National Statistical System
Ministry of Economic Development

Italy in the World Economy

Report for 2011-2012: Summary

ITALIA
Agenzia per la promozione all'estero e
l'internazionalizzazione delle imprese italiane

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The European crisis and changes in Italy's model of specialization

1. World trade and international investment

The economic outlook is uncertain and the euro-area sovereign debt markets are still under strain

Nearly five years after the outbreak of the global crisis, the international economic environment is still characterized by uncertainty and by differences in countries' cyclical performances and economic policy responses.

Global production and trade are weighed down by the lack of confidence, by signs of a slowdown in economic activity that now also extends to the emerging countries, by worries about public finances and the soundness of banking systems and by the consequent restrictive economic policy measures adopted in many countries. The picture that emerges is one of extreme fragility.

The International Monetary Fund, which had forecast world GDP growth of 3.5 per cent for 2012, has announced that it will revise its estimates downward.[1] The World Trade Organization (WTO) indicates a rate of growth of 2.1 per cent and stresses that the forecasts this year are particularly difficult because of the extreme volatility of some key variables.

Chart 1
World output and trade.
Percentage changes in volume

(1) Estimates.

(2) Forecasts.

Source: Based on IMF data

1 IMF, *World Economic Outlook*, April 2012.

World GDP grew by 2.4 per cent in 2011. Countries' responses to the crisis differed and growth rates varied widely

The anemic recovery in 2010 and the first few months of 2011 was followed by a downward trend in economic activity in most regions of the globe. World GDP grew by an average of 2.4 per cent in 2011, against 3.8 per cent in 2010.[2] This deceleration stemmed largely from the strains in the sovereign debt markets, which still persist, from the mounting dangers of a downward spiral of low growth and deteriorating public finances, and from sudden shifts in private capital flows, which amplified existing imbalances.

The disparities among the growth rates of the main groups of countries widened, owing to an especially abrupt slowdown in the advanced economies, where the repercussions of the resurgent sovereign debt tensions in the euro area and of the new rise in oil prices were greater. Compared with modest growth of 1.5 per cent for these countries as a group, the slowdown was much more moderate in the emerging countries, whose GDP expanded at a rate of 5.7 per cent, albeit with a deceleration in the last months of the year.

A slight contraction is projected for the euro-area economy in 2012. The forecast for world GDP will probably be revised downward

The forecasts for 2012 indicate considerable differences in economic growth among the developed countries.[3] While fairly rapid growth is expected for Australia (3 per cent), the United States (2.4 per cent, up from 1.7 per cent in 2011) and Japan (2 per cent), a contraction is projected for the euro area (0.3 per cent according to the EU Commission's latest forecasts), with pronounced disparities among the member countries.[4] In Europe, the crisis has been deeper than expected, and in recent months different vulnerabilities have surfaced for individual countries: public finances and external imbalances for Greece, competitiveness for Portugal, a crisis of the banking system for Ireland and Spain, and low productivity for Italy.

In the emerging and developing countries, instead, the expansion continued in 2011, slowing only late in the year and into the first six months of 2012. According to the IMF, the Chinese economy could become the world's largest in 2016, and those of the other BRICs (Brazil, Russia, India and China) expanded by around 8 per cent in 2011 and are expected to slow to growth of 5.7 per cent in 2012. A similar rate of expansion is forecast for the economies of sub-Saharan Africa (5.4 per cent), but with considerable disparities across countries, with South Africa expected to grow by 2.7 per cent, well below the regional average, while Nigeria, a major oil producer, is forecast to record GDP growth of more than 7 per cent. The countries of North Africa and the Middle East, which in 2011 suffered from the tensions caused by the "Arab Spring", should recover in 2012, with an average growth rate of 4.2 per cent.

Payments imbalances are tending to diminish: the US deficit declined, as did the surpluses of Japan, China and other Asian countries

As a result of these developments, external current account imbalances diminished in 2011. The US deficit declined to 3.1 per cent of GDP, about half the ratio recorded in the first half of the 2000s. On the other hand, there were decreases in the current account surpluses of Japan, China[5] and other emerging Asian countries (which fell overall from 3.2 to 1.8 per cent of GDP), partly because of a worsening in the terms of trade. The latest forecasts indicate that the tendency toward rebalancing will persist in 2012.

High volatility in the foreign exchange markets

In this uncertain environment, exchange rates displayed pronounced volatility. In particular, the euro, which in 2011 on average strengthened against the dollar, weakened in the second half and continued to depreciate in the early part of this year. The Swiss franc and the yen appreciated against both the dollar and the euro throughout the period, while the currencies of the emerging countries, which had gained against the dollar in the first part of 2011, weakened as the crisis wore on and uncertainty mounted in the financial markets.

2 The 2.4 per cent annual growth is calculated at market exchange rates. Using exchange rates calculated at purchasing power parities, which assign more weight to the emerging countries, world GDP growth came to 3.9 per cent in 2011 and 5.3 per cent in 2010.

3 These countries now account for 51 per cent of world GDP. Their share is down sharply from 70 per cent in 1991.

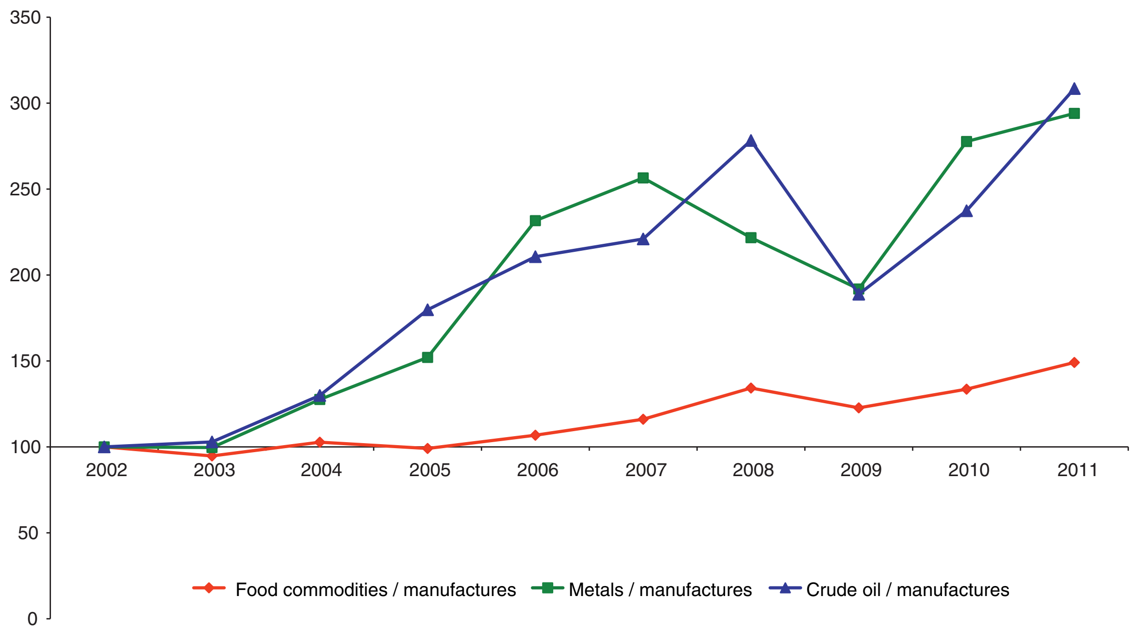
4 See European Commission, *European Economic Forecast*, Spring 2012. The Mediterranean countries are expected to be in recession, with GDP contracting by 1.8 per cent in Spain, 4.7 per cent in Greece and 1.4 per cent in Italy, against a modest expansion in the countries of northern Europe (0.7 per cent in Germany).

5 China ran a current account surplus equal to about 2.8 per cent of GDP in 2011, far below the pre-crisis level of 10 per cent.

In line with the letup in world GDP, international trade in goods and services, which had rebounded swiftly just after the crisis, expanded by about 5.3 per cent at constant prices in 2011, below its average growth rate of 6 per cent for the last twenty years. The causes of this slowdown lay not only in the fall in demand in the advanced countries, but also in the geopolitical tensions in the Middle East and the consequences of the earthquake in Japan and the monsoons in Thailand, which interrupted supplies of intermediate goods in South-East Asia, thereby braking the multiplying effect of global production chains on world trade. A further slowdown in international trade in goods is forecast for 2012, with growth estimated at 3.7 per cent. Whereas the collapse of trade in 2009 had been broadly based, the subsequent recovery has seen gaps emerge between the different regions. As in 2011, this year the imports of the advanced countries are expected to be extremely sluggish, particularly in Europe, while demand in the oil-producing countries is forecast to accelerate again.

World trade slowed down in 2011 and is expected to slacken again in 2012. Demand will be more robust in the oil-producing countries, less dynamic in the advanced economies

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



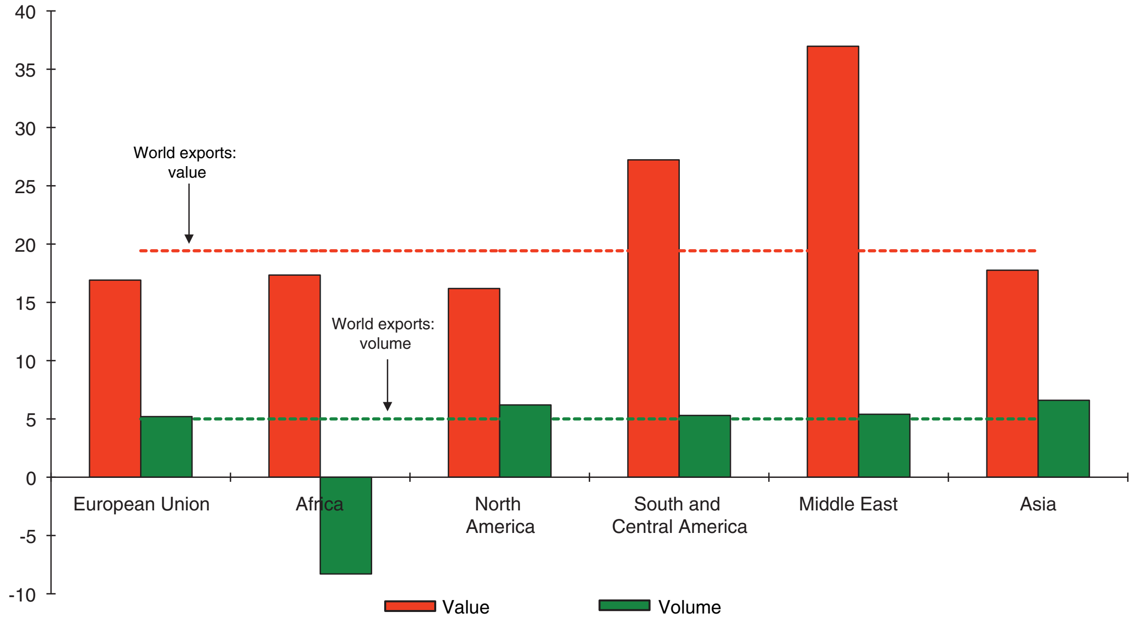
Source: Based on IMF data

The international prices of raw materials rose further in 2011, though with large differences between oil and other commodities. The increase in oil prices was very steep, averaging 31.6 per cent for the year, the largest jump since 2005. For other commodities, prices trended upwards, but with fluctuations due to the high degree of uncertainty surrounding the world economic outlook, the slowdown in the emerging countries and particularly the fears of a reversal of trend in China. The protraction of the situation of instability and low growth at world level should dampen the prices of raw materials: oil prices are forecast at around $100 a barrel in 2012 and appear actually to have begun to head downward in March 2012, as demand has slumped and supply has increased thanks to the replenishment of the oil-producing countries’ stocks. But risks of price rises persist owing to the geopolitical tensions in Iran.[6]

After rising steeply in 2011, the price of oil is expected to fall below $100 a barrel in 2012

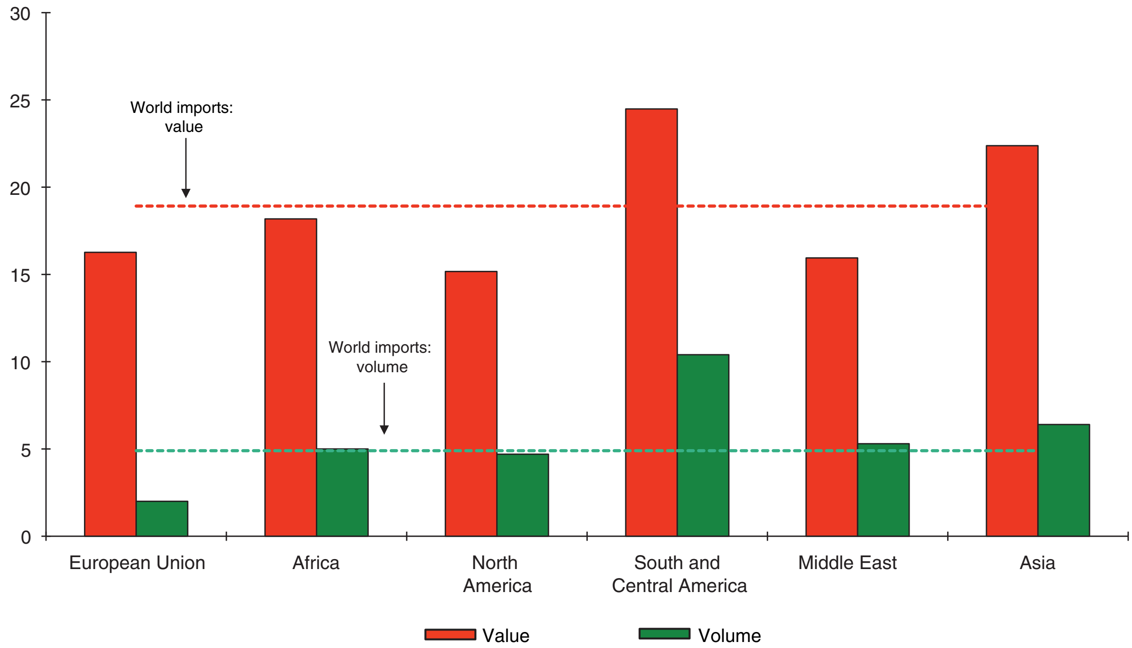
6 See the analysis by F. Ferrari and A. Lanza, “Il mercato petrolifero fra politica, economia e fondamentali”.

Chart 3
Merchandise exports by region in 2011.
Percentage changes on previous year



Source: Based on WTO data

Chart 4
Merchandise imports by region in 2011.
Percentage changes on previous year



Source: Based on WTO data

Extending a trend under way since the middle of the last decade, the very substantial worsening in the terms of trade for the developed countries and the emerging Asian countries, which produce manufactures, and the corresponding improvement for commodity-producing countries fueled the latter group's export revenues and purchasing capacity in 2011. This led to an expansion in the imports of the sub-Saharan Africa (5 per cent) and an even greater one in those of the countries belonging to the Commonwealth of Independent States (over 16 per cent). However, in 2011 again, the region that made the largest contribution to the growth in world trade was Asia.

An increasing share of the Asian countries' imports comes from intraregional trade. This chiefly reflects flows of intermediate goods, due to the tight integration of production processes. China has continued to benefit from playing the role of final assembler in Asian production while also being the principal country of origin of intraregional imports and main outlet market for intraregional exports. However, China is still specialized in the downstream, lower-value-added stages of the value chain.

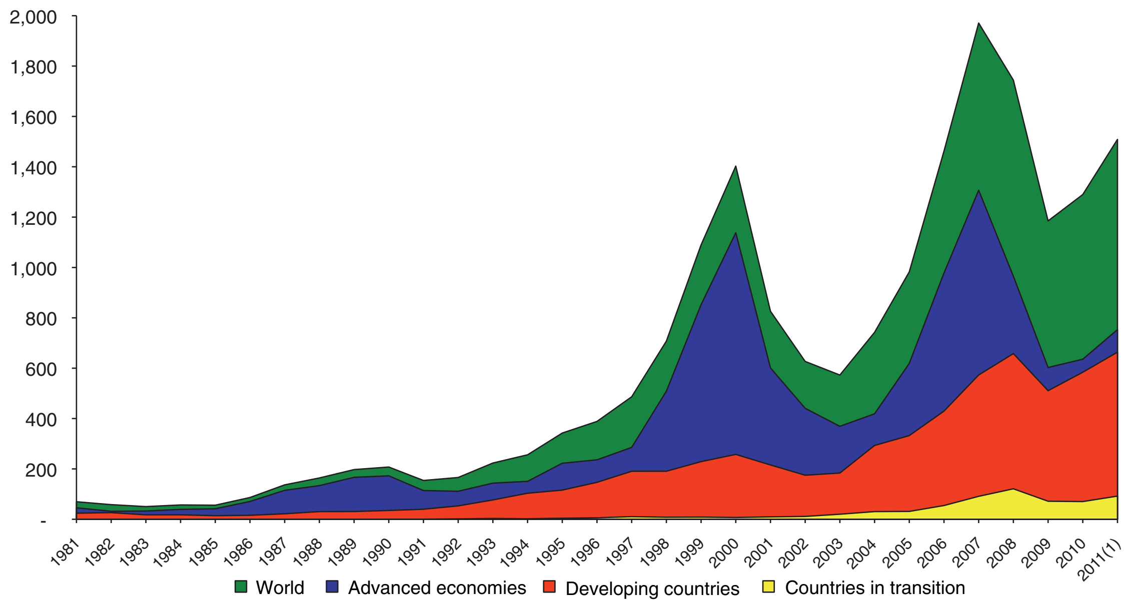
The development of international production chains requires new indicators in order to grasp the role of countries along the value chain

The development of international production chains has called for a modification of the indicators used to assess the different countries' specialization and position on the value chain. Traditional indicators, as this *Report* shows,[7] do not provide sufficient information on how and where imports of intermediate goods are used, or on the parts of the production process in which the firms of a given country are involved. Only by adopting an approach based on value added is it possible to understand the latest trends and dynamics, for example, the increase in China's role in final product assembly rather than in the value added actually created there.

Thanks to its role in international production chains and the close-knit integration of South-East Asia, but also to greater diversification of products, China consolidated its position as the world's top merchandise exporter in 2011, with a 10.4 per cent market share. The United States maintained its hold on second place, with 8.1 per cent, while Germany ranked third again. The only significant change in the ranking of exporters concerned Russia, whose exports of energy commodities enabled it to jump from twelfth place in 2010 to ninth last year.

If the main countries are ranked instead by export volume growth rates, China places second (9.3 per cent), well behind India (16.1 per cent).

Chart 5
Foreign direct investment inflows.
Billions of dollars



(1) Preliminary estimates.
Source: Based on UNCTAD data

FDI inflows increased in 2011, but the level is still below that of 2007

UNCTAD estimates of inflows of foreign direct investment (FDI) indicate nominal growth of 16.5 per cent in 2011. Despite the unfavorable state of the world economy, FDI flows amounted to $1.5 trillion, but this was still more than 20 per cent below the peak recorded

7 See the analysis by G. Bruno, "I nuovi scenari del commercio internazionale".

in 2007. The increase in the amounts invested did not give rise to a comparable expansion in production capacity, since the flows mainly involved corporate restructurings or increases in retained profits reinvested by multinational corporations' parent companies.

The forecasts for 2012 are adversely conditioned by the uncertain outlook for the world economy. UNCTAD expects flows to be basically stable (totaling some $1.6 trillion), but predicts a more vigorous recovery in the medium term.

FDI increased in all the world's regions in 2011: in the advanced countries it grew by 21 per cent, with a substantial gain in Europe and a contraction in the United States, and in the developing countries by 11 per cent. The United States maintained the lead as both investor country (with 25 per cent of outward FDI) and recipient (with a 14 per cent share).

The emerging countries attracted more than 50 per cent of the global flows of FDI

The developing and emerging countries continued to attract more than 50 per cent of world FDI. Contrary to the trend for the other emerging regions, for the third consecutive year Africa recorded a decline in inward FDI, as large inflows to sub-Saharan Africa were offset by even larger outflows from North Africa. Among the main recipient countries, China threatens to take first place if its share (8.2 per cent) is counted together with that of Hong Kong (5.2 per cent).

2. The European Union

The tensions in the financial markets have had recessionary repercussions on the European economies

Following the slow recovery in 2010, economic activity in the European Union slackened perceptibly during 2011. In the first half of this year the tensions centering on debt sustainability gained the upper hand, impacting negatively on output. Recently the European Commission recognized the recession and the WTO has underscored that the decline in imports from the European countries could have major repercussions on the performance of the world economy.

In these circumstances, the structural weaknesses of the still unfinished process of constructing the European Union, from both the institutional and the economic standpoint, have come powerfully to the fore. The differences in the member countries' cyclical situations, together with the frictions and limits seen in handling the critical situations in several countries of the EU (Greece, Ireland, Italy, Portugal and Spain), have triggered an acute crisis of credibility, owing not least to the demonstration of inability to take a differentiated approach to national crises with very different causes, from substandard competitiveness in some countries to debt funding problems to shaky banking systems.

In this context, the performance of the financial markets and the euro have reflected the acute uncertainty concerning the strategies for overcoming the crisis, despite the reiterated commitment to preserving the single currency and breaking the vicious circle linking the sovereign debt crisis and the real economy. The spread between interest rates in Germany and the other euro-area countries has risen to alarming levels that are not likely to be sustainable for some Mediterranean countries – Spain and Italy as well as Greece.

The depreciation of the euro could lead to an improvement in competitiveness

The euro has suffered from these developments. After appreciating in the first half of 2011, it has depreciated against the dollar since August 2011. In July 2012 the euro's nominal effective exchange rate, calculated vis-à-vis Europe's top twenty trading partners, was 6.4 per cent below its 2011 average. This depreciation could nevertheless prove to be advantageous, at least for some euro-area countries, and lead to a gain in competitiveness, spurring exports.

The short-term prospects of the European countries seem increasingly to depend on external developments, in a situation in which domestic demand is sluggish and restrictive fiscal policy measures have been taken to curb public debts. Last year the EU's exports grew more than its imports, reducing the aggregate current account deficit, but the bilateral balances recorded differing performances. An increase in the trade surplus with the United States, the EU's leading trading partner, and with the candidate countries for EU membership, contrasted with a worsening of the deficit vis-à-vis the countries of the Middle East and Russia, owing to the rise in the prices of energy commodities. The balance with Asia also remained negative, albeit with a slight improvement. These results, viewed in a longer-term perspective, suggest that there has been no radical change in the EU's structure of geographical specialization, with persistent disparities between the individual countries.

Despite its unfavorable dynamics, the European Union, considered as an integrated area net of intraregional transactions, is still the global leader in both exports and imports, with markedly uneven performances within it. Germany and Poland, for example, played an important role as drivers of EU foreign trade between 2009 and 2011.

The EU confirms its position as the top exporter and importer of goods and services

The European Union also confirmed its position as the top international seller and buyer of services, a sector in which it has a positive and rapidly growing normalized trade balance, as a result of the decrease in the deficit on tourism and the increase in the surplus in the other sectors.

The *Report* contains an analysis showing that a genuine convergence of the member countries' sectoral specialization models is not to be found.[8] In the ten years 2002-11, the individual countries maintained and often accentuated their own initial comparative advantages.

The foreign direct investment flows of the European Union recorded an abrupt deceleration in 2010, growing at a rate of 7.1 per cent, and a marked alteration in their geographical composition. In contrast with the past, the leading recipient of European FDI was not the United States but Brazil, with its better growth prospects, expanding domestic market and cheaper raw materials.

3. Trade policies

Trade policies were also affected by the strains in sovereign debt markets

The tensions spawned by the sovereign debt crisis and the widespread erosion of confidence on international markets affected trade policies in 2011. The worsening of the global political and economic climate rekindled fears of protectionist measures, which in rare cases did materialize in higher customs duties, and blocked efforts to break the deadlock in the decade-long Doha Round of trade negotiations.

Despite the fears, up to now the increase in protectionist initiatives has been limited

Use of defensive trade protection measures (anti-dumping duties, safeguard clauses) remained limited, but there was increased recourse, notably by some emerging countries, to restrictions on exports, particularly of raw materials and agricultural products. India and Argentina, for example, introduced trade restrictions which according to WTO estimates affected nearly 1 per cent of the G-20 countries' imports and about 0.5 per cent of total world trade flows between October 2010 and mid-October 2011, stoking fears concerning a possible chain of retaliatory actions and a retreat from the principles of free trade.

There were, in addition, instances of other types of trade intervention by governments that caused concern, for example recourse to non-tariff trade restrictions, which according to the latest WTO surveys increased by 50 per cent overall with respect to 2010. Among the most widespread measures, there was growing resort to non-automatic import licenses. Recourse to curbs on exports (mainly quotas and prohibitions) also increased; these accounted for 19 per cent of the new measures introduced in 2011. Because of their markedly opaque nature, these measures can prove highly distortionary and have numerous undesired effects on international trade.

The role of the WTO in regulating the multilateral trade system and managing disputes between countries remains fundamental, as is testified to by the organization's rising

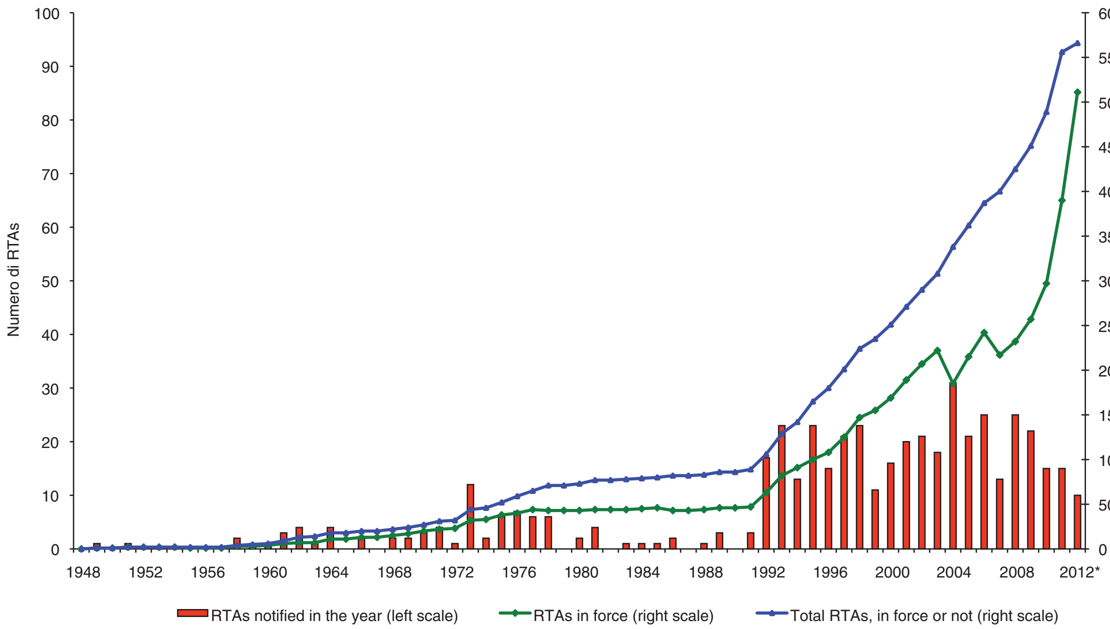
8 See F. Livi, "La specializzazione settoriale di alcuni dei principali paesi Ue".

Russia is about to become a member of the WTO

number of members, which reached 155 on 10 May 2012 with the entry of Montenegro and Samoa. Last 16 December saw the conclusion of the negotiations for Russia's entry, the most important since that of China in 2001. After eighteen years of multilateral and bilateral negotiations (30 on services and 57 on goods), Russia is about to become a member of the WTO. The *Report* contains an analysis comparing Russia's path to entry with that of China, highlighting the possible beneficial effects on world trade.[9]

Russia has committed to lowering its tariff barriers significantly. Once the protocol of accession is ratified, the general average consolidated tariff applied to imports of industrial goods must not be more than 7.3 per cent, though a higher level is allowed in agriculture (10.8 per cent). Russia has also undertaken to improve conditions of market access in services. A transition period of between three and eight years is envisaged for implementation of the commitments regarding goods.

Chart 6
Regional Trade Agreements (RTAs) notified to the WTO.
Up to January 2012*



Source: Based on WTO data

Regional and bilateral agreements continue to proliferate: the treaties notified to the WTO now number 511

Given the difficulties of proceeding with the Doha Round, last year saw yet a further strengthening of the trend toward the signing of regional and bilateral preferential trade agreements, which sometimes include ambitious liberalization measures. In 2011 the number of preferential agreements notified to the WTO reached 511, largely consisting in free trade areas. Asia was again the most dynamic region in this field, with South Korea and India playing prominent roles. A good number of initiatives also developed in Latin America: an agreement was reached between Colombia and the United States, and several intraregional negotiating tables were opened. Africa, instead, continues to maintain a low profile in international trade talks. The European Union, long a promoter of myriad preferential accords, found partners among the new protagonists in Asia and Latin America. The first positive effects of the free trade agreement with South Korea, which entered into force in mid-2011, have already been seen, and this has encouraged talks with other members of ASEAN, with India and with other countries of Central Asia. An important

9 See E. Sovarino, "Le adesioni di Russia e Cina a confronto".

agreement between the European Union and five states of Eastern and Southern Africa (Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe), aimed at involving them more fully in the processes of international integration, entered into force on 14 May of this year.

Most of the preferential agreements that have been signed include provisions on services, investment and international property rights as well as on goods. However, the timeframes for implementation are quite long, with transition periods often exceeding ten years, and some barriers are retained in particular fields. Consequently, the effects of these agreements are often not clearly perceptible at global level.

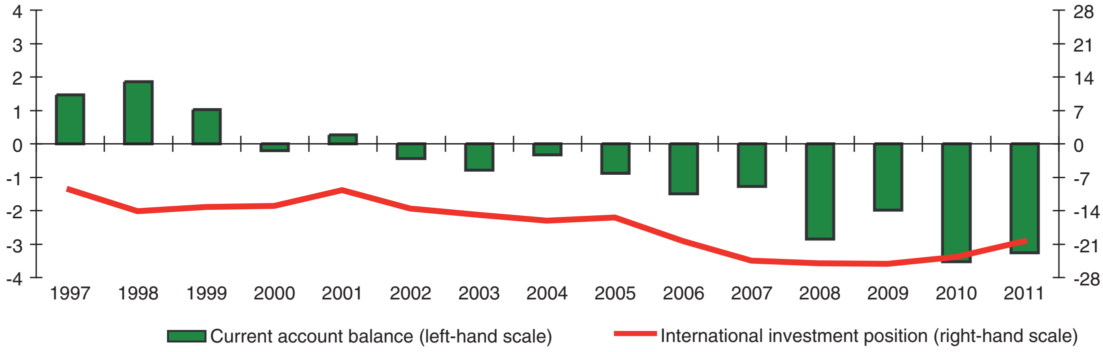
4. Italy: macroeconomic analysis

The modest growth in Italy's GDP in 2011 was possible thanks to the contribution of net exports, which reflected the sharp slowdown in imports

The modest cyclical recovery that began in 2010 came to a halt in the second half of last year. With the external environment becoming increasingly unstable, confidence collapsing and the restrictive measures taken to cope with the sovereign debt crisis beginning to bite, domestic demand contracted, especially the investment component. If GDP growth for the year was positive though just barely (0.4 per cent), this was entirely due to the contribution of net exports, whose performance benefited from the crisis-induced abrupt slowdown in imports.

The darkening of the world economic outlook, with the effects of the European crisis now also touching the emerging markets, makes short-term projections more uncertain. It is still unclear whether the accords reached at European level and the economic policies now being put into place will be able to restore confidence and the demand-side conditions needed to relaunch growth. The current year looks set to continue to be one of deep recession, with a possible upturn put off to 2013.

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



Source: Based on Bank of Italy and Istat data

The deficit on the current account of the balance of payments declined slightly, thanks to the improvement in the balance on goods and services.

As in cyclical downswings in the past, the reduction in domestic demand has led to an improvement in the country's external accounts. The deficit on the current account of the balance of payments shrank from 3.5 per cent of GDP in 2010 to 3.3 per cent in 2011, since the widening of the surpluses on manufactures and services more than offset the further increase in the deficits on energy and investment income (the latter affected by the fall in profits on direct investment abroad and the rise in the risk premium on interest-bearing liabilities). Italy's net international investment position also improved, thanks to valuation adjustments to liabilities in connection with the decline in government securities prices.

In the financial account, it is worth noting the upturn in both inward and outward FDI, in the light of its implications for the real economy. Nevertheless, the Italian economic system still shows a poor ability to attract new investment from abroad and thus to insert itself efficaciously in the high-value-added segments of international production chains.[10]

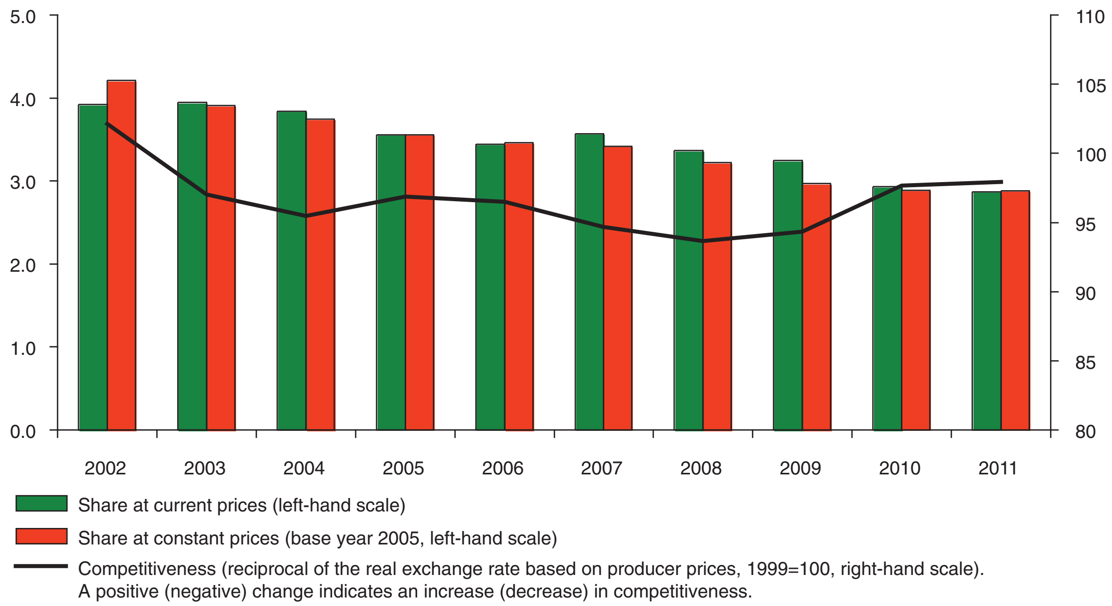
Reflecting the slump in domestic demand, imports of goods and services slowed to average annual growth of just 0.4 per cent in 2011. The deceleration intensified as the year wore on, with imports actually down sharply in the second half. The slackening in imports was initially less severe for intermediate goods, which are also used as inputs for exports. By contrast, import prices, buoyed by the price hikes for raw materials, rose by more than 7 per cent.

In the first quarter of 2012 the deepening of the recession showed up in a collapse in imports of goods and services (down 9 per cent from the year-earlier period). The projections for the entire year are negative.

Valued at constant prices, the degree of import penetration of the domestic market increased again in 2011, rising back above 28 per cent, but it remained lower than that of all the other European countries except Greece and Turkey. Although larger economies naturally tend to be less open, the fact that import penetration is lower in Italy than in all the other major EU countries indicates that there is still scope for increasing the economic system's exposure to the benefits of international integration.

Exports also slowed down progressively in the course of 2011 as the crisis grew more severe. Nevertheless, exports of goods and services were the only dynamic component of demand, expanding by 5.6 per cent in volume over the year as a whole, and the propensity to export (ratio of exports of goods and services to GDP at constant prices) rose to 28.4 per cent, approaching the average for the other major European countries.

Chart 8
Italian exports' competitiveness and world market shares



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

Favored by the shift in the sectoral composition of demand, Italy's share

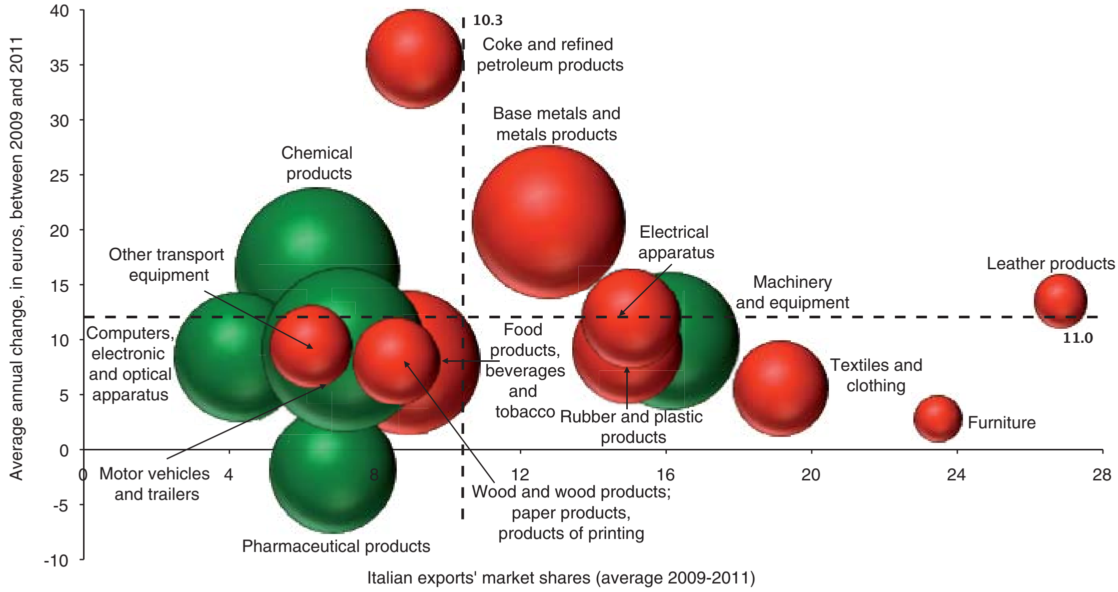
The value of Italy's goods exports grew by over 11 per cent in 2011, a little less than world trade but more than the euro-area total. The resilience of Italy's market shares compared with the other euro-area countries was basically determined by the shift in the sectoral

10 See the contribution by A. Rungi, "Le catene globali del valore dei gruppi multinazionali in Italia", available on the website and on the pen drive that accompanies the printed version of the *Report*.

composition of world demand in directions more favorable to Italy's model of export specialization (machinery and the products of the leather and footwear industry increased as a percentage of world demand). Net of these effects, Italy's share of goods exports would have suffered a further slight erosion.

held up better than that of the other euro-area countries

Chart 9
Italy's market shares of euro area exports of manufactures by sector



The size of the circles represent the sector's average share of euro-area exports in the period 2009-2011. Red (green) circles identify sectors in which Italy's share decreased (increased) between 2009 and 2011.

Source: Based on Eurostat data

Considering the last ten years, the characteristics of the Italian economy's model of specialization, particularly its concentration on products with relatively low income elasticity of demand, are the chief determinant of the negative trend of Italy's share of euro-zone exports, which fell from 11.7 to 10.4 per cent between 2002 and 2011. Italy resembles Spain in this respect, although the Spanish model displays a greater ability to adapt to changes in demand.[11]

In the first quarter of 2012 exports of goods and services contracted by comparison with the previous quarter, reflecting the worsening international situation. Their rate of growth in volume terms compared with the year-earlier period decreased to 1.7 per cent. Customs data on exports of goods in the months of April and May show a further worsening of the trends, despite the positive impulses still coming from non-EU markets. The projections for the current year indicate a significant slowdown, followed by a moderate recovery in 2013.

In the first months of 2012 exports were affected by the deterioration in the world economy, despite the positive impulse coming from non-EU markets

Export prices rose by 3.9 per cent in 2011. The further slight depreciation of the euro, especially in the second half of the year, sustained the price competitiveness of Italian products. The increase in the prices applied in foreign markets, particularly those outside the euro area, was smaller than that for products sold in Italy, a sign of firms' greater attention to defending their margins of competitiveness in the more dynamic markets.

11 See the analysis by E. Mazzeo and A. Proietti, "Le quote di mercato dei principali paesi europei: aggiornamento e articolazione della constant market share analysis".

In spite of the deepening of the crisis, prices on the domestic market, though slowing, continued to outstrip export prices in the first few months of 2012. Unlike the recession of 2009, the current recession has not yet snuffed out the inflationary impulses deriving from the rising costs of imported raw materials.

The new estimates of the deflators of exports and imports confirm the limits of the traditional indicators, based on average unit values (AUVs) calculated at product level. When unit values are calculated instead starting out from elementary data at firm level, their rate of increase is lower than that of traditional AUVs and closer to (though above) that in the producer prices of goods sold on foreign markets.[12] With all due caution required by the statistical problems of the methods of aggregating elementary indices, it is therefore possible to hypothesize that a part of the increase in traditional AUVs hides effects deriving from a shift in the composition of firms to exporters that sell products of higher price and quality. The residual divergence between the new AUVs and the producer prices of goods sold in foreign markets could instead signal an upgrading of the quality of the products exported by each firm. At all events, the downward revision of the rate of increase in the deflators calls for a corresponding upward adjustment of the rate of growth in the quantities exported and imported in the last ten years.

5. Regions and countries

Italy's trade deficit shrank with all the geographical areas except the oil-producing countries

Contributions to reducing Italy's trade deficit in 2011 came from all the main regions, particularly Europe, North Africa and East Asia. The only exceptions were the markets toward which Italy redirected its demand for energy imports (the Middle East, Central Asia and sub-Saharan Africa) in order to make up for the collapse in those from Libya.

The expansion of exports strongly reflected the changes in the international situation. The largest gains were in exports to the most dynamic regions, except for Central Asia, while exports to North Africa were penalized by the Libyan crisis and the instability of the region. Pronounced differences also emerged among European destinations: the relatively rapid growth in exports to Germany and France contrasted with the weakness of exports to the United Kingdom and Spain. Switzerland is a case apart, with a boom in Italian exports of non-monetary gold.

Market shares generally held up rather well compared with 2010. Italian exports registered major losses only in several European countries (the United Kingdom, Spain and Russia) and in North Africa.

Import developments also varied considerably: imports from the European Union slowed sharply, as did those from East Asia (partly owing to the effects of the disaster in Japan), while imports from a number of emerging regions continued to expand rapidly, particularly those from oil-producing countries (except in North Africa).

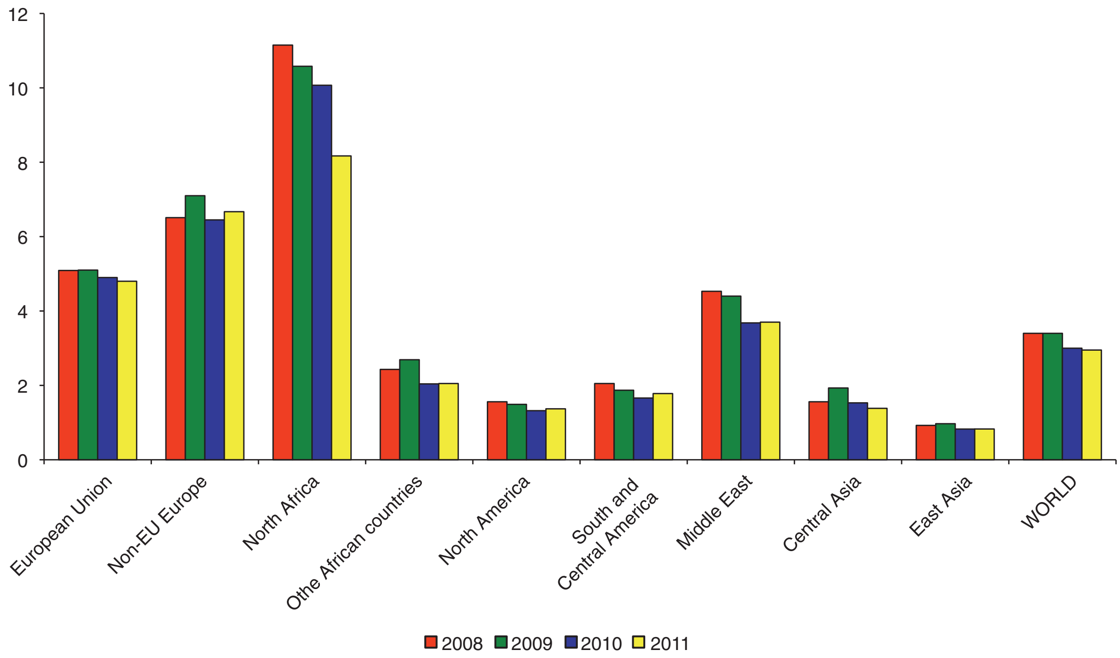
Exports to non-EU markets continue to grow rapidly in the first few months of 2012

The data now available on the first few months of 2012 show a deceleration in exports, above all vis-à-vis the European Union, but with sales still growing at a good pace in some non-EU markets, notably Switzerland (19 per cent year on year in the period January to May), Africa (16 per cent), North America (14 per cent) and Japan (21 per cent). The effects of the current crisis are also to be seen in Italian imports, which are down by a large margin from all markets of origin except the United States, Russia, the Middle East and North Africa, where trade appears to be gradually returning to normal.

A significant aspect of the growth in exports is the ability of firms to remain stably in the markets they have entered. In the Italian case, more than 90 per cent of the value of exports consists in flows (defined as product-country combinations) that are highly stable, but only

12 See T. Muccigrosso and C. Pascucci, "I nuovi deflatori per le importazioni e le esportazioni di beni nei conti nazionali".

Chart 10
Italy's market shares by region.
At current prices; percentages



Source: Based on IMF-DOTS data

a third of the new flows survive for at least five years. The stability of flows is greater in the European markets, but it falls below 30 per cent in the most dynamic outlet markets.[13]

6. Sectors

The increase in the surplus on manufactures offset the increase in the energy deficit

The price rise for raw materials resulted in a further widening in the agricultural and energy deficits, which more than offset the recovery in the surplus on manufactures. All the main product sectors except chemicals and pharmaceuticals helped to push up that surplus, the largest contribution coming from the industrial machinery sector, which confirmed its role as the mainstay of the Italian economy's model of international specialization.

Exports of footwear, steel products and industrial machinery grew at a good pace

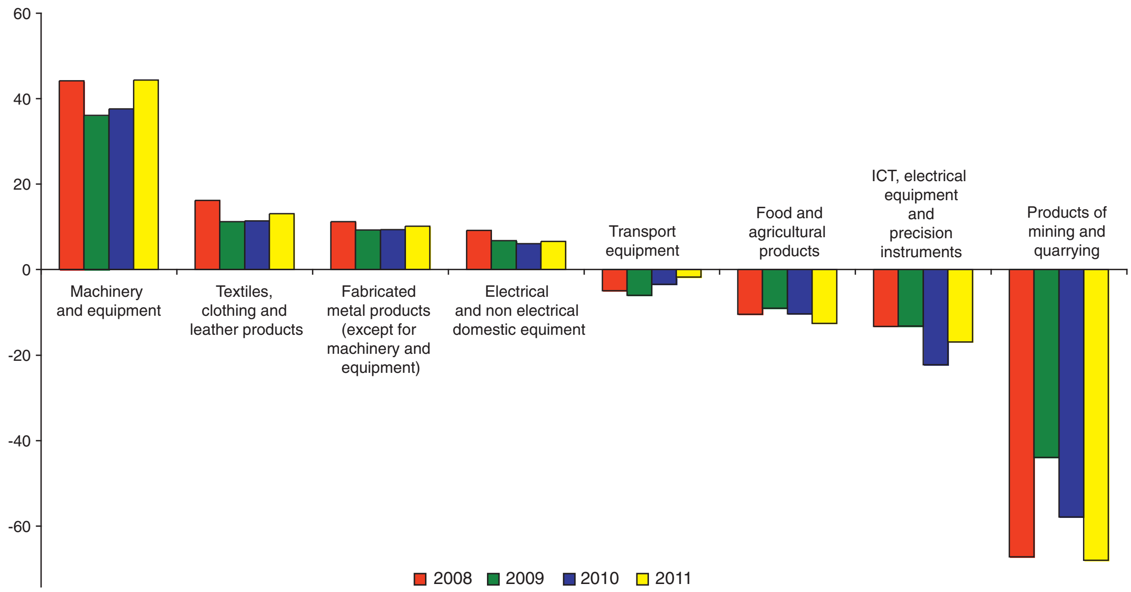
The deepening of the crisis in Europe braked the pace of trade in manufactures. But while Italian imports slowed sharply in nearly every sector, Italian exports continued to grow at a relatively rapid rate, particularly in the leather and footwear, iron products and industrial machinery sectors. Consequently, to date only food products and pharmaceuticals have surpassed their pre-crisis levels. The shortfall compared with 2007 is especially large for textiles and knitwear, which are in structural difficulty, and for household goods and motor vehicles, hard hit by the international downswing.

The data available for the first four months of 2012 confirm the severity of the Italian economy's crisis, which is reflected in a generalized decline in imports. Only purchases of energy products, whose value is buoyed by prices, continue to grow. In contrast with developments last year, imports of intermediate goods, demand for which had been supported by the growth of exports, are also down.

Exports have suffered a broadly based slowdown, although growth rates remain high for pharmaceutical and refined petroleum products (16 per cent compared with the first four months of 2011), basic metals and metal products (11 per cent), food products (7 per cent) and industrial machinery (3 per cent).

13 See the contribution by C. Gianesin and S. Schiavo, "Un'analisi della sopravvivenza dei flussi commerciali italiani".

Chart 11
Italy's sectoral balances.
Billions of euros



Source: Based on Istat data

The three-year decline in Italy's share of world exports of manufactures came to an end in 2011. Indeed, their rate of growth was higher than that recorded by the other euro-area countries. Besides the above-mentioned positive effect of the sectoral composition of demand, this result can be explained by the sizable gains in share achieved by the iron and steel industry, pharmaceuticals, the leather-working sector, footwear and especially industrial machinery. In other traditional sectors, Italian exports continued to lose share, confirming the transformation under way in the model of specialization.

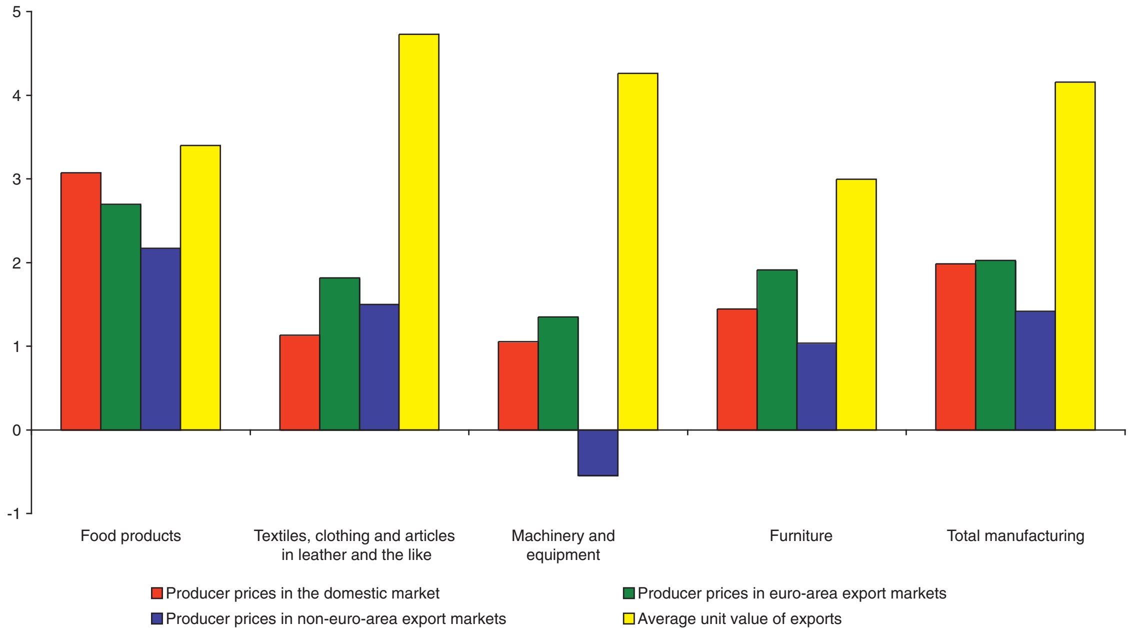
However, these changes do not alter the model's fundamental characteristics, but simply modify the relative intensity of the comparative advantages revealed by the different sectors. In 2011 Italy still ranked second in world exports of clothing and leather goods/footwear, third in textile products, furniture, electrical household appliances and non-metallic mineral products (ceramic tiles, glass, construction materials), fourth in metal products (tools, cutlery, etc.), and fifth in iron and steel, rubber and plastic products, electrical equipment and apparatus and industrial machinery.

The strength of Italy's traditional sectors of specialization, including in the most dynamic markets, is exemplified by the case of China, where demand for fashion products has doubled in the last two years and Italian exports hold very large shares (20 per cent in clothing, 25 per cent in footwear). On the other hand, exports of industrial machinery show gains in all the major markets where investment is expanding (Germany, the United States, Brazil, China and India).

An increasingly important case is that of agricultural and food products.[14] The emerging countries' growing demand supports the trend of prices and augments the weight of this sector in international trade. Although Italian firms enjoy significant competitive advantages for some products, they are handicapped by the limitations of their strategies and particularly by the weakness of their distribution networks and the fragmentation of supply. It is crucial to overcome these problems in order to strengthen the presence of Italian

14 See the contribution by A. Dossena and A. Lanza, "Gli scambi internazionali della filiera agroalimentare: mercati, concorrenti, fornitori".

Chart 12
Producer prices and average unit values for selected typical Italian product sectors.
Average annual growth rates, 2007-2011



Source: Based on Istat data

products on foreign markets and, by so doing, to compensate for the limitations of domestic demand, notably for wine.[15]

A detailed analysis at single-product level of Italian exports' world market shares in the last ten years reveals interesting cases of competitive success achieved by improving product quality without altering product specialization.[16] However, taken together, these cases do not outweigh the fact that the competitive pressure of low-wage countries creates difficulties that are hard to surmount for about half of all products.

Further corroboration of this comes from a study of the effects of Chinese competition on the market shares of Italian and German exports.[17] Chinese products have also scored gains in affluent markets and skills-intensive and higher-tech sectors, but in some cases the qualitative improvement of exported products has made it possible to stem the tide.

Continuity and changes in the model of specialization, in a highly selective competitive context created by the growing international integration of manufacturing industry, also affect employment and wage trends.[18] The overall impact of international specialization on employment is positive, thanks to job creation in the sectors of greatest comparative advantage. However, the sectors in which the strong competitive pressure of the developing countries has weakened the specialization of Italian industry (leather products and footwear, textiles and clothing) are those where the jobs losses have been greatest, even before the onset of the crisis. At the same time, greater exposure to international competition has helped to drive up wage differentials in favor of higher-skilled workers.

15 See the contribution by D. Panini, "Il posizionamento competitivo del vino italiano nel mercato mondiale tra cambiamenti nei consumi e nuovi scenari evolutivi".

16 See the contribribtion by L. Bidoia, G. Giovannetti and V. Nero, "Effetto qualità nella dinamica delle quote italiane di commercio mondiale".

17 See the contribution by G. Giovannetti, M. Sanfilippo and M. Velucchi, "L'entrata della Cina nell'Omc: una minaccia per le esportazioni di Italia e Germania?".

18 See the contribution b L. Iapadre, "Commercio estero e occupazione in Italia".

A sector in which the Italian economy still has a relatively low degree of international integration is that of services, despite the increase in marketability afforded by technical progress. Italy's share of world exports of services diminished throughout the past ten years. There are sectors of fundamental importance, such as transport, communications, insurance, financial and IT services, royalties and licenses, in which not only is Italy in deficit but which offer no discernible signs of improvement in their ability to compete in international markets. Highly specialized professional services, such as architectural and engineering services, are exceptions.

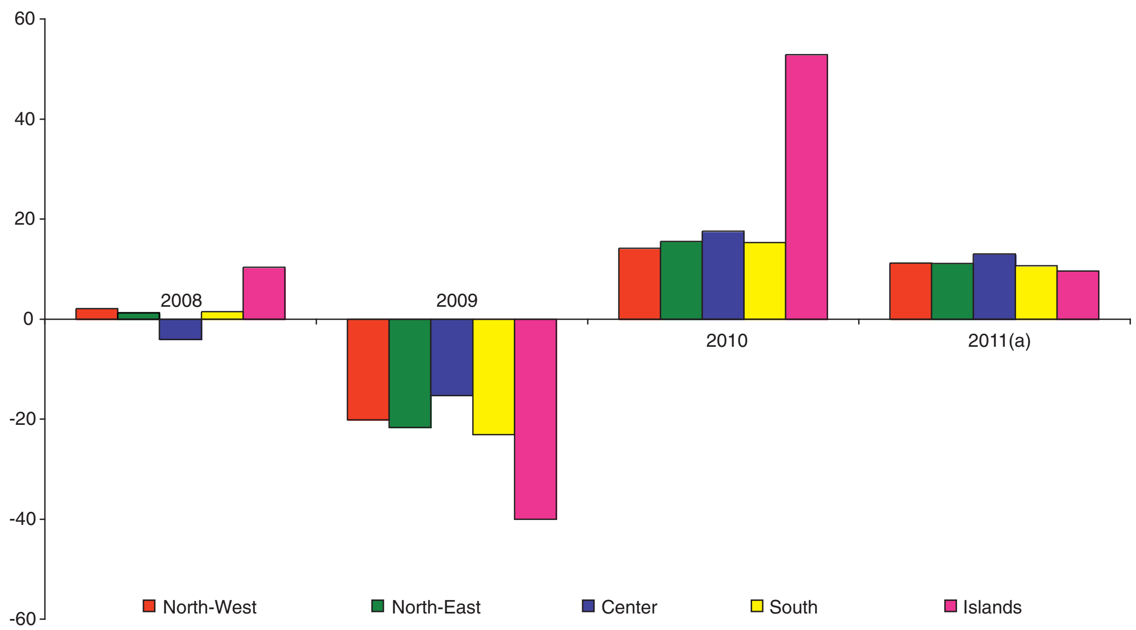
Like trade in goods, trade in services is influenced positively by countries' size and level of development and negatively by distance. Italy's trade gravitates mainly toward relatively low-income countries.[19]

7. The territorial base

In the regions of the Center and North, except Friuli and Marche, exports have risen back to the levels recorded before the 2009 recession. In the South and Islands, except in Puglia and Sicily, they are still far from that mark

The export recovery in the two years 2011-12 varied in intensity from region to region in Italy. In the Center and North, only Friuli and Marche failed to recoup the losses of the previous crisis. In the South and Islands, by contrast, most regions are still behind; exceptions are Puglia (with notable contributions from basic metals, the engineering industry and motor vehicles) and Sicily, whose export performance is influenced significantly by the movements in energy prices, reflecting that region's specialization in refined petroleum products.

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



(a) Provisional data.
Source: Based on Istat data

In the first quarter of 2012, growth compared with the year-earlier period continued to be vigorous in Sicily (30 per cent), still favored by the prices of refined petroleum products, Tuscany (14 per cent), owing mainly to sales of gold in Switzerland, Puglia (10 per cent), Campania (7.5 per cent) and Emilia Romagna (7.4 per cent), while significant decreases were recorded in a number of smaller regions.

19 See the contribution by E. Marvasi and G. Santoni, "Il modello gravitazionale e il commercio di servizi dell'Italia".

There are marked disparities in the performance of the regions, greater in Italy than in the other European countries

For the first time the *Report* presents a comparison of export trends at regional level in the five main European countries.[20] Significant differences emerge in the extent to which the losses with respect to 2008 have been made good. The greatest lags are found in Italy, where in 2011 eight out of 20 regions were still considerably below the export level of 2008, and France, where six out of 21 regions were in this position. In the three remaining countries, practically all the regions have made up all the lost ground; exceptions are the Balearic Islands in Spain and Northern Ireland in the United Kingdom.

The geographical concentration of Italian exports remains high: 92 per cent of their value is generated by 172 local labor systems (out of a total of 686 systems counted by Istat), most of them located in the North.[21] Local labor systems have widely different characteristics and specializations. The main categories are industrial districts specialized in traditional "made in Italy" products, which accounted for 44 per cent of Italy's exports in 2009, urban systems (35 per cent) and heavy manufacturing systems (15 per cent). The export recovery between 2009 and 2011 was relatively robust in the latter, but an appreciable contribution also came from the districts specialized in "made in Italy" products and, particularly, those specialized in industrial machinery.

8. Firms

The number of exporters has returned to pre-recession levels

The number of Italian exporting firms, which in 2010 was already back close to its pre-recession level, remained virtually unchanged in 2011, so the growth in the value of exports came entirely from an increase in average revenues from exports per firm.

Nevertheless, the distribution of firms classed by amount of export revenues has changed appreciably during the crisis. The absence of any overall change in the number of exporters is the net result of an increase of more than 4,000 firms in the lowest class (export sales up to €75,000), which includes businesses that only occasionally sell in foreign markets, offset by decreases in the number of firms in all the other classes, and particularly the highest, which signal an intense process of competitive selection among the more stable exporters.

This also resulted in the movement (or return) of many exporters to higher classes of export sales. In the two years 2010-11 the intensity of the recovery in exports, in value terms, was positively correlated with export revenue class, partially correcting the anomaly of 2009, when smaller exporters proved more resilient in the face of the crisis. However, if one excludes the highest class of export sales, which, not being subject to upward migration registered considerably better results than the others, the growth in average exports per firm does not appear to be clearly correlated with firm size, showing similar rates across the different classes of export sales.

The average number of markets served has risen, indicating greater geographical diversification of exports

The geographical diversification of exports, gauged by the average number of markets served by each exporting firm, increased significantly. This indicator returned to the vicinity of its pre-recession level, to 5.7. Only 2 per cent of exporters reach more than 40 markets, but their share of the total value of exports recovered to 42 per cent, still somewhat below the level preceding the crisis. Over half of Italian exporters sell only a single product line abroad.

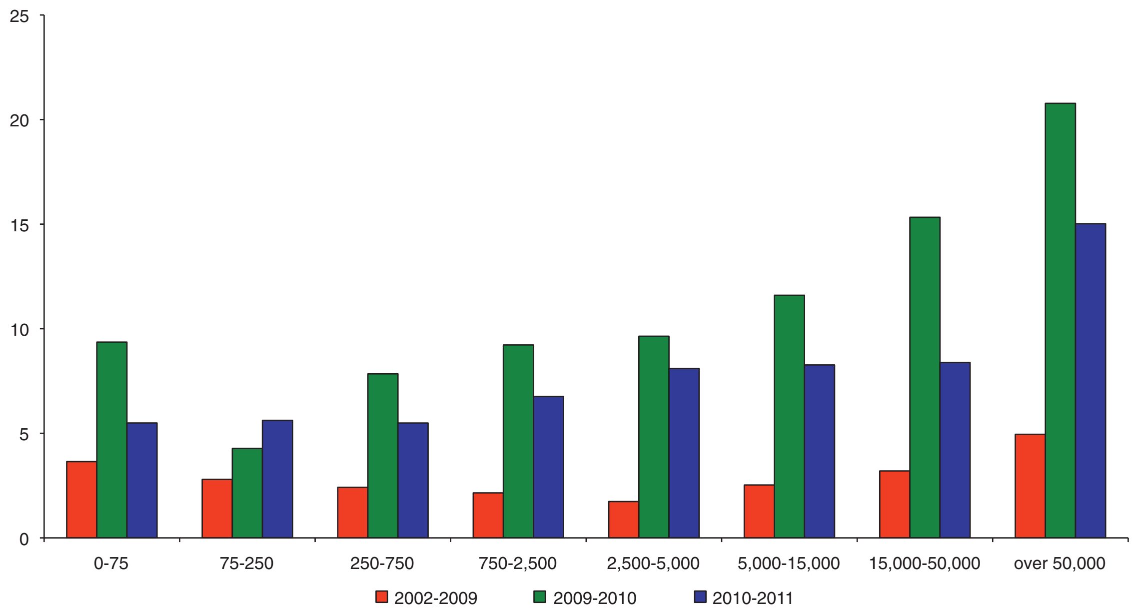
The Istat data on exporting firms, though less up to date than foreign trade data, enable us to enrich and deepen the analysis. The rise in their number in 2010 occurred in concomitance with a further fall in the total number of Italian firms, bringing the share of exporting firms back up to 4.2 per cent and confirming their greater competitive robustness.

In 2010 the 187,000 small and medium-sized exporting firms (up to 249 workers) accounted for 54 per cent of Italian exports, equal to €174 billion. The remainder came from some

20 In the analysis by G. Mastronardi and E. Mazzeo, "Le esportazioni regionali dei maggiori paesi europei: dalla crisi alla ripresa".

21 See the contribution by F. Oropallo, "La dinamica della performance esportatrice dei sistemi locali del lavoro".

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



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

Source: Based on Istat data

Medium-sized firms have a higher propensity to export than large ones

2,000 large companies. However, the propensity to export of medium-sized enterprises (50-249 workers), measured by export sales per worker (€88,000), was a good deal higher than that of the large firms (€72,000).

The larger companies find it easier to enter and survive in foreign markets, since they have advantages in terms of scale economies and labor productivity. However, the productivity gap between exporting firms and those that sell only on the domestic market appears to decrease with firm size, at least up to the threshold of 250 workers.

The crisis has not reduced the internationalization of production; in some cases it has stimulated it

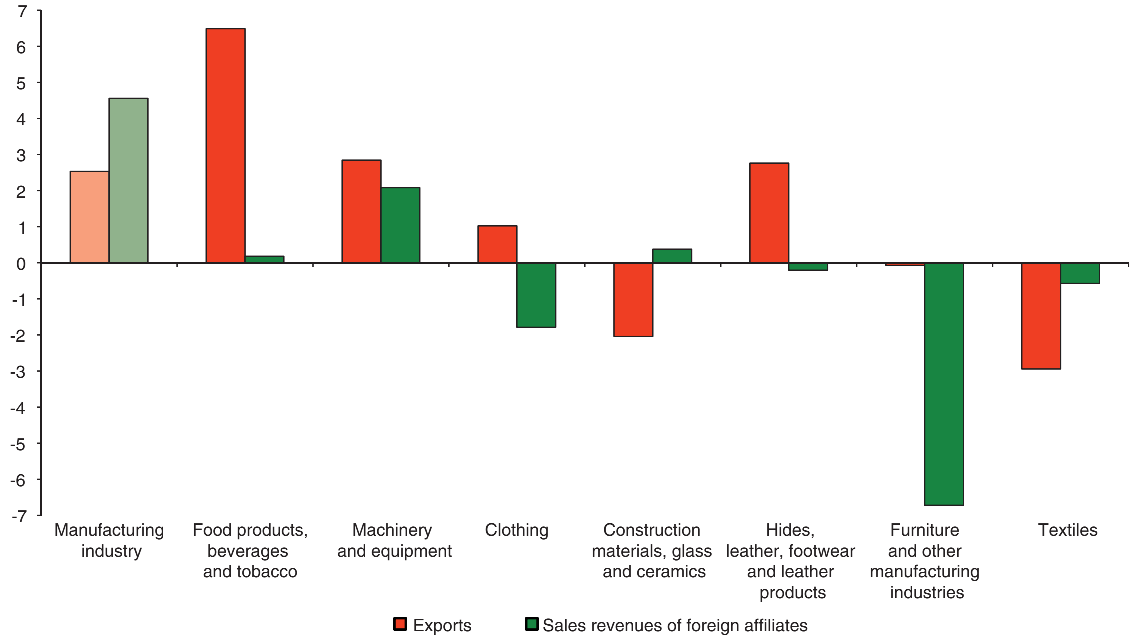
The *Report* presents data updated to the end of 2011 on Italian firms' affiliates abroad. Here we are speaking about the most demanding form of production internationalization, involving foreign direct investment for purchases, mergers or greenfield ventures. The workers employed in Italian firms' foreign affiliates now number 1.5 million, up by more than 15 per cent compared with 2006. It is important to stress that, unlike developments in previous recessions, the global crisis has not caused the phenomenon to decline but, on the contrary, has stimulated its expansion, as firms strive to consolidate their presence as producers in the most dynamic markets.

It comes as no surprise that the phenomenon is dominated by large companies: 78 per cent of the workers are employed in foreign affiliates of Italian firms with 250 or more workers. However, in the last decade the number of firms capable of carrying out investment abroad rose by nearly 5,000, to almost 8,000, and the largest gain was recorded by small firms.

In addition, let us recall that small businesses often adopt simpler forms of production internationalization, which do not require direct investment abroad but enable firms to join international production networks through cooperation agreements with foreign partners. The best results are obtained when small firms overcome the tendency to go it alone and opt to collaborate with other firms, but there remain significant organizational and financial obstacles to surmount. An important supporting role falls to the banking system, particularly banks equipped with an adequate direct presence in foreign markets.[22]

22 See the contribution by F. Bartoli, "L'internazionalizzazione dal punto di vista delle piccole imprese: alcune evidenze dall'indagine UniCredit", available on the website and on the pen drive.

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 2006 and 2011



Source: Based on Istat and ICE-Reprint data

There have been instances of backshoring or nearshoring of production activities previously based abroad

Companies' decisions regarding the location of their activities are subject to periodic reassessment, in response to changes in the characteristics of localities where production is based and in the costs of coordinating international production networks. Increasing attention is being paid to the backshoring or nearshoring of previously offshored production activities, a trend that appears to have intensified in recent years[23] and has entered the sights of agencies charged with attracting foreign investment. A certain number of Italian firms have moved previously offshored production activities back or near to Italy, mainly from China or Eastern Europe.

A growing phenomenon is that of foreign direct investment in research and development activities, aimed at acquiring resources and skills concentrated in specific places and facilitated by the reduction in the costs of coordinating the activities of multiple R&D centers, thanks to technological innovations that permit long-distance knowledge transfers within groups.[24] The benefits of these investments for the recipient countries are very substantial and justify targeted policies to attract them. The investor firms reap productivity and competitiveness gains.

9. Policies for internationalization

Policies for internationalization serve to enable firms, particularly smaller ones, to overcome the organizational and information problems that hinder their entry in markets abroad or impede them in establishing a marketing or production presence there. This holds true especially for the emerging economies, where firms' international activities are generally made more difficult by large distances and by cultural and political barriers.

If it is effective, public support for the different forms of international integration of the economy can generate advantages not only for the firms that benefit directly from it but for

23 See the contribution by A. Ancarani, L. Fratocchi, G. Nassimbeni, M. Valente and A. Zanoni, "Il *back-shoring* manifatturiero delle imprese italiane: caratterizzazione del fenomeno e comparazione internazionale".

24 See the contribution by D. Castellani and C. Castelli, "L'internazionalizzazione della R&S: scelte di localizzazione ed effetti sui paesi d'origine".

the entire system, fostering a greater exposure to the stimuli of competition and the diffusion of the organizational innovations necessary to face it.

For these reasons, all medium- and high-income countries have one or more public agencies charged with promoting the internationalization of their enterprises and endowed with qualified staff and substantial resources, which in some cases, as in Italy, come partially from firms' sharing the costs.

The Italian system of public support for firms' international activities has long been the object of repeated reform measures, overlaid on more general changes in the institutional structure of industrial and innovation policies, particularly recognition of the regional governments' legislative power, in a historical phase in which the European dimension of those policies has become more and more important. The result is a complex system, costly and difficult to coordinate, given the coexistence of different actors with often overlapping roles. This system is still the subject of a vigorous debate, in a setting rendered more severe by the problems of Italy's public finances and the sovereign debt crisis.

It is against this background that one must frame the decision, taken in July 2011, to abolish the Italian Institute for Foreign Trade (I.C.E.), followed a short time later by an attempt to fill the resulting void by creating a new national agency and assigning it part of the Institute's personnel and facilities.

A difficult phase has ensued. But in the end it may bring forth a recast technical organization to assist internationalization, one able to provide services distinguished by the transparency and impartiality characteristic of the public sector, making use of outside evaluators and self-evaluation techniques to assess the effectiveness of these services and safeguard their quality.

Understandably, the debate has focused on the costs to the public budget, with the primary aim of reducing the relative incidence of operating and administrative costs. Let us recall, however, that those costs are sustained not only to carry out the traditional activities of export promotion, such as participation in trade fairs, but also to supply information, training, and assistance and advisory services on foreign markets. In this perspective, it is important to review the manner of firms' participation in the costs of the services, bearing in mind that co-financing for the activities of the promotional program currently covers an average of about 30 per cent. For the other services as well, adjusting the fees paid by firms, without jeopardizing the objective of facilitating their access to international markets, could serve not only to reduce the commitment of public resources but still more to introduce mechanisms for monitoring the quality of services by the firms that purchase them.

But the crucial problem remains that of the overall structure of the system, which is still subject to the risk of overlap and waste and to the internal tensions that derive from the multiplicity of actors at different institutional levels. The question of how to distribute the tasks and responsibilities for industrial policy and support for internationalization among local, national and supranational agencies has been solved in different ways in the main European countries. The solutions range from a clear-cut separation (as in Germany) to partnership agreements among the different actors, clarifying and rationalizing their respective roles (France).

The Agency-I.C.E., in cooperation with the other national and local actors, under the guidance of the "director's booth", is called on to play a role coordinating the policies for internationalization

The path now being taken in Italy is that of a "director's booth" in which all the interested parties – national and local, public and private – participate. For this experiment to succeed, the different actors must demonstrate an ability to find an effective working synthesis. Its first requisite is for the national authorities to have a consistent and strongly held vision of the role of industrial policies and internationalization in fostering the opening up, renewal and growth of the economic system, in a context of closer integration among the countries of the European Union and greater interdependence with the rest of the world. It also requires suitable instruments, competences and financial resources for the national authorities to perform their role of direction and coordination effectively, so as to steer the system toward a synthesis among the different needs and potentialities of the local production systems, turning their specific traits and capacity for autonomous initiative to advantage but reducing the costs and increasing the benefits of interventions. A tangible sign of coordination could be the creation in practice of the one-stop shops for firms, on which the Ministry for Economic Development has been working for some time.

The Agency-I.C.E. could effectively be the central technical agency charged with realizing this design, according to the guidelines established by the Ministry, in cooperation with the other national and local actors in this field, such as Simest, SACE, the regional governments and the chambers of commerce, with a view to serving firms and the whole economic and social system. This year the *Report* again documents the activities performed by these actors and the innovations introduced in their services.

Concluding remarks

The outlook for the world economy is darkening. The acute uncertainty that has characterized the last several years, with the divergence between areas launched on a vigorous recovery from the global crisis of 2008-09 and regions beset by persistent problems, appears to be giving way to a prevalence of recessionary impulses, and the effects of these are beginning to be felt in the emerging economies as well. It is not yet clear whether the timely reactions of the economic policy authorities have the strength and characteristics needed to dissipate the discouragement of households and firms and impart fresh impetus to global demand.

An extremely worrisome sign is the change in the trend of trade policies, with the intensification of restrictive and trade-distorting measures, adopted in the vain hope of keeping the crisis from crossing national borders. Historical experience shows that protectionism aggravates the problems, depriving economic systems of the benefits of international integration and stimulating retaliatory actions that jam the mechanisms of trade and undermine their ability to spread recovery.

In these circumstances, enormous importance would attach to a resolute, high-profile political initiative on the part of the international community, to tone down conflicts of interest and identify a realistic compromise with which to end the deadlock of the WTO multilateral negotiations on the ambitious “development agenda” that was agreed in Doha in 2001, in another difficult moment in international relations. The relauching of the multilateral approach to trade liberalization could halt the protectionist drift and give greater coherence to the multitude of preferential agreements that continue to be negotiated.

The European Union, assailed by financial problems and caught up in its internal quarrels, is at the center of the global crisis, but it possesses some of the keys for overcoming it. If the agreements reached at the end of June are implemented resolutely and swiftly, laying the basis for further advances of economic and political integration, the instability of the financial markets can be tamed, creating a more propitious environment for the structural reforms and demand-side stimuli that are needed for the economy to grow.

The Italian economy is entering a new recession, more severe than in the rest of the euro area. This is further proof of the seriousness of its problems. Its greater fragility does not derive from a larger exposure than the other large European countries to external shocks; on the contrary, its exposure is limited by its relatively low degree of international openness. The roots of its greater fragility are domestic and lie in longstanding structural problems connected with the interplay of rents and forms of illegality that muffle the benefits of competition on the markets and also reduce the effectiveness of public intervention, thereby augmenting the imbalances of the public finances.

The policies of consolidation undertaken last year, under the gun of the emergency, can make an important contribution, as far as Italy is concerned, to resolving the sovereign debt crisis. This can create conditions more conducive to growth, but it will not suffice to ensure growth, in part because of the fiscal austerity measures' depressive effects on demand.

The prospects of renewed growth depend, on the one hand, on the set of deep-going structural reforms needed to release the entrepreneurial energies which are indeed present in the social fabric, opening up the markets more to young people and to immigrants, and, on the other, on a redistribution of the tax burden that is more favorable to workers and so permits an increase in demand.

In addition, there is a need for a program of public investment in infrastructures and knowledge, on a European scale, to orient the expectations and spending plans of firms and households, creating new conditions of enduring confidence.

In this context, an important role is also to be played by the national scheme of industrial policies. The resources and energies available at all levels must be channeled toward renewal of the productive economy.

The process is already moving forward spontaneously, and this *Report* documents how the most vital part of the entrepreneurial fabric is adapting the essential traits of the Italian economy's model of international specialization to the changes triggered by the alteration of the technological paradigm and by globalization. The evolution of the model does not radically modify its sectoral features but is keyed, rather, to improving product quality and intra-industrial specialization. However, the gains made to date do not make up for the losses of jobs and production capacity suffered by the areas in crisis, losses exacerbated by the economic downtrend.

A further effort is required, and it cannot come about without a national development policy program. Starting out from the existing strengths (industrial machinery, high-end segments of traditional Italian goods, food products, architectural and engineering services, etc.), an effort must be made to consolidate and diversify the structure of the economy, to redefine Italy's position in the new "international division of labor", shaped by global production networks, in directions more consistent with the trends of the global setting and with firms' potential.

It is not a question of turning back to the statist illusions of the distant past. But there is a need for a shared vision of the prospects for investment, and it is necessary to make consistent, concentrated use of the available tools. This implies convergence of different policies.

For some time it has been evident, including in the assignment of ministerial responsibilities, that policies to support firms' internationalization are an integral part of industrial policies. It is necessary to turn their innovative dimension more fully to account: the organizational changes that firms need to make in order to access and succeed on foreign markets should be treated (and facilitated) on a par with technological innovations.

Furthermore, the idea of integrating policies for innovation with those for territorial cohesion is increasingly in the ascendant in Europe, as elsewhere. Applied to Italy, this principle means that the persistent lag in the development and international opening of the South, decisive questions for the future of the entire country, has to be tackled above all as a problem of modifying and upgrading the system for the creation and transmission of knowledge.

The scaling up of firms, often indicated as a priority objective, also appears rather to be the indirect result – and an important indicator of success – of policies to open up markets and improve the quality of the skills available in firms and institutions.

The task of developing these guidelines, transforming them into a national development program, can only fall to the Government, and particularly to the Ministry for Economic

Development, in agreement with the other competent ministries and within the framework of European coordination. However, in adopting and implementing the program, it is necessary to take account of the present constitutional arrangement, which assigns primary tasks to the regional governments, and of the multiplicity of other actors, both national and local, that participate in industrial and internationalization policies.

To this end, an important role can be played by the renewed attempt to activate a "director's booth" in which all the institutions and other actors interested in policies for internationalization participate. This will make possible not only exchanges of information on their respective activities, but also forms of coordination in which provision is made for the sharing of resources and interventions. The national development program may also serve to orient this work. In addition, the "director's booth" could foster the dissemination among all of its participants, public and private, of the culture and techniques of policy outcomes evaluation on the basis of well-defined and measurable operating objectives.

The new agency created to replace the Institute for Foreign Trade could be the main technical body for realizing the program for internationalization, placing itself in the service of firms on the basis of partnership agreements with the other actors. Compared with the traditional tasks of the Institute for Foreign Trade, the new agency could:

a) strengthen activities directed to analysis of international markets, in order to produce information and advisory services of real and effective use to firms;

b) step up training programs, in partnership with the university system, in order to disseminate the culture and skills of internationalization far and wide among young people and firms;

c) further upgrade the services of promotion and customized assistance to firms, increasing their participation in the costs and thus their incentives to monitor the quality of these services.

If all this serves to increase the international openness of the Italian economy, it can be a source of major benefits for the growth of production and for social progress.

Statistical tables

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
					GOODS					
Value [2]	6,492	7,586	9,218	10,495	12,120	14,012	16,132	12,531	15,254	18,217
% change	4.9	16.9	21.5	13.9	15.5	15.6	15.1	-22.3	21.7	19.4
					Percentage changes in the indices					
Volume index	3.5	5.6	9.7	6.5	8.6	6.5	2.3	-12.0	13.9	5.0
Average unit value index	1.3	10.7	10.9	6.9	6.5	8.7	12.8	-12.0	6.9	13.9
					COMMERCIAL SERVICES					
Value	1,601	1,836	2,232	2,496	2,827	3,407	3,834	3,409	3,747	4,150
% change	7.8	14.7	21.6	11.8	13.3	20.5	12.5	-11.1	9.9	10.8
					FOREIGN DIRECT INVESTMENT					
Value	627	573	742	983	1,462	1,971	1,744	1,185	1,290	1,509
As a percentage of world trade in goods and services	7.7	6.1	6.5	7.6	9.8	11.3	8.7	7.4	6.8	6.7

(1) Exports for goods and services, inflows for foreign direct investment. FDI for 2011 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 investiment

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
European Union	40.5	41.6	41.0	39.1	38.2	38.5	36.9	37.2	33.5	32.7
Euro area	31.9	32.9	32.4	30.6	29.5	30.2	28.9	29.2	26.1	25.4
Other EU countries	8.6	8.7	8.6	8.6	8.6	8.3	8.1	8.0	7.4	7.3
Other European countries	5.2	5.3	5.5	6.0	6.1	6.3	6.9	6.2	6.2	6.6
Africa	2.2	2.3	2.4	2.7	2.9	2.9	3.4	2.9	3.1	3.0
North America	14.7	13.2	12.4	12.2	11.8	11.4	10.9	11.1	11.2	10.9
South and Central America	5.5	5.2	5.3	5.6	5.7	5.6	5.6	5.6	5.9	6.2
Middle East	3.5	3.7	4.2	4.7	5.2	5.1	6.3	5.1	5.8	6.6
Central Asia	1.3	1.4	1.4	1.6	1.7	1.8	1.9	2.0	2.2	2.4
East Asia	25.5	25.9	26.5	26.7	26.9	27.0	26.4	28.2	30.4	29.8
Oceania and other territories	1.6	1.4	1.4	1.5	1.5	1.5	1.6	1.7	1.8	1.9
WORLD	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
European Union	38.6	40.0	39.5	38.4	38.3	38.7	37.5	36.7	33.7	32.8
Euro area	29.1	30.4	30.0	28.8	28.5	28.9	28.2	27.8	25.4	24.7
Other EU countries	9.5	9.6	9.5	9.5	9.8	9.8	9.3	8.9	8.3	8.1
Other European countries	4.1	4.4	4.4	4.6	4.9	5.4	5.8	5.2	5.3	5.6
Africa	2.1	2.2	2.3	2.4	2.5	2.7	3.1	3.4	3.2	3.2
North America	21.9	20.3	19.3	19.3	18.6	17.1	15.8	15.4	15.7	15.1
South and Central America	5.8	5.0	5.0	5.2	5.4	5.6	5.9	5.7	6.1	6.3
Middle East	2.6	2.6	3.1	3.3	3.3	3.5	3.9	4.0	3.9	4.0
Central Asia	1.5	1.6	1.7	2.1	2.3	2.6	2.9	3.1	3.3	3.5
East Asia	22.2	22.5	23.1	23.3	23.4	23.0	23.7	24.8	27.2	27.9
Oceania and other territories	1.4	1.5	1.5	1.5	1.4	1.5	1.5	1.6	1.6	1.7
WORLD	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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			Country	Amount		% change	% shares		
2001	2010	2011		2010	2011	2010-2011	2001	2010	2011
6	1	1	China	1,578	1,899	20.3	4.3	10.3	10.4
1	2	2	United States	1,278	1,481	15.8	11.8	8.4	8.1
2	3	3	Germany	1,259	1,474	17.1	9.2	8.3	8.1
3	4	4	Japan	770	823	6.9	6.5	5.0	4.5
9	5	5	Netherlands	574	660	15.0	3.7	3.8	3.6
4	6	6	France	523	597	14.1	5.2	3.4	3.3
13	7	7	South Korea	466	555	19.0	2.4	3.1	3.0
8	**8**	**8**	**Italy**	**447**	**523**	**16.9**	**3.9**	**2.9**	**2.9**
17	12	9	Russia	400	522	30.4	1.6	2.6	2.9
11	9	10	Belgium	409	476	16.5	3.1	2.7	2.6
5	10	11	United Kingdom	406	473	16.7	4.4	2.7	2.6
10	11	12	Hong Kong (1)	401	456	13.7	3.1	2.6	2.5
7	13	13	Canada	388	452	16.6	4.2	2.5	2.5
15	14	14	Singapore (1)	352	410	16.4	2.0	2.3	2.2
23	18	15	Saudi Arabia (2)	251	365	45.1	1.1	1.6	2.0
12	15	16	Mexico	298	350	17.2	2.6	2.0	1.9
14	16	17	Taiwan	275	308	12.3	2.0	1.8	1.7
16	17	18	Spain	254	297	16.9	1.9	1.7	1.6
31	20	19	India	220	297	35.0	0.7	1.4	1.6
30	19	20	United Arab Emirates (2)	220	285	29.5	0.8	1.4	1.6
			Total 20 countries	10,770	12,702	17.9	74.6	70.6	69.7
			World (1)	15,254	18,217	19.4	100.0	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			Country	Amount		% change	% shares		
2001	2010	2011		2010	2011	2010-2011	2001	2010	2011
1	1	1	United States	1,969	2,265	15.0	18.4	12.7	12.3
6	2	2	China	1,395	1,743	25.0	3.8	9.0	9.5
2	3	3	Germany	1,055	1,254	18.9	7.6	6.8	6.8
3	4	4	Japan	694	854	23.1	5.5	4.5	4.6
5	5	5	France	610	715	17.2	5.1	3.9	3.9
4	6	6	United Kingdom	562	636	13.3	5.4	3.6	3.5
9	7	7	Netherlands	516	597	15.7	3.3	3.3	3.2
7	**8**	**8**	**Italy**	**487**	**557**	**14.3**	**3.7**	**3.2**	**3.0**
14	10	9	South Korea	425	524	23.3	2.2	2.8	2.9
10	9	10	Hong Kong (1)	441	511	15.8	3.2	2.9	2.8
8	11	11	Canada	403	462	14.9	3.5	2.6	2.5
11	12	12	Belgium	393	461	17.2	2.8	2.5	2.5
26	13	13	India	350	451	28.8	0.8	2.3	2.5
15	15	14	Singapore (2)	311	366	17.7	1.8	2.0	2.0
13	14	15	Spain	327	362	10.7	2.4	2.1	2.0
12	16	16	Mexico	310	361	16.4	2.7	2.0	2.0
24	18	17	Russia (3)	249	323	29.9	0.8	1.6	1.8
16	17	18	Taiwan	251	281	12.0	1.7	1.6	1.5
20	19	19	Australia	202	244	20.9	1.0	1.3	1.3
29	21	20	Turkey	186	241	29.8	0.6	1.2	1.3
			Total 20 countries	11,136	13,210	18.6	76.3	72.0	71.9
			World (1)	15,457	18,381	18.9	100.0	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	Country	Flows				Stocks			
(2011 flows)		Amount		% composition		Amount		% composition	
		2010	2011[2]	2001	2011[2]	2009	2010	2009	2010
1	United States	228	211	19.3	14.0	3,027	3,451	16.9	18.0
2	China	106	124	5.7	8.2	473	579	2.6	3.0
3	Hong Kong	69	78	2.9	5.2	936	1,098	5.2	5.7
4	United Kingdom	46	77	6.4	5.1	1,056	1,086	5.9	5.7
5	Brazil	48	66	2.7	4.3	401	473	2.2	2.5
6	Russia	41	58	0.3	3.8	382	423	2.1	2.2
7	Ireland	26	53	1.2	3.5	247	247	1.4	1.3
8	Belgium[3]	62	41	10.7	2.7	863	670	4.8	3.5
9	Singapore	39	41	1.8	2.7	344	470	1.9	2.5
10	France	34	40	6.1	2.7	1,133	1,008	6.3	5.3
11	India	25	34	0.7	2.3	167	198	0.9	1.0
12	**Italy**	**9**	**33**	**1.8**	**2.2**	**364**	**337**	**2.0**	**1.8**
13	Germany	46	32	3.2	2.1	677	674	3.8	3.5
14	Luxembourg[3]	20	27	-	1.8	102	115	0.6	0.6
15	Sweden	-1	22	1.3	1.5	332	349	1.8	1.8
16	Indonesia	13	20	-0.4	1.3	108	122	0.6	0.6
17	Spain	25	25	3.4	1.7	635	614	3.5	3.2
18	Mexico	19	18	3.6	1.2	280	327	1.6	1.7
19	Chile	15	18	0.5	1.2	121	140	0.7	0.7
20	Austria	4	18	0.7	1.2	158	155	0.9	0.8
	World	1,290	1,509	100.0	100.0	17,950	19,141	100.0	100.0

(1) Sorted according to 2011 data.
(2) Preliminary estimates based on data available at 24 January 2012.
(3) The figures for Belgium for 2001 include the data for Luxembourg.
Source: Based on UNCTAD data

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

Rank	Country	Flows				Stocks			
(2011 flows)		Amount		% composition		Amount		% composition	
		2010	2011[2]	2001	2011[2]	2009	2010	2009	2010
1	United States	329	384	16.6	23.1	4,331	4,843	22.6	23.7
2	Japan	56	116	5.1	6.9	741	831	3.9	4.1
3	France	84	107	11.5	6.4	1,662	1,523	8.7	7.5
4	United Kingdom	31	103	7.8	6.2	1,056	1,086	5.5	5.3
5	Hong Kong	76	82	1.5	4.9	832	948	4.3	4.6
6	Belgium[3]	38	70	13.4	4.2	765	737	4.0	3.6
7	Switzerland	58	70	2.4	4.2	840	909	4.4	4.5
8	**Italy**	**21**	**68**	**2.9**	**4.1**	**486**	**476**	**2.5**	**2.3**
9	China	68	68	0.9	4.1	230	298	1.2	1.5
10	Russia	52	67	0.3	4.0	306	434	1.6	2.1
11	Germany	105	51	5.3	3.0	1,418	1,421	7.4	7.0
12	Canada	39	46	4.8	2.7	594	616	3.1	3.0
13	Spain	22	36	4.4	2.2	646	660	3.4	3.2
14	Austria	8	30	0.4	1.8	158	155	0.8	0.8
15	Sweden	30	28	1.0	1.7	348	336	1.8	1.6
16	Singapore	20	25	2.7	1.5	213	300	1.1	1.5
17	Denmark	3	24	1.8	1.4	153	139	0.8	0.7
18	Netherlands	32	22	6.7	1.3	950	890	4.9	4.4
19	South Korea	19	20	0.3	1.2	120	139	0.6	0.7
20	Australia	26	17	1.8	1.0	338	402	1.8	2.0
	World	1,429	1,664	100.0	100.0	19,197	20,408	100.0	100.0

(1) Sorted according to 2011 data.
(2) Preliminary estimates based on data available at 12 April 2012.
(3) The figures for Belgium for 2001 include the data for Luxembourg.
Source: Based on UNCTAD data

Table 1.8 - Shares of world trade and trade balances
Percentage shares and amounts in billions of euros

	2006	2007	2008	2009	2010	2011
			European Union (1)			
Export share	16.3	16.6	16.0	16.5	14.0	13.7
Import share	18.4	18.3	18.2	17.3	15.6	15.2
Trade balance	-208.7	-180.0	-244.0	-97.9	-194.8	-208.6
Normalized trade balance (2)	-8.3	-6.8	-8.5	-4.3	-7.4	-7.1
			Untied States			
Export share	11.6	11.3	10.8	11.4	11.1	10.7
Import share	20.6	18.9	17.2	16.7	16.4	15.6
Trade balance	-702.6	-623.6	-588.7	-391.8	-520.9	-563.4
Normalized trade balance (2)	-29.8	-26.9	-25.0	-20.5	-21.3	-20.9
			Japan			
Export share	7.3	7.0	6.5	6.3	6.7	5.9
Import share	6.2	5.8	6.1	5.7	5.8	5.9
Trade balance	54.5	67.9	13.9	21.3	58.6	-21.1
Normalized trade balance (2)	5.6	7.0	1.3	2.6	5.3	-1.8
			China			
Export share	10.9	11.9	11.8	12.9	13.7	13.7
Import share	8.5	9.0	9.0	10.4	11.6	12.0
Trade balance	141.8	191.5	202.2	143.0	140.7	115.0
Normalized trade balance (2)	10.1	12.1	11.6	9.0	6.3	4.4
			Asean (3)			
Export share	8.4	8.2	8.0	8.5	8.8	8.9
Import share	6.8	6.7	7.1	7.3	7.6	8.1
Trade balance	91.6	86.9	44.1	65.6	81.7	49.4
Normalized trade balance (2)	8.4	7.7	3.5	6.1	5.6	2.9
			Brics (4)			
Export share	17.7	19.0	19.5	20.0	21.3	21.9
Import share	13.7	15.2	16.0	17.0	18.8	19.6
Trade balance	235.9	240.0	234.8	160.8	155.7	142.9
Normalized trade balance (2)	10.4	9.2	7.9	6.4	4.4	3.4
			World (5)			
Exports	7,098	7,493	8,207	6,664	8,714	9,975
Imports	7,418	7,779	8,555	6,902	9,039	10,409

(1) Excludes intra-EU trade. Refers to EU-25 from 2005 to 2006 and EU-27 from 2007 on.
(2) Trade balance as a percentage of the sum of exports and imports.
(3) Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam.
(4) Brazil, Russia, India, China and South Africa.
(5) Excludes intra-EU trade. The difference between exports and imports is due to statistical discrepancies.

Sources: Based on IMF-DOTS data and, for Taiwan, Taiwan Directorate General of Customs data

Table 2.1 - **Italy's balance of payments**
Millions of euros

	2008	2009	2010	2011
Current account	**-44,901**	**-30,173**	**-54,681**	**-51,509**
Capital account	**-186**	**-89**	**-556**	**424**
Financial account	**31,416**	**37,335**	**86,749**	**73,519**
Direct investment	-53,144	-866	-17,719	-13,057
abroad	*-45,740*	*-15,317*	*-24,652*	*-33,961*
in Italy	*-7,404*	*14,451*	*6,933*	*20,904*
Portfolio investment	75,216	28,061	38,468	-34,376
abroad	*68,670*	*-38,541*	*-31,285*	*35,805*
in Italy	*6,546*	*66,602*	*69,753*	*-70,181*
Other investment	13,011	5,725	71,775	114,400
Financial derivatives	1,899	4,332	-4,734	7,493
Change in reserve assets	-5,574	80	-1,034	-941
Errors and omissions	13,671	-7,073	-31,513	-22,433

Current account balance

	2008	2009	2010	2011
Goods (FOB-FOB)	**-2,129**	**823**	**-20,918**	**-16,612**
Services	**-8,606**	**-8,435**	**-9,218**	**-6,960**
Transport	-7,940	-7,006	-8,513	-8,438
Foreign travel	10,168	8,841	8,841	10,308
Other services	-10,834	-10,270	-9,546	-8,830
Income	**-19,353**	**-10,406**	**-8,289**	**-12,001**
Labor income	848	865	2,512	2,618
Investment income	-20,201	-11,271	-10,800	-14,619
Transfers	**-14,812**	**-12,154**	**-16,256**	**-15,936**
Private	-5,336	-4,658	-5,425	-4,495
Worker's remittances	-5,949	-6,341	-6,137	-6,916
Other	613	1,683	712	2,421
Public	-9,476	-7,496	-10,831	-11,441
EU accounts	-9,906	-6,981	-10,108	-10,448
Other	430	-515	-723	-993
Current account	**-44,900**	**-30,172**	**-54,681**	**-51,509**

Source: Based on Bank of Italy data

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

	2007	2008	2009	2010	2011(1)
Exports FOB					
millions of euros	364,744	369,016	291,733	337,346	375,850
% change	9.9	1.2	-20.9	15.6	11.4
Imports CIF					
millions of euros	373,340	382,050	297,609	367,390	400,480
% change	5.9	2.3	-22.1	23.4	9.0
Trade balance					
millions of euros	-8,596	-13,035	-5,876	-30,044	-24,630
change in amount	11,856	-4,439	7,159	-24,168	5,414
Normalized trade balance (2)	-1.2	-1.7	-1.0	-4.3	-3.2
Exports: % change in average unit values (2005=100)	5.0	5.6	-2.0	6.0	7.1
Imports: % change in average unit values (2005=100)	2.9	9.0	-10.0	10.5	10.9
Exports: % change in volume (2005=100)	4.7	-4.2	-19.4	9.1	4.0
Imports: % change in volume (2005=100)	2.9	-6.1	-13.4	11.7	-1.7
Terms of trade (3) (% change)	2.1	-3.1	8.9	-4.0	-3.4
Real cover ratio (4) (% change)	1.7	2.0	-6.9	-2.3	5.8

(1) Provisional data for 2011. Istat will release final data following adjustment and additions to the data on trade with EU countries.
(2) Trade balance as a percentage of the sum of exports and imports.
(3) Ratio of average unit values of exports to unit values of imports.
(4) Ratio of exports 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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2002-2011
Market share	3.65	3.73	3.60	3.35	3.29	3.42	3.29	3.21	2.89	2.86	
change		0.08	-0.13	-0.25	-0.07	0.13	-0.13	-0.09	-0.31	-0.03	-0.79
Competitiveness effect		0.00	-0.05	-0.14	0.00	0.02	-0.03	-0.09	-0.08	-0.02	-0.40
Structure effect		0.11	-0.06	-0.18	-0.05	0.18	-0.10	0.03	-0.23	-0.01	-0.30
sectoral		*0.00*	*-0.09*	*-0.11*	*-0.06*	*0.07*	*-0.12*	*0.08*	*-0.14*	*-0.03*	*-0.40*
geographical		*0.11*	*0.00*	*-0.03*	*0.01*	*0.08*	*0.01*	*-0.03*	*-0.14*	*-0.01*	*-0.01*
interaction		*0.00*	*0.02*	*-0.03*	*0.01*	*0.04*	*0.01*	*-0.02*	*0.05*	*0.04*	*0.11*
Adaptation effect		-0.02	-0.02	0.07	-0.02	-0.06	0.00	-0.03	0.00	-0.01	-0.09

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2002-2011
Market share	11.68	11.54	11.24	10.98	10.96	11.03	10.98	10.58	10.39	10.44	
change		-0.13	-0.31	-0.26	-0.02	0.06	-0.05	-0.40	-0.19	0.04	-1.24
Competitiveness effect		-0.01	-0.04	-0.26	0.16	0.01	-0.04	-0.23	0.04	-0.08	-0.45
Structure effect		-0.02	-0.18	-0.24	-0.14	0.12	-0.02	-0.13	-0.19	0.12	-0.68
sectoral		*-0.09*	*-0.21*	*-0.20*	*-0.11*	*0.10*	*0.03*	*-0.09*	*-0.18*	*0.05*	*-0.68*
geographical		*0.06*	*0.03*	*0.02*	*0.00*	*0.05*	*0.07*	*0.01*	*-0.02*	*0.04*	*0.27*
interaction		*0.00*	*-0.01*	*-0.07*	*-0.03*	*-0.03*	*-0.11*	*-0.06*	*0.01*	*0.03*	*-0.27*
Adaptation effect		-0.10	-0.08	0.25	-0.04	-0.07	0.02	-0.04	-0.03	0.00	-0.10

(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		
	2011	% share	% change in value 2010-11	2011	% share	% change in value 2010-11	2010	2011	Normalized 2011 (%)
European Union	209,923	55.8	8,7	213,543	53.3	6,0	-8,219	-3,620	-0,9
France	43,710	11.6	11,4	33,417	8.3	3,9	7,066	10,292	13,3
Germany	49,348	13.1	12,5	62,421	15.6	5,8	-15,127	-13,073	-11,7
Spain	19,888	5.3	1,5	17,872	4.5	6,7	2,856	2,016	5,3
United Kingdom	17,519	4.7	-0,3	10,770	2.7	7,6	7,565	6,750	23,9
Non-EU Europe	50,115	13.3	23,3	44,606	11.1	17,9	2,819	5,508	5,8
Russia	9,315	2.5	17,8	18,042	4.5	23,3	-6,726	-8,727	-31,9
Switzerland	20,656	5.5	30,5	11,367	2.8	11,4	5,619	9,290	29,0
Turkey	9,628	2.6	19,9	5,979	1.5	15,9	2,869	3,649	23,4
North Africa	10,777	2.9	-19,5	17,968	4.5	-28,4	-11,705	-7,190	-25,0
Other African countries	5,241	1.4	17,9	9,769	2.4	71,7	-1,247	-4,528	-30,2
North America	25,559	6.8	12,5	14,675	3.7	16,2	10,087	10,884	27,1
United States	22,859	6.1	12,4	13,022	3.3	17,0	9,205	9,837	27,4
South and Central America	14,131	3.8	27,3	12,033	3.0	21,2	1,171	2,098	8,0
Brazil	4,788	1.3	23,4	4,156	1.0	25,3	563	632	7,1
Mercosur	6,775	1.8	20.0	6,391	1.6	23.0	451	383	2.9
Middle East	18,478	4.9	14,5	29,203	7.3	39,1	-4,852	-10,724	-22,5
Central Asia	6,110	1.6	7,2	10,394	2.6	33,2	-2,105	-4,284	-26,0
India	3,764	1.0	10.6	4,784	1.2	25.0	-423	-1,020	-11.9
East Asia	28,767	7.7	17,1	46,050	11.5	4,1	-19,689	-17,283	-23,1
China	10,022	2.7	16,2	29,307	7.3	1,8	-20,171	-19,285	-49,0
Japan	4,739	1.3	18,1	4,221	1.1	-1,6	-276	517	5,8
DAEs (1)	12,091	3.2	17.3	8,149	2.0	5.0	2,543	3,941	19.5
Oceania	3,595	1.0	14,2	1,543	0.4	30,9	1,969	2,052	39,9
World	375,976	100.0	11,4	400,504	100.0	9,0	-29,985	-24,528	-3,2

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

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)				
	2007	2011	2007	2008	2009	2010	2011
European Union	38.7	32.7	5.6	5.1	5.1	4.9	4.8
France	4.4	3.8	9.1	8.4	8.3	8.3	8.4
Germany	7.4	6.8	6.4	6.0	5.8	5.7	5.8
United Kingdom	4.4	3.3	4.7	4.3	4.1	4.1	3.7
Spain	2.7	2.0	9.8	8.7	8.1	8.1	7.8
Non-EU Europe	5.4	5.6	6.7	6.5	7.1	6.5	6.7
Russia	1.4	1.6	5.7	5.3	5.5	4.8	4.6
Switzerland	1.1	1.1	9.5	9.6	9.7	9.4	11.4
North Africa	0.8	1.1	10.5	11.2	10.6	10.1	8.2
Other African countries	1.9	2.1	2.8	2.4	2.7	2.0	2.1
North America	16.8	14.9	1.7	1.6	1.5	1.3	1.4
United States	14.2	12.4	1.8	1.7	1.6	1.4	1.5
South and Central America	5.5	6.2	2.3	2.1	1.9	1.7	1.8
Middle East	3.5	4.0	4.9	4.5	4.4	3.7	3.7
Central Asia	2.5	3.4	1.8	1.6	1.9	1.5	1.4
East Asia	21.8	26.7	1.0	0.9	1.0	0.8	0.8
China	6.7	9.5	1.0	1.0	1.0	0.9	0.9
Japan	4.4	4.7	1.0	0.9	1.1	0.9	0.8
Oceania	1.5	1.7	2.4	2.3	2.0	1.8	1.8
World	100.0	100.0	3.7	3.4	3.4	3.0	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 2011

		Rank 2010	Amount (millions of euros)	% change	Percentage shares		Cumulative percentage
		2010	2011	2010-11	2010	2011	2011
1	Germany	1	49,348	12.5	13.0	13.1	13.1
2	France	2	43,710	11.4	11.6	11.6	24.8
3	United States	3	22,859	12.4	6.0	6.1	30.8
4	Switzerland	6	20,656	30.5	4.7	5.5	36.3
5	Spain	4	19,888	1.5	5.8	5.3	41.6
6	United Kingdom	5	17,519	-0.3	5.2	4.7	46.3
7	China	8	10,022	16.2	2.6	2.7	48.9
8	Belgium	7	9,750	12.3	2.6	2.6	51.5
9	Turkey	11	9,628	19.9	2.4	2.6	54.1
10	Poland	9	9,410	10.0	2.5	2.5	56.6
11	Russia	13	9,315	17.8	2.3	2.5	59.1
12	Netherlands	10	9,117	8.9	2.5	2.4	61.5
13	Austria	12	8,709	8.8	2.4	2.3	63.8
14	Romania	15	6,045	16.4	1.5	1.6	65.4
15	Brazil	17	4,788	23.4	1.1	1.3	66.7
16	Greece	14	4,757	-13.1	1.6	1.3	68.0
17	Japan	16	4,739	18.1	1.2	1.3	69.2
18	United Arab Emirates	18	4,736	28.5	1.1	1.3	70.5
19	Hong Kong	19	4,180	15.8	1.1	1.1	71.6
20	Czech Republic	21	4,164	16.2	1.1	1.1	72.7
	Other countries		102,635	9.9	27.7	27.3	100.0
	World		**375,976**	**11.4**	**100.0**	**100.0**	**100.0**

Source: Based on Istat data

Table 2.7 - Italian imports: top 20 countries of origin in 2011

		Rank 2010	Amount (millions of euros)	% change	Percentage shares		Cumulative percentage
		2010	2011	2010-11	2010	2011	2011
1	Germany	1	62,421	5.8	16.1	15.6	15.6
2	France	2	33,417	3.9	8.8	8.3	23.9
3	China	3	29,307	1.8	7.8	7.3	31.2
4	Netherlands	4	20,863	4.5	5.4	5.2	36.5
5	Russia	6	18,042	23.3	4.0	4.5	41.0
6	Spain	5	17,872	6.7	4.6	4.5	45.4
7	Belgium	7	14,607	9.3	3.6	3.6	49.1
8	United States	9	13,022	17.0	3.0	3.3	52.3
9	Switzerland	10	11,367	11.4	2.8	2.8	55.2
10	United Kingdom	11	10,770	7.6	2.7	2.7	57.8
11	Austria	12	8,897	5.3	2.3	2.2	60.1
12	Algeria	13	8,275	2.7	2.2	2.1	62.1
13	Azerbaijan	15	8,237	54.3	1.5	2.1	64.2
14	Poland	14	7,580	5.0	2.0	1.9	66.1
15	Saudi Arabia	25	7,210	122.9	0.9	1.8	67.9
16	Turkey	16	5,979	15.9	1.4	1.5	69.4
17	Iran	17	5,329	12.2	1.3	1.3	70.7
18	Romania	18	5,171	10.9	1.3	1.3	72.0
19	Czech Republic	19	4,937	10.2	1.2	1.2	73.2
20	India	21	4,784	25.0	1.0	1.2	74.4
	Other countries		102,417	6.4	26.2	25.6	100.0
	World		**400,504**	**9.0**	**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	
	2011(1)	% change 2009-10	% change 2010-11	2011(1)	% change 2009-10	% change 2010-11	2010	2011(1)
PRODUCTS OF AGRICULTURE, FISHING AND FORESTRY	5,770	21.7	2.8	12,980	14.6	16.7	-5,509	-7,210
MINING PRODUCTS	1,249	13.8	7.2	69,235	31.3	17.3	-57,840	-67,986
Crude oil and natural gas	*472*	*-11.4*	*1.0*	*62,868*	*30.1*	*16.3*	*-53,578*	*-62,396*
MANUFACTURING PRODUCTS	359,757	16.5	11.5	303,384	23.3	6.5	37,852	56,373
Food products, beverages and tobacco	24,390	10.7	10.0	27,483	11.8	8.5	-3,141	-3,093
Textiles	9,764	14.9	8.8	6,920	29.4	14.4	2,926	2,844
Clothing (incl. in leather and fur)	16,608	7.4	10.7	13,013	10.6	7.9	2,954	3,596
Leather products (excluding clothing)	15,541	18.1	16.4	8,859	25.4	12.8	5,498	6,682
Footwear	*7,814*	*12.9*	*12.7*	*4,656*	*17.9*	*8.8*	*2,651*	*3,158*
Wood and wood products (excluding furniture); products of straw and woven materials	1,560	17.4	11.7	3,411	20.5	0.9	-1,984	-1,851
Paper and paper products	6,015	16.0	5.3	6,688	28.6	1.8	-863	-673
Coke, refined petroleum products	16,770	59.1	13.4	10,056	46.4	17.6	6,244	6,714
Chemical substances and products	24,911	26.4	10.3	36,337	24.5	13.1	-9,546	-11,426
Pharmaceutical, medicinal and botanical products	15,311	15.0	9.6	19,160	7.2	10.5	-3,370	-3,849
Rubber and plastic products	13,776	17.4	11.5	8,851	22.5	12.5	4,485	4,925
Non metallic mineral products	8,729	10.7	2.7	3,522	16.9	2.3	5,057	5,207
Basic metal products and fabricated metal products excluding machinery and equipment	48,343	21.9	22.9	42,433	46.2	17.5	3,243	5,910
Iron and steel products	*30,892*	*32.8*	*32.4*	*35,110*	*52.4*	*19.3*	*-6,090*	*-4,219*
Fabricated metal products	*17,452*	*8.9*	*9.0*	*7,323*	*23.8*	*9.6*	*9,333*	*10,129*
Computers, electronic and optical apparatus	12,881	20.3	11.0	29,848	48.2	-11.9	-22,267	-16,967
Electrical apparatus	20,298	12.3	4.7	13,715	26.6	3.2	6,088	6,584
Mechanical machinery and equipment	68,418	9.2	13.9	24,040	18.8	7.2	37,645	44,378
Transport equipment	36,408	17.0	5.5	38,114	6.9	0.6	-3,394	-1,706
Motor vehicles and trailers	*25,017*	*24.1*	*10.6*	*31,684*	*3.8*	*2.9*	*-8,171*	*-6,667*
Other transport equipment	*11,391*	*5.4*	*-4.1*	*6,430*	*22.9*	*-9.5*	*4,777*	*4,961*
Furniture	8,061	6.5	3.9	1,789	15.7	0.2	5,975	6,271
Other manufactured products	11,972	20.0	6.9	9,144	19.4	2.8	2,303	2,827
Jewellery	5,055	26.9	10.5	2,081	45.8	30.1	2,975	2,973
OTHER PRODUCTS	9,073	-12.7	15.1	14,880	3.9	19.7	-4,547	-5,808
TOTAL	**375,850**	**15.6**	**11.4**	**400,480**	**23.4**	**9.0**	**-30,044**	**-24,630**

(1) Provisional data.

Source: Based on Istat data

Table 2.9 - **Volumes and prices of Italian exports and imports by sector**
Percentage changes; 2011 indices, 2005=100

	EXPORTS						IMPORTS					
	Volumes			Average Unit Values			Volumes			Average Unit Values		
	% change		Index	% change		Index	% change		Index	% change		Index
	2009-10	2010-11		2009-10	2010-11		2009-10	2010-11		2009-10	2010-11	
PRODUCTS OF AGRICULTURE, FISHING AND FORESTRY	15.5	-1.9	110.3	5.6	4.4	126.7	8.1	2.7	101.2	5.9	13.8	137.9
MINING PRODUCTS	-12.1	-4.6	89.3	18.0	11.7	139.8	6.4	-8.0	87.4	24.8	27.8	181.7
MANUFACTURING PRODUCTS	9.8	4.3	96.8	5.9	7.0	129.8	14.5	0.1	99.0	7.8	6.4	125.5
Food products, beverages and tobacco	8.8	4.6	123.4	1.7	5.1	119.9	7.5	1.2	111.5	3.9	7.3	120.0
Textiles	10.3	0.6	72.4	4.2	8.2	121.5	17.2	-0.8	90.1	10.4	15.2	138.2
Clothing (incl. in leather and fur)	3.0	3.6	83.1	4.4	6.9	134.1	6.6	0.6	103.7	4.0	7.5	130.9
Leather products (excluding clothing)	13.2	8.0	88.8	4.5	7.8	141.5	15.7	2.8	91.7	9.0	10.1	148.3
Footwear	*9.8*	*6.1*	*79.7*	*2.8*	*6.2*	*144.4*	*14.0*	*2.0*	*97.0*	*2.7*	*7.1*	*136.5*
Wood and wood products (excluding furniture); products of straw and woven materials	15.3	9.1	105.0	1.6	2.4	108.6	13.2	-2.6	82.9	6.4	3.7	116.3
Paper and paper products	11.7	1.0	106.2	3.9	4.4	112.5	15.6	-2.1	96.6	11.1	3.9	120.3
Coke, refined petroleum products	17.0	-12.8	92.5	35.8	30.8	186.5	5.5	-8.1	90.2	37.9	28.3	199.7
Chemical substances and products	16.1	1.4	102.2	8.7	8.8	127.6	8.6	0.0	92.7	14.6	13.0	135.5
Pharmaceutical, medicinal and botanical products	15.4	3.8	114.8	0.3	5.3	120.0	1.1	7.9	135.2	5.8	2.5	119.4
Rubber and plastic products	12.2	4.1	95.6	4.5	7.2	128.2	16.1	4.5	106.8	5.4	7.7	131.6
Non metallic mineral products	7.7	-0.6	79.6	2.7	3.4	121.7	12.0	-1.0	88.9	4.2	3.5	123.1
Basic metal products and fabricated metal products excluding machinery and equipment	10.2	12.7	116.7	10.5	9.3	137.5	18.9	4.7	89.4	22.5	12.4	157.4
Iron and steel products	*14.5*	*19.4*	*131.0*	*15.5*	*11.3*	*139.5*	*21.1*	*5.1*	*87.1*	*25.7*	*13.6*	*160.6*
Fabricated metal products	*5.2*	*2.9*	*99.6*	*3.3*	*6.0*	*132.8*	*14.4*	*3.8*	*107.5*	*8.0*	*5.9*	*135.1*
Computers, electronic and optical apparatus	16.5	4.6	78.1	3.1	6.1	121.3	54.8	-5.1	148.8	-3.9	-7.5	77.7
Electrical apparatus	7.6	1.5	87.5	4.2	3.4	124.4	18.7	-2.1	109.5	6.5	5.6	125.2
Mechanical machinery and equipment	5.1	9.4	102.2	3.7	4.3	126.9	12.2	3.9	87.1	5.8	3.4	126.3
Transport equipment	15.1	2.1	93.3	1.9	3.3	124.5	6.5	-2.0	81.7	0.4	2.4	114.9
Motor vehicles and trailers	*22.4*	*8.6*	*92.8*	*1.5*	*1.8*	*121.0*	*3.8*	*0.8*	*81.3*	*-0.1*	*2.0*	*113.0*
Other transport equipment	*3.2*	*-10.9*	*93.3*	*3.1*	*7.7*	*135.6*	*15.0*	*-15.6*	*81.7*	*4.8*	*4.8*	*127.9*
Furniture	2.6	-0.3	78.8	3.5	4.3	121.2	13.7	0.2	120.2	1.7	0.0	106.0
TOTAL	**8.9**	**4.1**	**96.4**	**6.0**	**7.1**	**129.9**	**11.6**	**-1.6**	**95.6**	**10.7**	**10.9**	**135.5**

Source: Based on Istat data

Table 2.10 - **World exports and Italy's market shares**
Percentages

	Incidence on world exports (1)			Italy's market shares						
	2005	2010	2011	2005	2006	2007	2008	2009	2010	2011
PPRODUCTS OF AGRICULTURE, FISHING AND FORESTRY	2.5	2.8	2.9	2.6	2.3	2.4	2.2	2.1	2.0	1.8
MINING PRODUCTS	8.3	11.7	13.4	0.2	0.1	0.2	0.2	0.2	0.2	0.2
MANUFACTURING PRODUCTS	85.2	81.6	79.9	4.2	4.2	4.4	4.3	4.0	3.7	3.7
Food products, beverages and tobacco	5.1	5.3	5.4	4.2	4.2	4.1	4.1	4.2	3.9	3.8
Textiles	2.3	1.7	1.7	7.0	6.8	6.6	6.1	5.2	5.1	5.0
Clothing (incl. in leather and fur)	3.0	2.5	2.4	6.7	6.4	6.6	6.9	6.1	5.6	5.6
Leather products (excluding clothing)	1.2	1.1	1.1	13.7	13.4	13.7	13.3	12.1	11.3	11.5
Footwear	*0.7*	*0.7*	*0.7*	*13.1*	*12.8*	*12.8*	*12.4*	*10.9*	*10.0*	*10.2*
Wood and wood products (excluding furniture); products of straw and woven materials	1.0	0.6	0.6	1.7	1.8	2.0	2.2	2.1	2.0	2.1
Paper and paper products	1.7	1.4	1.4	4.0	3.9	4.0	3.9	4.0	3.8	3.8
Coke, refined petroleum products	2.9	4.3	5.1	3.1	3.0	3.4	3.1	2.9	3.2	2.7
Chemical substances and products	7.7	7.8	7.8	3.0	2.9	2.9	2.8	2.7	2.6	2.6
Pharmaceutical, medicinal and botanical products	3.0	3.6	3.2	4.7	4.4	4.2	3.9	3.6	3.6	4.0
Rubber and plastic products	2.4	2.3	2.3	5.9	5.8	5.8	5.7	5.3	4.9	4.8
Non metallic mineral products	1.3	1.2	1.1	9.3	8.5	8.4	8.1	7.6	6.8	6.6
Basic metal products and fabricated metal products excluding machinery and equipment	7.9	8.4	8.8	4.7	4.6	4.7	4.6	4.6	4.2	4.3
Iron and steel products	*5.5*	*6.2*	*6.6*	*3.8*	*3.8*	*3.9*	*3.9*	*3.8*	*3.5*	*3.8*
Fabricated metal products	*2.3*	*2.2*	*2.2*	*6.9*	*6.8*	*6.8*	*6.6*	*6.5*	*6.2*	*5.9*
Computers, electronic and optical apparatus	13.6	12.8	11.5	1.0	0.9	1.0	0.9	0.9	0.8	0.9
Electrical apparatus	4.7	4.6	4.3	5.2	5.1	5.3	5.2	4.8	4.3	4.2
Mechanical machinery and equipment	10.6	9.1	9.0	6.7	6.7	7.3	7.3	7.2	6.3	6.5
Transport equipment	13.2	11.2	10.8	3.0	3.1	3.4	3.5	3.2	2.9	2.8
Motor vehicles and trailers	*9.8*	*7.7*	*7.6*	*2.9*	*3.1*	*3.3*	*3.3*	*3.0*	*2.8*	*2.7*
Other transport equipment	*3.4*	*3.5*	*3.2*	*3.5*	*3.2*	*3.9*	*3.9*	*3.7*	*3.1*	*3.0*
Other manufactured products	3.6	3.6	3.4	6.5	6.4	6.5	6.1	5.3	5.0	4.8
Furniture	*0.9*	*0.8*	*0.7*	*11.7*	*11.2*	*11.1*	*10.9*	*9.8*	*8.8*	*8.6*
Jewellery	*0.9*	*0.9*	*1.0*	*5.9*	*5.8*	*5.8*	*5.5*	*5.0*	*4.5*	*4.2*
Other products	4.0	3.9	3.8	1.7	1.5	1.7	1.7	1.7	1.5	1.3
TOTAL	**100.0**	**100.0**	**100.0**	**3.7**	**3.6**	**3.7**	**3.6**	**3.5**	**3.2**	**3.1**

(1) In the absence of updated 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 Eurostat and national statistical institutes data

Table 2.11 - **Merchandise exports of the Italian regions[1]**
Amounts in millions of euros

	Amount	Percentage change				Share of Italian exports (%)			
	2011	2008	2009	2010	2011	2008	2009	2010	2011
North-West	**150,032**	**2.1**	**-20.1**	**14.2**	**11.2**	**40.9**	**41.3**	**40.5**	**40.4**
Piedmont	38,533	1.8	-21.7	16.0	11.8	10.5	10.4	10.3	10.4
Valle d'Aosta	636	-18.0	-36.4	36.2	2.4	0.2	0.2	0.2	0.2
Lombardy	104,164	2.0	-21.0	14.3	10.8	28.7	28.8	28.2	28.1
Liguria	6,699	10.0	10.4	1.8	14.7	1.4	2.0	1.8	1.8
North-East	**117,584**	**1.3**	**-21.7**	**15.5**	**11.1**	**32.3**	**32.0**	**31.7**	**31.7**
Trentino-Alto Adige	6,802	0.0	-16.8	19.5	10.6	1.7	1.8	1.8	1.8
Veneto	50,283	-1.1	-21.5	16.2	10.2	13.8	13.7	13.7	13.5
Friuli-Venezia Giulia	12,565	6.7	-18.9	8.7	7.6	3.7	3.8	3.5	3.4
Emilia-Romagna	47,934	2.6	-23.3	16.2	13.1	13.1	12.8	12.7	12.9
Center	**60,572**	**-4.1**	**-15.3**	**17.6**	**13.0**	**14.9**	**15.9**	**16.1**	**16.3**
Tuscany	30,201	-4.8	-9.0	15.5	13.7	7.0	8.0	8.0	8.1
Umbria	3,565	-6.3	-22.3	18.8	13.6	0.9	0.9	0.9	1.0
Marche	9,725	-14.4	-25.0	11.2	9.3	2.9	2.8	2.7	2.6
Lazio	17,081	7.4	-17.5	25.7	13.8	4.0	4.2	4.5	4.6
South and Islands	**42,965**	**4.5**	**-29.3**	**27.0**	**10.3**	**12.0**	**10.7**	**11.7**	**11.6**
Abruzzo	7,267	4.3	-31.6	21.2	14.7	2.1	1.8	1.9	2.0
Molise	400	2.2	-35.2	0.1	-4.1	0.2	0.1	0.1	0.1
Campania	9,426	-0.1	-16.1	12.9	5.4	2.6	2.8	2.7	2.5
Puglia	8,159	3.4	-22.7	20.3	17.9	2.1	2.0	2.1	2.2
Basilicata	1,399	-6.5	-22.4	-5.3	-3.1	0.5	0.5	0.4	0.4
Calabria	355	-8.9	-16.4	5.1	3.0	0.1	0.1	0.1	0.1
Sicily	10,719	3.8	-37.7	48.7	15.5	2.8	2.2	2.8	2.9
Sardinia	5,240	23.9	-44.0	60.8	-0.6	1.6	1.1	1.6	1.4
Total regions	**371,153**	**1.1**	**-21.0**	**16.5**	**11.3**	**100.0**	**100.0**	**100.0**	**100.0**

(1) Since 2004 the data on the regions' 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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011[1]
No. of exporting firms	195,910	196,973	198,351	201,680	206,795	204,619	205,643	194,255	205,708	205,382
% change	2.6	0.5	0.7	1.7	2.5	-1.1	0.5	-5.5	5.9	-0.2
Exports[2]	266,571	262,057	281,877	296,954	328,715	359,981	364,275	286,281	331,348	368,038
% change	0.1	-1.7	7.6	5.3	10.7	9.5	1.2	-21.4	15.7	11.1
No. of foreign affiliates	18,881	19,879	20,863	21,740	23,023	24,941	26,005	26,714	27,157	27,191
% change	4.7	5.3	4.9	4.2	5.9	8.3	4.3	2.7	1.7	0.1
No. of workers abroad	1,289,551	1,297,093	1,296,454	1,323,327	1,348,761	1,485,054	1,498,714	1,562,158	1,581,525	1,557,038
% change	-0.2	0.6	0.0	2.1	1.9	10.1	0.9	4.2	1.2	-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 region of destination**
Percentage composition by size of workforce; millions of euros for regional totals

	2009						2010					
	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	7.1	18.2	29.4	44.2	1.0	197,242	7.2	18.9	28.6	44.6	0.7	226,410
North Africa	9.8	17.4	27.0	45.4	0.3	10,944	8.6	16.8	21.8	52.6	0.2	12,442
Other African countries	10.5	26.6	21.4	41.2	0.2	4,331	12.4	22.6	26.4	38.6	0.0	4,184
North America	4.7	15.1	30.1	49.6	0.4	18,187	5.3	15.0	29.0	50.3	0.4	21,467
South and Central America	5.6	16.5	26.1	51.4	0.4	8,760	5.8	17.3	27.4	49.3	0.2	10,674
Middle East	7.9	18.3	29.4	44.0	0.5	14,175	7.4	17.9	28.8	45.5	0.4	14,847
Central and South Asia	5.4	14.5	26.3	48.3	5.5	4,939	6.2	21.8	26.2	45.7	0.1	5,538
East Asia	7.1	19.0	27.4	45.8	0.7	19,638	7.2	19.0	28.7	44.8	0.4	23,784
Oceania and other countries	5.2	18.0	24.7	51.8	0.4	3,250	5.8	17.2	25.4	51.4	0.2	3,628
World	**7.0**	**18.1**	**28.9**	**45.1**	**0.9**	**281,466**	**7.1**	**18.6**	**28.2**	**45.5**	**0.6**	**322,974**

(1) This class includes all legal units, other than firms and operative branches, that could not be included 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

	2010					2011				
	0 - 249	250 - 749	750 - 4999	5000 - 50,000	Over 50,000	0 - 249	250 - 749	750 - 4999	5000 -50,000	Over 50,000
Products of agriculture, fishing and forestry	2.8	6.5	31.3	44.0	15.4	2.9	6.4	30.4	41.6	18.8
Products of mining and quarrying	2.3	4.4	19.5	34.4	39.5	2.4	5.3	22.2	28.0	42.1
Food products, beverages and tobacco	1.7	3.0	15.8	44.3	35.2	1.6	2.9	14.8	44.5	36.1
Textiles, clothing, leather	1.8	3.9	19.2	41.5	33.6	1.7	3.4	17.6	40.4	36.9
Wood and wood products; paper products, products of printing	2.1	3.5	15.4	39.5	39.5	1.9	3.3	15.1	38.9	40.8
Coke, refined petroleum products	0.0	0.1	0.5	1.9	97.5	0.0	0.1	0.4	1.4	98.1
Chemical substances and products	0.7	1.7	9.5	34.3	53.8	0.7	1.6	9.0	33.5	55.2
Pharmaceutical, medicinal and botanical products	0.1	0.3	2.1	13.9	83.6	0.1	0.3	1.8	13.7	84.1
Rubber and plastic products, non metallic mineral products	1.8	3.5	17.4	44.6	32.7	1.7	3.3	16.0	45.2	33.8
Basic metal products and fabricated metal products excluding machinery and equipment	1.0	2.1	11.3	35.1	50.5	0.8	1.8	9.6	30.2	57.6
Computers, electronic and optical apparatus	1.5	2.9	13.7	38.2	43.7	1.5	2.7	13.7	36.8	45.3
Electrical apparatus	1.0	2.1	11.3	34.4	51.3	1.0	1.9	11.6	35.0	50.5
Machinery and equipment n.e.c.	1.2	2.5	14.1	40.6	41.6	1.1	2.3	13.2	40.3	43.2
Transport equipment	0.7	1.1	5.5	19.2	73.4	0.7	1.1	5.7	19.1	73.4
Other manufactured products	2.3	4.7	21.8	40.6	30.6	2.3	4.3	20.4	39.9	33.1
Other products n.e.c.	24.2	6.5	11.6	26.1	31.6	24.6	6.5	14.1	26.3	28.5
Total	**1.7**	**2.6**	**12.9**	**34.4**	**48.4**	**1.6**	**2.4**	**12.1**	**33.5**	**50.5**

Source: Based on Istat data

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