National Statistical System

Italy in the World Economy

Summary of the I.C.E. Report for 2012-13

ITALIA

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

National Statistical System

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Summary of the I.C.E. Report for 2012-13

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The Report and updated statistics are available on www.ice.gov.it

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1. The global economic picture

The international economic situation remains acutely uncertain

A high level of uncertainty continues to mark the world economy. Despite some encouraging signs in the United States and Japan, global output and world trade are severely affected by the general lack of confidence and by the signs of an incipient slowdown in economic activity in a number of emerging countries, as well as by concern about the public finances and the soundness of the banking systems of the European countries and even about the single currency's ability to pull through. Economic growth rates are lower than in the pre-crisis period and vary widely across regions and countries. The picture that emerges is one of persistent instability.

World GDP grew by 3.1 per cent in 2012.[1]This represents an average, incorporating higher rates of expansion in the emerging countries and decidedly more modest ones in the main advanced economies, with a further widening of the gap between the regions. The contribution of the emerging countries to world output growth now exceeds that of the economically advanced regions.

In the developed countries, the average growth rate of 1.2 per cent in 2012 was the result of the relative dynamism of the United States and Japan, where GDP increased by 2.2 and 1.9 per cent respectively thanks to expansive economic policies that appear to have activated investment and ameliorated household confidence and business sentiment, and an abrupt downturn in the euro area (-0.6 per cent), with sharp contractions of GDP in Italy and Spain, nil growth in France and growth of barely 0.9 per cent in Germany.

Economic activity in the emerging countries, held back by the weakness of foreign demand, the slackening of investment and low commodity prices, expanded by an average of 4.9 per cent, falling short of the forecasts and failing to match the rates registered in recent years. Although these countries confirmed their role as drivers during the crisis that has plagued the world economy since 2008, the wide dispersion of their growth rates, ranging from 0.9 per cent in Brazil to 7.8 per cent in China, is not a positive sign.

The expansive monetary policies adopted in the past few years by the main developed countries in order to cope with the crisis had significant effects on exchange rates but were far from constituting a currency war fought with competitive devaluations reminiscent of the 1930s. The emerging countries' currencies, though subjected to upward pressures of various origins, reacted in differentiated fashion.[2]

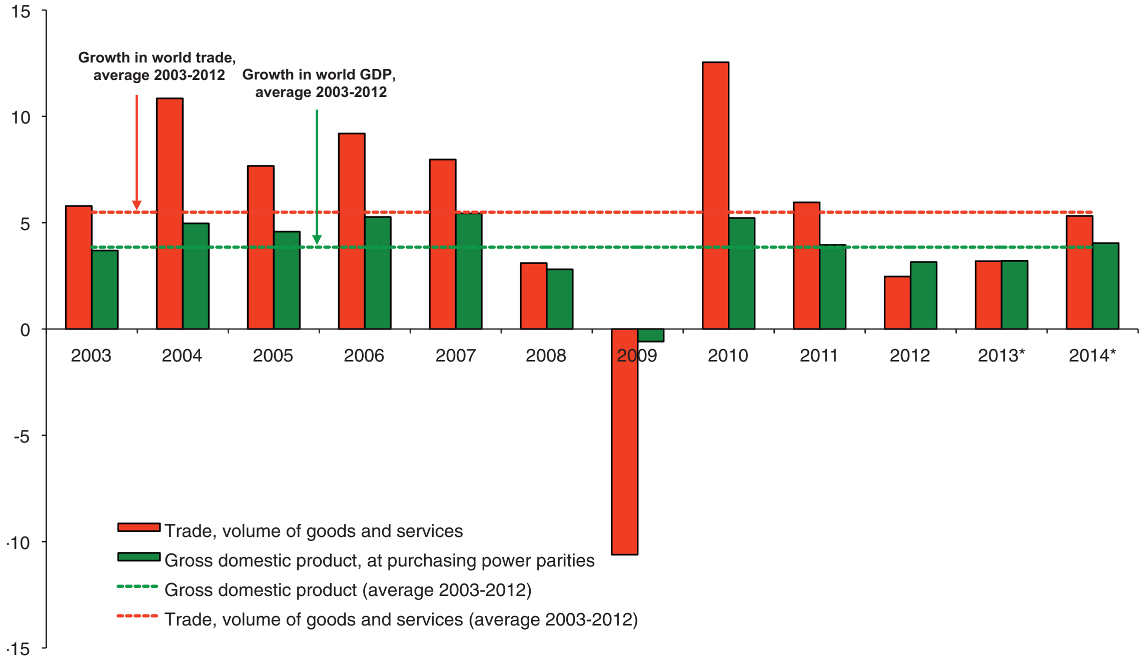
A particularly complex position is that of China, which has achieved its rapid economic development by accumulating immense dollar reserves whose management exerts a major influence on international financial equilibria. The evolution of China's development model toward greater reliance on domestic demand is intertwined with a lively debate on the use of those foreign currency reserves.[3]

1 At purchasing power parities.

2 See the contribution by Giuseppe De Arcangelis and Giorgia Giovannetti, "Grande recessione e guerre valutarie", in Chapter 1.

3 See the contribution by Romeo Orlandi, "Le conseguenze globalizzate delle riserve cinese", in Chapter 1.

Chart 1
World output and trade.
Percentage changes in volume



(*) Estimates and forecasts.

Source: Based on IMF data

The growth in world trade falls below its long-term rate of expansion

Trade in goods and services slowed abruptly in 2012, growing by barely 2.5 per cent, well below its long-term rate of expansion before the crisis (6 per cent on average between 1990 and 2008).

World trade underperformed output in 2012, inverting the prevailing trend of the previous decade, when the elasticity of trade to world GDP was well above one. A negative composition effect may have been a factor, deriving from the fact that the 2012 recession was especially damaging to trade within the European Union, which accounts for a major share of world trade.

The weakness of trade within the advanced economies was only partially offset by growth in Asia, Africa and the Middle East, whose pace slackened, however, in the first quarter of 2013 owing both to the declining prices of the raw materials on which many of these economies depend and to political tensions, above all in the Middle East.

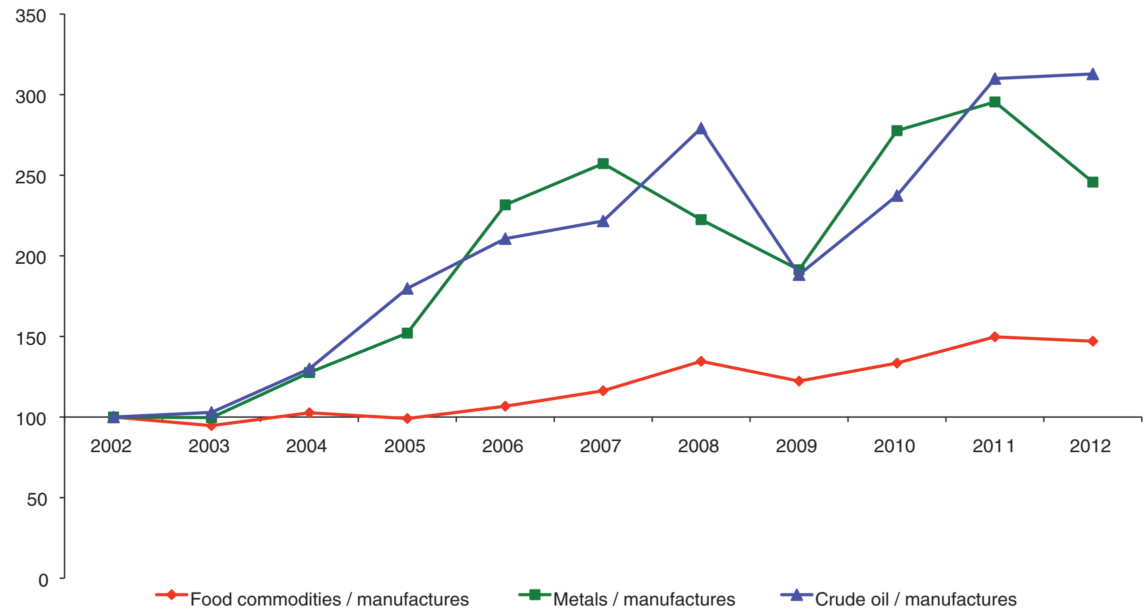
In dollar terms, the international prices of raw materials fell in 2012 and continued to decline in the first few months of 2013, while the prices of manufactures scored a slight increase. The change in the terms of trade was therefore positive for the advanced economies and generally negative for the emerging and developing countries.

The differences between the various regions' cyclical positions and the movements of commodity prices and exchange rates exerted contrasting effects on payments balances in 2012. As a percentage of GDP, Japan's surplus shrank from 2 to 1 per cent and China's from 2.8 and 2.6 per cent, while the US deficit diminished from 3.1 to 3 per cent of GDP, but the euro area's surplus jumped from 0.6 to 1.8 per cent.

The world economic outlook for the current year remains subject to considerable uncertainty. The latest available forecasts indicate that GDP and world trade will both grow by 3.1 per cent.[4] Trade is expected to begin again to outpace GDP in 2014.

4 International Monetary Fund, *World Economic Outlook, Update, 9 July 2013.*

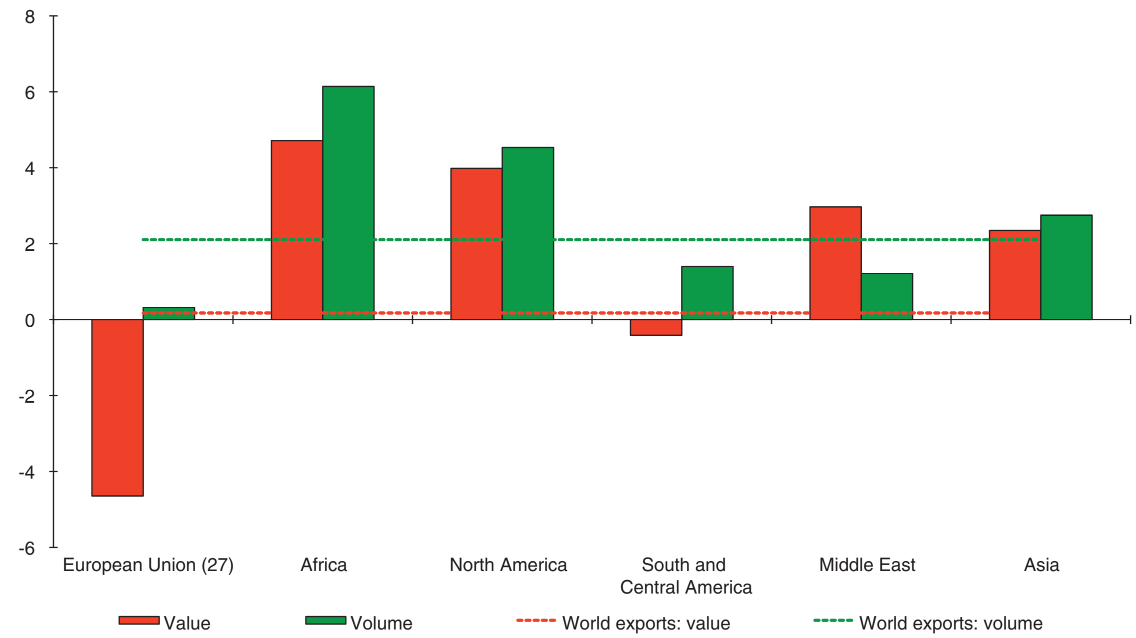
Chart 2
Prices of raw materials relative to manufactures.
Indices, 2002=100



Source: Based on IMF data

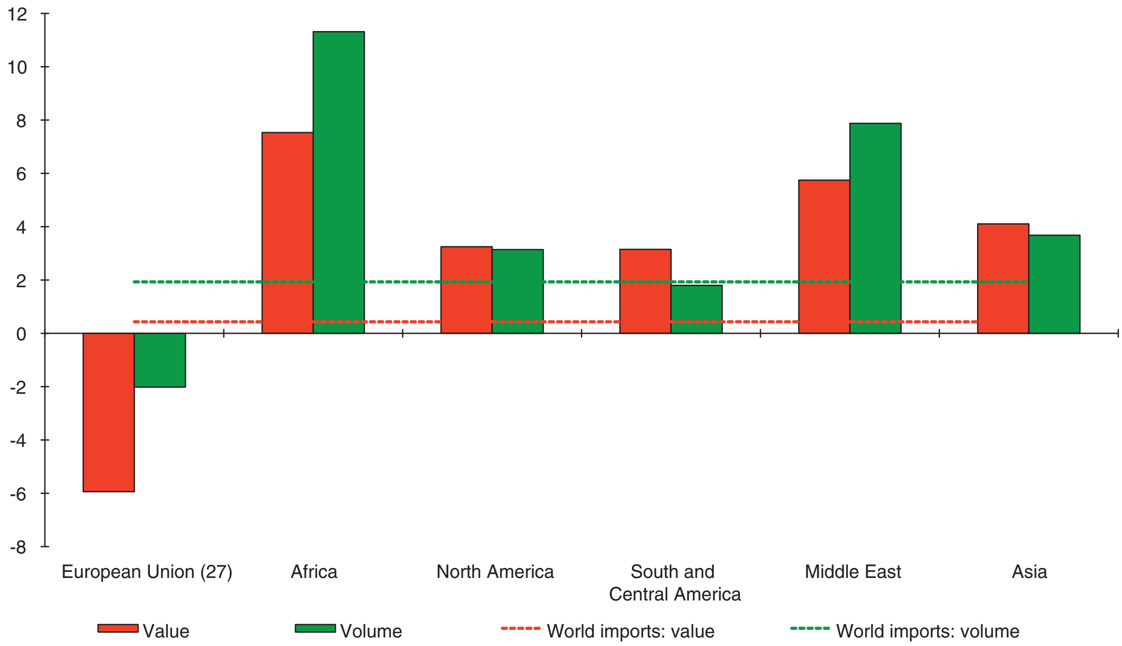
As had already been true for several years, the region making the largest contribution to the growth of world trade was Asia, despite significantly slower output growth. In particular, China and India continued to play an important role as drivers of the world economy, with appreciable increases in intra-Asian trade, often spurred by the integration of production processes.

Chart 3
Merchandise exports by region in 2012.
Percentage changes on previous year



Source: Based on WTO data

Chart 4
Merchandise imports by region in 2012.
Percentage changes on previous year



Source: Based on WTO data

China strengthened its hold on first place among the world's merchandise exporters, boosting its share from 10.4 per cent to 11.2 per cent in 2012. The United States ranked second again and managed to increase its share, in contrast with the preceding years. Germany retained its hold on third place, but its exports in dollars diminished by around 5 per cent and its share of the total fell below 8 per cent. The only major change in the ranking among the top twenty world exporters of goods was the progress achieved by Russia, which overtook Italy to rank eighth. As for services, the United States remained comfortably in first place, followed by the United Kingdom. India scored an improvement, vaulting into sixth place with a 3.4 per cent share.

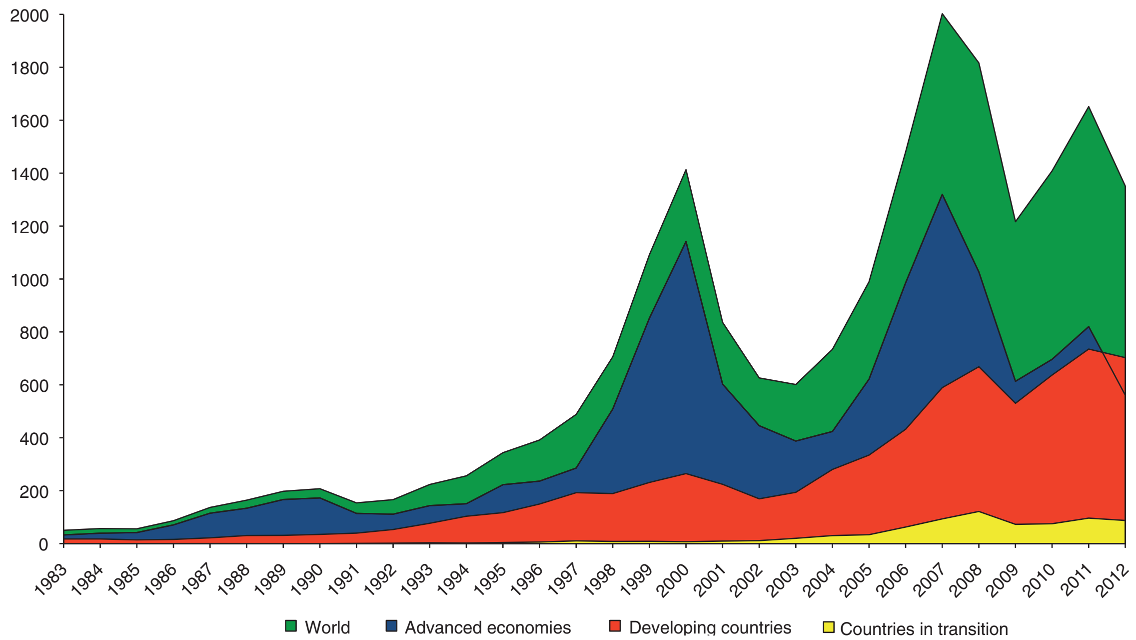
The uncertain outlook depresses foreign direct investment

The total value of inward foreign direct investment flows plummeted by 18 per cent in 2012 as a consequence of the persistent uncertainty surrounding the international economic upswing and extreme caution on the part of investors. At the same time, faced with the unevenness of the global recovery, multinational corporations continued to modify the geographical composition of their portfolios. Though down by 4 per cent from the 2011 peak, flows of direct investment to the emerging and developing economies remained robust as a whole, totaling $703 billion, while those to the advanced countries collapsed. According to provisional UNCTAD estimates, in 2013 foreign direct investment will no more than match or slightly exceed the 2012 level, but the projections for the next two years are more optimistic.

Limited signs of restrictive measures can be glimpsed in trade policies

The persistence of the economic crisis, the upwelling of sovereign debt tensions in Europe and the consequent reduction in confidence also adversely affected the openness of markets. At global level, the average duties actually applied rose slightly, with agriculture and clothing and textiles remaining the most protected sectors in the developed and the emerging countries alike. An opposite trend characterized services, with several countries, including China, India and Canada, adopting opening-up measures in 2012. But if the data do not indicate that duties were jacked up in response to the crisis, there are growing worries that a process of substitution between tariff and non-tariff protective measures is under way. The latter reflect often legitimate concerns in such matters as public health, environmental protection and security, but they may also hide protectionist aims. What is

Chart 5
Inward foreign direct investment.
Billions of dollars



Source: Based on UNCTAD data

more, once they are put in place they are hard to eliminate and may therefore have long-term distortionary consequences.

A sign of the brewing trade frictions is the increase in appeals to the disputes resolution system of the World Trade Organization (WTO), where anti-dumping actions continue to be the main issue of conflict; the tensions between the EU and China concerning solar panels and wine imports are an example.

The entry of Russia, Montenegro, Samoa and Vanuatu in 2012 and the Lao People's Democratic Republic and Tajikistan in the opening months of 2013 brought the number of WTO members to 159. While the WTO's influence is growing, the negotiations on most of the issues of the so-called Doha Development Agenda continue to be at deadlock.

The ministerial conference scheduled in Bali in December could decide to waive the principle of the so-called single undertaking, which has proven to be an insurmountable obstacle to compromise solutions. Hopefully, the recent appointment of the new Director-General will facilitate agreement on at least a limited number of less controversial questions.[5]

On the plus side, some results were achieved on issues not on the agenda, for example the revision of the Plurilateral Agreement on Government Procurement, and negotiations took place to expand the Plurilateral Agreement on Information Technology Products and for an agreement on trade in services, which, though reached by a limited number of countries, would be consistent with the General Agreement on Trade in Services (GATS) and could consequently be converted into a multilateral agreement once the political conditions are ripe.

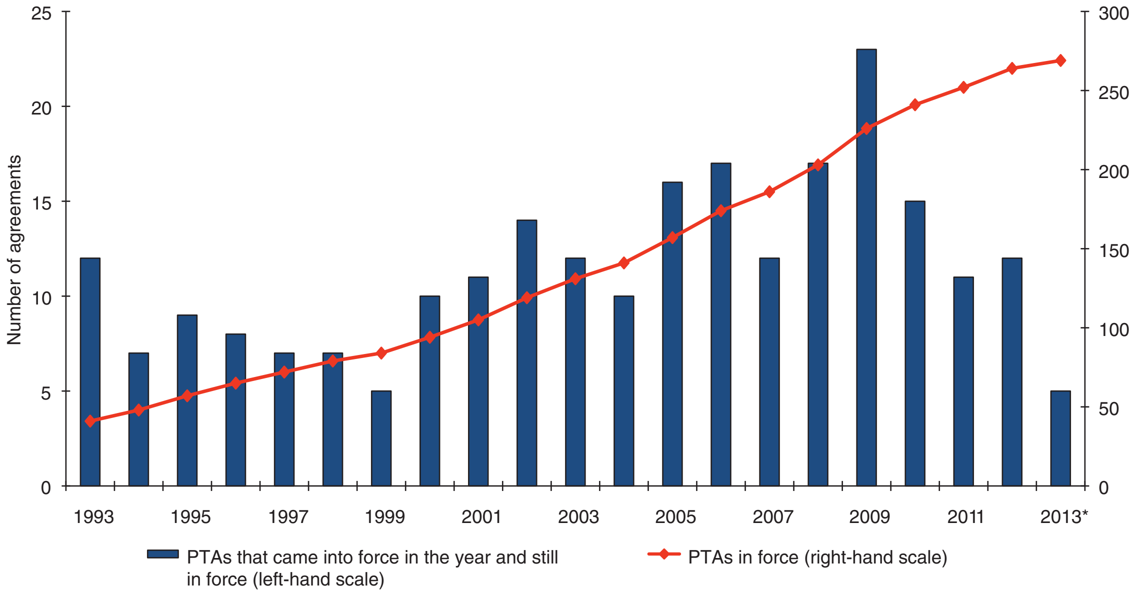
The problems of the multilateral negotiations continue to reinforce the tendency, under way for some years, to conclude preferential trade agreements. By April 2013 the number of

5 See the box by Lucia Tajoli, "Il nuovo direttore dell'Organizzazione Mondiale del Commercio", in Chapter 1.

The difficulties of the multilateral negotiations spur preferential trade accords

such agreements notified to the WTO and in force had reached 269, of which 12 during last year. In the past, such agreements had mainly been regional in scope, but recently there has been an increase in bilateral initiative, including between countries belonging to different regions, aimed at strengthening integration in fields extending beyond trade in goods. For example, progress was achieved in the European Union's negotiations with important partners such as Mercosur, Asean and Canada. Most of the agreements concluded last year, for example in the Americas, include provisions on services, investment, intellectual property and trade facilitation.

Chart 6
Preferential trade agreements (PTAs) notified to the WTO



**Notified up to April 2013.*
Source: Based on WTO data

In the opening months of 2013 the European Union and the United States committed to launching broad bilateral negotiations for a Transatlantic Trade and Investment Partnership. The goal is not only to create an area of free trade and investment in goods and services (albeit with the exclusion of some critical products, for instance agricultural goods and textiles), but above all to enhance regulatory convergence between the two regions. Recent studies by the European Commission indicate that the agreement could boost the European Union's GDP by 0.5 per cent per year. A similar initiative, the Trans-Pacific Partnership, has been launched among a number of countries of the Pacific Ocean, including the United States, and could soon be enlarged to Japan.

The European Union

The European economy is going through a weak cyclical phase

In 2012 weak demand and production again characterized the economy of the European Union and particularly that of the euro area, where GDP contracted by 0.6 per cent as a consequence of public- and private-sector deleveraging and the difficulties of firms and households in accessing credit.

In the face of a drastic fall in consumption and investment, the expansion of 2.8 per cent in exports of goods and services and the decline of 3.8 per cent in imports supported the performance of GDP. The euro area's exports, which grew by 5.5 per cent in the United States and by 11.7 per cent in South and Central America as well as on the Russian market, benefited from the competitiveness gains deriving from the euro's depreciation against the other main currencies. The trend of exports differed from country to country, however, while imports declined practically everywhere.

The European Union's exports of services decreased from the previous year, but the EU was again a net exporter of services, with a surplus of $262 million.

The weakness of economic activity, together with more moderate variations in the prices of energy commodities, of which the EU is a net importer, determined a large surplus on the external current account of the 27-member Union. Significant changes also occurred in the imbalances within the euro area. The adjustment effort, entrusted exclusively to the so-called peripheral countries, with large current account deficits, led to steep declines in domestic demand, increases in unemployment and a deterioration in social conditions. In 2012 the "Mediterranean" countries ran a current account deficit of 1.5 per cent of GDP, against nearly 5 per cent four years earlier, while Germany's surplus, for years above 6 per cent of GDP, showed no tendency to shrink. But having the deficit countries alone shoulder the entire burden of the adjustment implies that labor market conditions will continue to remain weak in the Mediterranean region for an extended period of time. Beside the social cost, there is also the risk of a permanent reduction of production capacity.[6]

Intra-euro-area trade imbalances diminish, but the adjustment weighs only on the deficit countries

The results of the analysis of bilateral trade flows differ depending on whether the examination considers gross flows, as in traditional statistics, or value added, as in the new data sources intended to offer a better gauge of the international fragmentation of production. The first findings available for the EU show, among other things, that German exports of goods are positioned in the highest local valued-added segment, thanks not least to the country's product specialization; in addition, Germany sells part of its output abroad to third countries directly from the countries to which it has transferred production, without re-importing the goods into Germany. This model of internationalization is very similar to that found for the United States vis-à-vis Germany; it differs from that of Italy, which participates in international production networks in an intermediate position compared with the stronger economies on the one hand and the less integrated ones on the other.[7]

In a year of declining foreign direct investment in all the advanced countries, the EU's inward and outward direct investment flows contracted even more markedly, reflecting the uncertain prospects for overcoming the crisis and particularly adverse conditions. Nevertheless, in the last two years Chinese investment in the EU has been almost twice as large as in the United States. The chief reason is the goal of acquiring technologies permitting Chinese firms to modernize and to advance in international production networks. In this sense, the last two years, extremely critical in Europe, have offered Chinese multinationals a valuable opportunity to acquire know-how and technologies indispensable for the future. The machinery and automobile industries, in which the Chinese have invested more than €4 billion, represent an example.[8]

6 See the contribution by Sergio de Nardis, "Squilibri competitivi nell'Area dell'euro", in Chapter 1.

7 See the contribution by Giulia Felice and Lucia Tajoli, "Il commercio internazionale in valore aggiunto nell'Unione europea", in Chapter 1.

8 See the contribution by Stefania Paladini, "Investimenti Cinesi in Europa: Commerciali o Strategici?", in Chapter 1.

2. Italy: macroeconomic analysis

The recession in Italy …

Hit by the sovereign debt crisis in the euro area, the Italian economy is back in deep recession. GDP fell by 2.4 per cent in 2012, wiping out all the gains of the previous two years. The unemployment rate rose to 10.7 per cent, two percentage points higher than in 2011. In Italy, the unfavorable environment, characterized by public and private debt reduction measures adopted simultaneously in all the main trading partners and by credit restrictions that have throttled demand, is exacerbated by specific, structural problems that brake output growth.

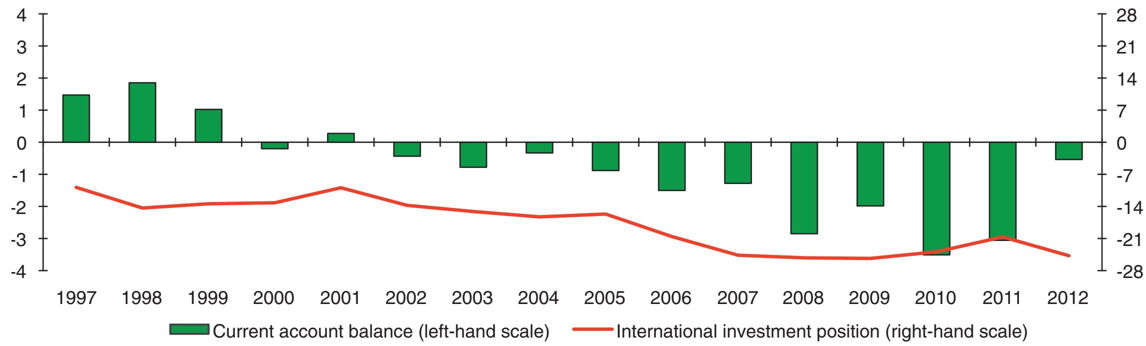
The data on the first few months of 2013 and the projections for the entire year still carry a negative sign, but the possibility can be glimpsed of a cyclical inversion in the autumn followed by moderately positive growth in 2014. Household confidence, business sentiment and some leading indicators point in this direction.

Although the slowdown in international trade, especially in the European Union, has lowered the pace of exports, GDP continues to be buoyed by net foreign demand as a result of the steep drop in imports.

… puts the country's external accounts back in balance

The outcome has been a drastic reduction in the deficit on the current account of the balance of payments, which fell by about €40 billion between 2011 and 2012 and is forecast to give way to a surplus this year. As at other times in the past, the adjustment of the external accounts is more a sign of the depth of the recession than of the favorable performance of exports. The return to economic growth will presumably push the current account back into deficit, but this should not pose problems of sustainability since Italy's foreign debt, though it has expanded slightly, is still smaller than that of most of the European countries.

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



Source: Based on Bank of Italy and Istat data

The reduction in the deficit on current account in 2012, whose balance on a FOB-FOB basis turned positive by nearly €18 billion, was due chiefly to merchandise trade, accompanied by a reduction in the deficit on services.

The world economic slowdown damped down the prices of raw materials, but the potential benefits for the terms of trade were diminished by the appreciation of the dollar. For trade in goods and services, the import deflator rose more than the export deflator.

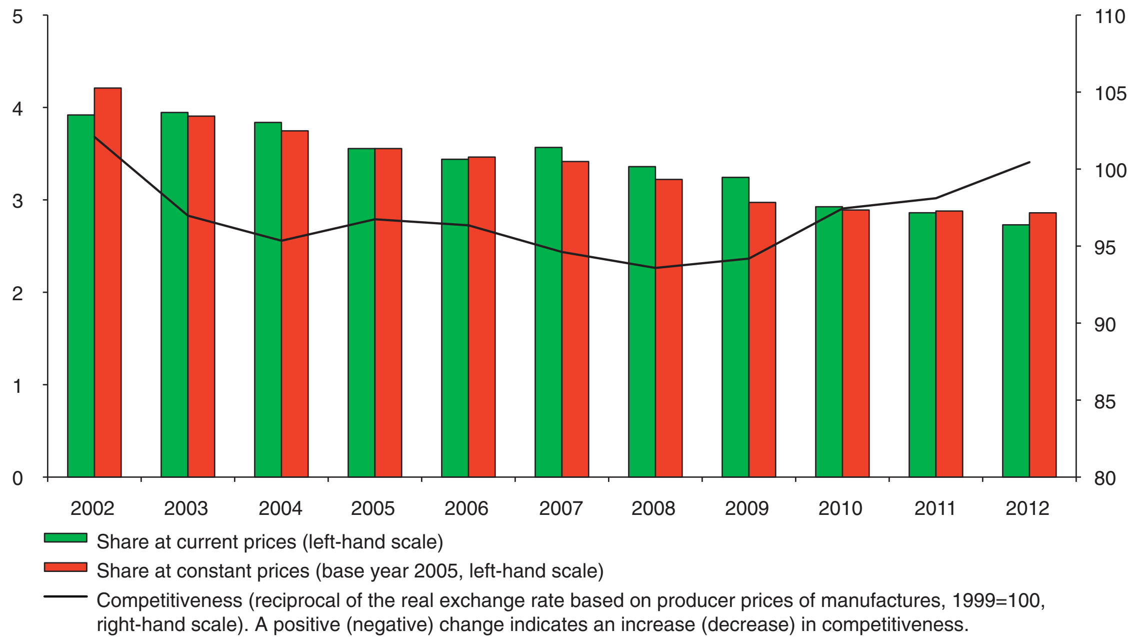
Italian exports grow less than world trade …

As on other occasions in the past, the depreciation of the euro had an adverse overall effect on Italian exports' world market shares, which declined for both goods and services. Its negative nominal impact on relative prices proved stronger, at least in the short term, than the positive impact of the resulting competitiveness gain. Italy's exports of goods and services grew in volume by 2.3 per cent, slightly less than world trade. Nevertheless, as a proportion of GDP they rose to almost 30 per cent.

Restricting the comparison to euro-area exports of goods, it should be stressed that Italian exports have enjoyed a slight recovery (at current prices) in the last two years, pointing to a possible reversal of the negative trend of the past decade. According to the constant-market-shares analysis presented in the Report, this mainly reflects the increments achieved in 2012 by Italian exports in the single products and countries into which the world market can be disaggregated (positive competitiveness effect). For the entire decade, instead, the analysis confirms that the reduction of the Italian share derived mainly from the characteristics of Italy's model of export specialization, tilted toward products in relatively slow-growth sectors of world demand.[9]

… but their shares of euro-area exports make a mild recovery

Chart 8
Italian exports' competitiveness and world market shares, 2002-2012.
Percentages shares and indices



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

The increase in the prices of exported industrial products was very moderate in 2012 (1.7 per cent) and less than the euro-area average, reflecting the softening of the costs of raw materials and firms' concern with defending their competitiveness on foreign markets in the face of slackening demand. Firms used the margins created by the depreciation of the euro to apply somewhat more remunerative prices in countries outside the euro area than within the area (up by 2 and 1.3 per cent respectively).

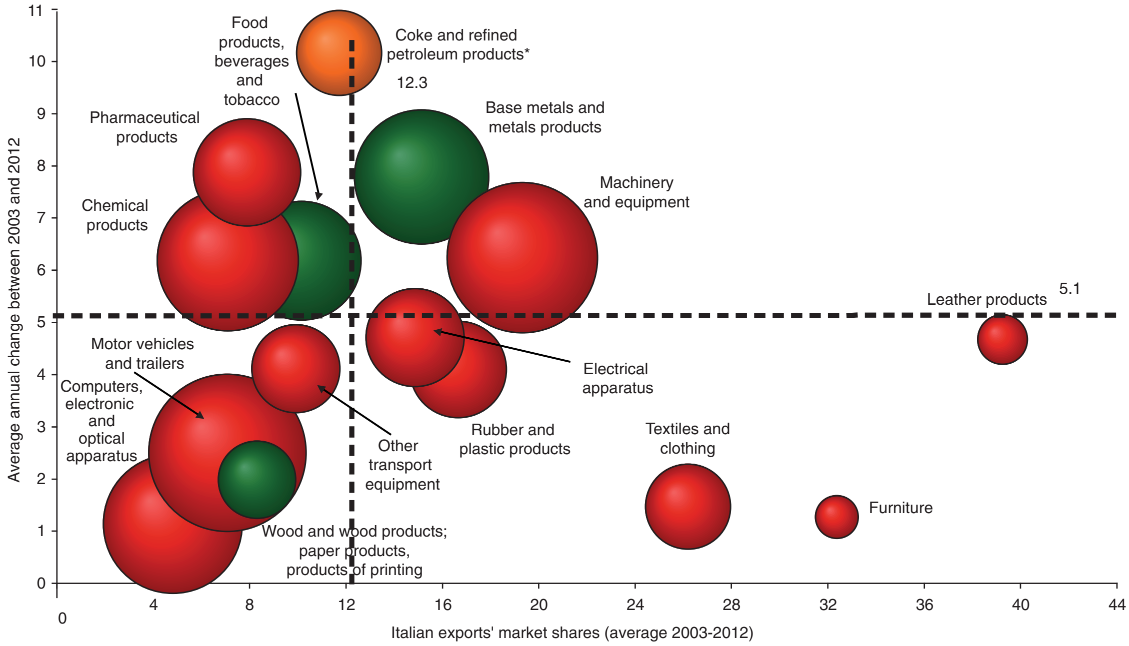
The rise in the unit values of exports (4.3 per cent) was again well above that in firms' selling prices on foreign markets. With all due caution, given the diversity of statistical methods used to construct the indices, part of this gap may be ascribed to the increase in the relative quality of the products exported, a result of processes of competitive selection that reward the firms capable of selling higher-unit-value products.

Imports decline …

The recession that struck the Italian economy also manifested itself, as noted, in a decline in imports of goods and services, which fell by 7.7 per cent compared with 2011. The magnitude of this decline can be explained, at least in part, by the slowdown in exports and the sharp drop in investment, the two most import-intensive components of demand. As a

9 See the contribution by Elena Mazzeo and Alessia Proietti, "Le quote di mercato dei principali paesi europei: aggiornamento dell'esercizio di constant market shares analysis", in Chapter 2.

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



The size of the circles represent the sector's average share of euro-area exports in the period 2009-2012. Red (green) circles identify sectors in which Italy's share decreased (increased) between 2003 and 2012. Dotted lines indicate the averages of the variables showed in the axes.
*Average change for this sector was 17.3 per cent.

Source: Based on Eurostat data

result, the degree of import penetration decreased to 27.6 per cent, contrary to the trend in the other main European countries except Spain.

… and so do inward and outward flows of direct investment

Foreign direct investment inflows and outflows also contracted much more sharply than the decline recorded at world level. Considering stocks, at the end of 2012 Italy's share of global FDI was 2.4 per cent for outward investment and 1.6 per cent for inward investment, extremely low levels relative to the size of the Italian economy.

The initial data on 2013 show Italian exports slowing further, reflecting the persistent sluggishness of international trade. Firms' selling prices on foreign markets are down slightly, particularly within the euro area. A slight recovery vis-à-vis the other European countries in terms of market shares appears to be confirmed.

The resilience of exports is not, however, sufficient to ward off a further decline in productive activity, given the persistent weakness of domestic demand. The outcome is a new fall in imports and in the import penetration of the domestic market. The prices of goods and services purchased abroad also are tending to fall, reflecting the euro's slight appreciation and the downward trend of commodity prices.

The acute uncertainty still surrounding the world economic outlook, due in part to the fear of a growth slowdown in the emerging markets, is reflected in extremely prudent short-term forecasts for Italy's foreign trade. The results recorded in the first few months of 2013 are expected to be confirmed for the year as a whole, with exports slowing and imports contracting. A mild recovery is possible in 2014.

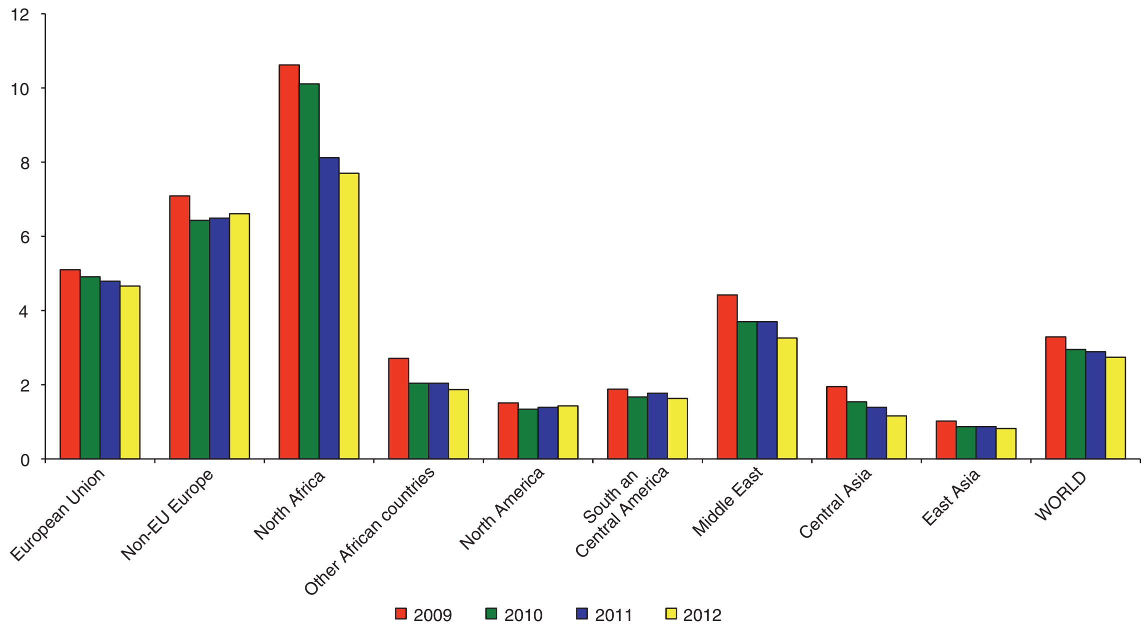
3. Regions and main countries

The swing into surplus of the Italian trade balance in 2012 came from improvements in the bilateral balances with almost all of Italy's main trading partners, in particular the European

Union (the deficit with Germany was halved) and East Asia (the deficit with China fell by nearly €4 billion). Exceptions to this trend were the balances with a number of commodity producers, such as Russia and the countries of North Africa (owing basically to the normalization of commerce with Libya), and with the most crisis-stricken countries of the EU (Greece, Portugal and Spain).

The trade balances improve, except with a number of commodity-producing countries

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



Source: Based on IMF-DOTS data

These shifts mainly reflect the contraction in imports due to the recession. Imports from practically every region of the globe declined, with an especially severe fall in those from Latin America, East Asia, Sub-Saharan Africa and the Middle East.

The performance of exports varied markedly from region to region. Declines were recorded in the euro area, China and India, where Italy's market shares shrank further, in contrast with high growth rates and stable or expanding market shares in the United Kingdom, North Africa, the United States, Japan and Oceania. In the remaining regions, although Italian exports expanded their market shares stagnated or diminished.

Narrowing the discussion to Italian exports' shares of total euro-area exports, which as a whole recovered slightly in the last two years, the most sizable gains were achieved in such markets as Hong Kong, Japan, Mexico, Turkey, the Philippines, the United States and Brazil, but also in Germany and in a number of new EU members.

Italian exports tend to shift to non-EU markets

In a long-term perspective, a salient feature of the geographical distribution of Italian exports is their reorientation toward the emerging regions. The European Union's share as a market of destination fell from 62.4 to 53.7 per cent in the last ten years and North America's from 9.2 to 7.6 per cent (despite a rebound of 1 percentage point from the 2009 low). By contrast, the share of Italian exports going to all the other regions increased, most notably in the case of the non-EU European countries, whose share rose from 9.5 to 13.9 per cent.

An analysis of the geographical specialization of exports compared with the other euro-area countries shows that Italy, together with France and Germany, has the strongest orientation toward non-EU markets. This is a factor of both country size (the EU markets are generally more important for the smaller euro-area countries) and of developments in recent years.[10]

The initial data available on 2013 confirm the principal trends of last year, with a decline in sales to the European Union, partially offset by resilient exports to the other markets, particularly the non-EU European countries, North America and North Africa.

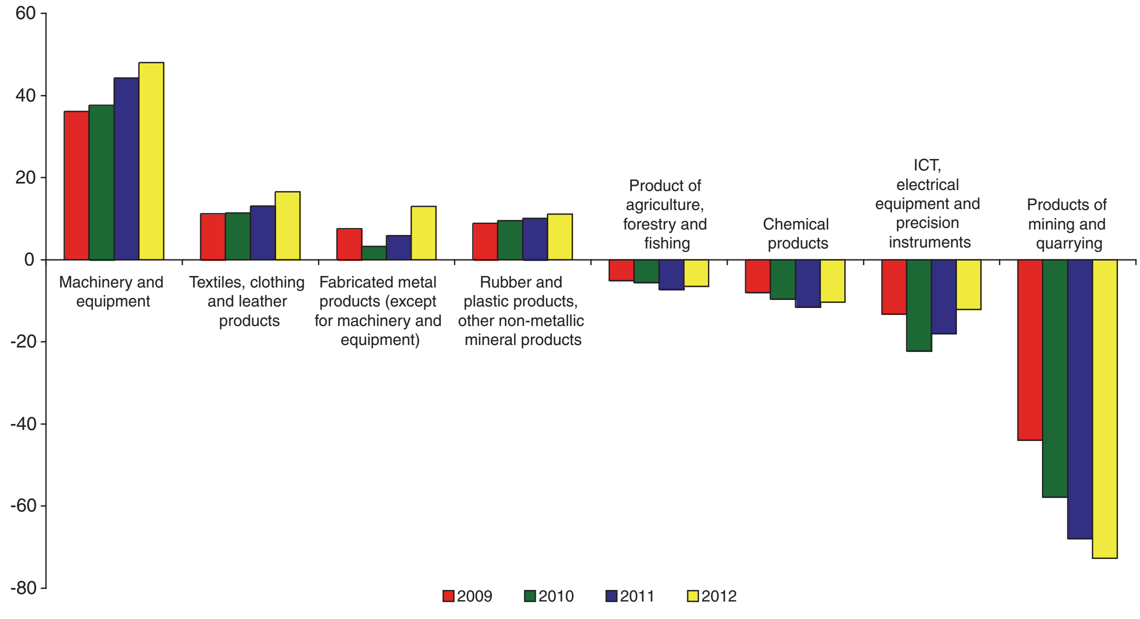
4. Sectors

The surplus on manufactures exceeds the deficit on energy

Turning to the distribution of trade by product sector, the most striking development in 2012 was the surge in the manufacturing surplus, which rose from €55 billion to €94 billion, more than offsetting the small increase, from €68 billion to €73 billion, in the deficit on the products of mining and quarrying, whose growth was entirely due to the energy component. The agricultural deficit diminished slightly.

The improvement in the sectoral balances largely reflects the fall in imports. The sharpest contractions were recorded in a number of sectors that produce intermediate goods, such as textiles, wood products and basic metals and fabricated metal products, as well as in transport equipment and electronics. A large contribution came once again from the collapse of imports of photovoltaic cells following the reduction in the fiscal incentives for using them.

Chart 11
Italy's trade balances by sector.
Billions of euros



Source: Based on Istat data

Exports growth well above the average rate was recorded for food products (6.7 per cent), refined petroleum products (21.8 per cent), pharmaceuticals (12.5 per cent), basic metals and metal products (6.4 per cent) and jewelry (10.9 per cent). Exports declined, instead, in such sectors as textiles, electrical equipment and apparatus, electronics and transport equipment.

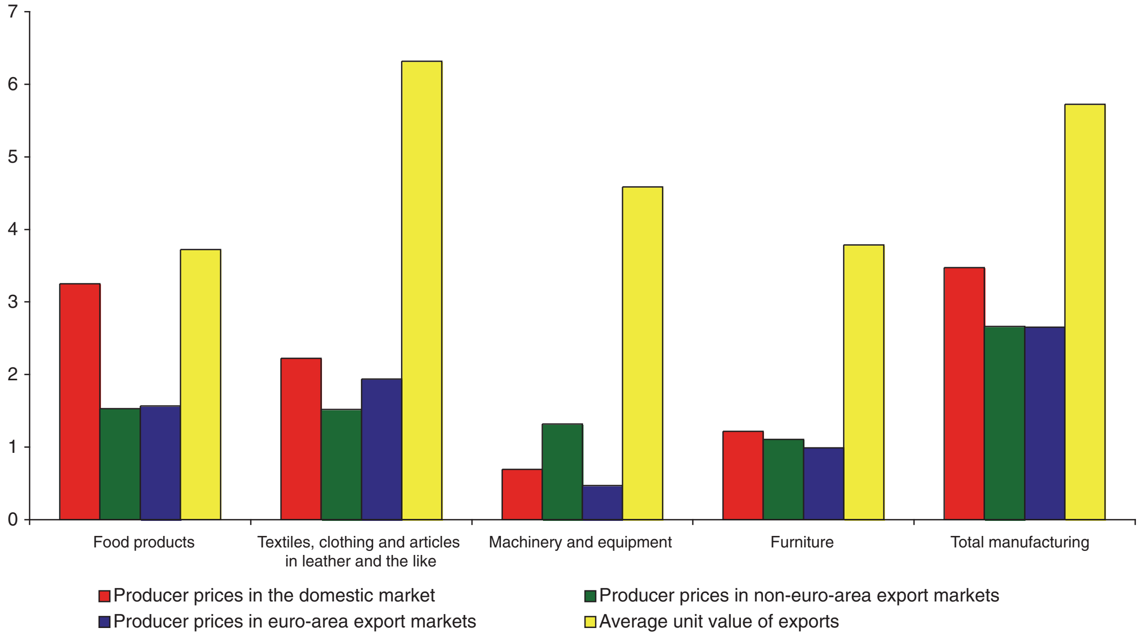
10 See the contribution by Elisa Sovarino, "L'evoluzione del modello di specializzazione geografica delle esportazioni italiane", in Chapter 3.

Refined petroleum products, metallurgy and pharmaceuticals are the only three sectors in which Italian exports gained share of world trade in 2012. However, exports of textiles, clothing and footwear did recoup ground in relation to the other euro-area countries.

Italian exports recoup market shares in some sectors

Net of the energy component, the prices of exports rose very modestly in 2012, particularly for capital goods (0.7 per cent) and intermediate products (1.1 per cent). As noted, the depreciation of the euro generally permitted firms to apply slightly higher price increases in markets outside the euro area.

Chart 12
Producer prices and average unit values for selected typical Italian product sectors.
Average annual growth rates, 2009-2012



Source: Based on Istat data

Under the competitive pressure of the emerging countries, the product specialization of Italian exports has been undergoing slow modification in recent years, even though its essential features remain unaltered, with strong points concentrated in industrial machinery and equipment and some traditional "made in Italy" products. However, the robustness of a country's specialization depends not only on the magnitude of the revealed comparative advantages but also on its centrality with respect to the network of international trade. In the Italian case, in many sectors one finds a relative distance (geographical and otherwise) from the main emerging markets.[11]

Among Italy's sectors of specialization, the Italian food industry has reinforced its position in recent years. The qualitative improvement of products and the consequent gain in firms' market power, accompanied by a greater geographical diversification of exports toward the emerging markets, have contributed to this result.[12]

11 See the contribution by Luca De Benedictis and Lucia Tajoli, "Vantaggio comparato e centralità sui mercati internazionali: alcuni risultati relativi alla specializzazione italiana", in Chapter 4.

12 See the contribution by Beniamino Quintieri and Gianluca Santoni, "Il Made in Italy agroalimentare: dinamiche e prospettive", in Chapter 4.

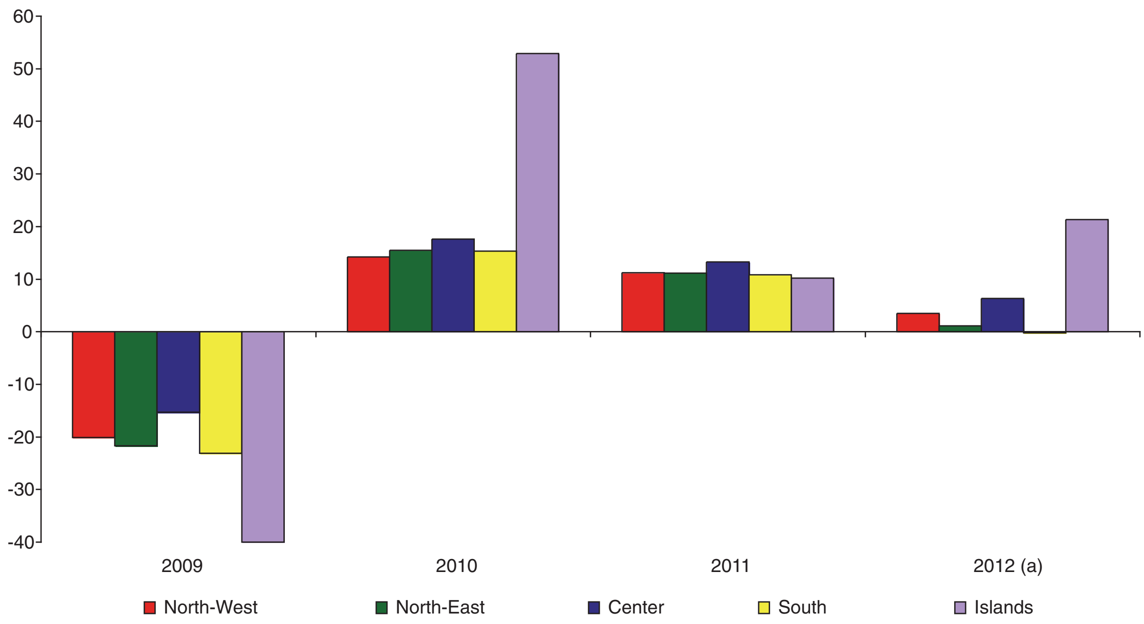
5. The territorial base

The North-East's share of Italian exports declines, that of the Islands increases thanks to their specialization in refined petroleum products

The export slowdown in 2012 was relatively more pronounced in the regions of the North-East, partly owing to the consequences of the earthquake in Emilia Romagna. The gain in share recorded by the South and Islands is explained in its entirety by the growth of exports of refined petroleum products from Sicily and Sardinia; all the remaining regions of the Mezzogiorno, except Puglia, registered declines.

Compared with 2008, the aggregate market share of the four leading goods-exporting regions (Lombardy, Veneto, Emilia Romagna and Piedmont) diminished, to the benefit of Sicily, Sardinia, Tuscany (whose exports were boosted by the increase in those of non-monetary gold), Lazio, Liguria and Puglia.

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



(a) Provisional data.

Source: Based on Istat data

Export growth in most of the Italian regions underperformed the European average. The sole exceptions were Liguria and Sicily, whose exports are concentrated in relatively more dynamic sectors like shipbuilding and refined petroleum products.[13]

At provincial level, the technological complexity of exports tends to increase with the province's level of development. Provinces with a higher per capita income tend to have more stable model of specialization. Among relatively poorer provinces it is possible to find differentiated paths of change, especially in the South and Islands, but the prevailing tendency is toward increasing technological complexity.[14]

13 See the contribution by Giovanni Mastronardi and Elena Mazzeo, "Le esportazioni regionali dei maggiori paesi europei: dalla crisi alla ripresa", in Chapter 5.

14 See the contribution by Luca De Benedictis and Massimo Tamberi, "Mutamento strutturale, vantaggi comparati provinciali e complessità dei prodotti", in Chapter 5.

6. Firms

Exporting firms increase in number and diversify their outlet markets

The number of Italian exporting firms grew again in 2012, extending the positive trend of the previous two years. Comparing the provisional data for 2012 and 2011, the gain can be estimated at more than 1 per cent. Applying this growth rate to the final data, the number of exporters is estimated at close to 210,000. Furthermore, the geographical diversification of exports, measured by the average number of markets per firm, also increased, returning to the 2006-07 peaks.

In both cases the results contrast significantly with developments in 2009, when, under the impact of the global crisis, the number of exporters plunged by more than 10,000 and the average number of outlet markets fell sharply. The upturn already began in 2010, but the fact that the number of exporting firms has continued to rise in spite of the slowdown in world trade and the recrudescence of the recession in Italy is worth noting. It could signal that a more robust entrepreneurial fabric is emerging from the crisis, yet it is also probably an effect of the weakening of the euro, which allows a larger number of very small firms to enter export markets for the first time, as in previous phases of currency depreciation. In addition, the search for alternatives to the domestic market may have been spurred by the slump of demand in Italy, which probably had an opposite effect to that exerted in 2009 by the collapse of international trade.

This hypothesis is confirmed by the distribution of exporting firms by size class, available only up to 2011. The impact of the 2009 crisis had been greatest for small firms (up to 49 workers), with a loss of more than 10,000 firms, and less severe the larger the company. In the next two years the number of exporting firms (the so-called extensive margin of exports) only increased among the smallest firms, those with up to 19 workers, fueled by the entry of a considerable number of new exporters. In every other size class the process of competitive selection further trimmed the ranks of exporting firms.

The average value of exports per firm (the intensive margin) shows an opposite trend to that of the number of exporters. In 2009 the collapse was less severe for small firms (-13 per cent) than for medium-sized and large companies (-17 and -22 per cent respectively), since competitive selection presumably caused a large number of firms with only very modest amounts of exports to exit foreign markets. In the two years 2010-11 the growth in the intensive margin was greater for large firms (35 per cent) than for medium-sized and small enterprises (31 and 20 per cent respectively), owing in part to the increase in the number of firms with low export sales.

Combining the two effects, the severity of the fall in the total value of exports in 2009 was proportionate to firm size, whereas in the recovery in the two following years small firms, thanks to their gain in number, registered faster growth than medium-sized enterprises.

From another angle, the propensity to export (measured by export sales per worker) is higher for medium-sized firms (€88,000) than among small firms (€54,000) and large companies (€72,000).

Exporting firms of all sizes have higher labor productivity than those that operate on the domestic market

In all size classes, labor productivity (measured by value added per worker) is higher among exporting firms than among those that only do business on the domestic market. This advantage appears to be relatively greater for the firms belonging to the smaller size classes, which otherwise would find it harder to bear the fixed costs of accessing foreign markets.

Despite the upward trend, the number of exporters in proportion to the total number of active firms in Italy is still below the European average, especially in services. The higher relative incidence of small firms is also less pronounced in manufacturing than in the other sectors. It is associated with a lesser capacity for geographical diversification of exports

Chart 14
Italian exports by size class of exporting firms(1).
Percentage changes

(1) Size is measured by number of workers

Source: Based on Istat data

and a limited degree of market power. Encouraging the development of specialized trade intermediaries would make it easier to tackle both of these problems.[15]

The crisis has highlighted even more starkly the crucial importance of jointly strengthening research, innovation and internationalization activities. In all size classes of firm, businesses that have succeeded in doing so have achieved above-average growth in sales.[16]

The number and workforces of Italian firms' foreign affiliates increase

The *Report* documents the expansion of Italian firms' affiliates abroad in recent years. Unlike the pattern in previous recessions, this form of internationalizing production has continued to expand in terms of the number of affiliates (more than 27,000 at the end of 2012), the number of their workers (some 1,585,000) and sales revenues from abroad. In addition, the number of investor companies has continued to grow and now tops 8,000. These developments are part of a long-term process and reflect the progressive maturation of internationalization strategies in directions more in keeping with the trends of the markets.

The competitiveness of exporting firms, including smaller ones, is increasingly enhanced by the benefits deriving from the partial off-shoring of production. This competitive advantage is realized by transferring processes or activities abroad as a function of two factors: unit labor costs and the possibility of accessing new technologies.[17]

15 See the contribution by Andrea Dossena and Alessandra Lanza, "Esportazioni italiane: un ampio potenziale ancora da sfruttare", in Chapter 6.

16 See the contribution by Raffaele Brancati and Andrea Maresca, "L'internazionalizzazione come motore di R&S, innovazione e crescita. Evidenze dall'indagine MET", in Chapter 6.

17 See the contribution by Roberto Pasca di Magliano, "Strategie innovative delle imprese italiane nel mercato globale", in Chapter 6.

7. Policies for internationalization

Within the limits dictated by the need to reduce public spending and in a context of ongoing changes in the institutional set-up of policies for internationalization, the national agencies and local entities active in this field have endeavored to strengthen their support to Italian firms.

With regard to promotional services, the I.C.E., still in the midst of a difficult organizational transition, operated in 2012 with only 23 per cent of the volume of financial resources that had been available to it in 2010, but it nonetheless managed to keep the fall in the number of user firms very low in relation to the decline in available resources. Furthermore, users' contributions rose as a proportion of funds spent, which also prompted firms to monitor the effectiveness of the services they received.

The Ministry for Economic Development directly manages several promotional programs targeted at associations, Italian chambers of commerce abroad, consortiums and other entities. The increased resources allocated to these programs made good part of the decline recorded in 2011 and were concentrated on fewer recipients, with a significant increase in the latter's contribution to costs.

The regional governments continued to allocate substantial resources to promotional services for internationalization, but complete data on the number of user firms and their contribution to costs are not yet available. The chambers of commerce, with 90 per cent of the resources available to them in 2010, achieved a sharp increase in the number of users.

In the field of financial services for internationalization, although the volume of transactions approved in 2012 decreased because of the world economic slowdown, financial market volatility and the problems connected with the sovereign debt crisis, Sace confirmed its role in supporting the productive economy, to the benefit of some 25,000 firms, a substantial increased compared with 2010. In the last two years both the number of firms in which Simest has made a financial investment and the value of these transactions have grown appreciably. The public stakes in Sace and Simest have been transferred to Cassa Depositi e Prestiti S.p.A., for fuller integration of the different tools of financial support for Italian firms' activities on foreign markets.

The reform of the system of public support for internationalization proceeds

The reform of the public system of support for internationalization is still under construction. The new "Director's Booth for International Italy" has begun to operate, drawing on the participation of the public institutions and business organizations most deeply involved in the process of internationalization with a view to agreeing guidelines for public action in this field. The effectiveness of this ad hoc body in responding to firms' needs and creating a critical mass on foreign markets, in a system-wide approach and without fragmentation, still awaits confirmation. In any event, if the aim is to formulate effective strategic guidelines, the new body, encompassing public and private actors often with different if not opposing interests, must receive suitable support and encouragement from the ministers presiding it.

Similar problems are posed, at least in part, for the policies to attract foreign investment to Italy. In this field a center must be identified to coordinate the activities carried out by Invitalia, I.C.E. and the chambers of commerce, in liaison with the regional industrial policy agencies.

The question of the relations between the different territorial levels of public intervention remains crucial. While it is true that some tools of industrial policy and internationalization can be used more effectively at local level, owing to the informational advantages that come from a closer relationship with local firms, the role of strategic orientation played by central government departments remains essential, both to avert waste and overlap and to give the interventions the necessary critical mass for them to be effective.

On the specific matter of what type of public services need to be provided in support of internationalization, recent studies conducted at individual firm level converge in suggesting interesting implications. The activity of the I.C.E. and the other public agencies to promote internationalization should focus on customized technical assistance services, generally priced so as to select demand. The impact of promotional activities on exports will be all the greater, the more they succeed in assigning a leading role to the more productive firms, those consequently with higher international growth potential. At the same time, activities to accompany smaller firms, assisting them to expand their presence and penetrate foreign markets, can generate a positive feedback effect on their productivity and capacity to innovate. Whereas specific incentives for internationalization do not automatically generate productivity gains in the beneficiary firms, incentives for innovation and productivity, by contrast, almost certainly stimulate a greater international projection of firms. It goes without saying that the effectiveness of promotional and technical assistance measures depends on the intensity and quality of monitoring and final evaluation techniques, which must consider not only sectoral averages but also the performance of the most dynamic firms within each sector.[18]

Concluding remarks

The trends of the world economy are becoming difficult to predict and to manage, in a setting complicated by hotbeds of political instability in many countries. After the great crisis of 2009, the second wave of recession, triggered by the problems of public finances in the euro area, is beginning to reach the emerging countries, themselves contending with the restraints of their own internal imbalances. Up to now these tensions have only produced a slowdown in global economic growth, but the International Monetary Fund's short-term forecasts were recently revised downwards, pushing back the advent of a more robust recovery to next year and continuing to indicate pronounced disparities among the major regions.

For that matter, since 2011 the expansion of world trade has fallen below its trend rate of recent decades and has been in line with the growth of world GDP. This apparent reduction of the elasticity of trade to output is due not so much to structural changes in individual countries' openness, which, on the contrary, has generally increased, as to adverse composition effects. Under the impact of the recession, the traditionally large contribution of the European Union's internal and external trade to the expansion of world trade has diminished.

Foreign direct investment, most notably in or from the developed countries, had not yet regained all the ground lost in the first wave of crisis when it fell again in 2012, undercutting the stimulus to trade from the growth of cross-border production networks.

Despite a slight increase in the duties actually applied and in certain types of technical barriers to trade, trade policies have not assumed the strongly restrictive stance that some had feared. But the international community has still not forged an acceptable compromise to wind up the multilateral negotiations of the Doha agenda.

In this context, initiatives for preferential liberalization both on a regional basis and between countries belonging to different regions are multiplying. The upshot is an ever more complex network of overlapping regimes that can hinder the development of international trade relations and production networks. But preferential regimes can also play a positive role as laboratories for deeper forms of integration which are difficult to achieve on a multilateral basis. This applies, for example, to the new Trans-Atlantic and Trans-Pacific Partnerships, but even more strongly to plurilateral agreements such as those taking shape for

18 See the contribution by Fabrizio Onida, "Eterogeneità delle imprese e performance dei paesi: che cosa sappiamo?", in Chapter 6.

information technology products and for services, constructed so as to be easily extended to all the WTO member countries.

The tensions and uncertainties of the international situation do not help the Italian economy as it travels a difficult path to recover the energy and impetus for growth without losing sight of the need to keep the public finances in balance.

The severity of the present recession is evident. Together with the toll it takes in jobs and income lost in the short term, it is exacting an increasing cost in terms of a reduction of production capacity and a dimming of future prospects of economic and social wellbeing.

The marked improvement in Italy's external accounts in 2012 reflects, in the trade surpluses, the sharp decline in imports owing largely to the slump of domestic demand.

Exports are continuing to expand, albeit at more moderate rates, because they benefit from the greater liveliness of foreign demand, especially in the emerging countries. Nevertheless, despite the stimulus of competitiveness gains deriving from the depreciation of the euro and the highly prudent pricing strategies adopted by firms, their share of the world market continues to shrink.

The positive new development of the last two years is that Italy's share of euro-area exports has finally stopped diminishing and indeed shows signs of a turnaround. Significant improvements have been achieved in such markets as the United States and Japan and such sectors as basic metals and metal products, pharmaceuticals and the fashion system.

Plausibly, this reflects the emergence of at least part of the positive effects of the process of competitive selection between firms, generated by stepped-up external competitive pressure and accentuated by the crisis. In various ways the best firms, with higher productivity and more highly-skilled workforces, are able to overcome the size barriers that limit their innovative ability and to score important successes on foreign markets, thanks in part to their participation in international production networks. At the same time the crisis is dealing severe blows to all companies, large and small alike, that are incapable of facing these challenges and it is fraying the fabric of the local social systems in which they operate.

The distributive problems created by this selection require appropriate social policies, adequate resources and suitable instruments. However, the process of renewal of the country's entrepreneurial fabric should not be resisted; on the contrary, it needs to be supported with industrial policies designed to improve resource quality and disseminate innovative capacity, and these policies include measures in support of internationalization.

We deem it fitting and proper to conclude this text with the words of the late Giuliano Conti, a great economist who made a decisive contribution to the birth and growth of this publication, particularly to developing its analyses of the international openness of local production systems: "Where Italy competes without protection on the international market, on an equal footing with competitors, it is able to withstand competition and in some cases to excel more than sporadically. This indicates that additional doses of competition in the more sheltered sectors of manufacturing will not strike a body that is structurally fragile and shuns competition, but will probably stimulate an organism able to react to the challenge with a dynamism up to now perhaps unrecognized and fettered."[19]

19 Giuliano Conti and Pietro Modiano, "Manifattura, produttività e mancata crescita dell'economia italiana", *Il Mulino*, No. 6/2012, pp. 1135-1141.

Statistical tables

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
					GOODS					
Value [2]	7,587	9,219	10,503	12,125	14,017	16,154	12,545	15,289	18,291	18,323
% change	16.9	21.5	13.9	15.4	15.6	15.2	-22.3	21.9	19.6	0.2
					Percentage changes in the indices					
Volume index	5.7	9.7	6.5	8.6	6.5	2.3	-12.1	14.1	5.2	2.1
Average unit value index	10.7	10.9	6.9	6.5	8.7	12.8	-12.0	6.8	13.8	-2.1
					COMMERCIAL SERVICES					
Value	1,850	2,248	2,513	2,842	3,420	3,846	3,497	3,843	4,278	4,347
% change	14.7	21.5	11.8	13.1	20.4	12.5	-9.1	9.9	11.3	1.6
					FOREIGN DIRECT INVESTMENT					
Value	601	734	990	1,481	2,003	1,816	1,216	1,409	1,652	1,351
As a percentage of world trade in goods and services	6.4	6.4	7.6	9.9	11.5	9.1	7.6	7.4	7.3	6.0

(1) Exports for goods and services, inflows for foreign direct investment.
(2) Includes Hong Kong re-exports.

Source: Based on WTO data for trade in goods and services and UNCTAD data for Foreign direct investment

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
European Union	41.7	41.1	39.2	38.3	38.6	37.0	37.2	33.5	32.9	31.2
Euro area	33.0	32.5	30.6	29.6	30.2	28.9	29.2	26.1	25.4	24.2
Other EU countries	8.7	8.6	8.6	8.7	8.4	8.1	8.1	7.4	7.5	7.0
Other European countries	5.3	5.5	6.0	6.1	6.3	6.9	6.2	6.2	6.6	6.8
Africa	2.3	2.4	2.7	2.9	2.9	3.3	2.9	3.1	3.1	3.2
North America	13.3	12.4	12.2	11.9	11.4	10.9	11.1	11.2	10.9	11.2
South and Central America	5.2	5.3	5.6	5.7	5.5	5.6	5.6	5.9	6.1	6.3
Middle East	3.7	4.2	4.7	5.2	5.1	6.4	5.1	5.8	6.6	7.0
Central Asia	1.4	1.4	1.6	1.7	1.9	2.1	2.1	2.3	2.6	2.5
East Asia	25.9	26.5	26.7	27.0	27.0	26.4	28.2	30.4	29.5	30.2
Oceania and other territories	1.2	1.2	1.3	1.3	1.3	1.4	1.5	1.7	1.8	1.7
WORLD	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: 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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
European Union	40.0	39.5	38.4	38.3	38.8	37.6	36.9	33.8	33.1	30.8
Euro area	31.6	31.3	30.3	30.4	30.8	29.8	29.2	26.4	25.8	23.8
Other EU countries	8.4	8.2	8.1	7.9	8.0	7.8	7.7	7.4	7.3	7.0
Other European countries	4.3	4.4	4.6	4.9	5.4	5.8	5.2	5.3	5.7	5.6
Africa	2.2	2.3	2.4	2.5	2.7	3.0	3.4	3.2	3.1	3.3
North America	20.3	19.3	19.3	18.6	17.0	15.8	15.4	15.6	15.1	15.4
South and Central America	5.0	5.0	5.2	5.4	5.6	5.8	5.7	6.1	6.2	6.5
Middle East	2.6	3.1	3.3	3.2	3.5	3.9	4.0	3.9	4.0	4.3
Central Asia	1.6	1.7	2.0	2.2	2.5	2.9	3.0	3.2	3.5	3.8
East Asia	22.5	23.2	23.3	23.4	23.0	23.6	24.7	27.1	27.6	28.6
Oceania and other territories	1.5	1.5	1.5	1.5	1.5	1.5	1.7	1.7	1.7	1.8
WORLD	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

Table 1.4 - Top twenty world merchandise exporters
Billions of dollars

Rank			Country	Amount		Av. annual % growth rate	% change	% shares		
2003	2011	2012		2011	2012	2003-12	2011-12	2003	2011	2012
4	1	1	China	1,898	2,049	18.7	7.9	5.8	10.4	11.2
2	2	2	United States	1,480	1,547	8.8	4.5	9.6	8.1	8.4
1	3	3	Germany	1,474	1,407	7.2	-4.5	9.9	8.1	7.7
3	4	4	Japan	823	799	6.0	-3.0	6.2	4.5	4.4
8	5	5	Netherlands	667	656	9.2	-1.7	3.9	3.6	3.6
5	6	6	France	596	569	4.2	-4.6	5.2	3.3	3.1
12	7	7	South Korea	555	548	12.2	-1.3	2.6	3.0	3.0
17	9	8	Russia	522	529	16.3	1.4	1.8	2.9	2.9
7	**8**	**9**	**Italy**	**523**	**500**	**5.9**	**-4.4**	**3.9**	**2.9**	**2.7**
11	12	10	Hong Kong (1)	456	493	8.9	8.3	3.0	2.5	2.7
6	10	11	United Kingdom	503	468	4.9	-6.8	4.0	2.7	2.6
9	13	12	Canada	452	455	5.8	0.6	3.6	2.5	2.5
10	11	13	Belgium	476	446	6.4	-6.3	3.4	2.6	2.4
14	14	14	Singapore (1)	410	408	11.0	-0.3	2.1	2.2	2.2
22	15	15	Saudi Arabia	365	386	17.1	5.8	1.2	2.0	2.1
13	16	16	Mexico	350	371	9.4	6.1	2.2	1.9	2.0
16	17	17	Taiwan	308	301	8.0	-2.3	2.0	1.7	1.6
28	20	18	United Arab Emirates	285	300	18.1	5.3	0.9	1.6	1.6
31	19	19	India	303	293	19.5	-3.2	0.8	1.7	1.6
15	18	20	Spain	307	292	7.2	-4.7	2.1	1.7	1.6
			Total 20 countries	**12,753**	**12,819**	**9.6**	**0.5**	**74.0**	**69.7**	**70.0**
			World (1)	**18,291**	**18,323**	**10.3**	**0.2**	**100.0**	**100.0**	**100.0**

(1) Includes substantial re-export flows.

Source: Based on WTO data

Table 1.5 - Top twenty world merchandise importers
Billions of dollars

Rank			Country	Amount		Av. annual % growth rate	% change	% shares		
2003	2011	2012		2011	2012	2003-12	2011-12	2003	2011	2012
1	1	1	United States	2,266	2,335	6.7	3.1	16.6	12.3	12.6
3	2	2	China	1,743	1,818	17.9	4.3	5.2	9.4	9.8
2	3	3	Germany	1,255	1,167	7.6	-7.0	7.7	6.8	6.3
6	4	4	Japan	855	886	9.8	3.6	4.9	4.6	4.8
4	6	5	United Kingdom	674	680	6.1	1.0	5.1	3.6	3.7
5	5	6	France	720	674	6.0	-6.4	5.1	3.9	3.6
8	7	7	Netherlands	599	591	9.3	-1.4	3.4	3.2	3.2
11	10	8	Hong Kong (1)	511	554	10.1	8.5	3.0	2.8	3.0
13	9	9	South Korea	524	520	12.6	-0.9	2.3	2.8	2.8
24	12	10	India	464	489	23.6	5.4	0.9	2.5	2.6
7	**8**	**11**	**Italy**	**559**	**486**	**5.6**	**-13.0**	**3.8**	**3.0**	**2.6**
9	13	12	Canada	463	475	7.6	2.5	3.1	2.5	2.6
10	11	13	Belgium	467	435	7.1	-6.8	3.0	2.5	2.3
14	16	14	Mexico	361	380	9.0	5.4	2.2	2.0	2.0
15	15	15	Singapore (1)	366	380	12.1	3.8	1.7	2.0	2.0
22	17	16	Russia	324	335	17.9	3.6	1.0	1.8	1.8
12	14	17	Spain	377	332	5.3	-11.8	2.7	2.0	1.8
16	18	18	Taiwan	281	270	8.7	-3.9	1.6	1.5	1.5
19	19	19	Australia	244	261	12.7	7.1	1.1	1.3	1.4
23	22	20	Thailand	229	248	14.1	8.2	1.0	1.2	1.3
			Total 20 countries	**13,282**	**13,317**	**9.4**	**0.3**	**75.2**	**71.8**	**71.7**
			World (1)	**18,487**	**18,567**	**10.0**	**0.4**	**100.0**	**100.0**	**100.0**

(1) Includes substantial re-export flows.

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		Flows					Stocks				
(2012 flows)	Country	Amount			% Composition		Amount			% Composition	
		2010	2011	2012	2011	2012	1990	2000	2012	2000	2012
1	United States	198	227	168	13.7	12.4	540	2,783	3,932	37.1	17.7
2	China	115	124	121	7.5	9.0	21	193	833	2.6	3.7
3	Hong Kong	83	96	75	5.8	5.5	202	492	1,422	6.5	6.4
4	Brazil	49	67	65	4.0	4.8	37	122	702	1.6	3.2
5	British Virgin Islands	49	63	65	3.8	4.8	..	32	363	0.4	1.6
6	United Kingdom	51	51	62	3.1	4.6	204	463	1,321	6.2	5.9
7	Australia	35	65	57	4.0	4.2	80	119	611	1.6	2.7
8	Singapore	54	56	57	3.4	4.2	30	111	682	1.5	3.1
9	Russia	43	55	51	3.3	3.8	-	32	509	0.4	2.3
10	Canada	29	41	45	2.5	3.4	113	213	637	2.8	2.9
11	Chile	15	23	30	1.4	2.2	16	46	207	0.6	0.9
12	Ireland	43	11	29	0.7	2.2	38	127	298	1.7	1.3
13	Luxembourg	35	22	28	1.3	2.1	-	-	122	-	0.5
14	Spain	40	27	28	1.6	2.1	66	156	635	2.1	2.9
15	India	21	36	26	2.2	1.9	2	16	226	0.2	1.0
16	France	34	39	25	2.3	1.9	98	391	1,095	5.2	4.9
17	Indonesia	14	19	20	1.2	1.5	9	25	206	0.3	0.9
18	Colombia	7	13	16	0.8	1.2	4	11	112	0.1	0.5
19	Kazakhstan	12	14	14	0.8	1.0	-	10	107	0.1	0.5
20	Sweden	-6	9	14	0.6	1.0	13	94	376	1.2	1.7
	Italy	9	34	10	2.1	0.7	60	123	357	1.6	1.6
	World	**1,409**	**1,652**	**1,351**	**100.0**	**100.0**	**2,078**	**7,511**	**22,212**	**100**	**100**

(1) Sorted according to 2012 data.

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		Flows					Stocks				
(2012 flows)	Country	Amount			% Composition		Amount			% Composition	
		2010	2011	2012	2011	2012	1990	2000	2012	2000	2012
1	United States	304	397	329	23.6	23.6	817	2,932	5,191	36.5	22.0
2	Japan	56	108	123	6.4	8.8	201	278	1,055	3.5	4.5
3	China	69	75	84	4.4	6.1	4	28	509	0.3	2.2
4	Hong Kong	98	96	84	5.7	6.0	12	436	1,310	5.4	5.6
5	United Kingdom	40	107	71	6.4	5.1	229	923	1,808	11.5	7.7
6	Germany	122	52	67	3.1	4.8	152	542	1,547	6.8	6.6
7	Canada	35	50	54	3.0	3.9	85	238	715	3.0	3.0
8	Russia	53	67	51	4.0	3.7	-	20	413	0.3	1.8
9	Switzerland	79	47	44	2.8	3.2	66	232	1,129	2.9	4.8
10	British Virgin Islands	59	52	42	3.1	3.0	1	67	434	0.8	1.8
11	France	65	60	37	3.5	2.7	112	926	1,497	11.5	6.3
12	Sweden	20	28	33	1.7	2.4	51	124	407	1.5	1.7
13	South Korea	28	29	33	1.7	2.4	2	22	196	0.3	0.8
14	**Italy**	**33**	**54**	**30**	**3.2**	**2.2**	**60**	**170**	**565**	**2.1**	**2.4**
15	Mexico	15	12	26	0.7	1.8	3	8	138	0.1	0.6
16	Singapore	25	26	23	1.6	1.7	8	57	401	0.7	1.7
17	Chile	9	20	21	1.2	1.5	0	11	97	0.1	0.4
18	Norway	23	25	21	1.5	1.5	11	34	216	0.4	0.9
19	Ireland	22	-4	19	-0.3	1.4	15	28	358	0.3	1.5
20	Luxembourg	21	9	17	0.5	1.2	-	-	171	-	0.7
	World	**1505**	**1678**	**1391**	**100.0**	**100.0**	**2091**	**8026**	**23593**	**100.0**	**100.0**

(1) Sorted according to 2012 data.

Source: Based on UNCTAD data

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

	2008	2009	2010	2011	2012
Current account	**-44,901**	**-30,173**	**-54,516**	**-48,260**	**-8,428**
Capital account	**-186**	**-89**	**-556**	**648**	**3,839**
Financial account	**31,416**	**37,335**	**86,749**	**72,845**	**7,678**
Direct investment	-53,137	-863	-17,726	-13,887	-10,688
abroad	*-45,740*	*-15,315*	*-24,656*	*-38,578*	*-23,156*
in Italy	*-7,397*	*14,452*	*6,930*	*24,691*	*12,468*
Portfolio investment	75,216	28,061	38,468	-34,361	29,234
abroad	*68,670*	*-38,541*	*-31,285*	*35,630*	*61,504*
in Italy	*6,546*	*66,602*	*69,753*	*-69,991*	*-32,270*
Other investment	13,011	5,725	71,775	114,541	-8,980
Financial derivatives	1,899	4,332	-4,734	7,493	-424
Change in reserve assets	-5,574	80	-1,034	-941	-1461
Errors and omissions	**13,671**	**-7,073**	**-31,678**	**-25,233**	**-3,088**

Current account balance

	2008	2009	2010	2011	2012
Goods (FOB-FOB)	**-2,129**	**823**	**-20,918**	**-17,377**	**17,835**
Services	**-8,606**	**-8,435**	**-9,218**	**-5,671**	**-741**
Transport	-7,940	-7,006	-8,513	-8,692	-8,091
Foreign travel	10,168	8,841	8,841	10,308	11,543
Other services	-10,834	-10,270	-9,546	-7,287	-4,193
Income	**-19,353**	**-10,406**	**-8,289**	**-9,376**	**-10,066**
Labor income	848	865	2,511	2,618	3,677
Investment income	-20,201	-11,271	-10,800	-11,994	-13,743
Transfers	**-14,813**	**-12,154**	**-16,091**	**-15,836**	**-15,456**
Private	-5,336	-4,658	-5,425	-4,549	-5,360
Worker's remittances	-5,949	-6,341	-6,137	-6,916	-6,437
Other	613	1,683	712	2,367	1,077
Public	-9,477	-7,496	-10,666	-11,287	-10,096
EU accounts	-9,906	-6,981	-10,108	-10,448	-9,623
Other	429	-515	-558	-839	-473
Current account	**-44,901**	**-30,173**	**-54,516**	**-48,260**	**-8,428**

Source: Based on Bank of Italy data

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

	2008	2009	2010	2011	2012
Exports FOB					
millions of euros	369,149	291,906	337,346	375,904	389,725
% change	1.2	-20.9	15.6	11.4	3.7
Imports CIF					
millions of euros	371,279	291,083	367,390	401,428	378,759
% change	2.6	-21.6	26.2	9.3	-5.6
Trade balance					
millions of euros	-2,130	822	-30,044	-25,524	10,966
change in amount	-5,142	2,952	-30,866	4,520	36,490
Normalized trade balance (2)	-0.3	0.1	-4.3	-3.3	1.4
Exports: % change in average unit values indices (2010=100)	5.6	-2.0	6.0	7.1	4.3
Imports: % change in average unit values indices (2010=100)	9.0	-10.0	10.5	10.8	4.2
Exports: % change in volume indices (2010=100)	-4.2	-19.4	9.1	4.0	-0.6
Imports: % change in volume indices (2010=100)	-6.1	-13.4	11.7	-1.4	-9.4
Terms of trade (3) (% change)	-3.1	8.9	-4.0	-3.3	0.1
Real cover ratio (4) (% change)	2.0	-6.9	-2.3	5.5	9.8

(1) Provisional data for 2012. Istat will release final data following adjustment and additions to the data on trade with EU countries.
(2) Trade balance as a percentage of the sum of exports and imports.
(3) Ratio of average unit values of exports to unit values of imports.
(4) Ratio of export volume index to import volume index.

Source: Based on Istat data

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2003-2012
Market share	3.73	3.60	3.35	3.29	3.42	3.29	3.21	2.89	2.86	2.75	
change		-0.13	-0.25	-0.07	0.13	-0.13	-0.09	-0.32	-0.03	-0.10	-0.98
Competitiveness effect		-0.05	-0.14	0.00	0.02	-0.03	-0.09	-0.07	-0.01	0.01	-0.37
Structure effect		-0.06	-0.18	-0.05	0.18	-0.10	0.03	-0.16	-0.01	-0.10	-0.45
sectoral		*-0.09*	*-0.11*	*-0.06*	*0.07*	*-0.12*	*0.08*	*-0.14*	*-0.04*	*-0.03*	*-0.44*
geographical		*0.00*	*-0.03*	*0.01*	*0.08*	*0.01*	*-0.03*	*-0.14*	*0.00*	*-0.08*	*-0.19*
interaction		*0.02*	*-0.03*	*0.01*	*0.04*	*0.01*	*-0.02*	*0.12*	*0.03*	*0.01*	*0.18*
Adaptation effect		-0.02	0.07	-0.02	-0.06	0.00	-0.03	-0.08	-0.01	-0.01	-0.16

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2003-2012
Market share	11.54	11.24	10.98	10.96	11.03	10.98	10.58	10.39	10.43	10.56	
change		-0.31	-0.26	-0.02	0.06	-0.05	-0.40	-0.19	0.04	0.12	-0.99
Competitiveness effect		-0.04	-0.26	0.16	0.01	-0.04	-0.23	0.05	-0.06	0.14	-0.28
Structure effect		-0.18	-0.24	-0.14	0.12	-0.02	-0.13	-0.19	0.11	0.08	-0.60
sectoral		*-0.21*	*-0.20*	*-0.11*	*0.10*	*0.03*	*-0.09*	*-0.18*	*0.05*	*-0.03*	*-0.62*
geographical		*0.03*	*0.02*	*0.00*	*0.05*	*0.07*	*0.01*	*-0.02*	*0.04*	*0.06*	*0.27*
interaction		*-0.01*	*-0.07*	*-0.03*	*-0.03*	*-0.11*	*-0.06*	*0.00*	*0.02*	*0.04*	*-0.24*
Adaptation effect		-0.08	0.25	-0.04	-0.07	0.02	-0.04	-0.04	-0.01	-0.09	-0.11

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

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

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

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

	Exports			Imports			Balance		
	2012	% share	% change in value 2011-12	2012	% share	% change in value 2011-12	2011	2012	Normalized 2012 (%)
European Union	209,214	53.7	8.9	200,314	52.9	7.1	-5,062	8,899	2.2
Germany	48,713	12.5	12.3	55,219	14.5	5.8	-13,121	-6,506	-6.3
France	43,169	11.1	11.1	31,318	8.3	4.5	9,990	11,851	15.9
Spain	18,291	4.7	1.5	16,848	4.4	8.2	1,779	1,442	4.1
United Kingdom	18,964	4.9	-0.2	9,554	2.5	9.3	6,599	9,410	33.0
Non-EU Europe	54,340	14.0	23.3	42,845	11.3	14.5	6,823	11,495	11.8
Russia	9,993	2.6	17.7	18,331	4.9	15.5	-7,599	-8,338	-29.4
Switzerland	22,878	5.9	30.4	11,018	2.9	10.7	9,346	11,860	35.0
Turkey	10,618	2.7	20	5,257	1.4	15.9	3,655	5,360	33.8
North Africa	13,583	3.5	-19.6	26,979	7.1	-28.3	-7,238	-13,397	-33.0
Other African countries	5,432	1.4	17.7	8,189	2.2	71.6	-4,533	-2,757	-20.2
North America	29,545	7.6	12.4	14,401	3.8	16.1	10,852	15,144	34.5
United States	26,656	6.9	12.3	12,666	3.4	16.9	9,805	13,990	35.6
South and Central America	15,117	3.9	27.3	9,838	2.6	21	2,113	5,279	21.2
Mercosur	6,229	1.6	20.9	4,717	1.2	22.3	36	1,513	13.8
Brazil	4,997	1.3	23.3	3,402	0.9	25.2	634	1,595	19.0
Middle East	19,164	4.9	14.3	24,929	6.6	38.3	-10,577	-5,766	-13.1
Central Asia	5,561	1.4	6.4	10,468	2.8	33.2	-4,343	-4,907	-30.6
India	3,349	0.9	10.3	3,751	1.0	25.0	-1,044	-402	-5.7
East Asia	30,353	7.8	17	38,946	10.3	4.7	-17,604	-8,593	-12.4
China	9,003	2.3	16.1	24,695	6.5	2.7	-19,578	-15,692	-46.6
Japan	5,637	1.4	18.0	3,191	0.8	-1.6	514	2,446	27.7
DAEs (1)	13,309	3.4	17.1	6,729	1.8	4.9	3,922	6,581	32.8
Oceania	4,407	1.1	14.1	1,148	0.3	30.9	2,049	3,259	58.7
World	**389,725**	**100.0**	**11.4**	**378,759**	**100.0**	**9.3**	**-25,524**	**10,966**	**1.4**

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

Source: Based on Istat data

Table 2.5 - Size of the markets and Italian exports' market shares
At current prices

	Size of the markets (1)		Italy's shares (2)				
	2007	2012	2008	2009	2010	2011	2012
European Union	38.8	30.8	5.1	5.1	4.9	4.8	4.7
France	4.4	3.6	8.4	8.3	8.3	8.4	8.2
Germany	7.4	6.2	6.0	5.8	5.7	5.8	5.6
United Kingdom	4.5	3.5	4.3	4.1	4.1	3.7	3.7
Spain	2.7	1.8	8.7	8.1	8.1	7.8	7.3
Non-EU Europe	5.4	5.6	6.4	7.1	6.4	6.5	6.6
Russia	1.4	1.7	5.4	5.5	4.8	4.6	4.2
Switzerland	1.1	1.1	9.1	9.6	9.1	10.1	11.8
North Africa	0.8	1.2	11.2	10.6	10.1	8.1	7.7
Other African countries	1.9	2.2	2.4	2.7	2.0	2.1	1.9
North America	17.0	15.4	1.6	1.5	1.3	1.4	1.4
United States	14.2	12.6	1.7	1.6	1.5	1.5	1.6
South and Central America	5.6	6.5	2.1	1.9	1.7	1.8	1.6
Middle East	3.5	4.3	4.5	4.4	3.7	3.7	3.3
Central Asia	2.5	3.8	1.6	2.0	1.5	1.4	1.2
East Asia	23.0	28.6	1.0	1.0	0.9	0.9	0.8
China	6.7	9.8	1.0	1.1	1.0	1.0	0.8
Japan	4.3	4.8	1.0	1.1	0.9	0.9	0.9
Oceania	1.5	1.8	2.3	2.0	1.8	1.8	1.9
World	**100.0**	**100.0**	**3.4**	**3.3**	**3.0**	**2.9**	**2.7**

(1) Imports of each market as a percentage of world's imports.
(2) Italy's percentage share of exports to each market.

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

Table 2.6 - Italian exports: top 20 countries of destination in 2012

		Rank 2011	Amount (millions of euros) 2012	% change 2011-12	Percentage shares 2011	Percentage shares 2012	Cumulative percentage 2012
1	Germany	1	48,713	-1.1	13.1	12.5	12.5
2	France	2	43,169	-1.0	11.6	11.1	23.6
3	United States	3	26,656	16.8	6.1	6.8	30.4
4	Switzerland	4	22,878	10.8	5.5	5.9	36.3
5	United Kingdom	6	18,964	8.1	4.7	4.9	41.2
6	Spain	5	18,291	-8.0	5.3	4.7	45.8
7	Turkey	8	10,618	10.2	2.6	2.7	48.6
8	Belgium	9	10,300	6.9	2.6	2.6	51.2
9	Russia	11	9,993	7.4	2.5	2.6	53.8
10	Netherlands	12	9,269	1.6	2.4	2.4	56.2
11	Poland	10	9,213	-2.2	2.5	2.4	58.5
12	China	7	9,003	-9.9	2.7	2.3	60.8
13	Austria	13	8,630	-1.1	2.3	2.2	63.0
14	Romania	14	5,825	-5.1	1.6	1.5	64.5
15	Japan	17	5,637	19.1	1.3	1.4	66.0
16	United Arab Emirates	18	5,511	16.5	1.3	1.4	67.4
17	Brazil	16	4,997	4.5	1.3	1.3	68.7
18	Hong Kong	20	4,473	7.3	1.1	1.1	69.8
19	Czech Republic	19	4,201	0.7	1.1	1.1	70.9
20	Greece	15	4,163	-13.0	1.3	1.1	72.0
	Other countries		109,223	6.2	27.3	28.0	
	World		**389,725**	**3.7**	**100.0**	**100.0**	**100.0**

Source: Based on Istat data

Table 2.7 - Italian imports: top 20 countries of origin in 2012

		Rank 2011	Amount (millions of euros) 2012	% change 2011-12	Percentage shares 2011	Percentage shares 2012	Cumulative percentage 2012
1	Germany	1	55,219	-11.5	15.5	14.6	14.6
2	France	2	31,318	-6.8	8.4	8.3	22.8
3	China	3	24,695	-16.5	7.4	6.5	29.4
4	Netherlands	4	20,388	-3.1	5.2	5.4	34.8
5	Russia	6	18,331	8.4	4.2	4.8	39.6
6	Spain	5	16,848	-7.0	4.5	4.4	44.0
7	Belgium	7	14,381	-1.3	3.6	3.8	47.8
8	Libya	23	12,874	224.1	1.0	3.4	51.2
9	United States	8	12,666	-2.8	3.2	3.3	54.6
10	Switzerland	9	11,018	-2.4	2.8	2.9	57.5
11	United Kingdom	10	9,554	-12.7	2.7	2.5	60.0
12	Algeria	12	8,972	8.0	2.1	2.4	62.4
13	Austria	11	8,839	-6.4	2.4	2.3	64.7
14	Saudi Arabia	15	7,483	6.4	1.8	2.0	66.7
15	Azerbaijan	13	7,151	-13.2	2.1	1.9	68.6
16	Poland	14	7,125	-5.2	1.9	1.9	70.5
17	Turkey	16	5,257	-12.1	1.5	1.4	71.8
18	Romania	18	4,851	-8.4	1.3	1.3	73.1
19	Kazakhstan	26	4,685	33.1	0.9	1.2	74.4
20	Czech Republic	19	4,457	-9.1	1.2	1.2	75.5
	Other countries		92,649	-12.4	26.3	24.5	
	World		**378,759**	**-5.6**	**100.0**	**100.0**	**100.0**

Source: ICE on Istat data

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

	Exports			Imports			Balance	
	2012	% change 2008-12(1)	% change 2011-12	2012	% change 2008-12(1)	% change 2011-12	2011	2012
PRODUCTS OF AGRICULTURE, FISHING AND FORESTRY	5,791	2.0	-0.2	12,291	3.1	-5.5	-7,212	-6,499
MINING PRODUCTS	1,451	-4.0	13.8	74,111	1.8	7.2	-67,875	-72,659
Crude oil and natural gas	670	-11.9	39.5	68,401	2.1	9.0	-62,298	-67,731
MANUFACTURING PRODUCTS	373,228	1.6	3.6	279,056	-0.8	-8.6	54,693	94,172
Food products, beverages and tobacco	26,059	5.7	6.7	27,242	2.9	-0.9	-3,078	-1,182
Textiles	9,429	-1.7	-3.6	5,961	0.7	-13.9	2,854	3,468
Clothing (incl. in leather and fur)	17,150	0.2	3.2	11,984	0.8	-8.2	3,575	5,166
Leather products (excluding clothing)	16,485	4.6	5.9	8,533	3.9	-4.1	6,673	7,952
Footwear	7,949	2.2	1.7	4,391	3.7	-6.1	3,140	3,557
Wood and wood products (excluding furniture); products of straw and woven materials	1,507	-0.9	4.4	2,984	-5.2	-12.6	-1,970	-1,477
Paper and paper products	6,067	2.4	0.8	6,189	0.1	-7.7	-682	-121
Coke, refined petroleum products	20,513	7.4	21.8	10,577	5.8	5.0	6,768	9,936
Chemical substances and products	25,331	3.3	1.6	35,627	2.6	-2.3	-11,551	-10,296
Pharmaceutical, medicinal and botanical products	17,227	9.6	12.5	19,737	7.7	2.9	-3,873	-2,510
Rubber and plastic products	13,649	1.7	-1.0	8,246	3.1	-7.1	4,908	5,403
Non metallic mineral products	8,924	-2.0	2.2	3,244	-3.2	-8.1	5,205	5,681
Basic metal products and fabricated metal products excluding machinery and equipment	50,779	2.9	4.9	37,753	-4.0	-11.1	5,918	13,026
Iron and steel products	32,874	5.1	6.4	30,898	-4.5	-12.0	-4,229	1,975
Fabricated metal products	17,905	-0.7	2.4	6,854	-1.3	-6.6	10,147	11,051
Computers, electronic and optical apparatus	12,599	2.6	-2.6	24,667	0.0	-20.2	-17,969	-12,068
Electrical apparatus	19,936	-2.3	-1.8	13,291	1.2	-4.0	6,470	6,645
Mechanical machinery and equipment	70,483	-0.2	3.0	22,502	-4.3	-6.8	44,309	47,981
Transport equipment	36,142	-2.1	-1.0	30,213	-9.1	-21.2	-1,816	5,930
Motor vehicles and trailers	24,988	-2.4	-0.6	24,375	-9.4	-23.1	-6,570	613
Other transport equipment	11,154	-1.6	-1.9	5,838	-8.0	-11.8	4,754	5,316
Furniture	8,137	-3.3	0.9	1,597	-3.4	-10.8	6,272	6,539
Other manufactured products	12,756	3.0	6.8	8,663	2.2	-6.4	2,683	4,093
Jewellery	5,607	-16.1	10.9	2,026	7.8	-2.7	2,973	3,581
OTHER PRODUCTS	9,255	-5.0	6.1	13,302	-2.0	-4.0	-5,129	-4,048
TOTAL	**389,725**	**1.4**	**3.7**	**378,759**	**-0.2**	**-5.6**	**-25,524**	**10,966**

(1) Annual average growth rate 2008-12.

Source: Based on Istat data

Table 2.9 - Volumes and prices of Italian exports and imports by sector
Percentage changes; 2012 indices, 2010=100

	EXPORTS						IMPORTS					
	Volumes			Average unit values			Volumes			Average unit values		
	% change 2010-11	% change 2011-12	index 2012	% change 2010-11	% change 2011-12	index 2012	% change 2010-11	% change 2011-12	index 2012	% change 2010-11	% change 2011-12	index 2012
PRODUCTS OF AGRICULTURE, FISHING AND FORESTRY	-0.8	-3.8	95.4	4.2	3.7	108.1	1.5	-9.5	91.9	15.3	4.3	120.3
MINING PRODUCTS	-4.1	6.4	102.1	14.1	6.9	122.0	-8.4	-4.3	87.6	27.9	12.0	143.3
MANUFACTURING PRODUCTS	4.2	-0.5	103.6	7.1	4.2	111.6	0.8	-10.3	90.4	6.4	1.9	108.4
Food products, beverages and tobacco	4.6	2.3	107.0	5.3	4.3	109.8	1.1	-4.5	96.6	7.4	3.7	111.4
Textiles, clothing and leather products	4.3	-3.8	100.3	7.8	6.7	115.0	0.4	-14.1	86.2	10.8	6.8	118.3
Textiles	*0.1*	*-8.4*	*91.7*	*8.9*	*5.2*	*114.6*	*-2.2*	*-16.4*	*81.8*	*17.0*	*3.0*	*120.5*
Clothing (incl. in leather and fur)	*3.8*	*-3.5*	*100.1*	*6.7*	*6.9*	*114.1*	*0.4*	*-13.3*	*87.1*	*7.8*	*5.9*	*114.2*
Leather products (excluding clothing)	*7.9*	*-1.1*	*106.7*	*8.1*	*7.0*	*115.7*	*2.8*	*-13.5*	*89.0*	*10.2*	*10.8*	*122.1*
Footwear	5.8	-4.7	100.9	6.6	6.7	113.7	1.9	-13.6	88.0	7.3	8.7	116.6
Wood and wood products (excluding furniture); products of straw and woven materials	0.8	2.3	103.2	2.5	2.0	104.6	-2.6	-13.5	84.2	3.7	1.1	104.8
Paper and paper products	0.9	0.9	101.8	4.5	-0.1	104.4	-2.1	-4.6	93.4	4.1	-3.2	100.8
Coke, refined petroleum products	-12.8	5.8	92.2	30.6	15.1	150.3	-7.9	-4.5	87.9	28.0	9.9	140.7
Chemical substances and products	1.3	-2.3	98.9	9.0	4.0	113.4	0.2	-4.0	96.2	13.3	1.8	115.3
Pharmaceutical, medicinal and botanical products	3.8	6.3	110.3	5.6	5.9	111.8	11.7	-3.9	107.4	-1.0	7.1	106.0
Rubber and plastic products	3.8	-6.0	97.6	7.5	5.3	113.2	4.2	-11.0	92.8	8.2	4.3	112.9
Non metallic mineral products	-0.8	-1.9	97.3	3.6	4.2	107.9	-0.7	-12.0	87.4	3.2	4.5	107.8
Basic metal products and fabricated metal products excluding machinery and equipment	12.1	3.9	116.5	9.7	1.0	110.8	4.7	-9.9	94.4	12.3	-1.3	110.8
Iron and steel products	*18.4*	*7.4*	*127.3*	*11.8*	*-1.0*	*110.7*	*5.2*	*-9.2*	*95.5*	*13.5*	*-3.2*	*109.9*
Fabricated metal products	*3.0*	*-2.6*	*100.4*	*6.0*	*5.1*	*111.4*	*3.4*	*-13.6*	*89.4*	*6.2*	*8.1*	*114.8*
Computers, electronic and optical apparatus	4.7	-5.2	99.2	6.5	2.7	109.4	-1.8	-10.7	87.7	-7.1	-10.7	83.0
Electrical apparatus	2.2	-2.1	100.1	2.5	0.3	102.8	-1.5	-8.5	90.2	5.7	4.9	110.9
Mechanical machinery and equipment	9.3	-2.7	106.3	4.3	5.8	110.4	4.3	-12.1	91.7	3.2	6.1	109.5
Transport equipment	2.7	-2.4	100.2	3.0	1.5	104.5	-1.1	-23.3	75.8	2.3	2.7	105.1
Motor vehicles and trailers	*9.5*	*-2.4*	*106.8*	*1.5*	*1.9*	*103.4*	*0.8*	*-25.0*	*75.7*	*2.1*	*2.4*	*104.6*
Other transport equipment	*-11.0*	*-2.7*	*86.6*	*7.6*	*0.7*	*108.4*	*-9.9*	*-16.4*	*75.3*	*3.5*	*5.5*	*109.2*
Furniture	-0.8	-2.2	97.1	4.7	3.2	108.0	0.6	-13.2	87.4	-0.3	2.7	102.4
TOTAL	**4.0**	**-0.6**	**103.4**	**7.1**	**4.3**	**111.7**	**-1.4**	**-9.4**	**89.3**	**10.8**	**4.2**	**115.4**

Source: Based on Istat data

Table 2.10 - World exports and Italy's market shares

	Incidence on world exports				Italy's market shares				Shares of euro-area exports			
	2007	2009	2011	2012	2007	2009	2011	2012	2007	2009	2011	2012
PRODUCTS OF AGRICULTURE, FISHING AND FORESTRY	2.5	2.9	2.9	2.9	2.4	2.1	1.8	1.7	7.5	7.1	7.2	6.7
MINING PRODUCTS	10.3	10.1	12.7	12.8	0.1	0.1	0.1	0.1	3.3	3.6	2.4	2.6
MANUFACTURING PRODUCTS	83.0	82.6	80.0	80.1	4.4	4.0	3.7	3.6	12.3	11.8	11.8	11.8
Food products, beverages and tobacco	4.9	5.8	5.3	5.3	4.1	4.2	3.8	3.8	10.0	10.4	10.3	10.3
Textiles, clothing and leather products	5.5	5.7	5.2	5.2	8.1	7.1	6.7	6.4	28.9	25.9	26.8	27.1
Textiles	1.7	1.8	1.7	1.6	7.0	5.5	5.0	4.6	22.5	19.5	20.7	20.2
Clothing (incl. in leather and fur)	2.7	2.8	2.5	2.4	6.6	6.1	5.6	5.4	28.1	25.1	24.9	25.4
Leather products (excluding clothing)	1.1	1.1	1.1	1.2	13.7	12.1	11.5	11.0	40.1	36.0	36.6	36.8
Footwear	0.6	0.7	0.6	0.7	12.8	10.9	10.2	9.3	37.0	32.8	32.4	32.1
Wood and wood products (excluding furniture); products of straw and woven materials	0.8	0.7	0.6	0.6	2.0	2.1	2.1	1.9	6.3	6.4	7.1	6.9
Paper and paper products	1.5	1.5	1.3	1.2	4.0	4.0	3.8	3.9	8.8	9.2	9.3	9.6
Coke, refined petroleum products	3.8	3.9	5.1	5.4	3.4	2.9	2.7	2.9	12.8	11.7	11.1	11.3
Chemical substances and products	7.8	7.7	7.8	7.6	2.9	2.7	2.6	2.5	6.9	6.6	6.9	6.8
Pharmaceutical, medicinal and botanical products	3.0	4.1	3.2	3.2	4.2	3.6	4.0	4.1	7.5	6.6	7.7	8.0
Rubber and plastic products	2.3	2.4	2.3	2.5	5.8	5.2	4.8	4.3	14.5	13.8	13.8	13.3
Non metallic mineral products	1.3	1.3	1.1	1.1	8.4	7.5	6.6	6.3	17.3	16.6	16.3	16.7
Basic metal products and fabricated metal products excluding machinery and equipment	9.4	8.0	8.8	8.5	4.7	4.6	4.3	4.4	13.4	14.1	14.6	15.5
Iron and steel products	6.9	5.6	6.7	6.4	3.9	3.8	3.8	4.0	12.3	12.9	14.0	15.4
Fabricated metal products	2.5	2.4	2.2	2.2	6.8	6.5	5.9	5.5	15.5	16.1	15.8	15.6
Computers, electronic and optical apparatus	12.4	12.7	11.5	11.7	1.0	0.9	0.9	0.8	4.7	4.5	5.1	4.8
Electrical apparatus	4.6	4.6	4.3	4.4	5.3	4.8	4.2	3.8	15.9	15.0	13.9	13.7
Mechanical machinery and equipment	10.0	9.3	8.9	8.8	7.3	7.2	6.5	6.2	18.4	18.6	18.0	18.1
Transport equipment			3.4	3.2	2.8	2.5	8.5	8.3	7.6	7.1		
Motor vehicles and trailers	9.1	7.3	7.6	7.7	3.3	3.0	2.7	2.5	7.6	7.1	6.8	6.8
Other transport equipment	3.1	3.7	3.2	3.3	5.9	4.5	3.4	2.7	21.8	24.3	22.7	16.4
Furniture	0.9	0.9	0.8	0.8	11.1	9.8	8.6	7.4	32.9	30.4	30.5	30.6

Source: Based on Eurostat and national statistical institutes data

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

	Amount	Percentage changes					Share of Italian exports (%)				
	2012	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
North-West	**155,341**	**2,1**	**-20,1**	**14,2**	**11,2**	**3,5**	**40.9**	**41.3**	**40.5**	**40.4**	**40.3**
Piedmont	39,686	1,8	-21,7	16,0	11,9	2,9	10.5	10.4	10.3	10.4	10.3
Valle d'Aosta	596	-18,0	-36,4	36,2	2,4	-6,4	0.2	0.2	0.2	0.2	0.2
Lombardy	108,080	2,0	-21,0	14,3	10,8	3,7	28.7	28.8	28.2	28.0	28.1
Liguria	6,978	10,0	10,4	1,8	14,8	4,1	1.4	2.0	1.8	1.8	1.8
North-East	**118,960**	**1,3**	**-21,7**	**15,5**	**11,2**	**1,1**	**32.3**	**32.0**	**31.7**	**31.7**	**30.9**
Trentino-Alto Adige	6,920	0,0	-16,8	19,5	10,6	1,7	1.7	1.8	1.8	1.8	1.8
Veneto	51,128	-1,1	-21,5	16,2	10,3	1,6	13.8	13.7	13.7	13.5	13.3
Friuli-Venezia Giulia	11,450	6,7	-18,9	8,7	7,7	-8,9	3.7	3.8	3.5	3.4	3.0
Emilia-Romagna	49,462	2,6	-23,3	16,2	13,2	3,1	13.1	12.8	12.7	12.9	12.8
Center	**64,526**	**-4,1**	**-15,3**	**17,6**	**13,2**	**6,3**	**14.9**	**15.9**	**16.1**	**16.3**	**16.7**
Tuscany	32,368	-4,8	-9,0	15,5	14,0	6,9	7.0	8.0	8.0	8.1	8.4
Umbria	3,878	-6,3	-22,3	18,8	14,9	7,6	0.9	0.9	0.9	1.0	1.0
Marche	10,322	-14,4	-25,0	11,2	9,5	6,0	2.9	2.8	2.7	2.6	2.7
Lazio	17,958	7,4	-17,5	25,7	13,9	5,1	4.0	4.2	4.5	4.6	4.7
South and Islands	**46,426**	**4,5**	**-29,3**	**27,0**	**10,6**	**10,6**	**12.0**	**10.7**	**11.7**	**11.6**	**12.1**
Abruzzo	6,897	4,3	-31,6	21,2	14,3	-4,8	2.1	1.8	1.9	2.0	1.8
Molise	376	2,2	-35,2	0,1	-3,9	-6,1	0.2	0.1	0.1	0.1	0.1
Campania	9,400	-0,1	-16,1	12,9	5,6	-0,5	2.6	2.8	2.7	2.5	2.4
Puglia	8,772	3,4	-22,7	20,3	18,1	7,3	2.1	2.0	2.1	2.2	2.3
Basilicata	1,153	-6,5	-22,4	-5,3	-3,0	-17,5	0.5	0.5	0.4	0.4	0.3
Calabria	374	-8,9	-16,4	5,1	8,5	0,1	0.1	0.1	0.1	0.1	0.1
Sicily	13,052	3,8	-37,7	48,7	16,0	21,2	2.8	2.2	2.8	2.9	3.4
Sardinia	6,402	23,9	-44,0	60,8	-0,1	21,5	1.6	1.1	1.6	1.4	1.7
Total regions	**385,253**	**1.1**	**-21.0**	**16.5**	**11.5**	**3.7**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

Source: Based on Istat data

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012(1)
No. of exporting firms	196,973	198,351	201,680	206,795	204,619	205,643	194,255	205,708	207,352	207,920
% change	0.5	0.7	1.7	2.5	-1.1	0.5	-5.5	5.9	0.8	0.3
Exports(2)	262,057	281,877	296,954	328,715	359,981	364,275	286,281	331,348	368,504	380,999
% change	-1.7	7.6	5.3	10.7	9.5	1.2	-21.4	15.7	11.2	3.4
No. of foreign affiliates	19,879	20,863	21,740	23,023	24,941	26,005	26,714	27,157	27,191	27,539
% change	5.3	4.9	4.2	5.9	8.3	4.3	2.7	1.7	0.1	1.3
No. of workers abroad	1,297,093	1,296,454	1,323,327	1,348,761	1,485,054	1,498,714	1,562,158	1,581,525	1,557,038	1,585,623
% change	0.6	0.0	2.1	1.9	10.1	0.9	4.2	1.2	-1.5	1.8

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

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

Table 2.13 - Workers and sales revenue of foreign affiliates of Italian multinational enterprises by geographical region and size class (number of of workers)

	1- 49 workers	50- 249 workers	250 + workers	Total	% Share of the area	1- 49 workers	50- 249 workers	250 + workers	Total	% Share of the area
	Percent distribution of workers					**Percent distribution of sales revenue**				
European Union	9.8	16.1	74.1	100	47.0	4.2	8.6	87.2	100	52.5
Non EU European countries	10.4	14.8	74.8	100	8.9	3.3	3.5	93.3	100	11.0
North Africa	13.1	26.8	60.1	100	2.7	1.3	1.8	96.9	100	2.5
Other African countries	12.8	3.6	83.5	100	2.2	1.5	2.8	95.7	100	1.5
North America	2.7	4.4	92.9	100	12.4	3.2	5.6	91.2	100	9.5
South and Central America	2.3	5.5	92.3	100	15.1	0.7	3.3	96.0	100	15.8
Middle East	10.5	18.3	71.2	100	0.8	3.5	6.1	90.4	100	0.4
Central Asia	5.9	22.7	71.4	100	1.7	1.1	2.7	96.2	100	1.5
East Asia	6.0	18.2	75.8	100	8.9	4.1	20.6	75.3	100	4.7
Oceania	4.0	12.5	83.5	100	0.3	0.4	6.2	93.4	100	0.7
TOTAL	**7.6**	**13.2**	**79.2**	**100**	**100.0**	**3.3**	**7.1**	**89.6**	**100**	**100.0**

Source: Based on ICE-REPRINT data

Table 2.14 - Public support to internationalization: framework of promotional and financial services
Millions of euros

	2010	2011	2012	2010	2011	2012	2010	2011	2012
				PROMOTIONAL SERVICES					
	User firms			Fund spent			Users' contribution to costs		
Ministry for Economic Development (1) (2)	232	264	238	28	20	24	12	9	11
Regions (3)	n. a.	n. a.	n. a.	n. a.	99	101	n. a.	n. a.	n. a.
ICE (4)	31,831	23,779	21,169	122	70	28	28	15	7
Chambers of Commerce (5)	31,104	32,773	52,586	84	93	76	n. a.	n. a.	n. a.
				FINANCIAL SERVICES					
	Firms			Volume of transactions			Gross premiums		
Sace	20,765	25,127	24,978	34,266	36,586	35,179	533	442	380
	Number of Italian firms supported			Amount of the transactions			Own funds invested		
Simest	237	498	570	1,020	1,714	4,600	371	386	391

(1) Only comprises support programs directly in favor of associations, Italian chamber of commerce abroad, associations of firms, authorities and institutions.
(2) For 2012, preliminary estimates for funds spent and users' contribution to costs.
(3) Allocated rather than spent funds.
(4) Foreign users included. Funds for promotion and training activities.
(5) Firms that participated in promotional and training activities. The amounts include contributions and incentives supplied to firms on behalf of third parties.

Sources: Based on Ministry of Economic Development, Regions, ICE, Unioncamere, Sace and Simest data

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