Report 2015-16 - Summary

ITALY IN THE WORLD ECONOMY

ITALIAN TRADE AGENCY
ICE - Agenzia per la promozione all'estero e l'internazionalizzazione delle imprese italiane
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ITALY IN THE WORLD ECONOMY

REPORT 2015-2016
SUMMARY

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INTERNATIONAL OPENNESS AND GROWTH OF DOMESTIC DEMAND: THE CHALLENGES BEYOND THE CRISIS

1. The global economic picture

In a climate of rising uncertainty, world economic growth slows

The fragile recovery of global economic activity lost pace in 2015, more markedly in the second half of the year. 2016 began amidst uncertainty and with a sudden deterioration in growth prospects, especially in emerging countries and in the weaker economies of the euro area. The recent referendum in the United Kingdom, with the majority voting for the UK to leave the European Union, has now exacerbated the uncertainty, and all the international organizations are revising down their estimates: the growth of world GDP is expected to be less than previously forecast and well below its level in the period preceding the great crisis that began in 2008.

The results for GDP growth in 2015 were uneven across geographical regions and partly unexpected. Signs of improvement appeared in the advanced economies, especially the United States. In the euro area, instead, the economic recovery continued to be sluggish and the differences between countries increased, with very modest growth in Germany, France and Italy and a more dynamic performance in Spain, the only large European economy to expand at a higher-than-average rate.

Emerging and developing economies showed signs of acute difficulty, again with significant differences across countries and regions. The slowdown that had characterized the last five years intensified in 2015, reducing these economies' positive growth differential with respect to the advanced countries, which had peaked in 2009. China's GDP growth rate was the lowest since 1990. The recession deepened in Brazil and continued in Russia, though it did offer some signs of abating in the last few months. India was the only emerging country to achieve rapid expansion in 2015, and the only one whose forecast growth has not been revised down.

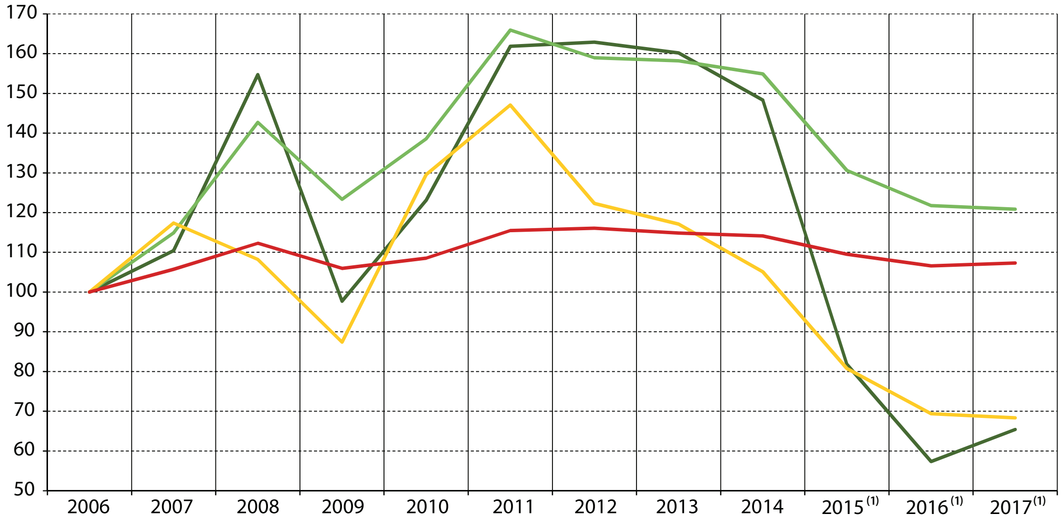
The decline in the prices of raw materials hit commodity-producing countries hard

The uncertainty surrounding the world economic outlook in 2015 accentuated the decline in commodity prices, with those of metals and oil sharply down over the year. Exchange rate fluctuations were pronounced but do not appear to have had a significant impact on exports, in part owing to the changes in the organization of production and in the links established between countries in recent years.[1]

1 See the contribution by M. Ruta, "Svalutazioni non-competitive: il ruolo delle catene produttive globali", in Chapter 1 of the full edition of this Report.

Chart 1 - Dollar prices of traded commodities and of advanced economies' export of manufactures

Indices, 2006=100



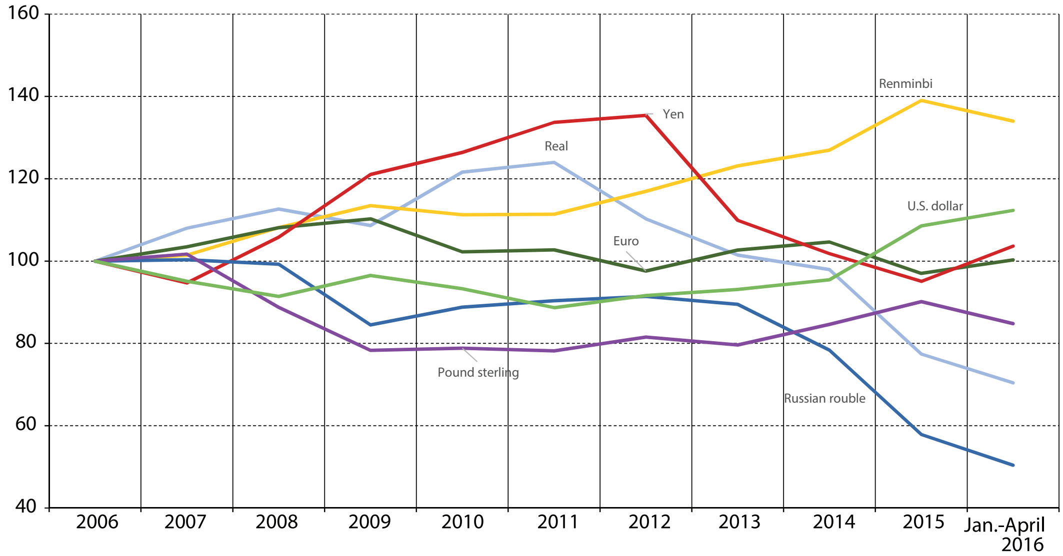
Energy — Food and beverages — Metals — Manufactures

(1) Estimates and forecasts.

Source: Based on IMF data

Chart 2 - Nominal effective exchange rates

Indices, 2006=100



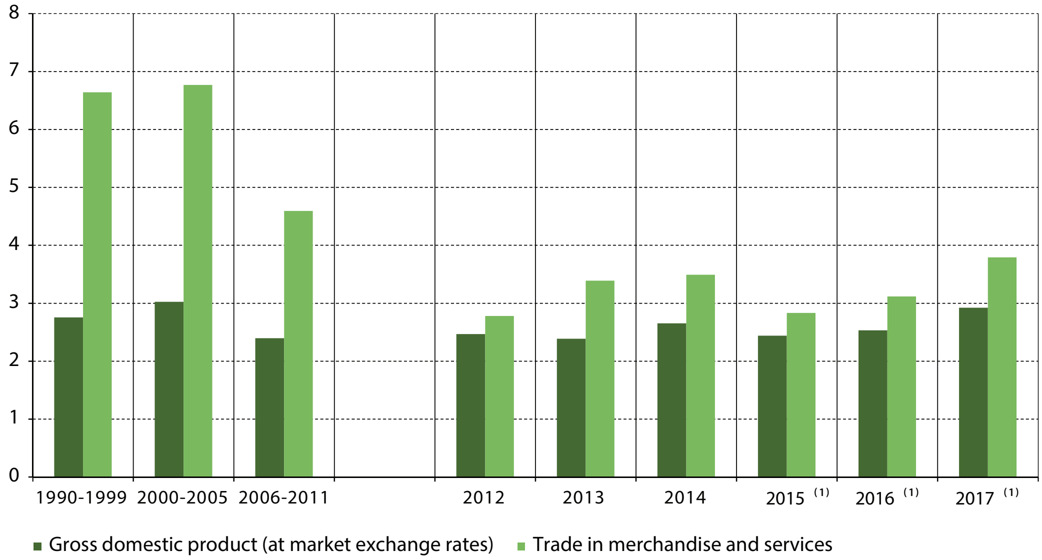
Brazil — China — Euro Area — Japan — Russian Federation — United Kingdom — United States

Source: Based on IMF data

World trade also grew very slowly in 2015, well below its average rate of expansion in the twenty years preceding the crisis. According to the main forecasts prepared in the last few months, the volume of trade in goods and services will increase by about 3 percent in 2016, a slight improvement on the previous year. However, the initial data available, for the period January-April,[2] show that the volume of goods trade was unchanged with respect to a year earlier, so there is a risk that the result for the year may be worse than expected.

Chart 3 - World output and trade

Percentage changes in volume



(1) Estimates and forecasts.
Source: Based on IMF data

World trade's growth continues to be slow

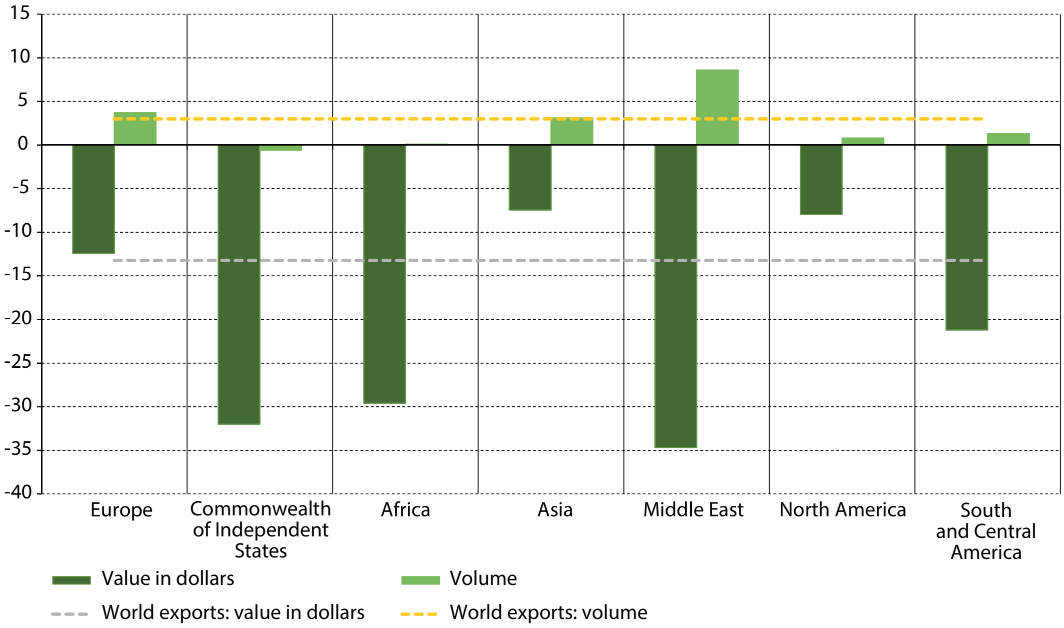
The performance of trade shows its difficulty in returning to growth at a rate well above that of GDP. Since 2012 the apparent elasticity of world trade to output has settled to a substantially lower level than in the preceding decades. The causes of this slowdown are not only cyclical but can also be traced to structural phenomena, for example the different role played by international production networks. After a phase of rapid development, it is possible that the international fragmentation of production, having attained a more balanced configuration in the international division of the different phases of production processes, may now impart less expansionary impetus to trade. In China, for example, a number of signs point to a shortening of value chains, with the progressive substitution of domestic products for imported intermediate goods.

Despite the slight rise in volumes, the dollar value of exports of goods and services fell to the lowest level since 2011, declining in all sectors and most markedly in those that produce raw materials and intermediate goods. This led to a sharp increase in the relative weight of manufactures almost across the board, including traditional personal care and household consumer goods.

2 See CPB, *World Trade Monitor (including April 2016),* Netherlands Bureau for Economic Policy Analysis, 2016.

Chart 4 - Merchandise exports by region in 2015

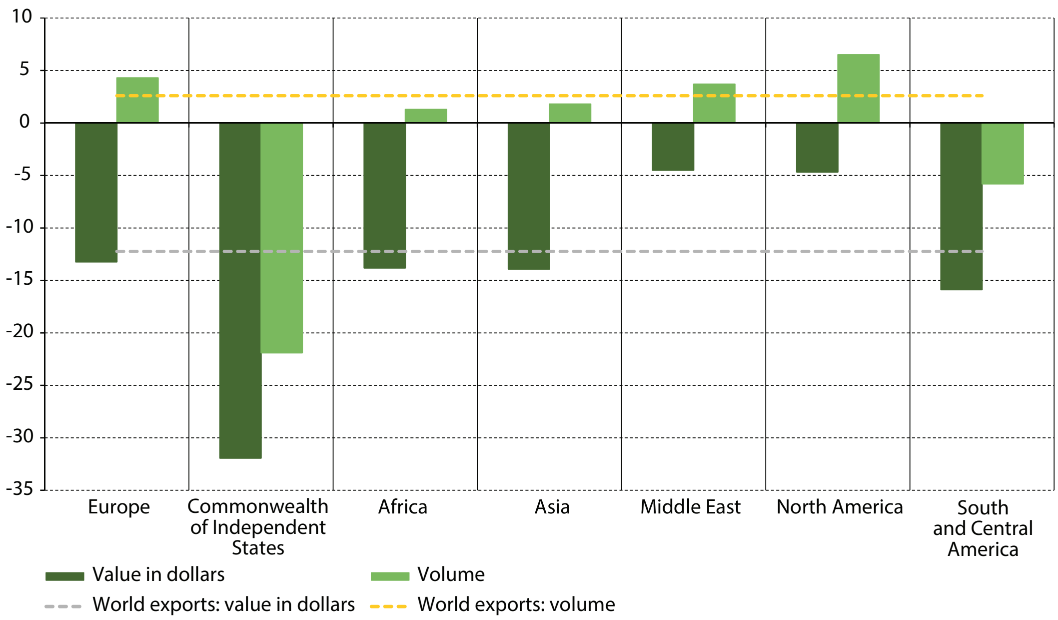
Percentage changes on previous year



Source: Based on WTO data

Chart 5 - Merchandise imports by region in 2015

Percentage changes on previous year



Source: Based on WTO data

Examining the volume of merchandise imports, in 2015, for the first time in years, the fastest-growing markets were the advanced regions (North America and the European Union), given the slowdown or contraction recorded in the emerging and developing countries. The list of the leading exporting countries shows an increase in concentration: the top twenty exporters' total share of the value of world exports rose from 70.7 percent in 2014 to 73 percent in 2015, with China consolidating its primacy.

The weight of trade in services increases

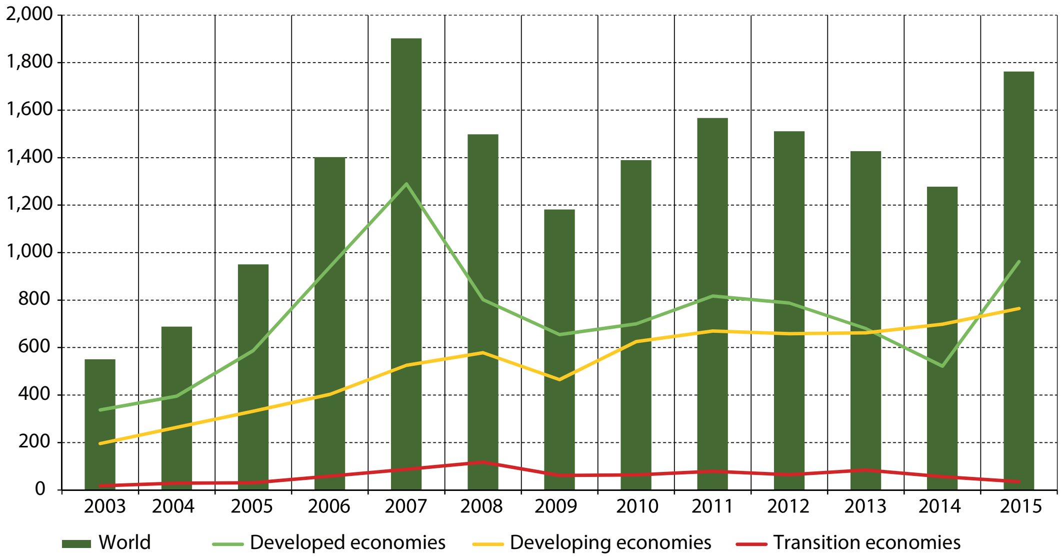
World trade in services diminished to a lesser extent than that in goods and its share of world trade reached a historic high. Its sectoral composition changed markedly, however, with a considerable decline in the share of transport services and a corresponding gain in that of computer, information and telecommunications services and other business services. The diffusion of digital technologies in trade increased but still varies widely from country to country.[3]

International investment grew, driven by mergers and acquisitions in the developed countries

Reversing the trend of recent years, in 2015 global foreign direct investment inflows registered a large gain, rising to their peak level since the 2008 economic and financial crisis. The increase was due chiefly to cross-border mergers and acquisitions in developed countries. The United States was the leading recipient of FDI flows at world level. Greenfield projects were targeted to a greater extent to North America, India, Indonesia and other Asian countries, while Russia's and China's shares slipped.

Chart 6 - Inward foreign direct investment

Flows, billions of dollars



Source: Based on UNCTAD data

3 See the box by M. Saladini, "Economia digitale e commercio estero", in Chapter 1, which explains how the use of the Internet and of software for doing business online is changing the way commercial transactions are conducted. It is not simply a question of a new channel being added to the existing ones, but involves an entire generation of technologies and professional specializations enabling sellers and buyers, including cross-border, to better identify and know one another, manage each transaction in every respect (relational, financial, administrative and logistic), and evaluate and/or communicate to third parties the transaction's results and other data concerning interaction with the counterparty.

The development of various forms of international production also has significant effects on the distribution of trade. A correct assessment of the competitive positions of national economies is no longer possible without taking this interdependence into account. For example, counting the output of multinational corporations' foreign subsidiaries, the share of the world market ascribable to the main advanced countries (except Germany and Italy) is considerably larger than their share of exports.[4]

Geopolitical questions have further complicated the picture of the global and especially the European economy. In the first place there is Brexit, the vote in favor of the United Kingdom's leaving the European Union, whose consequences harm the British economy but also hit international demand for goods and services, including tourism. Second, there is the explosive growth of migration toward Europe of refugees from the conflict-riven countries of Africa, and above all the failure to manage this crisis, which is sapping European construction at the roots, as is evidenced by the refusal of a number countries to share the burden of solidarity and by the growth of nationalist movements. Finally, the disagreements among the European countries on the agreement with Turkey for the management of refugees weigh on the outlook, as do important upcoming elections in several countries. The negative economic consequences of the crisis between Russia and Ukraine remain significant, while terrorist attacks continue to reap innocent victims and to threaten the processes of international integration.[5] On the positive side, new opportunities for growth are opening up in relations with Iran,[6] after the accord on the nuclear question, and in those between Cuba and the United States, after the end of the embargo.[7]

Amid international cyclical conditions burdened by all these factors of uncertainty, policies to foster trade and international investment continue to receive keen attention. The international production networks in which global economic activity has been reorganized are now estimated to account for 80 percent of world exports, but their functioning is exposed to problems engendered by protectionism. The fragmentation of production processes and the location of corporate functions in different countries imply that goods must make multiple passages through customs, amplifying the effects of tariff and non-tariff barriers to trade.

The barriers to trade and foreign investment, though lessening, hinder the functioning of international production networks

The customs duties actually applied resumed their downward trend in 2014, thanks mainly to the reduction in tariffs on consumer goods, but there are still large differences by product group and by country. Tariffs are higher on average in the emerging countries. Furthermore, non-tariff barriers to merchandise trade continue to cause concern, owing to their opacity and the fact that, though often imposed as temporary, in many cases they are not eliminated upon their scheduled expiration. It is in this context that the

4 See the contribution by S. Federico, "Misurare la competitività in presenza di imprese multinazionali", in Chapter 1.

5 See the box by R.A. Maroni, "Le sanzioni contro la Russia e le esportazioni italiane", in Chapter 3.

6 See the contribution by A. Goldstein, "L'Iran dopo le sanzioni – reintegro nell'economia globale, impatto sul benessere e prospettive per l'Italia", in Chapter 3.

7 See the box by R.A. Maroni, "Il disgelo tra Cuba e Stati Uniti", in Chapter 1.

dispute on granting market economy status (MES) to China must be viewed.[8] Although the anti-dumping duties that the European Union has applied up to now to Chinese goods cover a limited number of products, the immediate granting of MES to China could put many jobs at risk. The situation calls for coordination among Europe, the United States and Japan for an accord with China to postpone the granting of MES and seek to reconcile two opposing needs: safeguarding the industries hit by Chinese dumping and subsidies while giving European consumers and firms access to low-cost goods and production inputs.

Like intermediate goods, professional, financial, communication and transport services are production inputs that can be supplied by firms in various countries organized into production networks. Intermediate services contribute some 30 percent of the value added of merchandise exports, so making it easier to purchase them abroad can boost firms' productivity and competitiveness, with large potential benefits to growth.

The restrictions on international trade in services, unlike those for goods, derive chiefly from regulations and procedures enacted by individual countries. As with tariff barriers, some emerging countries exhibit a much higher degree of trade restrictiveness than do the European Union and other OECD countries.

Lastly, in many countries there still are obstacles of various kinds, including regulatory ones that can discourage foreign firms from locating production facilities there. However, the measures adopted of late tend to liberalize FDI, acknowledging its role in international production networks and recognizing that FDI usually has important positive spillovers in terms of enhanced productivity, employment and knowledge transfer. The degree of openness is decidedly greater in services and much higher in the EU than in other OECD countries and, still more, non-OECD countries.

Multilateral trade negotiations have made progress ...

As to trade agreements, the hopes of relaunching multilateral negotiations on the occasion of the Tenth WTO Ministerial Conference in Nairobi (15-19 December 2015) came to naught. The outcome of the conference appears to sanction the implicit conclusion of the Doha Round, even though several important decisions were taken regarding agriculture (in particular, the regulation of subsidies) and on some questions of interest to the less advanced countries. However, the conference's final declaration fails to point clearly to the path to be followed, although it does highlight the adoption of the Trade Facilitation Agreement, the first multilateral accord since the birth of the WTO, which contains a series of measures to facilitate the cross-border circulation of goods, streamline customs procedures and eliminate the administrative costs and burdens existing, to a greater or lesser extent, in all countries.[9] The different approach proposed in Nairobi appears to refer to the inclusion of certain issues of negotiation (such as investment, intellectual property, e-commerce and domestic regulations) in plurilateral accords in which only interested member countries participate.

8 See the contribution by F. Onida, "La controversia sulla concessione alla Cina dello status di economia di mercato", in Chapter 1.

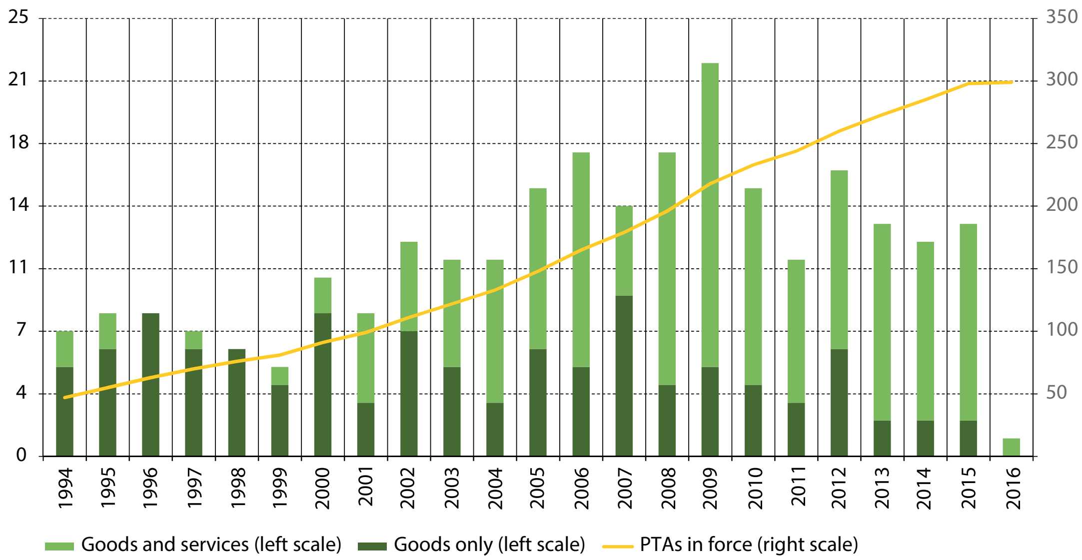
9 See the box by C. Castelli, "Le misure per la facilitazione degli scambi internazionali", in Chapter 1.

Among the Nairobi conference's chief results was in fact the conclusion of the plurilateral Information Technology Agreement (ITA II), which envisages the elimination of customs duties on 201 products. In addition, negotiations are under way for the Environmental Goods Agreement, to liberalize trade in that sector, and the plurilateral talks for the Trade in Services Agreement, involving 50 countries accounting for some 70 percent of trade in services, have also gained steam. The intent is to go beyond the provisions of the multilateral accord now in force, the General Agreement on Trade in Services, taking a cue from the contents of the most ambitious preferential agreement.

... but preferential liberalization initiatives continue

Last year saw a further growth in bilateral and regional preferential trade agreements, with 13 new pacts entering into force (followed by another one in the first half of 2016), a development in which the Asian countries, and particularly South Korea and China, lead the way. Nevertheless, since 2009 there has been a noticeable slowdown in the conclusion of new agreements, in part attributable to the complexity of the "new generation" negotiations extending to such issues as the liberalization of investment, intellectual property rights, competition, and public procurement. Similar trends are also to be seen with regard to bilateral agreements on international investment, which have flagged following their great expansion in the 1990s.

Chart 7 - Preferential trade agreements (PTAs) notified to the WTO, by year of entry into force and year-to-date[(1)]



(1) As of June 2016, includes accessions.

Source: Based on WTO data

The regionalization of world trade, after diminishing sharply in the new century as globalization held sway, began to increase again in the two years 2013-14, when the expansion of China's network of extra-regional trade relations lost pace.[10]

10 See the contribution by C. Castelli, "Accordi commerciali preferenziali e regionalizzazione degli scambi", in Chapter 1.

Two important trans-regional trade policy initiatives advanced in 2015, with the conclusion of the negotiations on the Trans-Pacific Partnership (TPP) and the progress of talks for the Transatlantic Trade and Investment Partnership (TTIP) between the United States and the European Union. In addition, the EU is pursuing an ambitious program, laid down in the "Trade for All" strategy, aimed at strengthening its ties with Central and South America as well, intensifying European good neighborhood policy and recasting trade relations with Russia and Turkey.

2. Italy: an overview

The Italian economy is reviving, but the outlook is growing darker

The long and deep recession that struck the Italian economy came to an end in 2015, giving way to a weak and hesitant recovery which is nevertheless assisted by the revival of domestic demand, a prerequisite for it to gain traction. The consensus macroeconomic forecasts point to a slight acceleration in GDP growth in 2016, which should reduce Italy's growth gap vis-à-vis the euro area.

However, these forecasts were made before the shock generated by the referendum on Brexit, whose effects, though still hard to gauge, given the high degree of uncertainty surrounding the actual consequences of the British vote, which will unfold over the span of several years, may be negative even in the short term.[11]

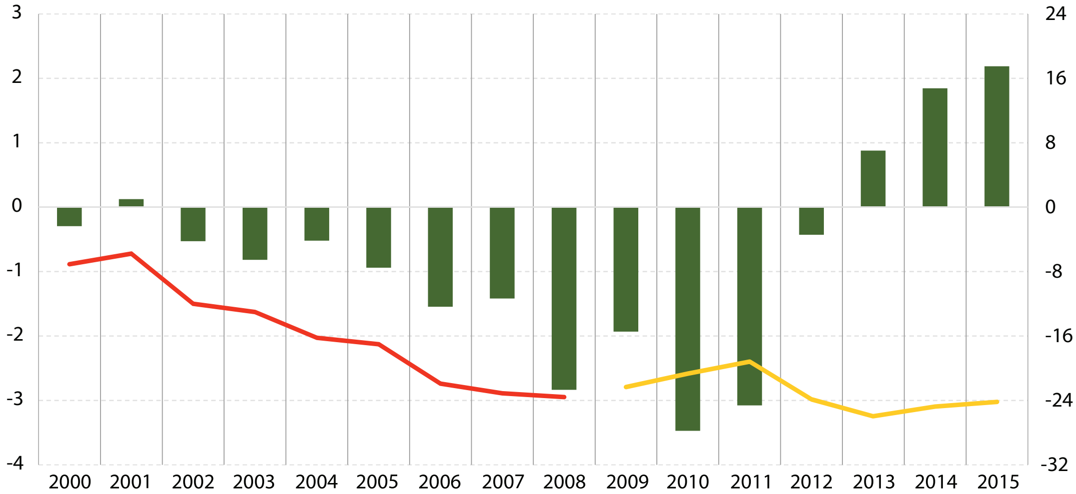
The revival of domestic demand led in 2015 to a strong acceleration in imports of goods and services (up 6 percent), especially for energy products, intermediate inputs and capital goods. Nevertheless the surplus on the current account of the balance of payments rose further, to 2.2 percent of GDP, benefiting from the steep decline in the prices of imported raw materials. A contribution also came from the pick-up in exports, which, aided by the depreciation of the euro, grew by 4.3 percent, outpacing world demand by a good margin though still underperforming the euro-area average.

Overall, the Italian economy's international openness increased in 2015, but it is still not on a par with the other European countries of comparable size, especially as regards import penetration.

11 A preliminary assessment, broken down by sector and region, of the Italian economy's exposure to the consequences of Brexit is contained in the contribution by A. Goldstein and L. Incipini, "Brexit e commercio estero dell'Italia – qualche indicazione sull'esposizione di regioni e settori", in Chapter 5.

Chart 8 - Italy's current account balance and international investment position[1]

As a percentage of GDP



Current account balance (left scale)
International investment position: new data set (right scale)
International investment position (right scale)

[1] A data revision of Italy's international investment position made by Bank of Italy covered the period 2009-2015.

Sources: Based on Bank of Italy and ISTAT data

Italian exports' market shares have stabilized, aided by the altered composition of world demand

The data available for the first quarter of 2016, while confirming the tendency of the current account surplus to expand, show a slowdown in trade: the growth rate of imports of goods and services compared with a year earlier fell to 1.2 percent, barely above that of GDP (1 percent), while exports recorded a slight contraction (0.4 percent).

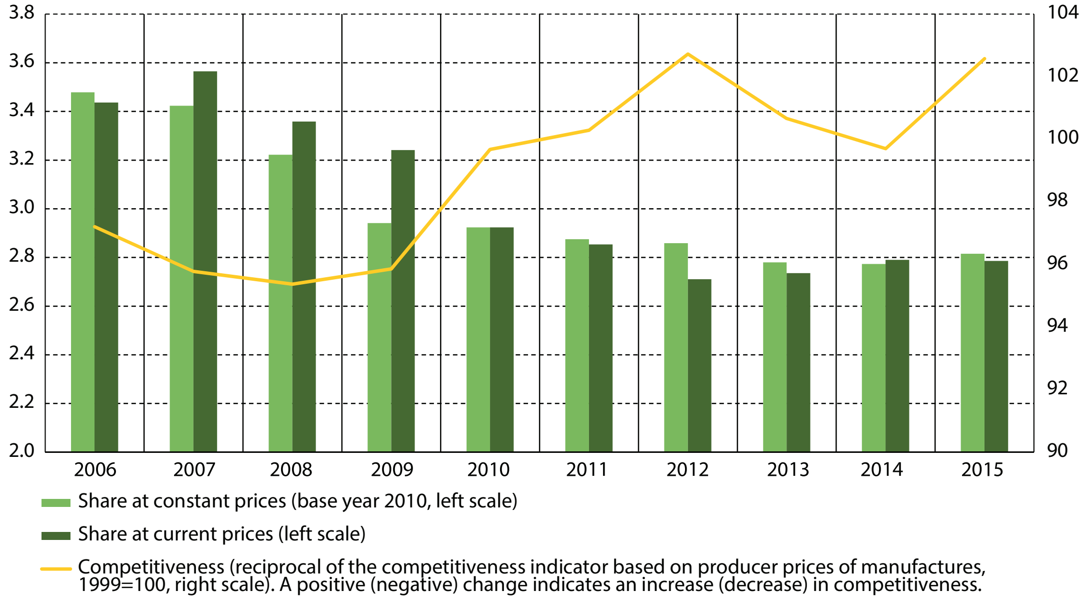
Partly similar signs come from customs data on merchandise trade, available for the period January-April 2016. The growth of imports in volume terms was still relatively strong (3.8 percent compared with the first four months of 2015). Exports were broadly unchanged (up 0.2 percent), compared with average growth of 1.2 percent recorded for euro-area exports.[12]

Viewed in a longer-term perspective, the market shares of Italian exports, which tended to shrink in the twenty years between 1990 and 2010, have stabilized in the past few years, being only marginally affected by the fluctuations of the euro's real exchange rate. In reality, the growth in Italian exports of goods in volume terms has outpaced potential demand in the individual outlet markets,[13] but their aggregate expansion has been braked by the fact that a relatively high share still goes to slower-growing regions.

12 See CPB, *World Trade Monitor (including April 2016),* op. cit.

13 See Banca d'Italia, *Relazione annuale – anno 2015,* 2016, p.103.

Chart 9 - Italian merchandise exports' competitiveness and world market shares
Percentage shares and indices



Sources: Based on Bank of Italy and WTO data

At current prices, Italy's share of world exports has been equal to about 2.8 percent in the last three years. A statistical decomposition analysis presented in this Report[14] shows that, on average, Italy's shares in the single product markets contracted, especially in 2015, owing in part to the negative nominal impact of the depreciation of the euro. Nevertheless the aggregate share was supported by changes in the product composition of world demand: the fall in the prices of raw materials penalized all the commodity-producing countries, to the benefit of those, like Italy, specialized in manufactures. In particular, Italy's share received a lift from the relative briskness of demand for personal care and household consumer goods, whose weight in world trade has increased in recent years, reversing a long decline, thanks to the expansion of the middle classes in the emerging countries. These markets still offer ample opportunities that Italian firms have yet to tap.[15]

Similar considerations hold when the analysis is restricted to Italy's share of euro-area merchandise exports, which has recovered slightly in the last five years, standing at 10.6 percent in 2015.

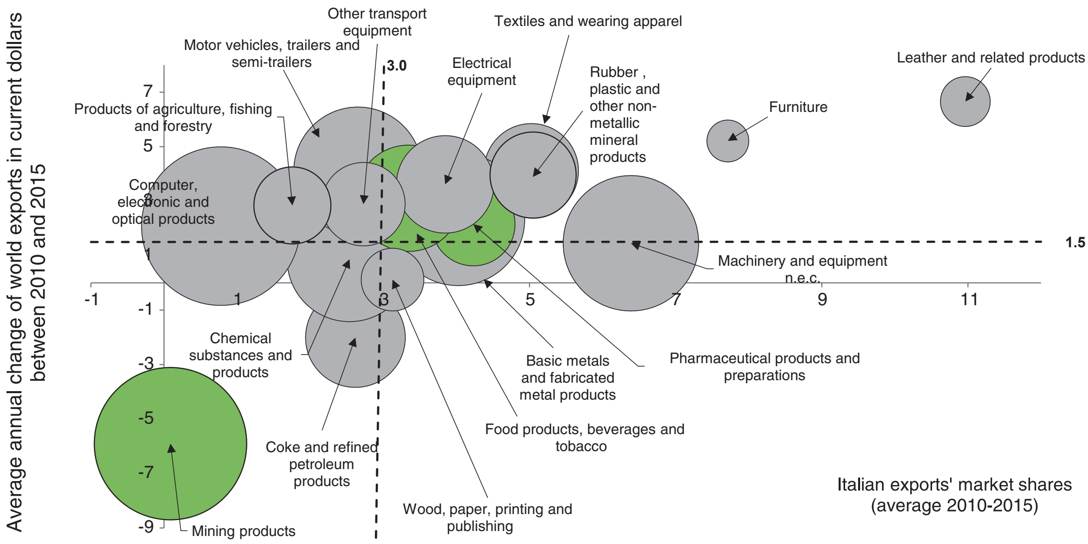
A currency's depreciation can allow firms to apply higher prices in national currency on foreign markets than those they apply on the domestic market without suffering losses of competitiveness. This happened with the euro in 2015: the prices of Italian industrial products remained practically unchanged on the domestic market but rose by 0.8 percent for exports outside of the

14 See the contribution by G. Giangaspero and M. Repole, "Le quote di mercato dei principali paesi europei: un'analisi constant-market-shares", in Chapter 2.

15 See the contribution by D. Langiu and G. Marciante, "Nuovi spazi per le esportazioni italiane? La crescente domanda di beni di consumo nei mercati emergenti", in Chapter 3.

euro area, with a slight recovery in relative profit margins. Even so, these strategies of price discrimination between markets appear to be more prudent than those adopted in other countries (France, Germany, Spain), where the difference between the prices applied externally and those applied within the euro area ranged between two and four percentage points.

Chart 10 - Italian exports' market shares and world demand's dynamics by sector



The circles are sized in proportion to the sector's average share of global exports in the period 2010-15.
Green (grey) circles identify sectors in which Italy's share increased (decreased) between 2010 and 2015.
Dotted lines indicate all sectors' average of the variables shown in the axes.

Sources: Based on national statistical institutes data

Changes in the international division of labor, with the fragmentation of production processes in networks of firms located in different countries and specialized by corporate function within value chains, call for the use of different metrics to assess the competitive positions of national industries. Firms' growing participation in international production networks has reduced the domestic content of value added of exports for all countries, loosening the link between export growth and the expansion of GDP. In Italy, this indicator, though diminishing considerably beginning in the second half of the 1990s, has nevertheless remained higher than in the other main European countries and above the world average, revealing, again, a lag in the openness of the economic system. Germany's better export performance compared with Italy is ascribable in part to German firms' deep integration into international production networks. Net of this effect, Italian exports' loss of relative share is more limited if measured in terms of domestic value added rather than by gross value.[16]

16 See the contribution by A. Felettigh and G. Oddo, "Quote di mercato sul valore aggiunto e catene globali del valore", in Chapter 2.

3. Regions and main countries

Italy's trade balances improved with North America and the commodity-producing countries, but they worsened with East Asia and the European Union

The growth in Italy's trade surplus in 2015 resulted from highly contrasting changes vis-à-vis the main regions. The surplus with North America rose from €18 billion to €24 billion, propelled by the 21 percent rise in exports to the United States. The balances with the Middle East, North Africa and Central Asia also improved considerably, thanks to the fall in the prices of imported energy commodities. By contrast, the deficit with East Asia widened, particularly that with China, which grew from €15 billion to €18 billion as exports slumped unexpectedly by 0.7 percent. The surplus with the European Union also declined, falling from €15 billion to €11.5 billion as a consequence of negative developments in the balances with several countries, including Germany, Ireland and Poland, which more than offset the improvements in those with others, among them the United Kingdom and Spain.

In the first four months of 2016 somewhat different trends emerged. The surplus with the European Union began to increase again, driven by the more rapid expansion of exports than imports, notably vis-à-vis France and Spain. Exports to the United States slowed sharply, but Italy's surplus continued to grow because of the simultaneous fall in imports. The deficit with China remained basically unchanged, with both exports and exports down sharply. The surplus with the oil-producing countries widened further, continuing to reflect the favorable trend of relative prices. In the last two years Italian exports to Russia have been penalized chiefly by the effects of Russia's severe recession due to the fall in the prices of raw materials. The sanctions imposed by the United States and the European Union in response to the Ukraine crisis and the retaliatory measures taken by Russia have aggravated the situation, not only by means of their effects on sales of the products directly involved but also through their impact on the perception of country risk and on the financing of foreign trade.[17] Political relations also deeply color bilateral trade relations in the case of Iran, whose market's enormous growth potential could be activated by the end of sanctions and, in the future, by the country's possibly joining the WTO. The obstacles on this path, due to entangled domestic and international political tensions, are still considerable. However, the opportunities that could open up for Italian firms are considerable, not least in light of the intense trade relations that existed in the past.[18]

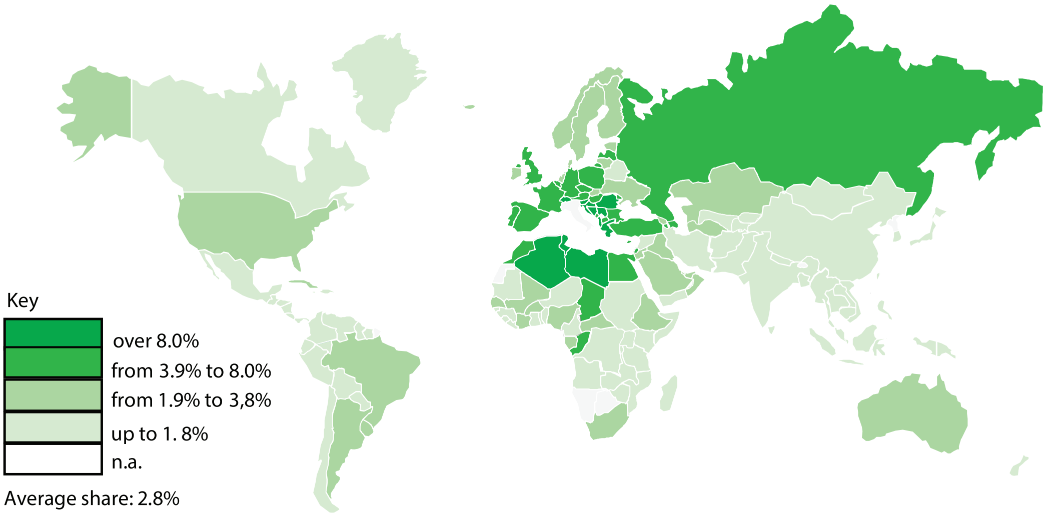
The geographical distribution of Italian exports is concisely depicted by a map showing their shares in the different markets. One thing that stands out is the role of distance, which helps to determine the different impact of transport costs on the intensity of bilateral trade. In general, Italian exports' shares are higher than average in the European Union, where the absence of customs barriers also helps, but they are also high in other Mediterranean markets (the Balkans and North Africa), where, geographical proximity being equal, a number of factors, including the delay of some of these countries

17 See the box by R.A. Maroni, "Le sanzioni contro la Russia e le esportazione italiane", cited above.

18 See the contribution by A. Goldstein, "L'Iran dopo le sanzioni – reintegro nell'economia globale, impatto sul benessere e prospettive per l'Italia", cited above.

in joining the multilateral trading system, favor Italy's dominant position. Finally, in several cases (Argentina, Australia, Brazil), strong cultural and economic links arising from the presence of large communities of Italian origin partly compensate for the impact of distance.

Chart 11 - Italian exports' market shares by country
Percentage shares 2015



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

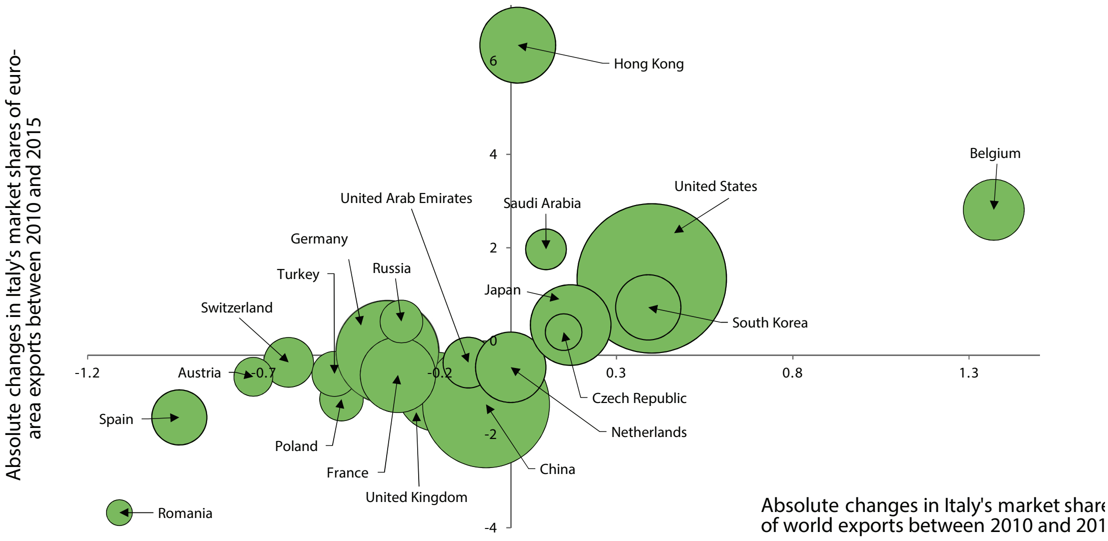
The markets where Italian exports have scored their greatest success have been the United States, Japan and other Asian countries

As remarked above, in recent years Italian exports' market shares have staged a turnaround after a long period of decline. Examining the five years 2010-15, the main markets can be divided into three groups. In the first, which includes the United States, Japan and other Asian countries, Italian exports gained market share with respect to both world and euro-area exports. In the second, which counts Germany and Russia among others, Italian exports declined with respect to world exports but increased with respect to those of the euro area. Lastly, the third group comprises critical markets, including China, France and the United Kingdom, where Italian exports lost ground by both yardsticks.

Italian firms' affiliates abroad have diminished in recent years as measured by both employment and sales revenues. The European Union's weight as a recipient region has gradually decreased, leaving room for a greater diversification toward North America and Asia.

Although still very small compared with that in the other major European countries, the presence of foreign multinationals in Italy has expanded somewhat. Here, again, in the last five years EU firms' share of Italian affiliates has diminished, mainly to the benefit of affiliates of firms based in the Middle East and East Asia, which are home to several of the sovereign funds most active in international acquisitions.

Chart 12- Dynamic of Italy's market shares of world and euro-area exports by principal market



The circles are sized in proportion to market size in 2015, calculated as the country's share on world imports.

Sources: Based on data published by IMF-DOTS, Eurostat and other national statistical institutes

4. Sectors

The economic recovery has caused imports to grow, curbing the manufacturing surplus

The further increase in Italy's trade surplus in 2015 was the result of the large reduction in the deficit on the products of mining and quarrying, due to the fall in the value of imports of oil and other raw materials. After four years of progressive expansion, the manufacturing surplus contracted from €99 billion to €94 billion. The growth in imports (6.9 percent), activated by the recovery of production, was well in excess of that in exports (3.7 percent). The gap emerged in nearly all the main product sectors except refined petroleum products, food products and, to a lesser extent, furnishings.

Developments in trade in services also reflected signs of the start of recovery: the deficit widened for nearly all intermediate services (transport, financial services, computer, information and telecommunications services and other business services). On the other hand, the surplus on travel increased.

The first four months of 2016 witnessed a further contraction in the energy deficit, but the manufacturing surplus also continued to shrink: the chief contributor to this was the transport equipment sector, where exports of motor vehicles slowed abruptly.

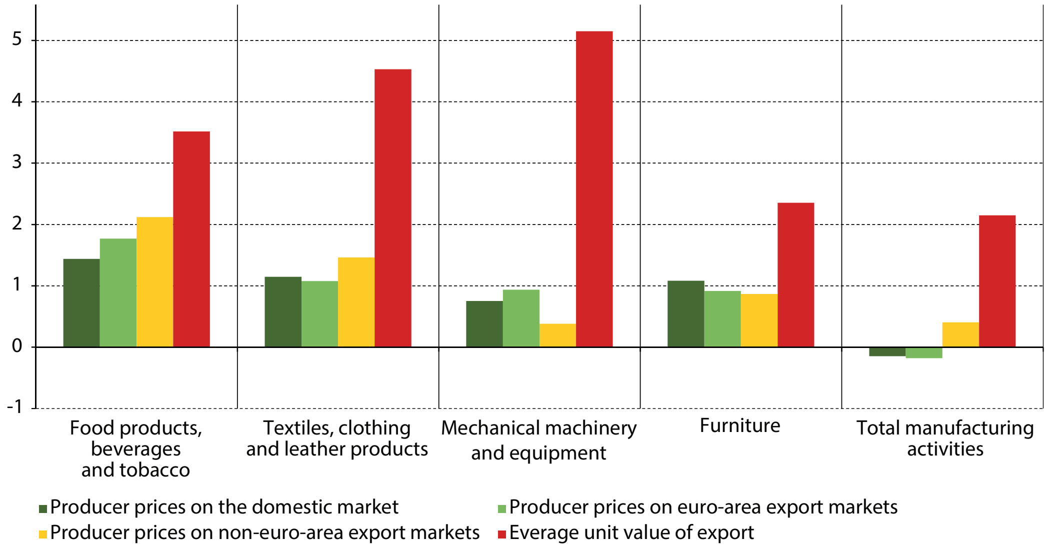
In recent years it was precisely the motor vehicles sector (including components) that drove the growth in exports of Italian manufactures. After being rocked by the global crisis, the sector has benefited from the processes of restructuring and product upgrading under way for many years, reacting to the fall in domestic demand with a renewed expansion abroad. In addition to the merger between Fiat and Chrysler, which has radically altered the sector's industrial structure, there has been a progressive gain in the competitiveness of components makers, which have succeeded in bolstering their positions in all the main global production centers.[19]

The qualitative composition of exports continues to improve

In the main sectors of manufacturing 2015 confirmed the well-established trend of export prices to grow more slowly than unit values. With all due caution required by the diversity of the statistical methods used to construct the indices, it can be hypothesized that this gap, especially evident in the leading "made in Italy" sectors, reflects a qualitative improvement in the mix of exported goods, with a shift toward higher-end products. An additional factor may have been the competitive winnowing of exporting firms, driving out the least productive firms, which often are situated in low-unit-value product segments, or encouraging the offshoring of low-value activities.

Chart 13 - Producer prices and average unit values of exports for selected Italian product sectors

Average annual growth rates, 2011-2015



Source: Based on ISTAT data

Reflecting the negative nominal impact of the depreciation of the euro, Italy's share of word exports of manufactures decreased from 3.6 to 3.4 percent in 2015. The losses involved almost every sector, sparing motor vehicles and refined petroleum products.

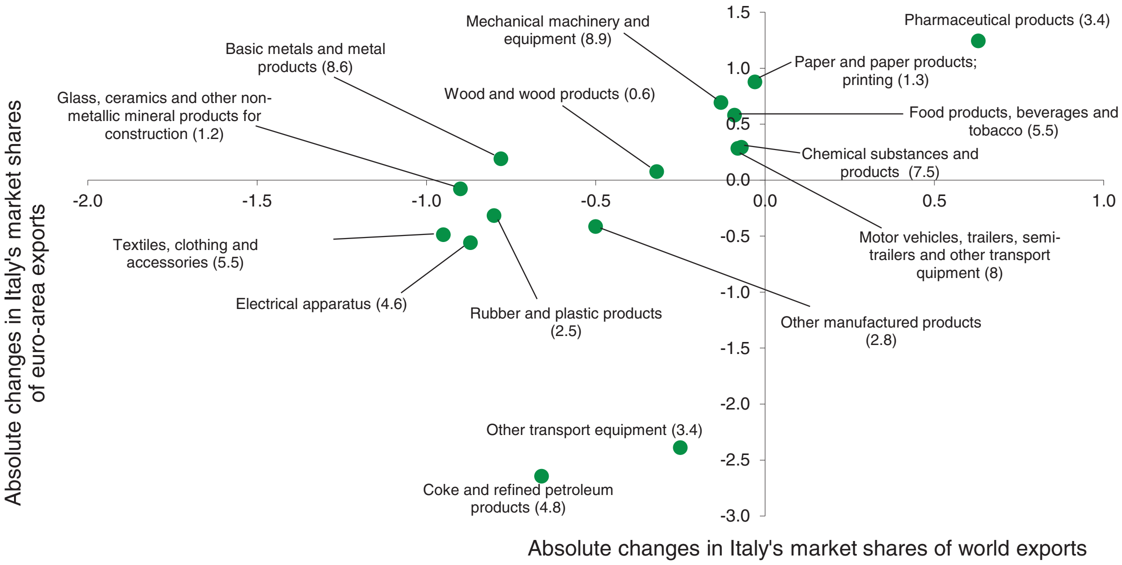
Pharmaceuticals, motor vehicles, machinery and equipment, chemicals, and food products are among the sectors of greatest success of Italian exports

However, to better evaluate the competitive performance of Italian exports including at sector level, it is advisable to adopt a longer time horizon and distinguish the trends of their market shares in relation to both world and euro-area exports. Here, again, with reference to the period 2010-15, we find the same three trends already observed in the analysis by market. In reality, just one sector, pharmaceuticals, regained ground with respect to both world and euro-area exports. In others (motor vehicles, machinery and equipment, chemicals, food products, and paper and printing) progress vis-à-vis the euro area was accompanied by a slight erosion in terms of world exports. Almost all the remaining sector lost market share according to both standards.

19 See the contribution by A. Lanza and A. Dossena, "Il commercio con l'estero del settore *automotive* italiano", in Chapter 4.

Chart 14 - Italy's market shares of world and euro-area exports by principal market and sector

Absolute changes in percentage shares at current prices, 2010-2015



The value near the label indicates the sector's average share of world demand in the period 2010-2015.

Sources: Based on data puplished by EUROSTAT and national statistical insitutes

Whereas the first decade of the century had been marked by a significant redistribution of shares of world exports of manufactures from the United States and Japan toward China, in the last five years the United States regained ground, although China scored the largest increase in share. As noted earlier, it appears reasonable to hypothesize that these changes stem at least in part from direct investment in China by US and Japanese multinational corporations.

In Italy, as elsewhere, steel is among the manufacturing sectors hit hardest by the advance of Chinese products. For a series of economic and political reasons, China has built up an enormous excess capacity that seeks market outlets, exerting strong downward pressure on prices and compromising European steel makers' balance sheets. The advantages for steel-using sectors, in terms of lower costs, consequently go together with major economic and social problems due to the crisis of the steel industry. The introduction of protective measures, provided they comply with the trading regime in force, could give European producers temporary relief, but in the long run a sustainable solution lies only in stepped up restructuring and technological innovation.[20]

Considering only euro-area exports of manufactures, Italy stands out for keeping its share unchanged in the last five years after suffering significant losses in the preceding decade, with especially large declines in fashion goods and furniture. By contrast, France, which also lost considerable ground in the 2000s, continued to see its share dwindle between 2010 and

20 See the contribution by F. Ferrari, "Recenti sviluppi e prospettive per l'industria siderurgica europea. Come uscire dalla crisi?", in Chapter 4.

2015. Germany, Slovakia and Spain were the countries that turned in the relatively best performances in both periods.

Italy's shares of services exports diminish again

In services, Italian exports' market shares shrank slightly again in 2015 in relation to both world and EU exports. Most of the loss came under the broad heading of "other commercial services", which includes nearly all business services.

In the coming years international trade in services may be affected by the negotiations under way for a new plurilateral agreement, the Trade in Services Agreement. In the short term, the accord's entry into force could create adjustment problems for Italian service producers, but it would bring potential benefits not only for consumers but also for firms of every sector, which would gain from intensified competition among suppliers of intermediate services.[21]

Italian firms' international production, gauged by their affiliates abroad, declined in 2015 in terms of the number of affiliates, their aggregate work force and sales revenues. A major factor in this was foreign acquisition of several important Italian multinationals, which consequently dropped out of the statistics on outward internationalization. In the last five years manufacturing firms, basically in the motor vehicles sector, have increased their share of the aggregate work force and sales revenues of Italian companies' foreign affiliates.

The percentage of foreign firms' Italian affiliates accounted for by manufacturing also expanded in the last five years, and among the sectors in which this proceeded most swiftly were some of those typical of Italian industry's specialization model, such as fashion goods and machinery and equipment. This bears out the hypothesis that foreign multinationals' acquisitions tend to focus on leading makers of hallmark "made in Italy" goods that have managed to continue to achieve sales growth even in crisis years.

The different countries' trade specialization models can no longer be satisfactorily explained without taking account of the various forms of international production. The new metric of value added, used above to provide a better interpretation of the aggregate trend of exports, can also be applied to analysis of their sectoral composition. For the Italian model, the resulting picture is not much different from that derived from traditional foreign trade data: the sectors of greatest specialization are machinery and equipment and leather products. However, the magnitude of competitive advantages is attenuated when measured using the data for value added, because, as noted, the international fragmentation of production entails a reduction in the domestic component of value added incorporated in exports.[22]

21 See the box by P. Stanojevic, "L'accordo sugli scambi di servizi (TISA): implicazioni per l'economia italiana", in Chapter 4.

22 See the contribution by L. Dell'Agostino and S. Nenci, "Il modello di specializzazione della manifattura italiana alla luce dei nuovi dati in valore aggiunto", in Chapter 4.

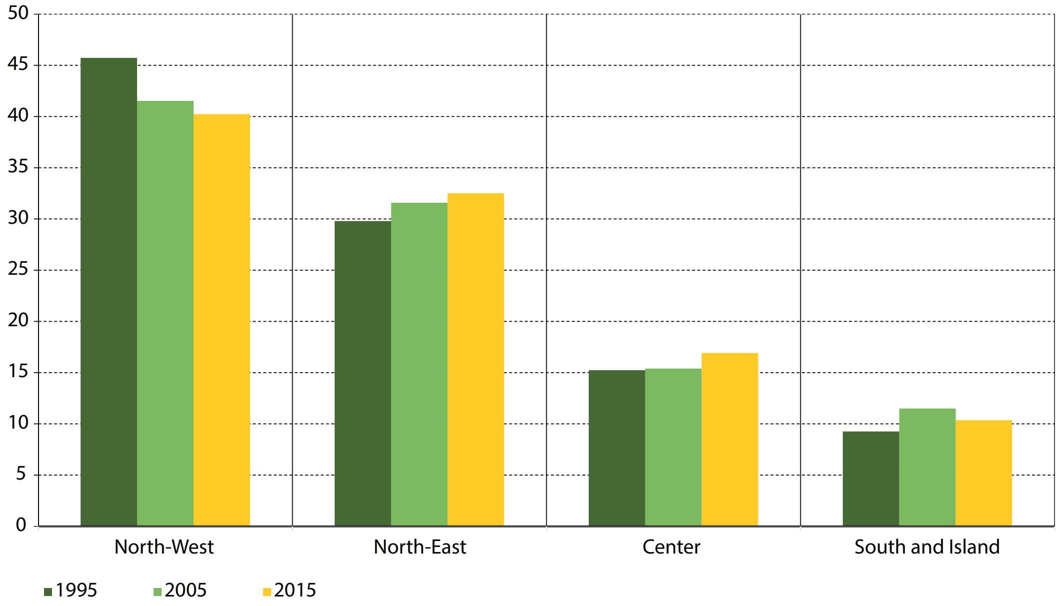
5. The territorial base

It is not easy to look beyond the veil of short-term fluctuations in order to pinpoint the underlying trends in regional distribution of economic activities, and of exports in particular. But over a twenty-year span there was a loss of share for North-West Italy, primarily to the benefit of the North-East and Center, while the share accounted for by the South and Islands remained marginal.

In the last twenty years export growth has been strongest in the "Third Italy"

Chart 15 - Merchandise exports of Italy's macro-regions

Percentage shares of total regional exports



Source: Based on ISTAT data

On closer inspection, up to 2012 the share of the South and Islands had trended upward. If in the 1990s this partly reflected an expanding export capability of local firms, in the following decade it was sustained solely by the rising prices of refined oil products, which are predominant among the exports of Sicily and Sardinia. When the price cycle changed direction, the Mezzogiorno's share fell back sharply. The slight recovery registered in 2015 was due essentially to Basilicata's exports of motor vehicles.

Partially similar trends are reflected in the data for the first quarter of 2016. North-West Italy continued to lose share, owing primarily to the 7 percent decline in Piedmont's exports. This was mainly to the benefit of the regions of the Center, where the exports of Lazio and Umbria increased by more than 5 percent, and to those of the Mezzogiorno, where the significant gains scored by Abruzzo, Basilicata and Molise more than offset the losses recorded by the other regions, and particularly the Islands.

The regional distribution of trade in services is more concentrated than that in goods, because most of the larger firms that engage in it are based in major urban centers (Rome and Milan). However, in 2015 the most significant increases were achieved in the North-East and the South and Islands.

The Mezzogiorno continues to exhibit a very low degree of international openness

The economies of the Italian regions differ widely in their degree of international openness, which generally tends to be higher in the North than in the Center and, still more, than in the South and Islands. The gaps in this respect are increasing: in Center and South the share of domestic demand satisfied by imports and the propensity to export have trended downward in recent years, though in 2015 the value of exports per employee did rise in several regions of the South and Islands too. The Mezzogiorno's lag is even more evident in terms of the internationalization of production. Its share of Italian firms' affiliates abroad is small whether measured by number of firms (4.5 percent in 2015), workers (3 percent) or sales revenues (2.5 percent); the figures reveal the smaller size of foreign affiliates compared with the national average and a gap in terms of sales revenues per worker as well. The largest multinationals (by foreign sales) are highly concentrated in a few regions. In the last five years Piedmont's share has progressively increased, to the detriment of those of Lazio and Lombardy. The Mezzogiorno also displays a very modest ability to attract investment from abroad. Its share of the workers of foreign firms' affiliates in Italy, which had increased in the preceding years thanks primarily to the contribution of Campania, was equal to 5.4 percent in 2015. Elsewhere, Lazio lost share, mainly to the benefit of Emilia-Romagna and Tuscany. In any event, the presence of multinationals in Italy remains highly concentrated in the North-West, where more than 56 percent of workers are employed, and Lazio, owing to the role played by the Rome metropolitan area. In general, throughout the world multinationals tend to prefer to base production facilities in urban areas: the benefits deriving from the concentration of diversified resources, typical of metropolitan settings, often outweigh the congestion costs and facilitate access to innovation and foreign markets.[23]

More in general, the regions are not the most suitable territorial units for analyzing changes in the geography of Italy's economic system. The forces of concentration and dispersion that underlie firms' decisions concerning where to locate generally emerge at more detailed levels of territorial disaggregation. The differences between local systems significantly affect their international openness. For example, the costs of access to foreign markets vary greatly across the Italian provinces, even within the same macro-region, reflecting not only geographical distance and infrastructure endowment, but also the complex set of cultural and social factors that have shaped local systems in the course of history and determined their economic distance from the rest of the world.[24] Besides differing proximity to the main outlet markets, other characteristics of local systems, such as the quality and efficiency of local government and the human and social capital endowment, also influence firms' propensity to export.[25]

23 See the contribution by D. Castellani, "La multinazionale va in città", in Chapter 5.

24 See the contribution by L. De Benedictis and A.M. Pinna, "I costi del commercio internazionale: il caso delle province italiane", in Chapter 5.

25 See the contribution by P. De Matteis, F. Pietrovito and A.F. Pozzolo, "La propensione a esportare delle imprese italiane: il ruolo del contesto locale", in Chapter 5.

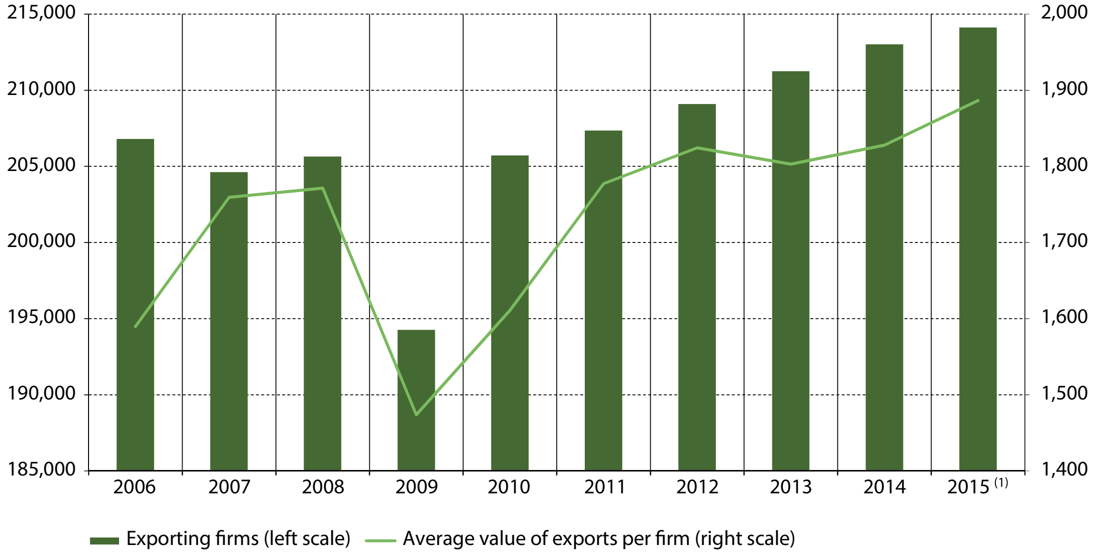
6. Firms

The number of export-oriented firms continued to grow in 2015, reaching a new peak of over 214,000. The average amount of exports per firm also rose, approaching €1.9 million.

The number of export-oriented firms and the average amount of their sales continue to rise

Chart 16 - Extensive and intensive margin of exports

Number of exporting firms, average value of exports in thousands of euros



(1) Provisional data.

Source: Based on ISTAT data

The growth in the number of exporting firms (the extensive margin of exports) is fueled from below, in the smallest size class, by newcomers to foreign markets, responding to the need to find alternative outlets in view of the weakness of domestic demand, and, more recently, by the opportunities created by the depreciation of the euro. However, many of these new exporters fail to go beyond occasional sales in just a few markets and to consolidate their presence abroad. In the larger size classes the process of competitive selection proceeds, although there are recent signs of an upturn in the number of firms belonging to the largest size class, with export sales of more than €15 million.

The rates of increase in the average value of exports per firm (the intensive margin) continue to be directly related to firm size. Nevertheless, compared with the peak of 2007, the largest firms' share of the value of Italian exports has yet to make good the loss incurred in the first phase of the crisis, as the reduction in the number of exporters has been proportionally larger than the increase in their average sales revenues on foreign markets.

Large firms' share of Italian exports remains relatively small

Italy's anomaly compared with the other main euro-area countries stands out most clearly in the case of large firms (250 or more workers), which account for a much smaller share of both the number of exporting firms and the value of exports than in France, Germany or Spain. At the opposite extreme, export-oriented micro-firms (up to 9 workers), though legion, contribute a very modest share of the value of exports. Small and mediumsized enterprises play an important role instead, accounting for half of the value of Italian exports compared with barely a fifth of German exports and a quarter of those of France.

The average number of foreign markets per exporting firm rose further in 2015, to a new peak of 5.85. Corroborating this increase in the geographical diversification of exports was the decrease in the share of firms present in only one export market, which fell to 42.8 percent. Compared with France and Spain, Italy has a relatively small number of firms that export to only one market, but the share of exports realized by firms present in multiple markets is lower than in France and Germany.

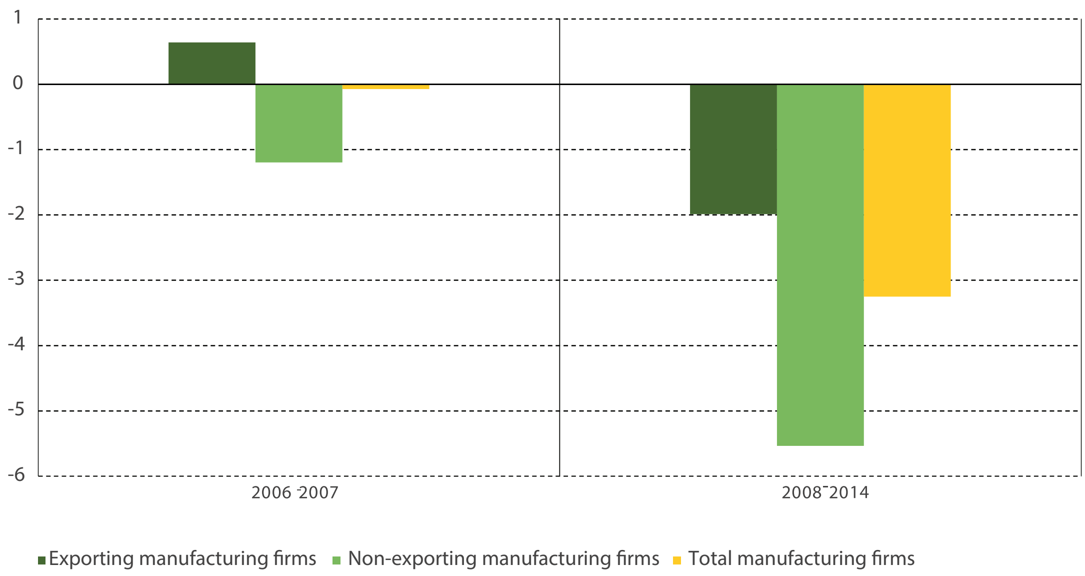
The increase in the Italian economy's external openness is also reflected in the percentage of export-oriented firms among all active firms, which rose from 4.2 percent in 2008 to 4.5 percent in 2013, though it remained unchanged in 2014. Compared with companies that only do business on the domestic market, export-oriented firms are generally larger, have higher productivity and are more skilled-labor intensive.[26]

Exports create jobs ...

The trend in employment has been better among export-oriented firms than others, and this was true even before the crisis. Starting in 2008 work forces declined across the board, but the loss was sharper for firms that only do business on the domestic market, while the recent upturn in jobs has been stronger for export-oriented firms, especially smaller ones.[27]

Chart 17 - Employment dynamics in manufacturing industry

Number of employees: average annual growth rates



Source: Based on ISTAT data

26 A survey of Milan firms confirms that greater size and higher productivity favor the internationalization of firms. See the contribution by R. Calugi and F. Conza, "Competitività e internazionalizzazione: rapporto fra produttività, esportazioni e investimenti esteri delle imprese milanesi *export-oriented*", in Chapter 5.

27 See the contribution by S. Costa, F. Luchetti and D. Zurlo, "Esportare crea occupazione? La domanda di lavoro delle imprese manifatturiere esportatrici nel periodo 2014-2015", in Chapter 6.

Exports, notably those of intermediate goods, can also help to strengthen firms' innovative capacity and competitiveness. The positive correlation between imports and productivity is most evident in the case of exporting firms, especially those that act as suppliers of inputs in international production networks.[28]

... but imports, participation in international production networks, and commercial intermediaries are also important

On the other hand, downstream of production chains commercial intermediaries play a crucial role for the competitiveness of exports, given their specific knowledge and the control they can exercise on the distribution of products. But in Italy this sector is still fragmented and consists mainly of firms oriented to the domestic market and little inclined to adopt digital technologies.[29]

Commercial intermediaries make up 40 percent of Italian exporting firms, but, given their generally small size and lower propensity to export compared with manufacturing firms, they account for just 14 percent of the value of exports. In general, for manufacturing firms the correlation between exports and sales revenues increases with firm size, but it peaks among mid-sized companies (50-249 workers), whose median is higher than that of large companies. By contrast, in the case of commercial intermediaries the propensity to export is inversely correlated with firm size.

As we have seen, in 2015 the number, work forces and sales revenues of Italian firms' affiliates abroad contracted for the second consecutive year. But this was mainly the outcome of the transfer of several Italian multinationals to foreign control rather than of an actual retreat in the internationalization of production. On the contrary, examining the entire span of the crisis, we find that Italian firms have shown a greater ability than in previous recessions to defend and in some cases to expand their production abroad.

In recent years Italian multinationals have expanded their activities, focusing them on improving access to markets

The number of Italian multinationals has risen gradually in the last two decades, with a growing contribution from smaller companies. In terms of employment and sales, however, the phenomenon remains highly concentrated in a relatively small core of large corporations with an ability to adopt more sophisticated internationalization strategies. Smaller companies are chiefly interested in production bases relatively close to Italy, in Europe and the Mediterranean, often in search of opportunities to cut costs. By sector of activity, small enterprises' contribution is largest in "traditional" manufacturing industries, particularly textiles, clothing, and hides and leather products, where it accounts for 40 percent of the total in terms of workers. Italy's larger multinationals have a relatively greater presence in scale-economy and research-intensive sectors.

Italian firms' production abroad is still smaller in scale than that of their counterparts in the other main European countries in terms of work forces and average sales revenues. In manufacturing, the preponderant share of sales (63.7 percent) comes from sales on the domestic markets of the countries where the affiliates are based, 26.5 percent from exports and only 9.8 percent from the Italian market. However, these averages conceal wide

28 See the contribution by M. Agostino, A. Giunta, D. Scalera and F. Trivieri, "Importazioni, produttività e catene globali del valore: un'analisi sulle imprese europee", in Chapter 6.

29 See the contribution by S. Menghinello and B. Quintieri, "Intermediari commerciali e catene internazionali del valore: quali prospettive per la crescita dell'export nazionale?", in Chapter 6.

The presence of foreign multinationals is still limited and relatively ineffective in forging links with the areas where they are established

differences across sectors: in the production chains of the fashion industry, the percentage of sales revenues from the Italian market ranges between 40 and 45 percent, indicating that reducing production costs is more important than access to markets as a reason for producing abroad. However, this percentage declined between 2011 and 2013, to the benefit of sales on the affiliates' domestic markets, which suggests that firms' internationalization strategies are evolving even in the traditional "made in Italy" sectors.

Multinational corporations' contribution to international trade also stands out when we examine foreign firms' Italian affiliates. In 2013 these accounted for about half of Italian imports and more than a quarter of exports, with peaks of 77.5 percent in pharmaceuticals and 52 percent in refined petroleum products. The exports of the Italian affiliates of multinational groups consist in good part (39 percent) of intragroup transactions; for imports, the share rises to 57 percent.[30]

The public resources committed to real and financial services for internationalization have increased

Foreign affiliates are larger, on average, than uni-national companies in terms of sales revenues, operate in more technology-intensive sectors, pay higher wages and have a higher proportion of skilled workers in their work forces. Their presence can exert beneficial effects by helping to diffuse technological and managerial knowhow in local economic systems.[31] Yet, in the Italian case the affiliates of foreign multinationals are relatively less active than Italian multinationals in industrial research and partnerships with local firms, institutions and universities, showing they have not sunk deep local roots. So industrial policy action must be aimed not only at attracting foreign investment, but also at fostering local systems' ability to assimilate the concomitant benefits and developing Italian firms' internationalization strategies.[32]

7. Policies for internationalization

In 2015 the public system of support for internationalization assisted more than 100,000 Italian entities either directly or through different kinds of service agencies, which redistributed the technical assistance they received to an even wider range of users.

Last year brought a substantial increase in the amount of funds spent for real services, especially promotional services. The bulk of this increase involved the regional governments, whose expenditure rose from €80 million to €106 million after a pause in their activity in 2014, and the ICE – Italian Trade Agency, whose expenditure jumped from €65 million to €110 million. Spending by the Ministry for Economic Development remained at the previous year's level (€30 million), while spending by the Chambers of Commerce contracted for the second consecutive year (from €69 million to €40 million). In the case of the Ministry, users' contributions to costs fell from €8 million to €5 million, whereas for the ICE they held steady at €14

30 See the box by E. Mazzeo, "L'internazionalizzazione delle imprese italiane: analisi delle caratteristiche e dell'evoluzione del fenomeno con dati Fats", in Chapter 6.

31 See the box by M. Barzotto, I. Mariotti and M. Mutinelli, "Presenza multinazionale ed effetti sulla composizione della forza lavoro in Veneto", in Chapter 6.

32 See the contribution by C. Cozza and A. Zanfei, "Multinazionali e creazioni di legami con imprese e università in Italia", in Chapter 6.

million. The total number of users did not change significantly, but there was a redistribution between the ICE (up 56.6 percent) and the Chambers of Commerce (down 26.3 percent) and a modest contraction for the Ministry. The data reflect the effects of the Government's push to concentrate support activities on the ICE and the growing commitment of the regions in offering firms a wide array of incentives for internationalization.

As regards financial services, in 2015 Sace achieved better results in terms of the number of client firms, which rose by 900 to more than 24,400, and gross premiums, which increased to €560 million despite the decline in insurance commitments to €9.8 billion from the 2014 peak of €10.9 billion. Cassa Depositi e Presititi (CDP) distributed its investments in support of transactions with foreign counterparties to an only slightly larger number of client firms while increasing the amount of own capital invested from €1.1 billion in 2014 to €1.4 billion; corresponding to this increase was one of more than €3 billion in the amount of transactions assisted. Consequently, the average amount per transaction rose significantly. Simest's results show similar trends: the number of client firms fell rather quite markedly, while the amount of transactions assisted doubled, with a strong leverage effect on own funds invested, which rose only marginally. All in all, one sees a return to growth of the public financial pole, led by CDP, which drives an expansion of investments and benefits from a strengthening of the customer base for insurance services, albeit against the background of rising risks for firms operating on foreign markets, shown by the increase in average premiums.

The Extraordinary Plan for "Made in Italy" Products and to Attract Investment is being implemented

The public system to support internationalization undertook a broad spectrum of promotional activities in 2015, mainly in connection with the initiatives envisaged as part of the first year of the 2015-2017 Three-Year Plan for the Extraordinary Promotion of "Made in Italy" Products and to Attract Investment. The allocation of resources to this plan represents a considerable financial effort, all the more in the context of stringent constraints on public spending, underscoring the importance of exports for output and employment in Italy. The declared objectives are to expand the presence of Italian firms in markets with higher potential, to increase the number of regularly exporting firms and to enhance the economic system's ability to attract investments from abroad, including through reshoring. Accordingly, the Ministry for Economic Development, in agreement with the Ministry of Foreign Affairs and International Cooperation and the Ministry of Agriculture, prepared a diversified series of initiatives for implementation by the ICE. Among those in Italy, the Milan Expo was the ideal showcase for launching a program to boost Italy's internationally most important trade fairs.

Among the extraordinary projects financed by the Plan was the ongoing "Italy's Roadshow for Business", successfully launched in 2014, which envisages a plenary session in which the institutions and organizations responsible for the internationalization of Italy's productive economy present to firms, in a local venue, the instruments available for accessing foreign markets, followed by individual advisory meetings with firms.

The year also saw the start of a training project for 400 temporary export managers, coordinated by the ICE in cooperation with regional governments, business associations, the Chambers of Commerce and the university system.

The organizational strengthening of SMEs, whose structure is often not adequate to the challenges posed by internationalization, not simply because of size but also, indeed mainly, because of the lack of specific professional skills, was also addressed by means of vouchers for internationalization, grants for firms to hire a temporary export manager for at least 6 months.[33]

Support for innovative commercial penetration strategies is a distinctive feature of the Plan for the Extraordinary Promotion of "Made in Italy" Products: alongside the promotion of e-commerce, it envisages agreements with large-scale distribution networks. The Ministry for Economic Development and the Ministry of Agriculture have developed a coordinated strategy for food and agricultural exports, based on the creation of a unique slogan and logo, "The Extraordinary Italian Taste", for initiatives to promote Italian food and agricultural products abroad.

In addition to making more resources and promotional instruments available, the public system of support for internationalization has acted to identify priority markets on the basis of such characteristics as demand growth and the competitive position of Italian firms. The markets so identified include the United States, China, and other emerging regions such as South-East Asia, the South American countries of the Pacific Alliance, and Sub-Saharan Africa.

A key role in this strategy is played by institutionally-led business missions focused on countries that are especially promising in view of their growth rates in recent years, their complementarity with specific sectors of Italy's productive economy and the overall level of bilateral relations. Moreover, Italy has been in the fore in seizing the opportunities created by the geopolitical events which, for different reasons, have brought such previously hard-to-access countries as Cuba and Iran back to the markets.

The ICE has strengthened its activity, submitting it to quality and effectiveness controls

As regards the activity of the ICE in particular, besides the aforementioned growth in promotional activities, the year saw further development of business assistance and consulting services, a significant increase in managerial training (from 64,000 to 114,000 hours) and international training (from 9,000 to 21,000 hours) and expanded provision of information services.

In addition, a start was made on developing the ICE's initiatives to attract foreign direct investment, with special emphasis on the real estate sector and on manufacturing firms in crisis. There is close cooperation in this area with the Ministry for Foreign Affairs, Ministry of Agricultural and regional governments, thanks in part to new legislation and to the work of the Guidance Committee.

Studies of the activity of the public system of support for internationalization have assessed its efficiency and effectiveness, also in comparison with other countries. They find a high degree of customer satisfaction and point to areas of improvement. One of these studies, produced by the International Trade Center of the United Nations, shows that each additional euro invested in the public promotional activity conducted by the ICE can generate more

33 See the box by P. Bulleri and F. Giorgio, "Voucher per l'internazionalizzazione delle PMI: uno strumento di politica industriale", in Chapter 7.

than €230 worth of additional exports for firms.[34] Another study, carried out jointly by the ICE and ISTAT, finds that the client firms of ICE services tend to have a high propensity to export and a high degree of export persistence.[35]

International comparisons show that Italy's public system of support for internationalization is qualitatively in line with those of comparable European countries but still suffers from a shortage of financial and human resources.

34 See the box by M. Saladini, "Investire in promozione degli scambi genera reddito", in Chapter 7.

35 See the contribution by C. Castelli, L. Esposito, R. Sacilotto and L. Soriani, "I clienti dell'Agenzia Ice: grado di internazionalizzazione e persistenza sui mercati esteri", in Chapter 7.

Concluding remarks

The global outlook has grown more uncertain amidst a risk-fraught interlacing of political tensions, financial market instability and slowing global output and international trade.

The ebbing of the thrust provided by the emerging and developing countries, some hit hard by the drop in commodity prices, does not appear to be offset by the signs of recovery in the advanced countries, whose performances differ but are still generally weak.

World trade has not recovered the impetus it had in the years before the global crisis, marking the end of the phase of fastest expansion of international production networks and the associated trade in intermediate goods and services, although foreign direct investment, boosted by large-scale mergers and acquisitions, has begun to grow again.

The market integration policies adopted with a view to facilitating international trade and investment continue to maintain an open stance, but the multiple negotiations under way at different institutional levels have yet to produce the results needed to reinvigorate the multilateral system.

The European Union is going through a crisis of its integration project, in which the inability to seriously address common issues, such as those of immigration and the distributive imbalances of still inadequate growth, fuel dangerous upwellings of nationalism.

These darkening shadows also cloud the prospects of the Italian economy, which has barely pulled out of a long and deep recession. Employment, consumption, investment and imports show clear signs of recovery, but their insufficient intensity signals their vulnerability to exogenous shocks.

Exports too have achieved positive results, and in the past several years the decline in market shares that began at the turn of the 1990s, including with respect to exports of the other European countries, has come to a halt. Emerging countries' brisker demand for personal care and household consumer goods and industrial machinery has opened up new opportunities and the most dynamic part of Italian business has grasped them.

The changes taking place in the global framework make it more evident, however, that a correct assessment of the competitive position of the different economies necessitates an integrated analysis of trade in conjunction with the other forms that the internationalization of firms can take. Within the networks in which the new international division of labor is realized, manufacturing activities are ever more closely interwoven with the production and exchange of services, fostered by the rapidly spreading technological paradigms of the digital economy.

In this perspective, notwithstanding some signs of progress, the Italian economy still displays lags. Conditioned by the managerial and financial limitations bound up with their relatively small average size, Italian firms still participate to only a limited extent in the various forms of international production. In addition, Italy's gap with respect to the other main European countries in the capacity to attract investment and skilled resources from abroad remains considerable.

The difficulties of the international situation continue to weigh on the prospects for a strengthening of the recovery. European integration could offer a positive contribution again if, sixty years after the Treaty of Rome, the EU's founding members find the political courage necessary to overcome disagreements and relaunch the common project.

However, national economic policies still have a decisive role to play. It is necessary in the first place to support global demand by reviving the growth in incomes and employment, albeit in compliance with the budgetary constraints. It is necessary to design long-term investment programs that serve as a guide to firms and bolster household confidence. It is necessary at the same time to strengthen the structural reforms already in progress, in order to boost productivity and disseminate the stimuli of innovation throughout the system.

Policies to support internationalization, viewed as an essential form of organizational innovation by firms and local systems, are an integral part of this picture.

The aim, on the one hand, is to increase the number of firms that can operate successfully on international markets, overcoming access barriers that at times stem mainly from a still insufficient diffusion of the necessary knowhow. Meanwhile, it is necessary to support the most dynamic part of the Italian business system, which already operates with success in many markets but has yet to fully realize its great potential. Lastly, it is essential that a further effort be made to coordinate all the national and local policies aimed at enhancing the Italian economy's ability to attract foreign investment, narrowing the gap with the other large European countries.

Also in light of the budgetary constraints, by now it is plain that all public policies must be based on a great capacity for collective learning, realized in the ongoing dialogue between institutions and firms, and on close coordination of the activities of all national and local actors. Much work has been done in this direction, but still not enough. One of its outstanding positive aspects is the attempt to disseminate a culture of self-evaluation in all the organizations involved in the system. It is our duty to proceed on this path: every instrument of public intervention should be accompanied, from the very inception of its design, by a rigorous system of control indicators that provide a credible and verifiable measure of the changes to be achieved.

In summary, if reviving domestic demand is indispensable in order to fuel the current recovery, increasing the economic system's degree of international openness remains the key to promoting innovation and supporting future growth.

STATISTICAL TABLES

WORLD AND EUROPEAN UNION

Table 1.1 - World trade and foreign direct investment[1]

Amounts in billions of dollars, % changes

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Trade in goods									
Value [2]	12,131	14,023	16,160	12,555	15,301	18,338	18,496	18,948	18,995	16,482
% change	-	15,6	15,2	-22,3	21,9	19,8	0,9	2,4	0,2	-13,2
	Percentage changes in the indices									
Volume index	8.7	6.5	2.1	-12.1	14.1	5.5	2.3	2.7	2.7	3.0
Average unit value index	6.3	8.6	13.1	-11.8	6.7	13.8	-2.1	-0.6	-2.1	-16,1
	Trade in commercial services									
Value	2,942	3,523	3,964	3,534	3,842	4,350	4,468	4,747	5,064	4,754
% change	-	19.7	12.5	-10.9	8.7	13.2	2.7	6.3	6,7	
	Foreign direct investment									
Value	1,402	1,902	1,498	1,181	1,389	1,567	1,511	1,427	1,277	1.762
% change	-	36	-21	-21	18	13	-4	-6	-11	38
As a percentage of world trade in goods and services	9.3	10.8	7.4	7.3	7.3	6.9	6.6	6.0	5.3	8.3

(1) Exports for goods and services, inflows for FDI.

(2) Includes Hong Kong re-exports.

Sources: Based on WTO data for trade in goods and services and UNCTAD data for FDI

Table 1.2 - Regional shares of world merchandise exports

At current prices

Regions and countries	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
European Union	**38.4**	**38.7**	**37.1**	**37.3**	**34.3**	**33.7**	**31.9**	**32.8**	**32.9**	**32.8**
Euro area	29.8	30.4	29.1	29.4	26.7	26.1	24.8	25.3	25.5	25.2
Other EU countries	8.6	8.3	8.0	7.9	7.5	7.6	7.1	7.6	7.5	7.6
Other European countries	**6.0**	**6.2**	**6.8**	**6.1**	**6.1**	**6.5**	**7.1**	**6.5**	**6.2**	**6.0**
Africa	**2.9**	**2.9**	**3.3**	**2.9**	**3.2**	**3.1**	**3.2**	**3.0**	**2.8**	**2.4**
North America	**11.9**	**11.4**	**10.9**	**11.1**	**11.0**	**10.7**	**11.0**	**11.0**	**11.2**	**11.7**
South and Central America	**5.7**	**5.6**	**5.6**	**5.6**	**5.8**	**6.1**	**6.1**	**5.9**	**5.8**	**5.8**
Middle East	**5.2**	**5.1**	**6.4**	**5.2**	**5.8**	**6.6**	**7.0**	**6.7**	**6.4**	**5.4**
Central Asia	**1.7**	**1.9**	**2.1**	**2.1**	**2.3**	**2.6**	**2.5**	**2.6**	**2.6**	**2.4**
East Asia	**27.0**	**27.0**	**26.3**	**28.1**	**29.9**	**29.0**	**29.5**	**29.8**	**30.4**	**32.2**
Oceania and other territories	**1.3**	**1.3**	**1.4**	**1.5**	**1.7**	**1.8**	**1.7**	**1.7**	**1.6**	**1.5**
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

Regions and countries	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
European Union	**38.5**	**39.0**	**37.7**	**37.0**	**34.3**	**33.8**	**31.4**	**31.5**	**31.8**	**30.8**
Euro area	28.7	29.2	28.4	28.0	25.8	25.4	23.3	23.5	23.5	22.6
Other EU countries	9.8	9.8	9.3	9.1	8.5	8.4	8.1	8.0	8.3	8.2
Other European countries	**4.7**	**5.2**	**5.6**	**5.0**	**5.1**	**5.5**	**6.0**	**5.5**	**5.1**	**4.9**
Africa	**2.5**	**2.7**	**3.0**	**3.3**	**3.1**	**3.1**	**3.2**	**3.4**	**3.4**	**3.6**
North America	**18.6**	**17.0**	**15.8**	**15.4**	**15.5**	**14.7**	**14.9**	**14.8**	**15.0**	**16.0**
South and Central America	**5.4**	**5.5**	**5.9**	**5.8**	**6.1**	**6.2**	**6.4**	**6.5**	**6.4**	**6.5**
Middle East	**3.2**	**3.5**	**3.9**	**4.1**	**4.0**	**4.1**	**4.4**	**4.5**	**4.6**	**5.0**
Central Asia	**2.2**	**2.5**	**2.9**	**3.0**	**3.2**	**3.5**	**3.6**	**3.5**	**3.5**	**3.6**
East Asia	**23.3**	**23.0**	**23.6**	**24.7**	**26.9**	**27.5**	**28.2**	**28.6**	**28.4**	**27.9**
Oceania and other territories	**1.4**	**1.5**	**1.5**	**1.6**	**1.6**	**1.7**	**1.8**	**1.7**	**1.6**	**1.6**
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
Amounts in billions of current dollars and percent changes on previous year

Rank			Country	Value		% change		% share		
2010	2014	2015		2014	2015	2011-15[1]	2015	2010	2014	2015
1	1	1	China	2,342	2,275	7.6	-2.9	10.3	12.3	13,8
2	2	2	United States	1,621	1,505	3.3	-7.1	8.4	8.5	9.1
3	3	3	Germany	1,495	1,329	1.1	-11.0	8.2	7.9	8,1
4	4	4	Japan	690	625	-4,1	-9.5	5.0	3.6	3.8
5	5	5	Netherlands	673	567	-0.2	-15.7	3.8	3.5	3.4
7	7	6	South Korea	573	527	2.5	-8.0	3.0	3.0	3.2
11	9	7	Hong Kong	524	511	5.0	-2.6	2.6	2.8	3.1
6	6	8	France	580	506	-0.7	-12.8	3.4	3.1	3.1
9	10	9	United Kingdom	505	460	2.1	-8.9	2.7	2.7	2.8
8	**8**	**10**	**Italy**	**530**	**459**	**0.5**	**-13.4**	**2.9**	**2.8**	**2.8**
13	12	11	Canada	475	408	1.1	-14.0	2.5	2.5	2.5
10	13	12	Belgium	472	398	-0.5	-15.7	2.7	2.5	2.4
15	15	13	Mexico	397	381	5.0	-4.1	1.9	2.1	2.3
14	14	14	Singapore	410	351	-0.1	-14.5	2.3	2.2	2.1
12	11	15	Russia	498	340	-3.2	-31.6	2.6	2.6	2.1
24	21	16	Switzerland	311	290	8.2	-6.9	1.3	1.6	1.8
16	20	17	Taiwan	320	285	0.8	-10.8	1.8	1.7	1.7
17	18	18	Spain	325	282	2.1	-13.2	1.7	1.7	1.7
19	19	19	India	323	267	3.4	-17.2	1.5	1.7	1.6
20	16	20	United Arab Emirates	375	265	4.4	-29.3	1.4	2.0	1,6
			Total top 20 countries	**13,438**	**12,032**	**2.3**	**-10.5**	**70.1**	**70.7**	**73.0**
			World	**18,995**	**16,482**	**1.5**	**-13.2**	**100.0**	**100.0**	**100.0**

[1] Average annual growth rate, starting from 2010.

Source: Based on WTO data

Table 1.5 - Top twenty world merchandise importers
Amounts in billions of current dollars and percent changes on previous year

Rank			Country	Value		% change		% share		
2010	2014	2015		2014	2015	2011-15[1]	2015	2010	2014	2015
1	1	1	United States	2,413	2,308	3.2	-4.3	12.7	12.6	13.8
2	2	2	China	1,959	1,682	3.8	-14.2	9.0	10.3	10.0
3	3	3	Germany	1,207	1,050	-0.1	-13.0	6.8	6.3	6.3
4	4	4	Japan	812	648	-1.3	-20.2	4.5	4.3	3.9
6	5	5	United Kingdom	690	626	1.1	-9.4	3.8	3.6	3.7
5	6	6	France	677	573	-1.3	-15.4	3.9	3.5	3.4
9	7	7	Hong Kong	601	559	4.9	-6.9	2.8	3.1	3.3
7	8	8	Netherlands	589	506	-0.4	-14.2	3.3	3.1	3.0
10	9	9	South Korea	526	436	0.5	-16.9	2.7	2.8	2.6
11	10	10	Canada	480	436	1.6	-9.1	2.6	2.5	2.6
8	**11**	**11**	**Italy**	**474**	**409**	**-3.4**	**-13.8**	**3.1**	**2.5**	**2.4**
16	14	12	Mexico	412	405	5.5	-1.5	2.0	2.2	2.4
13	12	13	India	463	392	2.3	-15.3	2.3	2.4	2.3
12	13	14	Belgium	455	375	-0.8	-17.5	2.5	2.4	2.2
14	16	15	Spain	359	309	-1.1	-13.8	2.1	1.9	1.8
15	15	16	Singapore	366	297	-0.9	-19.0	2.0	1.9	1.8
24	19	17	Switzerland	276	252	7.4	-8.7	1.1	1.4	1.5
17	18	18	Taiwan	282	238	-1.1	-15.7	1.6	1.5	1.4
25	20	19	United Arab Emirates	250	230	6.9	-8.0	1.1	1.3	1.4
19	23	20	Australia	237	208	0.7	-12.0	1.3	1.2	1.2
			Total top 20 countries	**13,527**	**11,940**	**1.5**	**-11.7**	**71.4**	**70.8**	**71.2**
			World	**19,104**	**16,766**	**1.6**	**-12.2**	**100.0**	**100.0**	**100.0**

[1] Average annual growth rate, starting from 2010.
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[2]	Country	Flows						Flows					
		Value			% composition			Value			% composition		
		2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
1	United States	212	107	380	14.8	8.3	21.6	540	2,783	5,588	24.6	37.2	22.4
2	Hong Kong	75	114	175	5.2	8.9	9.9	202	435	1,573	9.2	5.8	6.3
3	China	124	129	136	8.7	10.1	7.7	21	193	1,221	0.9	2.6	4.9
4	Ireland	45	31	101	3.1	2.4	5.7	38	127	435	1.7	1.7	1.7
5	Netherlands	51	52	73	3.6	4.1	4.1	72	244	707	3.3	3.3	2.8
6	Switzerland	1	7	69	0.0	0.5	3.9	34	87	833	1.6	1.2	3.3
7	Singapore	66	68	65	4.6	5.4	3.7	30	111	978	1.4	1.5	3.9
8	Brazil	53	73	65	3.7	5.7	3.7	37	122	486	1.7	1.6	1.9
9	Canada	72	59	49	5.0	4.6	2.8	113	325	756	5.1	4.3	3.0
10	India	28	35	44	2.0	2.7	2.5	2	16	282	0.1	0.2	1.1
11	France	43	15	43	3.0	1.2	2.4	104	184	772	4.7	2.5	3.1
12	United Kingdom	48	52	40	3.3	4.1	2.2	204	463	1,457	9.3	6.2	5.8
13	Germany	12	1	32	0.8	0.1	1.8	227	471	1,121	10.3	6.3	4.5
14	Belgium	14	-9	31	1.0	-0.7	1.8	0	0	469	0.0	0.0	1.9
15	Mexico	46	26	30	3.2	2.0	1.7	22	122	420	1.0	1.6	1.7
16	Luxembourg	15	12	25	1.1	0.9	1.4	0	0	205	0.0	0.0	0.8
17	Australia	57	40	22	4.0	3.1	1.3	80	122	537	3.7	1.6	2.2
18	Italy	24	23	20	1.7	1.8	1.2	60	123	335	2.7	1.6	1.3
19	Chile	18	21	20	1.3	1.7	1.1	16	46	208	0.7	0.6	0.8
20	Turkey	12	12	17	0.9	1.0	0.9	11	19	145	0.5	0.3	0.6
	World	1,427	1,277	1,762	100.0	100.0	100.0	2,197	7,488	24,983	100.0	100.0	100.0

[1] Excluding Caribbean financial centers.
[2] Sorted by 2015 flows.
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[2]	Country	Flows						Stocks					
		Value			% composition			Value			% composition		
		2013	2014	2015	2013	2014	2015	1990	2000	2015	1990	2000	2015
1	United States	308	317	300	23.5	24.0	20.3	732	2,694	5,983	32.5	36.2	23.9
2	Japan	136	114	129	10.4	8.6	8.7	201	278	1,227	8.9	3.7	4.9
3	China	108	123	128	8.2	9.3	8.7	4	28	1,010	0.2	0.4	4.0
4	Netherlands	70	56	113	5.3	4.2	7.7	110	305	1,074	4.9	4.1	4.3
5	Ireland	29	43	102	2.2	3.3	6.9	15	28	793	0.7	0.4	3.2
6	Germany	40	106	94	3.1	8.1	6.4	309	484	1,812	13.7	6.5	7.2
7	Switzerland	39	-3	70	2.9	-0.3	4.8	66	232	1,138	2.9	3.1	4.5
8	Canada	55	56	67	4.2	4.2	4.6	85	443	1,078	3.8	6.0	4.3
9	Hong Kong	81	125	55	6.2	9.5	3.7	12	379	1,486	0.5	5.1	5.9
10	Luxembourg	25	23	39	1.9	1.8	2.7	0	0	170	0.0	0.0	0.7
11	Belgium	18	5	39	1.4	0.4	2.6	0	0	459	0.0	0.0	1.8
12	Singapore	40	39	35	3.0	3.0	2.4	8	57	625	0.3	0.8	2.5
13	France	25	43	35	1.9	3.3	2.4	120	366	1,314	5.3	4.9	5.2
14	Spain	14	35	35	1.1	2.7	2.3	16	129	472	0.7	1.7	1.9
15	South Korea	28	28	28	2.2	2.1	1.9	2	21	278	0.1	0.3	1.1
16	Italy	25	27	28	1.9	2.0	1.9	60	170	467	2.7	2.3	1.9
17	Russia	71	64	27	5.4	4.9	1.8	0	19	252	0.0	0.3	1.0
18	Sweden	30	9	24	2.3	0.6	1.6	51	124	346	2.3	1.7	1.4
19	Norway	8	18	19	0.6	1.4	1.3	11	34	162	0.5	0.5	0.6
20	Chile	8	12	16	0.6	0.9	1.1	0	11	87	0.0	0.1	0.3
	World	1,311	1,318	1,474	100.0	100.0	100.0	2,254	7,437	25,045	100.0	100.0	100.0

(1) Excluding Caribbean financial centers.
(2) Sorted by 2015 flows.

Source: Based on UNCTAD data

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

	2011	2012	2013	2014	2015
Current account	**-45,335**	**-5,822**	**15,202**	**30,893**	**35,964**
Capital account	**908**	**3,959**	**181**	**3,386**	**2,638**
Financial account	**-47,748**	**-10,166**	**12,753**	**50,252**	**33,087**
Direct investment	12,353	5,293	650	2,500	6,609
Abroad	37,044	5,241	15,288	15,427	13,777
In Italy	24,691	-52	14,638	12,928	7,168
Portfolio investment	11,445	-24,384	-13,190	1,030	89,556
Assets	-33,047	-59,972	22,030	98,734	112,084
Liabilities	-44,492	-35,589	35,220	97,704	22,528
Other investment	-81,855	1,625	20,731	51,256	-66,970
Assets	45,244	32,901	-25,038	19,191	-20,933
Liabilities	127,099	31,276	-45,769	-32,065	46,037
Financial derivatives	-7,257	5,839	3,035	-3,581	3,358
Change in reserve assets	941	1,461	1,528	-953	535
Errors and omissions	**-3,320**	**-8,303**	**-2,629**	**15,972**	**-5,515**

Current account balance

	2011	2012	2013	2014	2015
Goods (FOB-FOB)	**3,261**	**21,478**	**36,063**	**47,867**	**52,677**
Services	**-6,173**	**-123**	**261**	**-827**	**-1,161**
Transport	-8,677	-8,223	-7,899	-8,198	-8,437
Foreign travel	10,340	11,543	12,755	12,528	13,544
Other services	-7,835	-3,443	-4,595	-5,157	-6,267
Primary income	**-5,293**	**-3,012**	**-3,065**	**-334**	**-925**
Labor income	2,618	3,677	2,988	3,579	4,284
Investment income	-10,959	-9,704	-9,362	-7,811	-7,400
Others	3,048	3,015	3,309	3,898	2,191
Secondary income	**-19,253**	**-19,516**	**-18,056**	**-15,812**	**-14,627**
Public administrations	-14,212	-13,597	-15,360	-13,642	-11,363
Other sectors	-5,041	-5,918	-2,697	-2,170	-3,263
of which: workers' remittances	-6,916	-6,347	-5,059	-4,729	-4,608
Current account	**-45,335**	**-5,822**	**15,202**	**30,893**	**35,964**

Source: Based on Bank of Italy data

Table 2.2 - Italy's foreign trade in goods and services[1]

Goods	2012	2013	2014	2015
Exports				
Millions of euros	377,407	379,080	390,412	405,978
% change	3.7	0.4	3.0	4.0
Imports				
Millions of euros	360,579	343,018	342,549	352,766
% change	-5.7	-4.9	-0.1	3.0
Trade balance				
Millions of euros	16,828	36,062	47,863	53,212
Change in amount	35,410	19,234	11,801	5,349
Normalized trade balance[2]	2.3	5.0	6.5	7.0
Export prices[3]	1.9	-0.6	-0.4	-0.4
Import prices[3]	3.3	-2.3	-3.5	-4.8
Exports: changes in volumes	1.8	1.0	3.4	4.4
Imports: changes in volumes	-8.8	-2.6	3.4	8.1
Foreign trade, customs values (millions of euros)				
Exports FOB	390,182	390,233	398,870	413,881
Imports CIF	380,292	361,002	356,939	368,715
Trade balance	9,890	29,230	41,932	45,166
Services				
Exports				
Millions of euros	83,767	83,832	85,746	88,876
% change	6.9	0.1	2.3	3.7
Imports				
Millions of euros	84,658	83,887	86,734	89,615
% change	-1.0	-0.9	3.4	3,3
Trade balance				
Millions of euros	-891	-55	-989	-739
Change in amount	6,451	836	-933	250
Normalized trade balance[2]	-0.5	0.0	-0.6	-0.4
Export prices[3]	1.9	1.1	0.3	0.0
Import prices[3]	4.2	0.2	1.4	6.1
Exports: changes in volumes	5.0	-1.0	2.0	3.7
Imports: changes in volumes	-4.9	-1.1	2.0	-2.6

[1] National accounts data.
[2] Trade balance as a percentage of the sum of exports and imports.
[3] Deflators are implicit.
Source: Based on ISTAT data

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-2015
Market share	**3.32**	**3.45**	**3.31**	**3.23**	**2.91**	**2.88**	**2.77**	**2.78**	**2.87**	**2.92**	
change	-	0.14	-0.14	-0.08	-0.32	-0.03	-0.10	0.01	0.09	0.05	-0.40
Competitiveness effect		**0.00**	**-0.03**	**-0.08**	**-0.08**	**-0.01**	**0.02**	**-0.02**	**-0.01**	**-0.07**	**-0.28**
Structure effect		**0.16**	**-0.11**	**0.03**	**-0.24**	**-0.02**	**-0.11**	**0.04**	**0.08**	**0.13**	**-0.04**
sectoral		0.07	-0.13	0.09	-0.14	-0.04	-0.04	0.04	0.08	0.18	0.08
geographic		0.08	0.01	-0.03	-0.15	-0.01	-0.08	0.00	0.04	0.00	-0.13
interaction		0.01	0.01	-0.03	0.05	0.03	0.01	0.00	-0.04	-0.05	0.01
Adaptation effect		**-0.03**	**0.01**	**-0.03**	**0.00**	**-0.01**	**-0.02**	**-0.01**	**0.01**	**-0.01**	**-0.09**

Table 2.3 B - Constant-market-share analysis of Italy's share of world imports from the euro area[(1)(2)]

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-2015
Market share	**11.02**	**11.08**	**11.00**	**10.61**	**10.40**	**10.42**	**10.53**	**10.44**	**10.56**	**10.62**	
change	-	0.06	-0.08	-0.39	-0.20	0.01	0.11	-0.09	0.12	0.06	-0.40
Competitiveness effect		**0.00**	**-0.07**	**-0.23**	**0.04**	**-0.07**	**0.15**	**-0.09**	**0.04**	**-0.04**	**-0.25**
Structure effect		**0.13**	**-0.03**	**-0.15**	**-0.22**	**0.10**	**0.06**	**0.03**	**0.14**	**0.15**	**0.21**
sectoral		0.11	0.00	-0.08	-0.18	0.04	-0.04	0.08	0.06	0.11	0.10
geographic		0.04	0.06	0.01	-0.04	0.03	0.06	0.00	0.00	0.05	0.21
interaction		-0.02	-0.09	-0.07	0.00	0.03	0.04	-0.05	0.08	-0.01	-0.09
Adaptation effect		**-0.06**	**0.01**	**-0.02**	**-0.02**	**-0.01**	**-0.10**	**-0.04**	**-0.07**	**-0.05**	**-0.37**

(1) The "world" consists of 42 countries: the 28 European Union countries plus Argentina, Brazil, Canada, China, South Korea, Philippines, Japan, Hong Kong, Malaysia, Mexico, the United States, Switzerland, Taiwan and Turkey.

(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 statisical institutes

Table 2.4 - Italy's merchandise trade by region and main countries[(1)]
Amounts in millions of euros

Region/Country	Exports				Imports				Balance	
	2015	% change 2015	Jan - Mar 2016	% change Jan-Mar 2016	2015	% change 2015	Jan - Mar 2016	% change Jan-Mar 2016	2015	Jan - Mar 2016
European Union	**227,284**	**3.9**	**57,147**	**3.5**	**215,781**	**5.8**	**54,172**	**1.0**	**11,503**	**2,974**
Germany	51,023	1.8	12,987	1.1	56,809	4.5	14,388	1.6	-5,787	-1,401
France	42,548	1.3	11,088	5.3	32,109	4.2	8,045	-0.8	10,438	3,043
Spain	19,854	10.1	5,031	6.6	18,391	6.7	4,725	1,8	1,463	305
United Kingdom	22,484	7.4	5,372	1.8	10,575	2.8	2,686	4.3	11,909	2,686
Belgium	14,595	10.6	3,575	5.4	17,156	13.8	4,661	10.6	-2,561	-1,086
Netherlands	9,629	2.5	2,472	6.8	20,667	-0,7	4,852	-6.1	-11,038	-2,380
Poland	10,888	5.2	2,665	0.5	8,575	18.7	2,220	10.6	2,314	445
Austria	8,530	1.6	2,121	2.2	8,356	1.4	2,014	-2.4	174	108
Romania	6,658	6.2	1,526	-2.3	6,288	4.6	1,555	-1.7	371	-29
Czech Republic	5,059	8.0	1,306	6.0	5,615	15.6	1,587	14.4	-556	-281
Hungary	4,140	8.6	1,076	8.2	4,502	11.1	1,097	-3.0	-361	-21
Sweden	4,207	7.2	1,045	2.7	3,513	7.6	884	0.6	694	161
Greece	3,765	-2.2	904	-0.8	2,538	9.2	643	-5.4	1,227	261
Slovenia	3,685	-2.4	875	-0.2	2,607	-4.2	644	0.0	1,078	231
Slovakia	2,500	6.0	624	1.8	3,109	5.9	777	-0.7	-608	-153
Ireland	1,263	13.1	320	5.5	4,020	43.4	780	-9.6	-2,757	-460
Non EU countries	**44,668**	**-4.8**	**10,000**	**-8.0**	**38,702**	**-5.4**	**8,920**	**-8.7**	**5,966**	**1,080**
Switzerland	19,239	1.0	4,526	-6.6	10,847	4.3	2,750	1.3	8,393	1,776
Russia	7,109	-25.2	1,385	-13.9	14,259	-17.5	2,780	-21.4	-7,151	-1,396
Turkey	10,005	2.8	2,222	-5.7	6,621	15.8	1,780	8.6	3,385	442
Northern Africa	**13,089**	**-6.4**	**2,790**	**-11.4**	**11,523**	**-15.8**	**2,550**	**-10.7**	**1,567**	**240**
Algeria	4,143	-4.0	858	-22.8	3,020	-21.2	941	15.8	1,123	-83
Tunisia	3,033	-7.8	691	-2.3	2,300	4.4	568	5.0	733	122
Other African countries	**5,711**	**-7.9**	**1,087**	**-23.1**	**7,618**	**0.4**	**1,440**	**-22.5**	**-1,908**	**-353**
South Africa	1,905	1.2	354	-22.0	1,761	5.0	332	-25.6	144	23
North America	**39,674**	**20.8**	**9,588**	**-2.2**	**15,654**	**4.6**	**3,948**	**0.4**	**24,019**	**5,640**
United States of America	35,989	20.9	8,749	-1.8	14,194	13.8	3,555	0.0	21,794	5,194
South and Central America	**13,776**	**-1.0**	**2,736**	**-11.2**	**9,487**	**-0.3**	**2,093**	**-4.3**	**4,288**	**643**
Brazil	3,873	-17.4	700	-30.3	3,203	3.3	740	-3.5	670	-40
Middle East	**21,543**	**8.4**	**4,791**	**-3.6**	**15,231**	**-8.3**	**2,693**	**-27.6**	**6,312**	**2,098**
Saudi Arabia	5,138	6.6	1,059	-14.1	3,354	-19.9	586	-20.8	1,784	473
United Arab Emirates	6,188	16.1	1,300	-10.4	851	35.6	175	19.3	5,337	1,125
Central Asia	**5,646**	**11.3**	**1,393**	**16.1**	**8,799**	**-3.5**	**2,148**	**-9.7**	**-3,153**	**-755**
India	3,351	10.3	713	-4.9	4,001	-4.1	1,110	0.8	-650	-398
East Asia	**34,919**	**3.0**	**7,877**	**-2.3**	**44,114**	**13.4**	**11,562**	**2.8**	**-9,195**	**-3,685**
China	10,422	-0.7	2,298	-2.2	28,158	12.3	7,228	-3.8	-17,736	-4,930
Japan	5,517	3.0	1,395	5.2	3,122	15.5	989	26.4	2,395	405
South Korea	4,506	8.4	942	-11.0	3,198	36.5	780	18.9	1,308	162
Hong Kong	5,911	8.3	1,337	-5.0	314	27.1	59	-1.4	5,597	1,278
Oceania	**4,120**	**-0.7**	**884**	**-2.2**	**930**	**1.4**	**201**	**-2.5**	**3,191**	**683**
Australia	3,577	-0.7	762	-3.1	506	-0.9	120	5.6	3,071	642
Other territories	**3,452**	**9.0**	**783**	**2.2**	**876**	**4.5**	**221**	**4.6**	**2,576**	**563**
World	**413,881**	**3.8**	**99,075**	**-0.4**	**368,715**	**3.3**	**89,947**	**-2.2**	**45,166**	**9,127**

[(1)] Countries are sorted by the 2015 value of trade with Italy.
Source: Based on ISTAT data

Table 2.5 - Size of markets and Italian exports' market shares

% shares at current prices

Region/Country	Market's size(1)				Italy's share of world exports(2)				Italy's share of euro-area exports(3)			
	2000	2010	2014	2015	2000	2010	2014	2015	2000	2010	2014	2015
European Union	**38.4**	**34.3**	**31.8**	**30.8**	**6.0**	**4.9**	**4.8**	**4.8**	**11.3**	**9.8**	**9.7**	**9.6**
Germany	7.8	6.8	6.4	6.2	7.5	5.8	5.7	5.4	14.8	11.9	12.0	11.9
France	5.1	3.9	3.6	3.4	9.4	8.3	8.2	8.0	16.0	14.1	13.7	13.6
Spain	2.2	2.1	1.9	1.8	9.6	8.1	7.0	7.2	16.0	15.5	14.1	14.1
United Kingdom	5.2	3.8	3.6	3.7	4.9	4.1	4.0	3.9	9.5	8.9	8.3	8.2
Belgium	2.7	2.5	2.4	2.2	4.0	3.2	4.2	4.5	6.8	5.3	7.4	8.4
Netherlands	3.3	3.3	3.1	3.0	2.8	2.0	1.9	2.0	6.8	5.8	5.6	5.5
Poland	0.8	1.1	1.2	1.1	7.9	6.2	6.0	5.8	12.6	10.6	10.0	9.7
Austria	1.1	1.0	1.0	0.9	8.0	7.0	6.5	6.3	11.1	9.9	9.6	9.5
Romania	0.2	0.4	0.4	0.4	20.1	11.8	10.8	10.7	33.2	22.8	20.0	19.4
Czech Republic	0.5	0.8	0.8	0.8	5.0	4.0	4.3	4.2	7.0	6.3	6.8	6.8
Hungary	0.5	0.6	0.6	0.5	7.2	4.9	5.0	5.0	10.9	9.1	8.6	8.7
Sweden	1.1	1.0	0.9	0.8	3.3	3.3	3.4	3.5	6.5	6.3	6.3	6.4
Greece	0.4	0.4	0.3	0.3	14.5	12.2	8.6	8.8	28.8	25.0	21.0	21.1
Slovenia	0.2	0.2	0.2	0.2	19.6	17.8	15.3	13.8	27.3	28.3	27.0	25.5
Slovakia	0.2	0.4	0.4	0.4	5.5	4.3	3.9	3.8	11.5	10.3	8.9	8.6
Ireland	0.8	0.4	0.4	0.4	3.4	1.9	1.9	1.9	13.6	6.9	6.7	6.8
Other Euopean countries	**3.7**	**5.1**	**5.1**	**4.9**	**6.9**	**6.2**	**6.1**	**6.1**	**14.2**	**14.6**	**15.2**	**15.3**
Switzerland	1.3	1.1	1.1	1.5	8.5	9.2	9.7	8.6	13.5	17.0	17.6	16.8
Russia	0.5	1.4	1.5	1.1	5.3	4.7	4.4	4.5	13.7	11.7	11.9	12.4
Turkey	0.8	1.2	1.3	1.2	8.5	6.4	5.8	5.9	18.1	16.6	16.7	16.1
Northern Africa	**0.9**	**1.1**	**1.1**	**1.2**	**11.0**	**10.3**	**8.6**	**7.7**	**21.1**	**23.7**	**21.3**	**19.5**
Algeria	0.1	0.3	0.3	0.3	8.9	10.0	10.3	9.6	14.7	20.1	20.8	20.5
Tunisia	0.1	0.1	0.1	0.1	20.4	21.4	18.5	17.0	27.6	32.7	32.5	30.6
Other African countries	**1.2**	**2.0**	**2.3**	**2.4**	**3.6**	**2.0**	**2.0**	**1.8**	**11.1**	**9.0**	**9.6**	**8.9**
South Africa	0.5	0.6	0.6	0.6	3.5	2.2	2.5	2.5	11.1	8.4	10.4	9.5
North America	**23.3**	**15.5**	**15.0**	**15.9**	**1.9**	**1.4**	**1.6**	**1.8**	**15.5**	**11.3**	**12.4**	**12.8**
United States of America	19.2	12.7	12.4	13.2	2.1	1.5	1.8	1.9	15.4	11.1	12.3	12.7
South and Central America	**6.4**	**6.1**	**6.4**	**6.5**	**2.6**	**1.7**	**1.6**	**1.5**	**19.2**	**14.0**	**14.5**	**13.6**
Brazil	1.0	1.3	1.3	1.1	4.0	2.8	2.7	2.5	17.1	14.5	15.0	13.3
Middle East	**2.3**	**4.0**	**4.6**	**5.0**	**5.3**	**3.7**	**3.2**	**3.1**	**18.6**	**18.5**	**18.1**	**17.8**
Saudi Arabia	0.5	0.7	0.9	1.0	4.5	3.6	4.1	3.8	18.3	14.5	17.7	16.8
United Arab Emirates	0.4	1.2	1.4	1.6	4.8	3.0	2.9	2.9	19.6	17.4	16.8	17.2
Central Asia	**1.4**	**3.2**	**3.5**	**3.7**	**2.0**	**1.6**	**1.1**	**1.1**	**12.0**	**14.6**	**12.0**	**12.6**
India	0.8	2.3	2.4	2.4	2.1	1.4	1.0	1.0	11.1	12.3	10.8	11.2
East Asia	**21.0**	**26.9**	**28.4**	**27.9**	**1.3**	**0.9**	**0.9**	**0.9**	**13.5**	**10.4**	**10.9**	**10.9**
China	3.5	9.0	10.3	9.5	1.1	1.0	0.9	0.9	11.5	9.0	8.0	7.9
Japan	5.9	4.5	4.3	3.9	1.2	0.9	1.0	1.1	12.6	11.5	12.4	12.2
South Korea	2.5	2.7	2.8	2.6	1.2	0.8	1.1	1.2	13.8	10.9	11.9	11.9
Hong Kong	3.3	2.8	2.9	3.4	2.0	1.0	1.1	1.1	21.9	17.9	23.2	24.6
Oceania	**1.4**	**1.6**	**1.6**	**1.6**	**2.5**	**1.8**	**1.9**	**1.8**	**17.6**	**13.0**	**14.9**	**14.2**
Australia	1.2	1.4	1.3	1.3	2.8	2.0	2.2	2.1	19.1	13.4	16.3	15.6
Other territories	**0.1**	**0.1**	**0.1**	**0.1**	-	-	-	-	-	-	-	-
World	**100.0**	**100.0**	**100.0**	**100.0**	**3.8**	**3.0**	**2.8**	**2.8**	**12.5**	**11.1**	**11.1**	**11.1**

(1) Imports of each market as a percentage of world imports.

(2) Exports of Italy as a percentage of world exports to each market.

(3) Exports of Italy as a percentage of euro-area's exports to each market.

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

Table 2.6 - Top twenty destination countries of Italian exports
Amounts in millions of euros and percent changes on previous year

Rank	Countries (2014 rank)	Value	% change	% share	
		2015	2015	2010	2015
1	Germany (1)	51,023	1.8	13.0	12.3
2	France (2)	42,548	1.3	11.6	10.3
3	United States (3)	35,989	20.9	6.0	8.7
4	United Kingdom (4)	22,484	7.4	5.2	5.4
5	Spain (6)	19,854	10.1	5.8	4.8
6	Switzerland (5)	19,239	1.0	4.7	4.6
7	Belgium (7)	14,595	10.6	2.6	3.5
8	Poland (9)	10,888	5.2	2.5	2.6
9	China (8)	10,422	-0.7	2.6	2.5
10	Turkey (10)	10,005	2.8	2.4	2.4
11	Netherlands (12)	9,629	2.5	2.5	2.3
12	Austria (13)	8,530	1.6	2.4	2.1
13	Russia (11)	7,109	-25.2	2.3	1.7
14	Romania (14)	6,658	6.2	1.5	1.6
15	United Arab Emirates (17)	6,188	16.1	1.1	1.5
16	Hong Kong (15)	5,911	8.3	1.1	1.4
17	Japan (16)	5,517	3.0	1.2	1.3
18	Saudi Arabia (18)	5,138	6.6	0.8	1.2
19	Czech Republic (20)	5,059	8.0	1.1	1.2
20	South Korea (22)	4,506	8.4	0.7	1.1
	Sum of top 20 countries	301,292	4.9	71.1	72.8
	World	413,881	3.8	100.0	100.0

Source: Based on ISTAT data

Table 2.7 - Top twenty countries of origin of Italian imports
Amounts in millions of euros and percent changes on previous year

Rank	Countries (2014 rank)	Value	% change	% share	
		2015	2015	2010	2015
1	Germany (1)	56,809	4.5	16.1	15.4
2	France (2)	32,109	4.2	8.8	8.7
3	China (3)	28,158	12.3	7.8	7.6
4	Netherlands (4)	20,667	-0.7	5.4	5.6
5	Spain (6)	18,391	6.7	4.6	5.0
6	Belgium (7)	17,156	13.8	3.6	4.7
7	Russia (5)	14,259	-17.5	4.0	3.9
8	United States (8)	14,194	13.8	3.0	3.8
9	Switzerland (9)	10,847	4.3	2.8	2.9
10	United Kingdom (10)	10,575	2.8	2.7	2.9
11	Poland (12)	8,575	18.7	2.0	2.3
12	Austria (11)	8,356	1.4	2.3	2.3
13	Turkey (14)	6,621	15.8	1.4	1.8
14	Romania (13)	6,288	4.6	1.3	1.7
15	Czech Republic (16)	5,615	15.6	1.2	1.5
16	Hungary (20)	4,502	11.1	1.0	1.2
17	Azerbaijian (15)	4,331	-21.1	1.5	1.2
18	Ireland (26)	4,020	43.4	0.9	1.1
19	India (19)	4,001	-4.1	1.0	1.1
20	Sweden (22)	3,513	7.6	0.9	1.0
	Sum of top 20 Countries	278,988	5.0	72.2	75.7
	World	368,715	3.3	100.0	100.0

Source: Based on ISTAT data

Table 2.8 - Merchandise exports and imports by sector: values

Millions of euros and percentage changes

	Exports				Imports				Balance	
	2015	% change 2015	Jan - Mar 2016	% change Jan-Mar 2016	2015	% change 2015	Jan - Mar 2016	% change Jan-Mar 2016	2015	Jan - Mar 2016
Products of agriculture, fishing and forestry	**6,604**	**11.3**	**1,835**	**2.0**	**13,721**	**5.9**	**3,522**	**4.2**	**-7,118**	**-1,686**
Mining products	**1,157**	**-1.8**	**233**	**-5.3**	**39,170**	**-18.8**	**6,629**	**-31.4**	**-38,013**	**-6,397**
Crude oil and natural gas	339	-5.9	77	73.3	35,685	-20.0	5,891	-32.6	-35,346	-5,814
Manufacturing products	**397,025**	**3.7**	**94,865**	**-0.3**	**303,403**	**6.9**	**76,975**	**1.3**	**93,623**	**17,889**
Food products, beverages and tobacco	30,253	6.5	7,120	1.8	29,076	0.4	6,933	-3.4	1,177	187
Textiles, apparel, leather products and accessories	48,023	1.7	12,129	0.2	30,357	5.5	8,017	-1.2	17,667	4,112
Textile articles	9,861	1.2	2,328	2.4	6,724	3.0	1,831	1.8	3,136	497
Wearing apparel	19,054	1.0	4,852	-0.6	13,532	7.0	3,445	-2.5	5,523	1,408
Leather and leather products (excluding apparel)	19,109	2.6	4,949	0.0	10,101	5.2	2,742	-1.6	9,008	2,207
Footwear	8,955	2.4	2,482	1.7	5,173	7.8	1,558	5.7	3,783	924
Wood and wood products (excluding furniture)	1,660	5.7	412	8.7	3,172	3.9	818	5.2	-1,511	-406
Paper and paper products; printing	6,668	3.6	1,619	0.4	6,803	6.3	1,703	1.0	-134	-84
Coke and refined petroleum products	12,455	-11.4	2,058	-24.2	7,328	-27.9	1,454	-22.3	5,127	603
Chemical substances and products	27,028	4.0	6,639	1.5	35,109	2.4	8,952	-2.3	-8,081	-2,313
Pharmaceutical, medicinal and botanical products	21,872	4.5	5,137	4.2	22,106	11.5	5,893	11.9	-234	-756
Rubber and plastic products	14,755	3.6	3,759	4.0	9,402	5.8	2,457	6.0	5,354	1,303
Non-metallic mineral products	10,016	5.0	2,383	3.5	3,557	3.0	935	5.5	6,459	1,448
Basic metal products and fabricated metal products	43,711	-2.0	10,431	-7.2	37,989	5.5	9,235	-6.4	5,722	1.196
Iron and steel products	24,818	-5.0	5,960	-9.8	30,238	4.8	7,284	-8.1	-5,420	-1,324
Fabricated metal products	18,894	2.1	4,471	-3.6	7,751	8.2	1,951	0.4	11,143	2,520
Computers, electronic and optical apparatus	13,417	11.0	3,151	4.3	25,303	9.8	5,806	-4.0	-11,886	-2,656
Electrical apparatus	21,938	5.3	5,188	-0.8	15,425	13.3	3,869	2.7	6,514	1,319
Mechanical machinery and equipment	75,767	2.2	17,515	0.6	25,969	8.7	6,739	5.9	49,799	10,776
Transport equipment	45,137	12.7	11,559	0.7	39,073	21.5	11,001	15.7	6,063	558
Motor vehicles and trailers	32,852	18.9	8,118	1.9	32,562	21.2	9,450	18.1	290	-1,332
Other transport equipment	12,285	-1.2	3,441	-1.9	6,512	23.2	1,551	2.7	5,773	1,890
Furniture	9,202	6.5	2,200	3.9	1,922	9.2	537	4.5	7,280	1,663
Other manufatured products	15,122	8.0	3,565	1.7	10,814	13.1	2,625	-0.1	4,308	940
Jewellery	6,542	8.4	1,397	-3.6	2,699	25.8	601	-0.4	3,843	796
Other products	**9,095**	**1.2**	**2,142**	**-3.2**	**12,422**	**4.6**	**2,821**	**-5.7**	**-3,327**	**-679**
Total	**413,881**	**3.8**	**99,075**	**-0.4**	**368,715**	**3.3**	**89,947**	**-2.2**	**45,166**	**9,127**

Source: Based on ISTAT data

Table 2.9 - Merchandise exports and imports by sector: volumes and prices
Percentage changes; 2015 indices, 2010=100

	Exports						Imports					
	Volumes		Average unit values		Prices		Volumes		Average unit values		Prices	
	2015 % changes	2015 Indices	2015 % changes	2015 Indices	2015 % changes	2015 Indices	2015 % changes	2015 Indices	2015 % changes	2015 Indices	2015 % changes	2015 Indices
Products of agriculture, fishing and forestry	**5.9**	**98.3**	**5.1**	**119.7**	**-**	**-**	**2.1**	**98.8**	**3.7**	**124.8**	**-**	**-**
Mining products	**5.7**	**96.1**	**-7.0**	**103.3**	**1.1**	**100.9**	**10.9**	**76.7**	**-26.8**	**86.5**	**-23.5**	**92.5**
Manufacturing products	**1.8**	**105.5**	**1.9**	**116.6**	**-0.3**	**104.3**	**5.2**	**97.1**	**1.6**	**109.7**	**0.0**	**102.2**
Food products. beverages and tobacco	2.7	112.8	3.8	120.9	2.6	111.0	1.2	101.1	-0.8	113.6	-0.1	112.4
Textiles. apparel. leather products and accessories	-3.3	99.9	5.1	128.7	1.5	108.6	-0.6	90.8	6.2	128.8	1.0	110.6
Textile articles	-2.0	91.2	3.3	120.5	0.6	111.4	-0.9	90.2	4.0	123.2	0.8	111.8
Wearing apparel	-3.7	102.2	4.8	124.2	1.3	106.1	0.6	92.5	6.4	121.3	0.3	107.1
Leather and leather products (excluding apparel)	-3.4	104.5	6.3	137.0	2.3	108.5	-1.8	89.8	7.2	143.2	2.4	115.2
Footwear	-4.7	94.9	7.5	136.2	1.8	107.6	-0.3	91.0	8.1	132.8	3.3	112.5
Wood and wood products (excluding furniture)	1.9	103.5	3.7	114.9	-0.3	106.6	2.4	84.4	1.5	111.1	1.3	106.6
Paper and paper products; printing	2.7	110.7	1.0	104.6	0.5	103.9	5.2	103.1	1.0	99.6	2.2	101.6
Coke and refined petroleum products	17.7	81.0	-24.7	103.9	-23.4	98.1	1.0	99.5	-28.7	86.1	-15.5	111.0
Chemical substances and products	3.8	104.6	0.3	114.5	-0.7	107.7	4.2	97.6	-1.8	112.0	-2.3	102.9
Pharmaceutical, medicinal and botanical products	8.1	154.2	-3.3	101.5	0.3	103.1	3.6	110.0	7.6	115.9	-1.2	96.1
Rubber and plastic products	1.7	98.9	1.9	120.7	0.8	107.9	4.3	106.0	1.4	112.7	-0.6	102.7
Non-metallic mineral products	1.9	102.7	3.1	114.7	0.5	103.1	-2.0	88.5	5.1	116.8	1.9	103.5
Basic metal products and fabricated metal products	-2.5	106.2	0.5	104.6	-1.7	97.5	5.8	104.2	-0.3	101.0	-0.2	97.6
Iron and steel products	-3.1	111.7	-2.0	95.2	-3.6	92.3	6.3	106.7	-1.4	96.3	-0.5	96.3
Fabricated metal products	-1.9	96.8	4.1	121.9	0.2	103.2	3.2	92.6	4.9	125.3	1.3	103.3
Computers, electronic and optical apparatus	3.3	98.9	7.4	116.9	0.8	107.2	..	82.3	9.8	90.8	1.8	92.7
Electrical apparatus	2.5	105.4	2.8	107.4	1.4	104.4	9.5	97.2	3.5	119.4	1.6	104.9
Mechanical machinery and equipment	-3.0	98.9	5.4	127.5	0.7	103.7	4.0	96.9	4.5	119.5	1.5	104.6
Transport equipment	7.7	116.8	4.6	112.0	-0.5	99.5	15.7	89.3	5.0	115.4	2.7	96.2
Motor vehicles and trailers	14.0	132.4	4.3	109.7	-0.7	99.5	17.5	96.0	3.1	110.1	2.8	95.4
Other transport equipment	-5.8	86.8	4.9	119.2	0.5	99.6	6.2	61.2	16.0	149.8	1.6	107.1
Furniture	3.0	103.2	3.4	114.9	0.6	104.9	5.4	100.5	3.7	107.1	5.0	106.0
Other manufatured products	2.2	108.6	5.8	124.8	1.8	106.9	7.1	97.9	5.6	124.6	2.8	107.3
Total	**1.9**	**105.3**	**1.8**	**116.5**	**0.4**	**104.2**	**7.1**	**94.6**	**-3.5**	**106.1**	**-4.6**	**100.5**

Source: Based on ISTAT data

Table 2.10 - Italy's market shares of merchandise exports by sector
Percentages at current prices

	Incidence on world demand				Share of world exports				Share of euro-area exports			
	2000	2010	2014	2015	2000	2010	2014	2015	2000	2010	2014	2015
Products of agriculture, fishing and forestry	**2.8**	**2.8**	**2.9**	**3.0**	**2.2**	**2.0**	**1.7**	**1.7**	**8.2**	**7.6**	**7.0**	**7.3**
Mining products	**8.2**	**11.2**	**11.1**	**7.6**	**0.1**	**0.1**	**0.1**	**0.1**	**2.4**	**2.8**	**2.2**	**2.7**
Manufacturing products	**84.6**	**81.5**	**81.8**	**85.4**	**4.3**	**3.7**	**3.6**	**3.4**	**13.4**	**11.8**	**11.8**	**11.8**
Food products, beverages and tobacco	4.8	5.3	5.6	5.7	3.9	3.9	3.9	3.9	9.8	10.2	10.4	10.8
Textiles, apparel, leather products and accessories	6.7	5.3	5.8	6.2	8.3	6.6	6.3	5.7	32.0	27.6	27.9	27.1
Textile articles	2.2	1.7	1.7	1.8	6.9	5.0	4.4	4.0	25.5	23.3	23.0	22.7
Wearing apparel	3.2	2.5	2.7	2.9	6.7	5.6	5.2	4.7	30.8	24.9	24.8	24.1
Leather and leather products (excluding apparel)	1.3	1.1	1.3	1.4	14.8	11.3	10.9	9.8	45.1	36.8	36.4	35.2
Footwear	0.7	0.7	0.8	0.8	14.7	10.0	8.7	7.8	43.0	33.1	30.3	29.1
Wood and wood products (excluding furniture)	1.1	0.6	0.7	0.7	2.2	2.0	1.8	1.7	8.0	6.1	6.0	6.1
Paper and paper products; printing	2.0	1.5	1.2	1.3	3.3	3.7	4.0	3.8	8.2	9.1	9.9	9.9
Coke and refined petroleum products	2.5	4.3	5.0	3.6	2.8	3.2	2.1	2.5	10.6	12.2	8.4	9.6
Chemical substances and products	7.4	7.7	7.5	7.4	3.0	2.6	2.5	2.5	8.0	6.9	7.0	7.2
Pharmaceutical, medicinal and botanical products	2.0	3.6	3.4	3.7	5.6	3.6	4.7	4.3	11.9	7.3	9.1	8.5
Rubber and plastic products	2.2	2.3	2.5	2.7	6.3	4.9	4.3	4.1	16.2	13.4	13.2	13.1
Non-metallic mineral products	1.2	1.2	1.2	1.3	10.6	6.8	6.2	5.7	25.1	20.1	19.8	20.1
Basic metal products and fabricated metal products	6.9	8.4	8.1	8.8	4.3	4.2	4.0	3.4	13.9	14.8	15.5	15.0
Iron and steel products	4.8	6.2	5.9	6.4	3.2	3.5	3.4	2.8	11.0	13.4	14.6	13.8
Fabricated metal products	2.1	2.2	2.3	2.4	6.7	6.1	5.4	4.9	18.9	17.5	16.9	16.9
Computers, electronic and optical apparatus	15.5	12.8	12.0	13.1	1.1	0.8	0.7	0.7	5.8	4.6	4.5	4.6
Electrical apparatus	5.0	4.6	4.7	5.1	4.6	4.3	3.7	3.4	15.9	13.5	12.9	13.0
Mechanical machinery and equipment	10.8	9.1	8.8	9.0	6.3	6.3	6.6	6.2	21.1	18.4	19.1	19.1
Transport equipment	12.8	11.2	11.4	12.5	3.4	2.9	2.7	2.6	8.4	7.8	7.3	7.4
Motor vehicles and trailers	9.7	7.7	8.1	8.8	3.2	2.8	2.6	2.7	7.9	7.0	6.8	7.3
Other transport equipment	3.1	3.5	3.3	3.7	3.8	3.1	4.0	3.0	9.8	10.1	8.8	7.7
Furniture	0.9	0.8	0.9	1.0	14.5	8.8	7.3	6.8	38.3	29.5	29.2	29.1
Other manufatured products	2.7	2.7	3.0	3.3	6.0	3.9	3.6	3.4	23.1	14.4	14.1	13.9
Jewellery	0.8	0.9	1.2	1.2	9.3	4.5	3.8	3.9	36.2	30.3	30.3	30.3
Other products	**4.3**	**3.9**	**3.1**	**3.1**	**2.1**	**1.7**	**1.7**	**1.7**	**4.0**	**4.5**	**4.6**	**4.3**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**3.8**	**3.2**	**3.0**	**3.0**	**12.5**	**11.1**	**11.1**	**11.1**

Sources: Based on EUROSTAT and national statistical institutes data

Table 2.11 - Merchandise exports of the Italian regions

Amounts in millions of euros, percentage changes on year-earlier period and composition

	2015		Jan. - Mar. 2016		Share of Italian exports (%)						
	Value	% change	Value	% change	2000	2005	2008	2014	2015	Jan.-Mar. 2015	Jan.-Mar. 2016
North-West	**164,401**	**2.7**	**38,727**	**-2.5**	**41.3**	**41.5**	**40.9**	**40.6**	**40.2**	**40.4**	**39.6**
Piedmont	45,777	7.0	10,313	-7.1	11.5	10.9	10.5	10.9	11.2	11.3	10.5
Valle d'Aosta	606	-0.3	127	-14.3	0.2	0.2	0.2	0.2	0.1	0.2	0.1
Lombardy	111,234	1.5	26,793	0.1	28.3	29.0	28.7	27.8	27.2	27.3	27.4
Liguria	6,784	-4.2	1,494	-12.3	1.3	1.4	1.4	1.8	1.7	1.7	1.5
North-East	**132,807**	**4.7**	**32,546**	**-0.1**	**31.0**	**31.6**	**32.3**	**32.2**	**32.5**	**33.2**	**33.3**
Trentino-Alto Adige	7,797	7.3	1,913	1.3	1.7	1.8	1.7	1.8	1.9	1.9	2.0
Veneto	57,517	5.3	13,866	0.3	14.4	13.8	13.8	13.9	14.1	14.1	14.2
Friuli-Venezia Giulia	12,172	1.3	3,372	-3.2	3.4	3.3	3.7	3.1	3.0	3.5	3.4
Emilia Romagna	55,322	4.4	13,394	0.0	11.5	12.7	13.1	13.4	13.5	13.6	13.7
Center	**69,108**	**4.0**	**16,343**	**2.3**	**16.7**	**15.4**	**14.9**	**16.9**	**16.9**	**16.3**	**16.7**
Tuscany	33,057	3.2	7,612	0.9	8.3	7.4	7.0	8.1	8.1	7.7	7.8
Umbria	3,646	6.4	918	5.4	0.9	1.0	0.9	0.9	0.9	0.9	0.9
Marche	12,211	-2.3	2,900	0.1	2.9	3.2	2.9	3.2	3.0	2.9	3.0
Lazio	20,194	9.2	4,913	5.5	4.6	3.8	4.0	4.7	4.9	4.7	5.0
South and Islands	**42,340**	**4.0**	**10,147**	**2.2**	**11.0**	**11.5**	**12.0**	**10.3**	**10.4**	**10.1**	**10.4**
Abruzzo	7,443	7.3	2,033	14.9	2.0	2.1	2.1	1.8	1.8	1.8	2.1
Molise	491	36.1	209	151.4	0.2	0.2	0.2	0.1	0.1	0.1	0.2
Campania	9,743	2.8	2,373	-4.7	3.0	2.6	2.6	2.4	2.4	2.5	2.4
Puglia	8,196	0.7	1,871	-2.1	2.3	2.3	2.1	2.1	2.0	1.9	1.9
Basilicata	2,821	145.7	1,133	118.6	0.4	0.4	0.5	0.3	0.7	0.5	1.2
Calabria	374	15.1	85	-9.4	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Sicily	8,473	-12.4	1,677	-8.1	2.1	2.5	2.8	2.5	2.1	1.9	1.7
Sardinia	4,799	3.2	766	-38.4	0.9	1.3	1.6	1.2	1.2	1.3	0.8
Total regions	**408,656**	**3.7**	**97,761**	**-0.5**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Unallocable data	**5.225**	**7.3**	**1.314**	**6.0**							
Total	**413,881**	**3.8**	**99,075**	**-0.4**							

Source: Based on ISTAT data

Table 2.12 - Internationalization of Italian firms

Amounts in millions of euros and percentage changes

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015[1]
No. of exporting firms	206,795	204,619	205,643	194,255	205,708	207,352	209,090	211,249	213,010	214,113
% change	-	-1.1	0.5	-5.5	5.9	0.8	0.8	1.0	0.8	0.5
Exports[2]	328,715	359,981	364,275	286,281	331,348	368,504	381,442	380,876	389,335	403,908
% change	-	9.5	1.2	-21.4	15.7	11.2	3.5	-0.1	2.2	3.7
No. of foreign affiliates	22,754	24,398	25,467	26,998	28,257	29,484	29,903	30,513	30,130	29,483
% change	-	7.2	4.4	6.0	4.7	4.3	1.4	2.0	-1.3	-2.1
No. of workers in foreign affiliates	1,352,838	1,515,228	1,588,253	1,569,449	1,581,601	1,582,836	1,577,471	1,537,918	1,530,175	1,459,580
% change	-	12.0	4.8	-1.2	0.8	0.1	-0.3	-2.5	-0.5	-4.6
Turnover of foreign affiliates	409,164	470,427	509,208	466,392	514,996	553,913	561,208	565,347	565,037	512,633
% change	-	15.0	8.2	-8.4	10.4	7.6	1.3	0.7	-0.1	-9.3

(1) ISTAT data are provisional; ICE - REPRINT and Polytechnic University of Milan data are preliminary calculations.

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

Sources: Based on ISTAT and ICE - REPRINT, Polytechnic University of Milan data

Table 2.13 - Percentage distribution of the workers and sales revenues of Italian firms'foreign affiliates by geographical region of investment and size class (number of workers) of the investor
Percentages, 2015 [1]

	Workers					Sales revenues				
	1-49	50-249	≥250	Total	Share of the area (%)	1-49	50-249	≥250	Total	Share of the area (%)
European Union	14.1	20.6	65.3	100.0	42.0	5.6	12.9	81.5	100.0	48.6
Other European countries	15.1	19.8	65.1	100.0	9.3	6.8	12.8	80.4	100.0	6.4
Northern Africa	12.4	19.6	68.0	100.0	3.4	5.7	9.4	85.0	100.0	1.1
Other African countries	13.6	10.2	76.2	100.0	2.9	1.4	5.9	92.7	100.0	4.5
North America	3.3	11.4	85.4	100.0	11.5	1.8	6.7	91.5	100.0	17.2
South and Central America	3.5	12.5	84.1	100.0	16.5	1.1	6.8	92.2	100.0	14.4
Middle East	12.0	18.7	69.3	100.0	0.9	3.0	8.2	88.8	100.0	0.9
Central Asia	6.8	12.9	80.3	100.0	3.4	8.2	15.2	76.7	100.0	0.8
East Asia	5.8	21.4	72.8	100.0	9.6	3.9	15.4	80.7	100.0	5.1
Oceania	4.3	15.3	80.4	100.0	0.5	1.1	11.7	87.2	100.0	0.9
Total	10.0	17.5	72.4	100.0	100.0	4.0	10.7	85.3	100.0	100.0

[1] Preliminary data
Source: Based on ISTAT and ICE - REPRINT, Polytechnic University of Milan data

Table 2.14 - Public support to internationalization: overview of promotional and financial services

Amounts in millions of euros

	2013	2014	2015	2013	2014	2015	2013	2014	2015
	Promotional services								
	User firms			Funds spent[1]			Users' contribution to costs		
Ministry for Economic Development[2][3]	172	163	152	9	30	30	7	8	5
Regions[4]	-	-	-	89	80	106	-	-	-
ICE[5]	19,578	25,405	39,784	44	65	110	14	13	14
Chambers of Commerce[6]	65,341	58,355	43,033	79	69	40	.	-	-
	Financial services								
	Customer firms			New underwritings			Gross premiums		
SACE	22,698	23,547	24,443	8,704	10,937	9,750	399	390	560
	Customer firms			Own funds invested			Amount of assisted transactions[7]		
Cassa Depositi e Prestiti[8][9]	21	25	27	1,807	1,101	1,389	2,240	2,369	3,075
SIMEST	440	344	269	455	492	509	5,069	2,530	5,281

[1] For ICE and the Ministry for Economic Development, includes users' contribution to the costs; for Chambers of Commerce, includes contributions and incentives provided to businesses on behalf of third parties.

[2] Only support programs directly managed on behalf of association, Italian Chambers of Commerce abroad, consortia, organizations and institutions and the Made in Italy program.

[3] 2013 funds spent do not include the Made in Italy program. Data on users' contribution to costs are estimated.

[4] Preliminary estimates, incomplete for users' contribution. Funds spent equal to the sum of regional funds, European funds and private contributions (where applicable).

[5] Funds and users for promotion and training. Including foreign users. The Made in Italy program is counted in the funds spent, but not in the number of users.

[6] Companies participating in promotional activites and participants in training activities. Part of the funds spent by the Chambers of Commerce derived from regional budgets. Funds spent in 2015 refer to 96 Chambers out of 104.

[7] The amount of assisted transactions refers to the total amount financed for CDP, invested for Simest.

[8] Number of financed transactions. Customer firms may have entered into more than one contract.

[9] The operations of CDP in terms of customer firms and assisted transactions are also accounted for in those of Sace.

Sources: Based on data provided by Ministry for Economic Development, regional governments, ICE, Unioncamere, Cassa Depositi e Prestiti, SACE, SIMEST

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