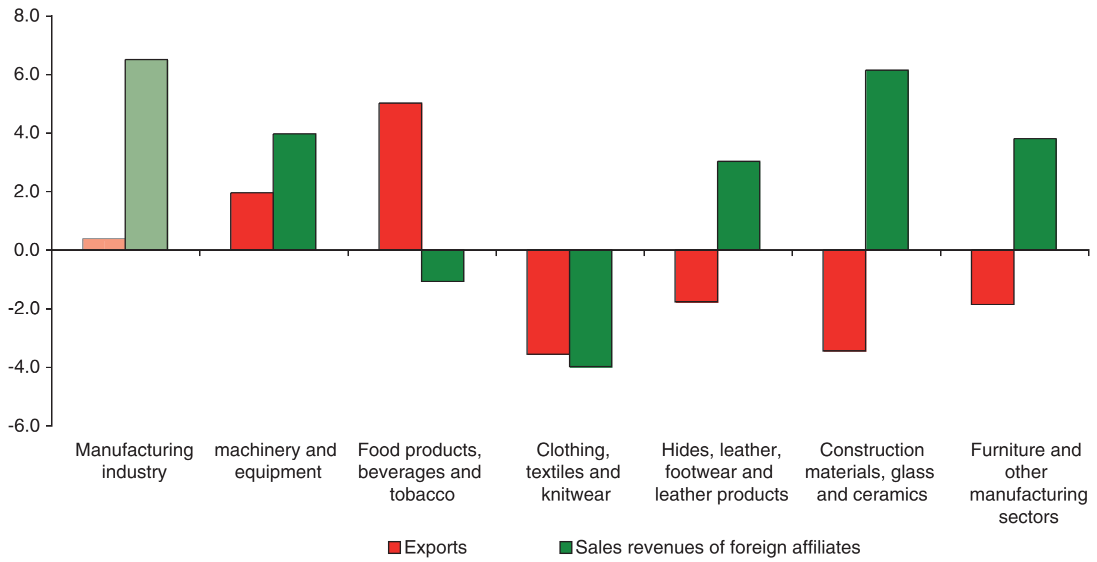
Firms also differ in the number of products that each of them produces or exports and the restructuring processes imposed by international competition affect them as well, in terms of adaptating of their product ranges. Multi-products firms represent a relevant share of the total, particularly among exporting firms. It is very frequent the case that a firm is also exporting different goods in addition to the ones they produce, either by performing a commercial mediation role on behalf of other firms, who are not capable themselves of sustaining the costs of directly accessing foreign markets, or alternatively, selling part of the products imported as intermediate goods, confirming the growing complexity of international productive networks.[13]

Data on Italian firms' exporting potential in the form of stakes in foreign firms, are available only up to 2009. Despite the global crisis, the number of exporters and those employed in exporting increased, supporting a trend under way for at least the last five years. Their turnover remained stable, revealing a stronger resilience than exports, which were hardly hit by the crisis.

The relative importance of European markets for Italian participations abroad, though remaining significant, has descreased in recent years, reflecting shifts to the Americas and the Middle East. After a lengthy phase in which medium size companies increasingly contributed to the expansion of Italian foreign participations, in recent years the large investors, representing 80 per cent of foreign affiliates' employees, have showed the most vigorous dynamism. Smaller firms tend to prefer light forms of internationalisation, based on productive and commercial cooperation with foreign partners.

Recent new surveys conducted by Istat on foreign companies resident in Italy and also on Italian controlled foreign resident firms, have made it possible to study in detail the link

Chart 15
Exports and sales revenues of Italian firms' foreign affiliates in typical Italian product sectors.
Average annual growth rates in value in euros between 2004 and 2009



Sources: Based on Istat and ICE-Reprint data

12 See the note by E. Borghi and R. Helg "The Italian specialization model by firms' dimensional brackets", published in Chapter 8.
13 See the analysis by E. De Angelis, S. De Nardis and C. Pappalardo "Multi-product Producers and Exporters", published in Chapter 8.

Productive presence abroad is even important to create new export platforms

between foreign direct investments and exports. It emerges that in many cases Italian firms use their foreign affiliates not only for local market sales but also for exports that could somehow compensate those sales previously made from Italy. On the other hand, foreign multinational affiliates in Italy provide a significant contribution to the country's exports, particularly in sectors with strong economies of scale and with a significant research and development activities.[14]

9. Government's support to firms' internationalization

Policies to support firms' internationalisation are increasingly important

The progress of international economic integration and the growing relevance of emerging markets, have given more importance to the role played by government institutions and tools supporting firms' internationalisation. This is particularly important for economies, like the Italian one, in which the persistent weakness of domestic demand emphasizes the need for strengthening the international competitiveness of their companies.

It is the responsibility of the Ministry of Economic Development (MED) to address and to coordinate financial and active support for firms' internationalisation.

This support is frequently updated in order to adapt to changing markets and to increase effectiveness.

In particular the MED is in charge of defining the guiding principles of export promotional activities implemented by different public entities in cooperation with Chambers of Commerce and entrepreneurial organizations. The central role of a technical specialized agency has been carried out to date by the Italian Institute for Foreign Trade (also known with the Italian acronym ICE), which has integrated the initiatives of the Italian Annual Promotional Plan and of the Made in Italy Special Programme with a wide range of consultancy services offered to enterprises.

Ministerial guidelines pointed to strengthen firms' foreign distribution network and to enhance productive chains

ICE and other support entities for the internationalisation widened and improved the range of their services

The guidelines issued by the MED aimed at strengthening the companies' foreign distribution network and at enhancing productive chains. ICE responded by expanding its services also through a set of innovative strategies which include:

i) collective integrated promotional services for small and medium company networks in the main Italian production sectors, aimed at favouring their involvement in large international projects, i.e. in infrastructure, in tourism, building and in major sporting events;

ii) intertwined promotional initiatives encompassing training and technical assistance, aimed at assisting the spread of necessary expertise to utilize the most sophisticated Italian productions, as in the Technological Centres for machine tools, or in partnerships with fashion institutes in advanced markets or with Italian schools specialized in the restoration of cultural goods;

iii) agreements with large international distribution chains aimed at strengthening the presence of Italian small and medium companies in foreign markets, thus addressing one of the problems identified as detrimental to their competitiveness;

iv) specialized training programmes for experts in firms' internationalization, together with consultancy services for interested enterprises;

v) consultancy services to Italian firms in order to take full advantage of the business opportunities generated by the programmes of the International Financial Institutions.

The effectiveness of promotional initiatives and of other services to sustain internationalization of firms notably depends on the ability of the entities in charge to

14 See the note by E. Trinca aned E. Bilotta "Foreign affiliates as a "platform" for exports", published in Chapter 9.

introduce appropriate methods for the evaluation of the quality of the results obtained. This involves their personnel in the implementation stage as well as the enterprises to which the services are rendered. ICE adopted a policy of service quality, based either on a Services Charter, containing the indication of minimum standards to be granted, or on ISO-9001 quality certifications. Furthermore, an Independent Evaluation Committee was established.

Recent studies on export promotion policies confirm the critical importance of the use of external evaluation methods of their effectiveness.[15]

Available empirical evidence, which is still at a preliminary stage, suggests, among other things, that the best results are achieved when promotional activities concern new goods and new markets and when they aim at stimulating the participation of new firms, rather than in increasing the export volumes of active exporters; furthermore, public-private cooperation programmes tend to be more successfull while full privatisation proves ineffective; support assistance must be temporary; activities carried out domestically are very important.

Interesting innovations have been recently developed as far as financial support instruments for the internationalisation. Simest, the Italian public investment bank, has introduced two new products: the first one aimed at increasing the solidity of capitalization of small and medium exporting firms; the second one aimed at promoting the participation of Italian firms in the European Union's companies, at prevailing market conditions and without facilitations, in order to develop Greenfield investment projects in high tech sectors. To better respond to the international trade recovery and to the growing need to cover risks, SACE, the Italian Export Credit Agency, strengthened its distribution network and has extended its supply of insurance guarantees for small and medium companies. Furthermore, in April 2011, a new Convention for the establishment of the so called "Export Bank" has been signed, regarding financial contributions by Cassa Depositi e Prestiti (a government financial institution), along with SACE's guarantees and the full involvement of the banking system, in the organization of financial operations for Italian exporting companies.

In order to further improve the quality and effectiveness of the internationalization support instruments managed by the various entities working in this field, there has been pressure to provide more effective coordination of their actions.

This problem exists at multiple levels. It concerns, first of all, the relationship between the State and the Regions; on this point the existing forms of collaboration do not seem able of maintaining the necessary consistency between local initiatives and the guiding principles established at a national level. In addition, the problem also manifests itself in the distribution of responsibilities among the different Ministries responsible for the country's foreign economic policy. Finally, it emerges in the relationship among operational entities, such as between ICE and the Chambers of Commerce.

In most European countries, government support to internationalisation was re-organized pointing to technical agencies with a high degree of autonomy

In other European countries such as France, Germany, Spain and the United Kingdom the method used to improve the coordination among policies for the support of internationalization was to establish one single technical agency, implementing the directives coming from political authorities in close cooperation with the companies. In this way an organizational model is established in which the ministerial structures are in charge of formulating and controlling policies, while concrete implementation of that policy is provided by technical agencies with a high degree of independence.

In Italy ICE was suppressed and its functions placed in the care of two Ministries

Taking a different view, Law 111/2011, which came into force while this Report was going to print, states, among its "Urgent provisions for financial stability", ICE's suppression and the transfer of its human and instrumental resources to both the Ministry of Foreign Affairs and the Ministry of Economic Development, pending their respective re-organizations.

15 See the review by L. De Benedictis "The evaluation of Export Promotion Agencies: methodology and results", published in Chapter 9.

This process, to be completed within the end of this year, could lead to a better solution. A technical agency with wide margins of autonomy, aimed at enhancing the wealth of the specialized knowledge accumulated by ICE during its eighty years of activity, also in Italy could well be the hub that solves the still open problems of reform and coordination among of existing instruments. The firms will then obtain a single voice, capable of effectively responding to their demand for promotional activities and internationalisation services, following the guidelines established by political authorities, at a national as well as at a local level.

Statistical tables

Table 1.1 - **World trade and foreign direct investment**[1]
Values in billions of dollars

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
					GOODS					
Value [2]	6,191	6,493	7,586	9,218	10,489	12,113	14,000	16,116	12,522	15,238
% change	-4.1	4.9	16.8	21.5	13.8	15.5	15.6	15.1	-22.3	21.7
					Percentage changes in the indices					
Volume index	-0.2	3.5	5.6	9.7	6.5	8.6	6.5	2.2	-12.0	14.5
Average unit value index	-3.9	1.3	10.7	10.9	6.9	6.5	8.7	12.8	-12.0	6.3
					COMMERCIAL SERVICES					
Value	1,485	1,599	1,834	2,230	2,496	2,832	3,409	3,840	3,384	3,664
% change	0.3	7.6	14.7	21.6	12.0	13.4	20.4	12.7	-11.9	8.3
					FOREIGN DIRECT INVESTMENT					
Value	824	625	561	718	959	1,411	1,833	1,697	1,141	1,122
As a percentage of world trade in goods and services	10.7	7.7	6.0	6.3	7.4	9.4	10.5	8.5	7.2	5.9

(1) Exports for goods and services, inflows for foreign directi investment. FDI for 2010 is estimated.

(2) Includes Hong Kong re-exports.

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

Table 1.2 - **Regional shares of world merchandise exports**
At current prices

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
European Union	39.9	40.6	41.7	41.0	39.1	38.1	38.6	37.0	37.3	33.9
Euro area	31.4	32.0	32.9	32.4	30.6	29.6	30.1	28.9	29.1	26.1
Other EU countries	8.5	8.7	8.8	8.6	8.5	8.5	8.4	8.2	8.1	7.8
Other European countries	4.7	5.2	5.3	5.5	6.0	6.1	6.3	6.9	6.3	6.4
Africa	2.2	2.2	2.3	2.4	2.7	2.9	2.9	3.4	2.9	3.0
North America	16.2	14.7	13.2	12.4	12.2	11.9	11.4	11.0	11.1	11.2
South and Central America	5.7	5.5	5.2	5.3	5.6	5.7	5.6	5.6	5.6	5.9
Middle East	3.8	3.5	3.7	4.2	4.7	5.2	5.1	6.4	5.1	5.4
Central Asia	1.3	1.3	1.4	1.4	1.6	1.7	1.8	2.0	2.0	2.1
East Asia (1)	24.8	25.6	25.9	26.5	26.8	27.1	27.0	26.4	28.1	30.4
Oceania and other territories	1.3	1.3	1.2	1.2	1.3	1.3	1.3	1.4	1.5	1.7
WORLD	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(1) Includes Taiwan. The data for exports and imports declared by Taiwan are not available in the IMF-DOTS database, but they are included in the flows for the world.
Sources: Based on IMF-DOTS data and, for Taiwan, Taiwan Directorate General of Customs data

Table 1.3 - **Regional shares of world merchandise imports**
At current prices

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
European Union	38.4	38.5	40.0	39.5	38.2	38.0	38.7	37.4	36.6	33.5
Euro area	29.1	29.0	30.3	29.9	28.8	28.5	28.8	28.0	27.6	25.2
Other EU countries	9.3	9.5	9.7	9.6	9.4	9.5	9.9	9.4	8.9	8.3
Other European countries	3.8	4.1	4.3	4.4	4.6	4.9	5.4	5.8	5.2	5.4
Africa	2.0	2.1	2.2	2.3	2.4	2.5	2.7	3.1	3.4	3.2
North America	22.3	21.9	20.3	19.3	19.4	18.7	17.0	15.8	15.4	15.6
South and Central America	6.3	5.7	5.0	5.0	5.2	5.4	5.5	5.8	6.0	6.2
Middle East	2.5	2.6	2.6	3.1	3.2	3.3	3.5	3.9	4.1	3.8
Central Asia	1.5	1.5	1.6	1.7	2.1	2.3	2.6	2.9	3.1	3.2
East Asia (1)	21.7	22.2	22.5	23.2	23.4	23.5	23.1	23.7	24.6	27.4
Oceania and other territories	1.3	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.7	1.7
WORLD	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(1) Includes Taiwan. The data for exports and imports declared by Taiwan are not available in the IMF-DOTS database, but they are included in the flows for the world.
Sources: Based on IMF-DOTS data and, for Taiwan, Taiwan Directorate General of Customs data

Table 1.4 - **Top twenty world merchandise exporters**
Billions of dollars

Rank 2010	Rank 2009	Country	Amount 2009	Amount 2010	% change 2009-2010	% shares 2009	% shares 2010
1	1	China	1,202	1,578	31.3	9.6	10.4
2	3	United States	1,056	1,278	21.0	8.4	8.4
3	2	Germany	1,120	1,269	13.3	8.9	8.3
4	4	Japan	581	770	32.6	4.6	5.1
5	5	Netherlands	498	572	14.9	4.0	3.8
6	6	France	485	521	7.4	3.9	3.4
7	9	South Korea	364	466	28.3	2.9	3.1
8	**7**	**Italy**	**407**	**448**	**10.1**	**3.2**	**2.9**
9	8	Belgium	370	411	11.2	3.0	2.7
10	10	United Kingdom	353	405	14.7	2.8	2.7
11	11	Hong Kong(1)	329	401	21.7	2.6	2.6
12	13	Russia	303	400	31.9	2.4	2.6
13	12	Canada	317	387	22.2	2.5	2.5
14	14	Singapore(1)	270	352	30.4	2.2	2.3
15	15	Mexico	230	298	29.9	1.8	2.0
16	17	Taiwan	204	275	34.8	1.6	1.8
17	18	Saudi Arabia(2)	192	254	32.1	1.5	1.7
18	16	Spain	227	245	7.6	1.8	1.6
19	19	United Arab Emirates (2)	185	235	27.0	1.5	1.5
20	-	India	165	216	31.1	1.3	1.4
		Total 20 countries	8,856	10,780	21.7	70.7	70.7
		World (1)	12,522	15,238	21.7	100.0	100.0

(1) Includes substantial re-export flows.
(2) WTO Secretariat estimates.
Source: Based on WTO data

Table 1.5 - **Top twenty world merchandise importers**
Billions of dollars

Rank 2010	Rank 2009	Country	Amount 2009	Amount 2010	% change 2009-2010	% shares 2009	% shares 2010
1	1	United States	1,605	1,968	22.6	12.8	12.9
2	2	China	1,006	1,395	38.7	8.0	9.2
3	3	Germany	926	1,067	15.2	7.4	7.0
4	5	Japan	552	693	25.5	4.4	4.5
5	4	France	560	606	8.2	4.5	4.0
6	6	United Kingdom	483	558	15.5	3.9	3.7
7	7	Netherlands	443	517	16.6	3.5	3.4
8	8	**Italy**	415	484	16.6	3.3	3.2
9	9	Hong Kong(1)	352	442	25.5	2.8	2.9
10	12	South Korea	323	425	31.6	2.6	2.8
11	11	Canada	330	402	21.7	2.6	2.6
12	10	Belgium	352	390	10.9	2.8	2.6
13	15	India	257	323	25.5	2.1	2.1
14	13	Spain	293	312	6.5	2.3	2.0
15	14	Singapore(2)	246	311	26.4	2.0	2.0
16	16	Mexico	242	311	28.6	1.9	2.0
17	18	Taiwan	174	251	44.1	1.4	1.6
18	17	Russia (3)	192	248	29.5	1.5	1.6
19	19	Australia	165	202	21.9	1.3	1.3
20	-	Brazil	134	191	43.2	1.1	1.3
		Total 20 countries	9,051	11,095	22.6	72.3	72.8
		World (1)	12,718	15,376	20.9	100.0	100.0

(1) Includes substantial re-export flows.
(2) For Singapore, defined as imports minus re-exports.
(3) Imports calculated FOB.
Source: Based on WTO data

Table 1.6 - Inward foreign direct investment: main recipient countries [1]
Amounts in billions of dollars at current prices

Rank (2009 flows)	Country	Flows - Amount				Stocks - Amount		% composition	
		media 00-07	2008	2009	2010[2]	2008	2009	2008	2009
1	United States	168	325	130	186	2,553	3,121	16.5	17.6
2	China [3]	60	108	95	101	378	473	2.4	2.7
3	France	59	62	60	57	921	1,133	5.9	6.4
4	Hong Kong	35	60	48	63	816	912	5.3	5.1
5	United Kingdom	98	91	46	46	981	1,125	6.3	6.3
6	Russia	16	75	39	40	214	252	1.4	1.4
7	Germany	60	24	36	34	666	702	4.3	4.0
8	Saudi Arabia	7	38	36	...	112	147	0.7	0.8
9	India	10	40	35	24	123	164	0.8	0.9
10	Belgium	51	110	34	50	671	830	4.3	4.7
11	**Italy**	**22**	**17**	**31**	**20**	**340**	**394**	**2.2**	**2.2**
12	Luxembourg	25	9	27	12	85	113	0.6	0.6
13	Netherlands	42	-8	27	-25	639	597	4.1	3.4
14	Brazil	21	45	26	30	288	401	1.9	2.3
15	British Virgin Islands	8	45	25	...	129	156	0.8	0.9
16	Ireland	8	-20	25	8	168	193	1.1	1.1
17	Australia	18	47	23	...	306	328	2.0	1.8
18	Canada	40	55	19	...	442	525	2.9	3.0
19	Singapore	19	11	17	37	327	344	2.1	1.9
20	Spain	35	73	15	16	623	671	4.0	3.8
	World	1,087	1,771	1,114	1,122	15,491	17,743	100.0	100.0

(1) Sorted according to 2009 data.
(2) Provisional data (data available at January 2011).
(3) Financial sector not included.
Source: Based on UNCTAD data

Table 1.7 - Outward foreign direct investment: main investitor countries[1]
Amounts in billions of dollars at current prices

Rank (2009 flows)	Country	Flows - Amount				Stocks - Amount		% composition	
		media 00-07	2008	2009	2010[2]	2008	2009	2008	2009
1	United States	182	330	248	325	3,104	4,303	19.2	22.7
2	France	102	161	147	123	1,308	1,720	8.1	9.1
3	Germany	62	135	78	105	1,316	1,378	8.1	7.3
4	Japan	41	128	75	57	680	741	4.2	3.9
5	Hong Kong	34	51	64	76	762	834	4.7	4.4
6	China	9	52	57	68	148	230	0.9	1.2
7	United Kingdom	123	161	44	25	1,531	1,652	9.4	8.7
8	Russia	14	56	44	52	203	249	1.3	1.3
9	**Italy**	**32**	**44**	**39**	**23**	**511**	**578**	**3.2**	**3.0**
10	Canada	38	81	39	37	524	567	3.2	3.0
11	Norway	11	30	34	9	130	165	0.8	0.9
12	Switzerland	37	51	33	58	760	805	4.7	4.2
13	Netherlands	57	20	27	32	821	851	5.1	4.5
14	British Virgin Islands	16	39	27	...	198	225	1.2	1.2
15	Sweden	24	28	26	30	317	367	2.0	1.9
16	Ireland	12	14	24	16	172	192	1.1	1.0
17	Luxembourg	35	17	19	18	63	78	0.4	0.4
18	Australia	8	33	16	25	240	344	1.5	1.8
19	Denmark	10	14	16	...	188	216	1.2	1.1
20	Spain	62	75	10	22	596	646	3.7	3.4
	World	1,073	1,929	1,189	1,346	16,207	18,982	100.0	100.0

(1) Sorted according to 2009 data.
(2) Provisional data (data available at April 2011).
(3) Financial sector not included.
Source: Based on UNCTAD data

Table 1.8 - Shares of world trade(1) and trade balances
Percentage shares and amounts in billions of ecus/euros

	2005	2006	2007	2008	2009	2010
			European Union (2)			
Export share (%)	17.1	16.4	16.4	15.9	16.2	15.0
Import share (%)	18.0	18.2	18.4	18.4	17.4	16.5
Trade balance	-112.1	-172.2	-192.9	-255.1	-108.1	-143.3
Normalized trade balance(3)	-5.0	-6.8	-7.2	-8.9	-4.7	-5.0
			United States			
Export share (%)	11.6	11.3	11.1	10.6	11.2	10.8
Import share (%)	21.2	20.4	19.0	17.3	16.6	16.4
Trade balance	-668.5	-710.5	-636.4	-599.7	-393.8	-520.4
Normalized trade balance(3)	-31.6	-30.3	-27.5	-25.5	-20.6	-21.3
			Japan			
Export share (%)	7.6	7.1	6.9	6.4	6.1	6.5
Import share (%)	6.3	6.2	5.8	6.1	5.7	5.8
Trade balance	63.6	53.9	67.2	12.8	20.6	58.2
Normalized trade balance(3)	7.1	5.5	6.9	1.2	2.5	5.3
			China			
Export share (%)	9.8	10.7	11.8	11.8	12.7	13.3
Import share (%)	8.1	8.4	9.0	9.0	10.4	11.6
Trade balance	82.0	141.4	192.9	202.7	140.3	137.8
Normalized trade balance(3)	7.2	10.1	12.1	11.6	8.9	6.1
			World(4)			
Exports	6,266	7,212	7,555	8,243	6,781	8,960
Imports	6,560	7,470	7,774	8,517	6,922	9,064

(1) Excludes intra-UE trade.
(2) Refers to EU-25 from 2005 to 2006 and EU-27 from 2007 on.
(3) Trade balance as percentage of the sum of exports and imports.
(4) Excludes intra-EU trade. The difference between exports and imports is due to statistical discrepancies.
Sources: Based on WTO and Eurostat-Comext data

Table 2.1 - Balance of payments
Millions of euros

	2008	2009	2010
Current account	**-45,506**	**-30,283**	**-53,509**
Capital account	**-184**	**-91**	**-544**
Financial account	**31,414**	**37,334**	**88,722**
Direct investment	-53,136	-863	-8,692
abroad	*-45,739*	*-15,315*	*-15,863*
in Italy	*-7,397*	*14,452*	*7,171*
Portfolio investment	75,216	28,061	38,468
abroad	*68,670*	*-38,541*	*-31,285*
in Italy	*6,546*	*66,602*	*69,753*
Other investment	13,011	5,725	57,563
Financial derivatives	1,899	4,332	2,416
Change in reserve assets	-5,576	79	-1,033
Errors and omissions	14,276	-6,961	-34,670

Current account balance

	2008	2009	2010
Goods (FOB-FOB)	**-2,129**	**823**	**-20,403**
Services	**-8,606**	**-8,435**	**-8,819**
Transport	-7,940	-7,006	-8,375
Foreign travel	10,168	8,841	8,841
Other services	-10,834	-10,270	-9,285
Income	**-19,354**	**-10,406**	**-8,215**
Labor income	848	865	2,038
Investment income	-20,202	-11,271	-10,253
Transfers	**-15,417**	**-12,264**	**-16,073**
Private	-5,618	-4,866	-5,614
worker's remittances	-5,949	-6,340	-6,137
other	331	1,474	523
Public	-9,799	-7,398	-10,459
EU accounts	-9,907	-6,980	-10,108
other	108	-418	-351
Current account	**-45,506**	**-30,283**	**-53,509**

Source: Bank of Italy

Table 2.2 - Italy's foreign trade (FOB-CIF)

	2006	2007	2008	2009	2010 (1)
Exports FOB					
millions of euros	332,013	364,744	369,016	291,733	337,810
% change	10.7	9.9	1.2	-20.9	15.8
Imports CIF					
millions of euros	352,465	373,340	382,050	297,609	367,122
% change	14.0	5.9	2.3	-22.1	23.4
Trade balance					
millions of euros	-20,452	-8,596	-13,035	-5,876	-29,312
change in amount	-11,083	11,856	-4,439	7,159	-23,436
Normalized trade balance (2)	-3.0	-1.2	-1.7	-1.0	-4.2
Exports: % change in average unit values (2005=100)	5.2	5.0	5.6	-2.0	6.1
Imports: % change in average unit values (2005=100)	9.6	2.9	9.0	-10.0	10.7
Exports: % change in volume (2005=100)	5.2	4.7	-4.3	-19.4	9.2
Imports: % change in volume (2005=100)	4.0	2.9	-6.1	-13.4	11.5
Terms of trade (3) (% change)	-4.0	2.1	-3.1	8.9	-4.1
Real cover ratio (4) (% change)	1.2	1.7	1.9	-6.8	-2.1

(1) Provisional data for 2010. Istat will release final data following adjustment and additions to the data on trade with EU countries. The data on average unit values remain unchanged.

(2) Trade balance as a percentage of the sum of imports and exports.

(3) Ratio of average unit values of exports to those of imports.

(4) Ratio of export volume index to import volume index.

Source: Based on Istat data

Table 2.3 - **Constant-market-share analysis of Italy's share of world imports(1)(2)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-2010
Market share	3.67	3.70	3.77	3.63	3.37	3.24	3.39	3.26	3.24	2.91	
change		0.03	0.07	-0.14	-0.25	-0.13	0.15	-0.14	-0.02	-0.33	-0.66
Competitiveness effect		-0.03	-0.02	-0.05	-0.14	-0.03	0.01	-0.05	-0.02	-0.08	-0.47
Structure effect		0.09	0.10	-0.07	-0.19	-0.07	0.16	-0.10	0.04	-0.25	-0.18
sectoral		*0.03*	*-0.02*	*-0.08*	*-0.12*	*-0.06*	*0.07*	*-0.13*	*0.09*	*-0.15*	*0.31*
geographical		*0.00*	*0.10*	*0.00*	*-0.05*	*-0.03*	*0.07*	*0.02*	*-0.01*	*-0.14*	*0.02*
interaction		*0.06*	*0.01*	*0.01*	*-0.02*	*0.02*	*0.03*	*0.01*	*-0.04*	*0.05*	*0.11*
Adaptation effect		-0.02	-0.01	-0.02	0.07	-0.03	-0.02	0.01	-0.04	0.00	-0.02

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-2010
Market share	11.91	11.71	11.58	11.26	11.01	10.85	10.96	10.98	10.68	10.44	
change		-0.20	-0.13	-0.32	-0.24	-0.16	0.11	0.02	-0.30	-0.24	-1.47
Competitiveness effect		-0.16	-0.07	-0.04	-0.25	0.12	0.01	-0.01	-0.08	0.01	-0.47
Structure effect		0.13	-0.01	-0.19	-0.25	-0.22	0.13	0.05	-0.15	-0.24	-0.73
sectoral		*0.00*	*-0.09*	*-0.20*	*-0.18*	*-0.17*	*0.12*	*0.05*	*-0.10*	*-0.20*	*-0.77*
geographical		*-0.06*	*0.07*	*0.02*	*0.01*	*-0.06*	*0.03*	*0.17*	*0.01*	*-0.02*	*0.17*
interaction		*0.20*	*0.00*	*-0.01*	*-0.07*	*0.02*	*-0.02*	*-0.17*	*-0.07*	*-0.02*	*-0.13*
Adaptation effect		-0.17	-0.05	-0.09	0.25	-0.06	-0.04	-0.02	-0.07	-0.01	-0.27
sectoral	*0.18*	*0.02*	*0.01*	*0.00*	*0.16*	*-0.02*	*0.02*	*-0.02*	*-0.03*	*0.00*	*0.16*
geographical	*0.00*	*-0.01*	*0.00*	*-0.01*	*0.00*	*-0.01*	*-0.01*	*-0.02*	*0.00*	*0.00*	*-0.06*
residual	*0.02*	*-0.19*	*-0.06*	*-0.08*	*0.09*	*-0.04*	*-0.06*	*0.03*	*-0.04*	*-0.01*	*-0.36*

(1) The "world" consists of the 27 European Union countries plus Argentina, Brazil, Canada, China, Hong Kong, India, Japan, Malaysia, Mexico, Philippines, South Korea, Switzerland, Taiwan, Turkey and United States.

(2) The competitiveness effect is the weighted average of the changes in the elementary shares; it can be considered to reflect the changes in relative prices and in the other determinants of competitive success. The structure effect depends on the degree of conformity between the geographical and sectoral specialization of the country whose share is analyzed and the changes in the composition of demand in the market in question, while the adaptation effect measures flexibility with respect to such changes.

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

Table 2.4 - Italy's foreign trade by geographical region and with the main countries
Millions of euros

	Exports			Imports			Balance		
	2010 (3)	% share	% change in value 2009-10	2010 (3)	% share	% change in value 2009-10	2009	2010 (3)	Normalized 2010 (%)
European Union (1)	193,654	57.3	15.2	201,531	54.9	17.9	-2,804	-7,877	-2.0
France	39,079	11.6	15.0	30,527	8.3	15.8	7,632	8,551	12.3
Germany	43,897	13.0	18.8	58,531	15.9	17.8	-12,758	-14,634	-14.3
Spain	19,581	5.8	17.4	16,660	4.5	26.8	3,539	2,921	8.1
United Kingdom	18,068	5.3	20.8	12,147	3.3	23.7	5,136	5,921	19.6
Non-EU Europe	40,795	12.1	19.6	37,719	10.3	12.4	536	3,076	3.9
Russia	7,908	2.3	23.0	13,053	3.6	7.5	-5,710	-5,145	-24.5
Switzerland	16,041	4.7	18.3	11,908	3.2	14.2	3,135	4,134	14.8
North Africa	13,385	4.0	15.9	24,538	6.7	21.6	-8,640	-11,153	-29.4
Other African countries	4,443	1.3	-2.1	5,691	1.6	31.7	219	-1,248	-12.3
North America	22,713	6.7	18.5	12,638	3.4	18.8	8,529	10,075	28.5
United States	20,333	6.0	18.9	11,140	3.0	17.7	7,636	9,194	29.2
South and Central America	11,099	3.3	23.0	9,922	2.7	35.9	1,725	1,178	5.6
Brazil	3,880	1.1	44.1	3,314	0.9	37.2	278	566	7.9
Mercosur	5,030	1.5	47.5	4,939	1.3	32.1	-328	91	0.9
Middle East	16,140	4.8	6.9	20,993	5.7	74.1	3,036	-4,853	-13.1
Central and South Asia	5,681	1.7	11.7	8,012	2.2	45.2	-433	-2,331	-17.0
India	3,387	1.0	23.8	3,823	1.0	31.6	-169	-437	-6.1
East Asia	24,559	7.3	20.2	44,245	12.1	40.1	-11,138	-19,686	-28.6
China	8,610	2.5	29.9	28,790	7.8	48.9	-12,705	-20,180	-54.0
Japan	4,032	1.2	8.5	4,288	1.2	10.0	-185	-257	-3.1
DAEs (2)	10,302	3.0	17.9	7,763	2.1	35.3	3,001	2,539	14.1
Oceania	3,146	0.9	13.5	1,177	0.3	19.3	1,787	1,970	45.6
World	337,810	100.0	15.8	367,122	100.0	23.4	-5,876	-29,312	-4.2

(1) The data include ship's stores.
(2) Hong Kong, Malaysia, Singapore, South Korea, Taiwan e Thailand.
(3) Provisional data.
Source: Based on Istat data

Table 2.5 - Size of the markets and Italy's shares
At current prices

	Size of the markets[1]		Italy's shares[2]				
	2006	2010	2006	2007	2008	2009	2010
European Union	37.8	33.4	5.5	5.6	5.1	5.1	4.9
France	4.4	3.9	8.9	9.0	8.4	8.3	8.3
Germany	7.3	6.8	6.3	6.4	6.0	5.8	5.6
United Kingdom	4.5	3.5	4.7	4.7	4.3	4.1	4.2
Spain	2.7	2.0	9.4	9.8	8.7	8.1	8.1
Non-EU Europe	4.7	5.3	7.1	6.7	6.5	7.1	6.5
Russia	1.0	1.5	5.8	5.7	5.3	5.5	5.0
Switzerland	1.1	1.1	9.6	9.5	9.6	9.7	10.1
North Africa	0.7	1.2	10.2	10.5	11.2	10.6	10.5
Other African countries	1.7	2.0	2.8	2.8	2.4	2.7	2.2
North America	19.0	15.8	1.6	1.6	1.6	1.5	1.3
United States	15.8	13.0	1.7	1.8	1.7	1.6	1.4
South and Central America	5.4	6.2	2.0	2.3	2.1	1.9	1.7
Middle East	3.2	3.8	4.6	4.9	4.5	4.4	3.9
Central and South Asia	2.2	3.2	1.9	1.8	1.6	1.9	1.6
East Asia	23.6	27.5	1.0	1.0	0.9	1.0	0.8
China	6.4	9.1	1.0	1.0	1.0	1.0	0.9
Japan	4.8	4.5	1.1	1.0	0.9	1.1	0.9
Oceania	1.5	1.6	2.3	2.4	2.3	2.0	1.7
World	100.0	100.0	3.5	3.6	3.4	3.3	3.0

(1) World exports to each market as a percentage of total world exports.
(2) Italy's percentage share of exports to each market.
Sources: Based on IMF-DOTS data and, for Taiwan, Taiwan Directorate General of Customs data

Table 2.6 - Italian exports: top 20 countries of destination in 2010

		Rank in 2009	Value (millions of euros)	% change	Percentage shares		Cumulative percentage
		2009	2010	2009-10	2009	2010	2010
1	Germany	1	43,900	18.8	12.7	13.0	13.0
2	France	2	39,081	15.0	11.6	11.6	24.6
3	United States	3	20,334	18.9	5.9	6.0	30.6
4	Spain	4	19,583	17.4	5.7	5.8	36.4
5	United Kingdom	5	18,070	20.8	5.1	5.3	41.7
6	Switzerland	6	16,043	18.3	4.6	4.7	46.5
7	Belgium	7	8,666	7.9	2.8	2.6	49.0
8	China	11	8,625	30.1	2.3	2.6	51.6
9	Poland	8	8,543	7.9	2.7	2.5	54.1
10	Netherlands	9	8,359	17.6	2.4	2.5	56.6
11	Austria	10	8,070	15.9	2.4	2.4	59.0
12	Turkey	14	8,033	42.1	1.9	2.4	61.4
13	Russia	12	7,909	23.0	2.2	2.3	63.7
14	Greece	13	5,462	-11.0	2.1	1.6	65.3
15	Romania	15	5,170	22.7	1.4	1.5	66.8
16	Japan	18	4,032	8.6	1.3	1.2	68.0
17	Brazil	24	3,882	44.1	0.9	1.1	69.2
18	United Arab Emirates	17	3,686	-1.9	1.3	1.1	70.3
19	Hong Kong	23	3,611	33.7	0.9	1.1	71.3
20	Czech Republic	19	3,580	19.2	1.0	1.1	72.4
	Other countries		93,257	11.6	28.6	27.6	
	World		**337,898**	**15.8**	**100.0**	**100.0**	**100.0**

Source: Based on Istat data

Table 2.7 - Italian imports: top 20 countries of origin in 2010

		Rank in 2009	Value (millions of euros)	% change	Percentage shares		Cumulative percentage
		2009	2010	2009-10	2009	2010	2010
1	Germany	1	58,541	17.8	16.7	15.9	15.9
2	France	2	30,529	15.8	8.9	8.3	24.3
3	China	3	28,796	48.9	6.5	7.8	32.1
4	Netherlands	4	19,612	15.9	5.7	5.3	37.4
5	Spain	5	16,665	26.8	4.4	4.5	42.0
6	Belgium	7	13,371	11.8	4.0	3.6	45.6
7	Russia	6	13,053	7.5	4.1	3.6	49.2
8	United Kingdom	10	12,148	23.7	3.3	3.3	52.5
9	Switzerland	8	11,909	14.2	3.5	3.2	55.7
10	Libya	9	11,864	15.8	3.4	3.2	59.0
11	United States	11	11,126	17.6	3.2	3.0	62.0
12	Austria	12	9,055	26.0	2.4	2.5	64.5
13	Algeria	14	7,914	31.0	2.0	2.2	66.6
14	Poland	13	7,192	8.4	2.2	2.0	68.6
15	Azerbaijan	19	5,338	64.4	1.1	1.5	70.0
16	Turkey	15	5,160	16.7	1.5	1.4	71.4
17	Iran	31	4,749	141.2	0.7	1.3	72.7
18	Romania	17	4,526	21.0	1.3	1.2	74.0
19	Czech Republic	18	4,346	30.4	1.1	1.2	75.1
20	Japan	16	4,288	10.0	1.3	1.2	76.3
	Other countries		86,969	28.6	22.7	23.7	
	World		**367,151**	**23.4**	**100.0**	**100.0**	**100.0**

Source: Based on Istat data

Table 2.8 - **Italy's foreign trade by sector**
Amounts in millions of euros and % changes

	Exports				Imports				Balance	
	2010 (1)	% weight	% change 2004-09(2)	% change 2009-2010	2010 (1)	% weight	% change 2004-09(2)	% change 2009-2010	2009	2010 (1)
PRODUCTS OF AGRICULTURE, FISHING AND FORESTRY	5,598	1.7	3.9	21.3	11,107	3.0	1.0	14.4	-5,092	-5,509
MINING PRODUCTS	1,307	0.4	6.0	27.6	59,438	16.2	7.3	32.2	-43,928	-58,131
Crude oil and natural gas	608	0.2	14.3	15.4	54,478	14.8	8.2	31.2	-41,001	-53,870
MANUFACTURING PRODUCTS	322,262	95.7	0.4	16.3	282,916	77.1	-0.2	22.5	46,080	39,346
Food products, beverages and tobacco	22,168	6.6	10.0	10.7	25,259	6.9	3.0	11.5	-2,622	-3,092
Textiles	8,969	2.7	-7.6	14.8	6,042	1.6	-3.5	29.2	3,135	2,926
Clothing (incl. in leather and fur)	14,962	4.4	-0.8	7.1	11,952	3.3	4.4	9.7	3,074	3,010
Leather products (excluding clothing)	13,346	4.0	-1.8	18.0	7,822	2.1	0.4	24.8	5,042	5,524
Footwear	6,926	2.1	-2.3	12.8	4,251	1.2	2.0	17.1	2,511	2,675
Wood and wood products (excluding furniture); products of straw and woven materials	1,396	0.4	-3.0	17.4	3,379	0.9	-4.1	20.4	-1,617	-1,983
Paper and paper products	5,704	1.7	0.6	15.9	6,567	1.8	-1.4	28.5	-188	-863
Coke, refined petroleum products	14,703	4.4	8.2	58.1	8,549	2.3	4.3	46.4	3,460	6,154
Chemical substances and products	22,546	6.7	0.1	26.3	32,067	8.7	-1.1	24.3	-7,951	-9,521
Pharmaceutical, medicinal and botanical products	13,958	4.1	4.7	14.9	17,318	4.7	8.0	7.0	-4,034	-3,360
Rubber and plastic products	12,348	3.7	-0.4	17.3	7,860	2.1	1.4	22.4	4,106	4,488
Non metallic mineral products	8,475	2.5	-3.5	10.4	3,435	0.9	-0.9	16.7	4,735	5,040
Basic metal products and fabricated metal products excluding machinery and equipment	39,324	11.7	3.2	21.8	36,069	9.8	-2.5	46.0	7,569	3,255
Iron and steel products	23,324	6.9	3.5	32.7	29,405	8.0	-3.6	52.3	-1,733	-6,081
Fabricated metal products	16,000	4.8	2.8	8.9	6,664	1.8	2.1	23.5	9,302	9,336
Computers, electronic and optical apparatus	11,568	3.4	-6.2	19.9	32,587	8.9	-2.3	42.6	-13,203	-21,019
Electrical apparatus	19,370	5.8	-0.6	12.2	13,255	3.6	2.3	26.3	6,766	6,115
Mechanical machinery and equipment	60,040	17.8	1.9	9.1	22,373	6.1	-2.5	18.6	36,148	37,666
Transport equipment	34,433	10.2	-1.1	16.7	37,754	10.3	-2.3	6.5	-5,963	-3,321
Motor vehicles and trailers	22,559	6.7	-3.6	23.7	30,785	8.4	-2.5	3.7	-11,448	-8,227
Other transport equipment	11,875	3.5	4.2	5.4	6,969	1.9	-1.3	20.5	5,485	4,906
Other manufactured products	18,908	5.6	-1.9	14.1	10,591	2.9	3.7	18.2	7,612	8,317
Furniture	7,754	2.3	-3.5	6.4	1,784	0.5	4.6	15.6	5,743	5,969
Others	11,154	3.3	-0.5	20.1	8,807	2.4	3.5	18.7	1,870	2,348
OTHER PRODUCTS	8,643	2.6	2.6	-4.2	13,661	3.7	0.0	14.2	-2,936	-5,018
TOTAL	**337,810**	**100.0**	**0.5**	**15.8**	**367,122**	**100.0**	**0.8**	**23.4**	**-5,876**	**-29,312**

(1) Provisional data.
(2) Average annual growth rate 2004-2009.
Source: Based on Istat data

Table 2.9 - **Volumes and prices of Italian exports and imports by sector**
Percentage changes, between 2009 and 2010

	EXPORTS		IMPORTS		RELATIVE VOLUMES(1)		TERMS OF TRADE(2)	
	Volumes	Average unit values	Volumes	Average unit values	2009	2010 (3)	2009	2010 (3)
PRODUCTS OF AGRICULTURE, FISHING AND FORESTRY	14.9	5.6	8.0	5.9	106.7	113.5	100.4	100.1
MINING PRODUCTS	8.1	18.0	5.9	24.8	104.5	106.7	96.0	90.7
MANUFACTURING PRODUCTS	9.8	5.9	13.7	7.8	97.7	94.4	104.7	102.9
Food products, beverages and tobacco	8.8	1.7	7.3	3.9	105.7	107.2	104.3	102.1
Textiles	10.2	4.2	17.0	10.4	84.3	79.4	99.3	93.7
Clothing (incl. in leather and fur)	2.6	4.4	5.4	4.0	80.8	78.6	102.4	102.8
Leather products (excluding clothing)	12.9	4.5	14.5	9.0	94.0	92.7	101.5	97.3
Footwear	9.7	2.8	14.0	2.7	82.7	79.6	106.3	106.4
Wood and wood products (excluding furniture); products of straw and woven materials	15.5	1.6	13.2	6.4	110.7	112.9	98.9	94.5
Paper and paper products	11.6	3.9	15.6	11.1	110.5	106.6	99.6	93.1
Coke, refined petroleum products	16.4	35.8	6.1	37.9	97.9	107.3	93.2	91.8
Chemical substances and products	16.1	8.7	8.4	14.6	101.5	108.7	103.2	97.8
Pharmaceutical, medicinal and botanical products	14.6	0.3	1.1	5.8	77.3	87.6	103.8	98.4
Rubber and plastic products	12.2	4.5	16.1	5.4	92.9	89.8	98.8	98.0
Non metallic mineral products	7.5	2.7	12.0	4.2	92.7	89.0	100.4	98.9
Terracotta building materials	2.7	3.5	23.4	6.3	84.0	69.9	108.3	105.4
Basic metal products and fabricated metal products excluding machinery and equipment	10.2	10.5	19.2	22.5	131.4	121.5	99.6	89.9
Iron and steel products	14.9	15.5	21.1	25.7	139.9	132.7	96.6	88.7
Fabricated metal products	5.4	3.3	14.4	8.0	101.4	93.4	102.6	98.2
Computers, electronic and optical apparatus	16.3	3.1	48.3	-3.9	63.4	49.7	126.4	135.5
Electrical apparatus	7.7	4.2	18.6	6.5	85.1	77.3	103.7	101.4
Mechanical machinery and equipment	5.3	3.7	12.1	5.8	119.1	111.8	101.6	99.6
Transport equipment	14.5	1.9	6.0	0.4	101.6	109.7	105.9	107.5
Motor vehicles and trailers	21.9	1.5	3.8	-0.1	90.0	105.7	105.6	107.2
Other transport equipment	2.2	3.1	15.0	4.8	124.1	110.3	104.8	103.1
Other manufactured products	9.9	3.8	13.1	4.5	81.9	79.7	102.8	102.1
Furniture	2.9	3.5	13.7	1.7	72.8	65.9	107.9	109.7
Others	15.4	4.1	13.1	5.0	85.5	87.3	102.4	101.5
TOTAL	**9.1**	**6.1**	**11.5**	**10.7**	**97.7**	**95.7**	**103.4**	**99.2**

(1) Export volume index as a percentage of import volume index (real cover ratio), (2005 = 100).
(2) Export average unit value as a percentage of import average unit value index, (2005 = 100).
(3) Provisional data.
Source: Based on Istat data

Table 2.10 - World exports and Italy's market shares

	Incidence on world exports(1)			Italy's market shares						
	2004	2009	2010	2004	2005	2006	2007	2008	2009	2010
PRODUCTS OF AGRICULTURE, FISHING AND FORESTRY	2.5	2.9	2.8	2.1	2.6	2.3	2.4	2.2	2.1	2.0
MINING PRODUCTS	8.3	10.8	11.7	0.1	0.2	0.1	0.2	0.2	0.2	0.2
MANUFACTURING PRODUCTS	85.2	82.5	81.6	4.5	4.2	4.2	4.4	4.3	4.0	3.7
Food products, beverages and tobacco	5.1	5.8	5.3	4.3	4.2	4.2	4.1	4.1	4.2	3.9
Textiles	2.3	1.9	1.7	7.2	7.0	6.8	6.6	6.1	5.2	5.1
Clothing (incl. in leather and fur)	3.0	2.8	2.5	6.9	6.7	6.4	6.6	6.9	6.1	5.6
Leather products (excluding clothing)	1.2	1.1	1.1	14.8	13.7	13.4	13.7	13.3	12.1	11.3
Footwear	0.7	0.7	0.7	14.5	13.1	12.8	12.8	12.4	10.9	10.0
Wood and wood products (excluding furniture); products of straw and woven materials	1.0	0.7	0.6	1.9	1.7	1.8	2.0	2.2	2.1	2.0
Paper and paper products	1.7	1.5	1.4	3.9	4.0	3.9	4.0	3.9	4.0	3.8
Coke, refined petroleum products	2.9	3.9	4.3	3.1	3.1	3.0	3.4	3.1	2.9	3.2
Chemical substances and products	7.7	7.7	7.8	2.9	3.0	2.9	2.9	2.8	2.7	2.6
Pharmaceutical, medicinal and botanical products	3.0	4.1	3.6	4.5	4.7	4.4	4.2	3.9	3.6	3.6
Rubber and plastic products	2.4	2.4	2.3	6.4	5.9	5.8	5.8	5.7	5.3	4.9
Non metallic mineral products	1.3	1.3	1.2	10.2	9.3	8.5	8.4	8.1	7.6	6.8
Basic metal products and fabricated metal products excluding machinery and equipment	7.9	8.0	8.4	4.8	4.7	4.6	4.7	4.6	4.6	4.2
Iron and steel products	5.5	5.6	6.2	3.7	3.8	3.8	3.9	3.9	3.8	3.5
Fabricated metal products	2.3	2.4	2.2	7.3	6.9	6.8	6.8	6.6	6.5	6.2
Computers, electronic and optical apparatus	13.6	12.7	12.8	1.1	1.0	0.9	1.0	0.9	0.9	0.8
Electrical apparatus	4.7	4.6	4.6	5.4	5.2	5.1	5.3	5.2	4.8	4.3
Mechanical machinery and equipment	10.6	9.3	9.1	7.0	6.7	6.7	7.3	7.3	7.2	6.3
Transport equipment	13.2	11.0	11.2	3.3	3.0	3.1	3.4	3.5	3.2	2.9
Motor vehicles and trailers	9.8	7.3	7.7	3.2	2.9	3.1	3.3	3.3	3.0	2.8
Other transport equipment	3.4	3.7	3.5	5.4	5.1	4.5	5.9	4.7	4.5	3.8
Other manufactured products	3.6	3.8	3.6	7.2	6.5	6.4	6.5	6.1	5.3	5.0
Furniture	0.9	0.9	0.8	13.0	11.7	11.2	11.1	10.9	9.8	8.8
Jewelry; precious stones	0.9	0.9	0.9	6.6	5.9	5.8	5.8	5.5	5.0	4.5
Medical and dental instruments and supplies	0.9	1.1	1.0	4.9	4.9	5.1	5.2	4.8	4.1	4.1
Other products	4.0	3.8	3.9	3.7	1.7	1.5	1.7	1.7	1.8	1.7
TOTAL	**100.0**	**100.0**	**100.0**	**4.0**	**3.7**	**3.6**	**3.7**	**3.6**	**3.5**	**3.2**

(1) In the absence of update official data, world exports are approximated by summing the exports of 49 countries (the EU-27 plus Argentina, Australia, Brazil, Canada, Chile, China, Colombia, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Norway, Perù, Philippines, South Africa, South Korea, Switzerland, Taiwan, Turkey and United States) with their imports from the rest of the world.

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

Table 2.11 - Merchandise exports of the Italian regions(1)
Amounts in millions of euros

	Amounts	%change				Share of Italian exports (%)			
	2010	2007	2008	2009	2010	2007	2008	2009	2010
North-West	**134,856**	**9.0**	**2.1**	**-20.1**	**14.1**	**40.5**	**40.9**	**41.3**	**40.5**
Piedmont	34,451	6.8	1.8	-21.7	15.9	10.4	10.5	10.4	10.3
Valle d'Aosta	621	48.6	-18.0	-36.4	36.2	0.2	0.2	0.2	0.2
Lombardy	93,938	9.5	2.0	-21.0	14.2	28.5	28.7	28.8	28.2
Liguria	5,845	12.2	10.0	10.4	1.9	1.3	1.4	2.0	1.8
North-East	**105,753**	**10.6**	**1.3**	**-21.7**	**15.4**	**32.3**	**32.3**	**32.0**	**31.8**
Trentino-Alto Adige	6,148	8.7	0.0	-16.8	19.5	1.7	1.7	1.8	1.8
Veneto	45,598	9.2	-1.1	-21.5	16.2	14.1	13.8	13.7	13.7
Friuli-Venezia Giulia	11,674	12.1	6.7	-18.9	8.7	3.5	3.7	3.8	3.5
Emilia-Romagna	42,333	12.0	2.6	-23.3	16.1	12.9	13.1	12.8	12.7
Center	**53,527**	**8.7**	**-4.1**	**-15.3**	**17.4**	**15.7**	**14.9**	**15.9**	**16.1**
Tuscany	26,547	7.9	-4.8	-9.0	15.4	7.4	7.0	8.0	8.0
Umbria	3,132	11.8	-6.3	-22.3	18.5	1.0	0.9	0.9	0.9
Marche	8,892	7.8	-14.4	-25.0	11.1	3.5	2.9	2.8	2.7
Lazio	14,957	10.2	7.4	-17.5	25.2	3.8	4.0	4.2	4.5
South and Islands	**38,769**	**12.9**	**4.5**	**-29.3**	**26.3**	**11.6**	**12.0**	**10.7**	**11.6**
Abruzzo	6,274	11.9	4.3	-31.6	20.0	2.0	2.1	1.8	1.9
Molise	417	2.5	2.2	-35.2	0.0	0.2	0.2	0.1	0.1
Campania	8,932	12.5	-0.1	-16.1	12.8	2.6	2.6	2.8	2.7
Puglia	6,906	4.6	3.4	-22.7	20.1	2.0	2.1	2.0	2.1
Basilicata	1,443	22.0	-6.5	-22.4	-5.3	0.6	0.5	0.5	0.4
Calabria	342	30.9	-8.9	-16.4	4.4	0.1	0.1	0.1	0.1
Sicily	9,228	21.6	3.8	-37.7	47.8	2.7	2.8	2.2	2.8
Sardinia	5,226	9.0	23.9	-44.0	59.4	1.3	1.6	1.1	1.6
Total regions	**332,904**	**9.9**	**1.1**	**-21.0**	**16.4**	**100.0**	**100.0**	**100.0**	**100.0**

(1) Since 2004 the data on the region's trade with European Union only includes the flows that are recorded monthly. The regional exports shown here therefore do not include minor intra-EU flows recorded quarterly and yearly and reported under the item "Sundry and unspecified provinces", and the regional shares are calculated accordingly.

Source: Based on Istat data

Table 2.12 - Internationalization of Italian firms
Exports in millions of euros

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010(1)
No. of exporting firms	188,915	191,016	195,910	196,973	198,351	201,680	206,795	204,619	205,643	194,255	205,974
% change	....	1.1	2.6	0.5	0.7	1.7	2.5	-1.1	0.5	-5.5	6.0
Exports(2)	254,081	266,435	266,571	262,057	281,877	296,954	328,715	359,981	364,275	286,281	332,116
% change	....	4.9	0.1	-1.7	7.6	5.3	10.7	9.5	1.2	-21.4	16.0
No. of foreign affiliates	16,477	17,970	18,518	19,187	19,875	20,644	21,674	23,170	23,759	24,143	....
% change	....	9.1	3.0	3.6	3.6	3.9	5.0	6.9	2.5	1.6	....
No. of workers abroad	1,152,365	1,233,643	1,221,424	1,220,116	1,210,994	1,213,351	1,273,876	1,375,769	1,394,457	1,414,689	....
% change	....	7.1	-1.0	-0.1	-0.7	0.2	5.0	8.0	1.4	1.5	....

(1) Provisional data.

(2) Exports in this table differ from those in the other tables because this table only takes account of the exports of identified exporting firms.

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

Table 2.13 - **Exports by firm size class and geographical region**
Percentage composition by size of workforce; millions of euros for regional totals

	2008						2009					
	1-9 workers	10-49 workers	50-249 workers	250 + workers	Unspecified workers(1)	Total	1-9 workers	10-49 workers	50-249 workers	250 + workers	Unspecified workers(1)	Total
Europe	6.0	18.2	29.4	45.4	1.0	254,807	7.1	18.2	29.4	44.2	1.0	197,242
North Africa	9.1	17.8	21.2	51.3	0.5	12,739	9.8	17.4	27.0	45.4	0.3	10,944
Other African countries	10.7	23.6	26.2	39.1	0.4	4,465	10.5	26.6	21.4	41.2	0.2	4,331
North America	4.8	16.1	28.0	50.8	0.3	24,588	4.7	15.1	30.1	49.6	0.4	18,187
South and Central America	5.4	15.2	24.5	54.6	0.3	11,827	5.6	16.5	26.1	51.4	0.4	8,760
Middle East	7.4	17.1	30.7	44.3	0.6	17,462	7.9	18.3	29.4	44.0	0.5	14,175
Central and South Asia	5.8	17.3	30.8	44.8	1.3	4,657	5.4	14.5	26.3	48.3	5.5	4,939
East Asia	6.7	18.2	28.1	46.1	0.9	21,471	7.1	19.0	27.4	45.8	0.7	19,638
Oceania and other countries	5.2	16.3	24.2	54.0	0.3	4,677	5.2	18.0	24.7	51.8	0.4	3,250
World	**6.2**	**17.9**	**28.7**	**46.3**	**0.9**	**356,692**	**7.0**	**18.1**	**28.9**	**45.1**	**0.9**	**281,466**

(1) This class includes all residual legal unit different from firms and operative branch that was not possible to relocate within the group of companies they work for.
Source: Based on Istat data

Table 2.14 - **Exports by firm size class and sector of activity**
Percentage composition, export value classes in thousands of euros

	2009						2010					
	0 - 249	250 - 749	750 - 4999	5000 - 50000	over 50,000	TOTAL	0 - 249	250 - 749	750 - 4999	5000 -50000	over 50,000	TOTAL
Products of agriculture, fishing and forestry	2.0	6.3	32.4	48.6	10.8	4,565	2.8	6.5	31.3	44.0	15.4	5,567
Mining products	2.1	5.5	21.8	19.9	50.6	1,022	2.3	4.4	19.5	34.4	39.5	1,300
Food products, beverages and tobacco	1.4	2.7	15.7	46.5	33.6	19,933	1.7	3.0	15.8	44.3	35.2	22,111
Textiles, clothing, leather	1.6	3.9	19.9	39.8	34.8	32,495	1.8	3.9	19.2	41.5	33.6	36,856
Wood and wood products; paper products, products of printing	1.9	3.5	16.9	41.8	35.9	6,104	2.1	3.5	15.4	39.5	39.5	7,067
Coke, refined petroleum products	0.0	0.1	0.7	3.7	95.5	9,256	0.0	0.1	0.5	1.9	97.5	14,682
Chemical substances and products	0.7	1.9	11.0	37.1	49.2	17,704	0.7	1.7	9.5	34.3	53.8	22,393
Pharmaceutical, medicinal and botanical products	0.1	0.3	2.1	13.8	83.7	11,959	0.1	0.3	2.1	13.9	83.6	13,549
Rubber and plastic products, non metallic mineral products	1.6	3.5	18.6	46.7	29.6	18,061	1.8	3.5	17.4	44.6	32.7	20,706
Basic metal products and fabricated metal products excluding machinery and equipment	1.0	2.4	12.9	36.7	47.1	31,899	1.0	2.1	11.3	35.1	50.5	39,001
Computers, electronic and optical apparatus	1.4	2.9	15.5	39.4	40.9	9,515	1.5	2.9	13.7	38.2	43.7	11,486
Electrical apparatus	0.9	2.1	11.9	36.4	48.6	17,033	1.0	2.1	11.3	34.4	51.3	19,134
Mechanical machinery and equipment	1.1	2.4	14.4	39.4	42.7	54,221	1.2	2.5	14.1	40.6	41.6	59,236
Transport equipment	0.7	1.1	6.3	19.9	72.2	29,264	0.7	1.1	5.5	19.2	73.4	34,284
Other manufactured products	2.3	4.9	23.7	40.9	28.3	15,714	2.3	4.7	21.8	40.6	30.6	17,671
Other products	31.9	15.3	14.5	19.2	19.1	7,515	24.2	6.5	11.6	26.1	31.6	7,073
Total	**2.0**	**2.9**	**14.0**	**35.2**	**45.9**	**286,260**	**1.7**	**2.6**	**12.9**	**34.4**	**48.4**	**332,116**

Source: Based on Istat data

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