



*Ministero
dello Sviluppo Economico*

Pride and Prejudice

#theforceofexport

▶ **WHAT YOU DON'T KNOW ABOUT "MADE IN ITALY"**





▶ INTRODUCTION

An increasingly internationalised economy: export is a major driver of domestic growth and has accounted for over 30% of Italian GDP in 2013.

Not just taste and beauty: the success of “Made in Italy” in the world lies in our brands and products. Factors of excellence that go beyond traditional leading industrial sectors such as food, fashion and furniture. The machinery sector represents, in fact, the most important item in terms of trade surplus.

The world is eager for Italy: in the next few years presumably 800 million new consumers will enter the global market, seeking for Italian goods and style.

We are presenting here a series of competitive levers of the Italian economic system, maybe not so well-known but which provide a more reliable representation of a country characterised by a solid manufacturing sector, a diversified economy and a deeply-rooted export culture.



MANUFACTURING TRADE SURPLUS

▶ ITALY RANKS 5TH AMONGST G-20 COUNTRIES

1

Italy has the fifth manufacturing trade surplus amongst G-20 countries, exclusive of energy and minerals, with a positive balance of 122 billion dollars in 2013, as a result of 482 billion dollars exported and 360 billion dollars imported.

Amongst European countries, we are second to Germany only, while France and the United Kingdom show trade deficits.

If we also include the energy and minerals sectors, the Italian trade balance is still on the positive side, with a surplus of 40 billion dollars.

Manufacturing trade balance = Exports - Imports
(goods only, services excluded).

If exports exceed imports (positive balance), then the country has a trade surplus. If imports exceed exports (negative balance), then the country has a trade deficit.



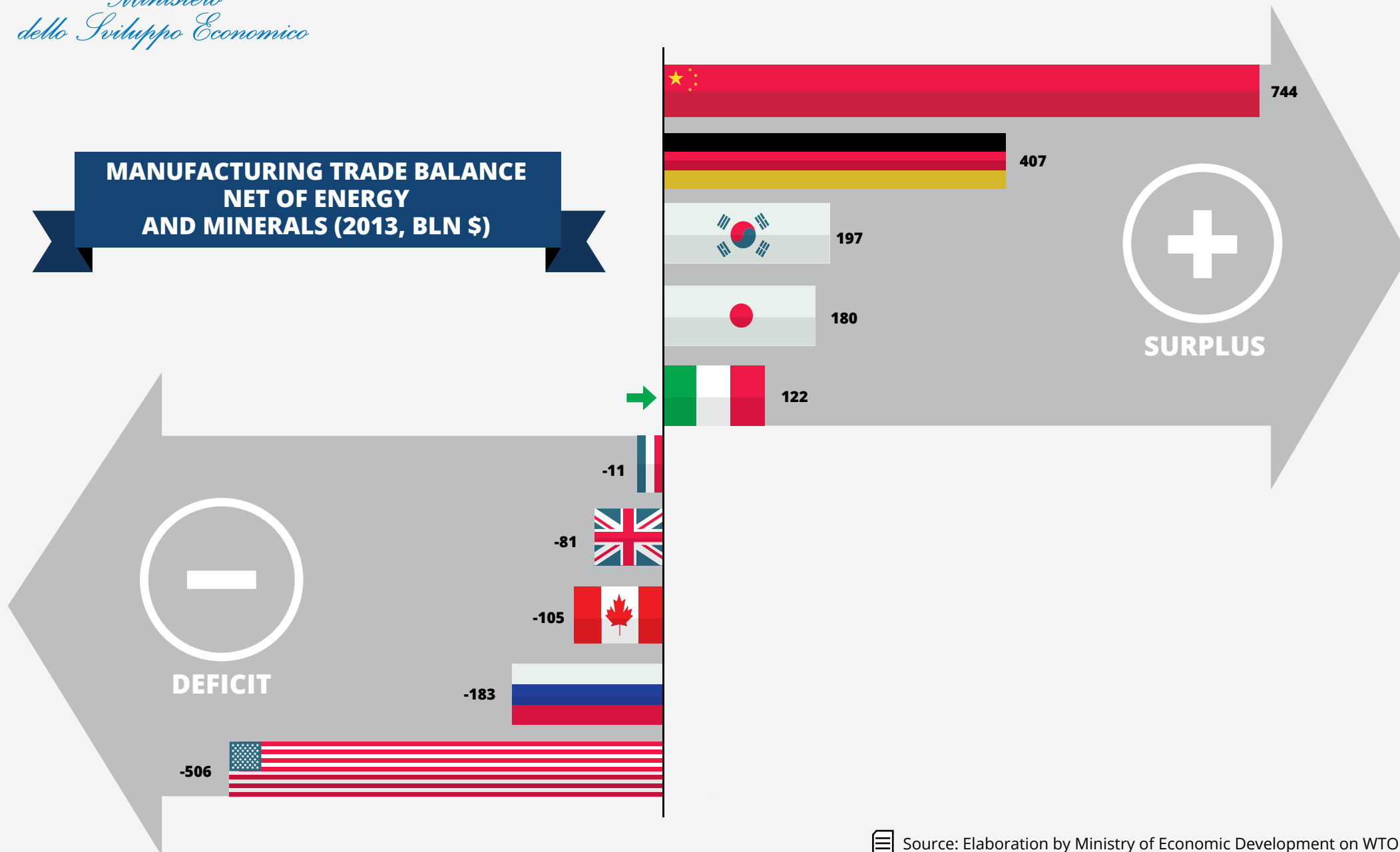
MANUFACTURING TRADE SURPLUS.
ITALY RANKS 5TH AMONGST G-20 COUNTRIES

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**MANUFACTURING TRADE BALANCE
NET OF ENERGY
AND MINERALS (2013, BLN \$)**



Source: Elaboration by Ministry of Economic Development on WTO data



WORLD LEADERSHIP IN TRADE SURPLUS

▶ **FOR ALMOST 1,000 PRODUCTS**

2

In 2012, out of a total of 5,117 merchandised products (the most detailed breakdown of world trade by industry), Italy occupies leadership positions for trade surplus referred to 935 products, as it ranks first in 235 products ("gold medal"), second in 377 products ("silver medal") and third in 323 products ("bronze medal").

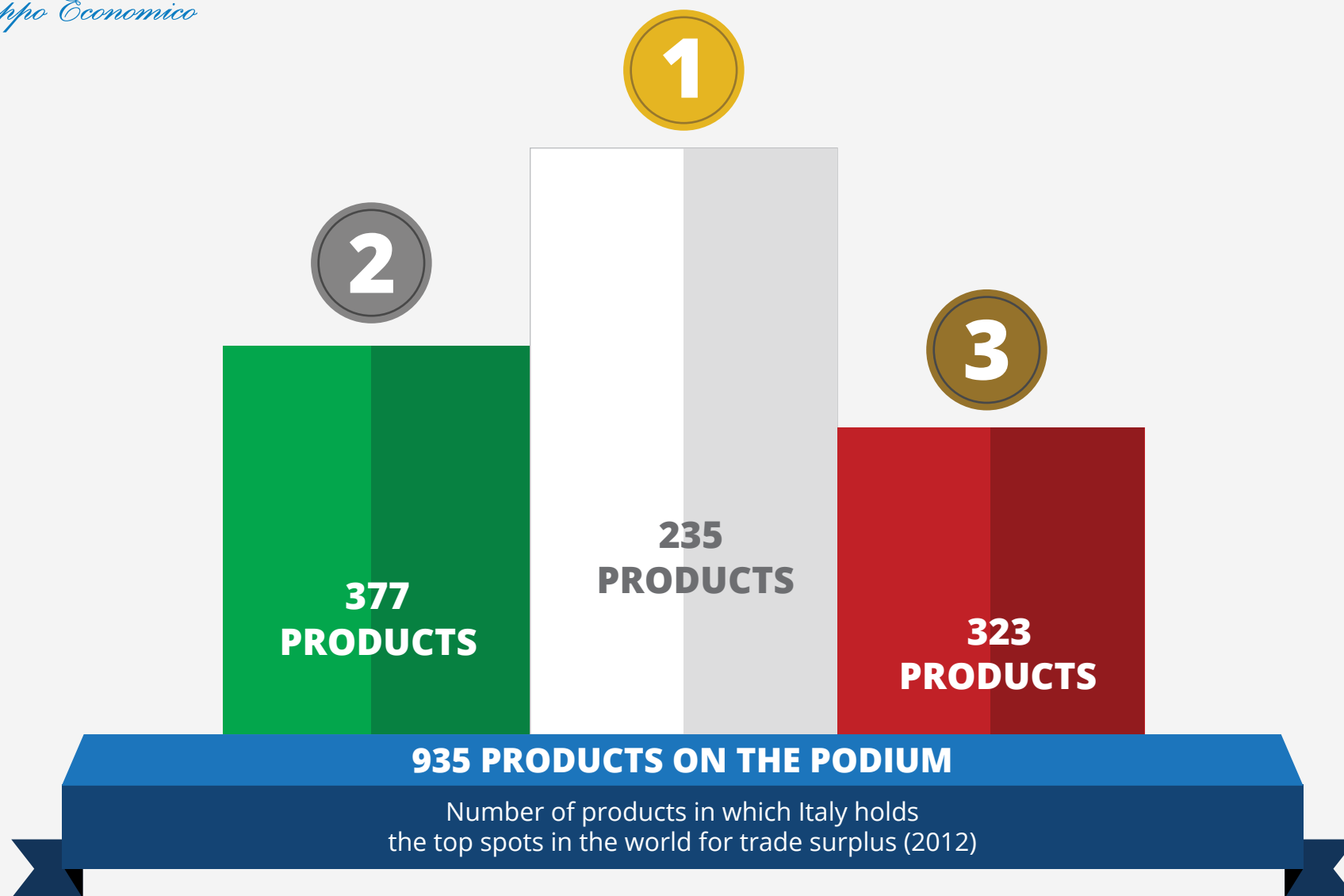


WORLD LEADERSHIP IN TRADE SURPLUS
FOR ALMOST 1,000 PRODUCTS

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Source: Fortis-Corradini index out of a total of 5,117 items, in "10 verità sulla competitività italiana" by Fondazione Symbola - Unioncamere - Fondazione Edison



AMONG THE INDUSTRIALISED NATIONS

▶ **ITALY HAS MAINTAINED MOST OF ITS MARKET SHARE**

3

Italy cannot be considered a victim of globalisation when competing with emerging economies. Rather, we belong to those countries that have suffered less from the entrance of China and other BRICS in the world market, since we have maintained 74% of our export share compared to 2000. Even though our performance is not comparable to that of Germany (90%), we are still doing better than the United States (69%), the United Kingdom (65%), France (61%) Canada (57%) and Japan (51%).

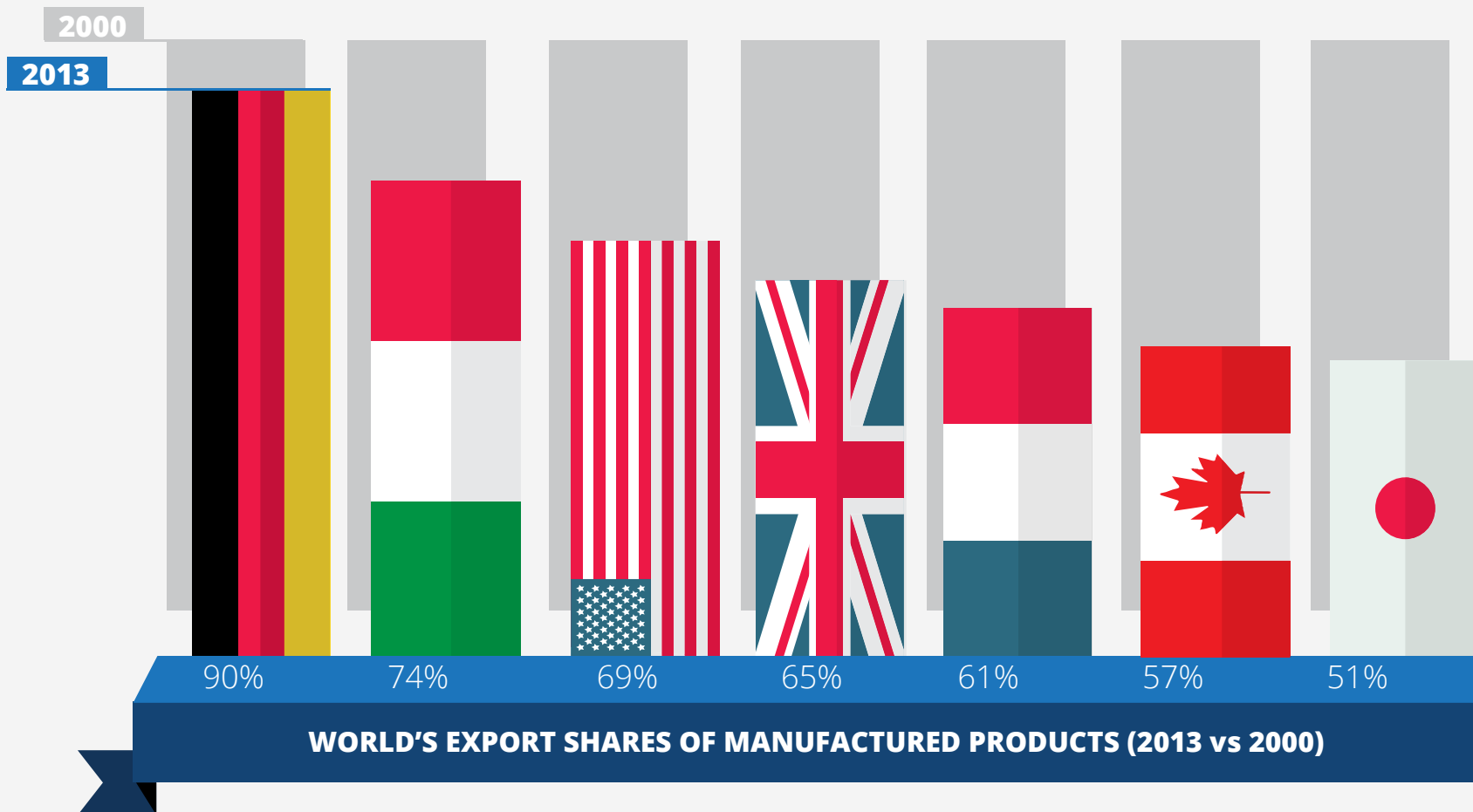


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AMONG THE TOP WORLD MANUFACTURERS

▶ **ITALY IS STILL THE 6TH STRONGEST**

4

During the last 35 years, Italy has been able to keep the position it held well before the globalisation phenomenon and the entrance of emerging economies into the global trade arena.

We are in fact present amongst the six leading manufacturing countries, second in Europe only to Germany, while France and the United Kingdom have constantly lost positions to new Chinese, Korean, Russian and Brazilian global competitors.

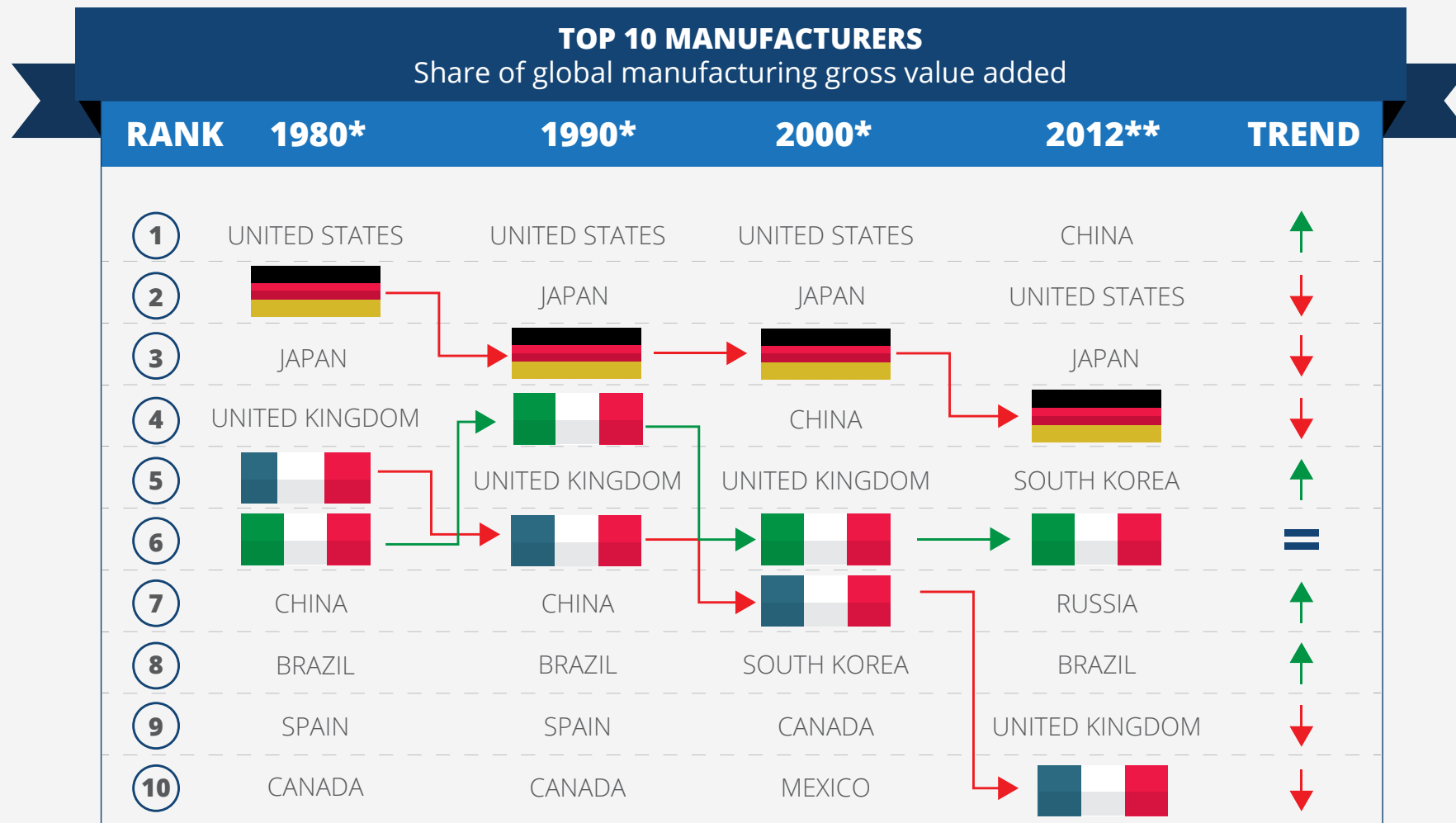


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Fonte: * Manufacturing the future, McKinsey Global Institute on IHS Global Insight data, November 2012
** Updated with World Bank data - ITA/ICE Analysis 2013



NOT JUST FASHION AND FOOD

▶ **SPECIALISATION IN THE MACHINERY SECTOR**

5

Major challenges posed by globalisation and the access of emerging countries in world trade have caused some changes in the Italian industrial and productive structure, increasingly oriented towards the quality of processes and products.

Good performance in the traditional 'Made in Italy' sectors – such as textile and clothing, shoes, furniture and the nautical industry – remains unchanged, thanks to the re-conversion into high value-added segments of the market.

At the same time, the Italian economy has reinforced important specialisations such as machinery – now the most important sector in terms of trade balance surplus –, transport means other than cars, chemicals and pharmaceuticals, high technology.

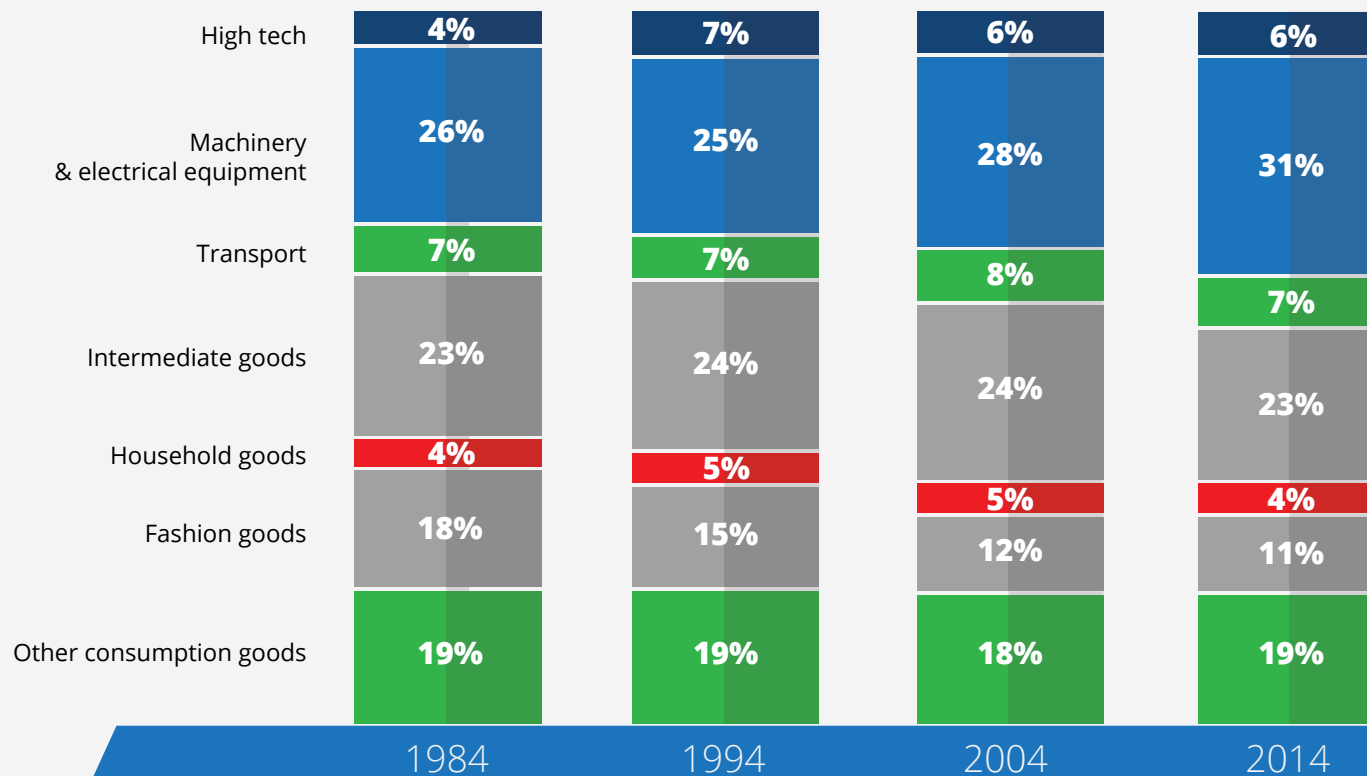


NOT JUST FASHION AND FOOD.
SPECIALISATION IN THE MACHINERY SECTOR

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EVOLUTION OF ITALIAN MANUFACTURING

Share of sales at constant prices



ITALY'S FOREIGN TURNOVER HAS SHARPLY INCREASED

▶ **WHILE DOMESTIC DEMAND HAS COLLAPSED SINCE 2008**

6

The stagnation of Italy's GDP in the latest years does not result from a lack of ability of our companies to seize the opportunities of global competition and openness.

Rather, it is the dramatic slump in domestic demand, at least partially caused (both in Italy and Europe) by the rigid interpretation of the austerity measures, that has undermined our growth outlook.

From the beginning of the world crisis in Fall 2008, the Italian manufacturing industries have lost 17.9% of their domestic turnover, against -2.1% of Germany and +4.5% in France.

By contrast, in foreign markets Italy has outdone Germany in terms of industrial turnover, increasing 10.8% against 8.8% in Germany and 3% in France.



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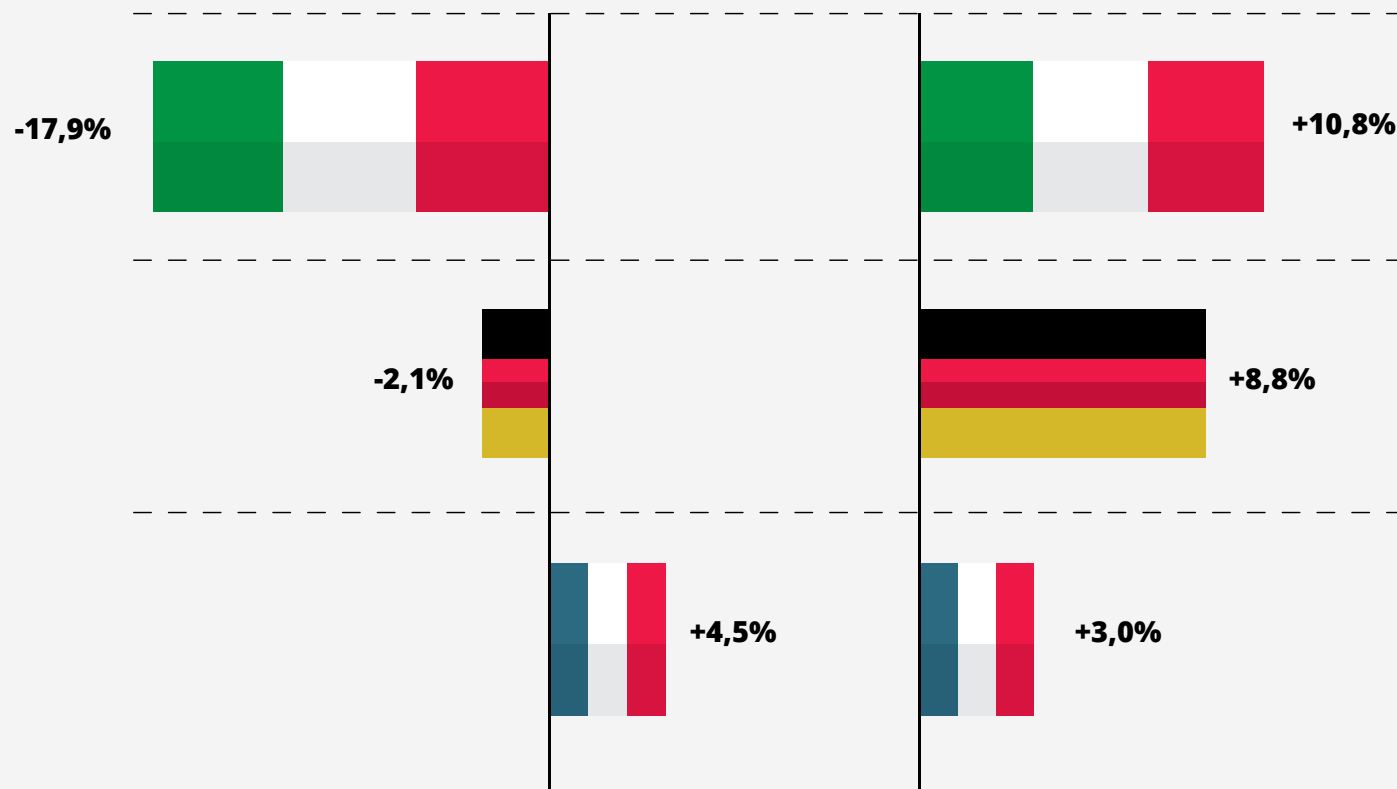
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PERFORMANCE OF THE MANUFACTURING TURNOVER

Comparison October 2008 - September 2014

DOMESTIC TURNOVER

FOREIGN TURNOVER





ACCORDING TO THE TRADE PERFORMANCE INDEX

▶ ITALY IS THE 2ND MOST PERFORMING COUNTRY

7

The Trade Performance Index is an indicator of international competitiveness ranking 189 countries in 14 macro-sectors. It takes into account not only the absolute value of trade, but also the size of markets and their specialisation, as well as, if any, their weak points resulting from an excessive concentration on a few products or a few importing countries.

In 2013, Italy ranked first in 3 sectors (Leather products, Clothing, Textiles), second in another 5 sectors (Non-electronic machinery, Basic manufactures, Transport equipment, Electronic components, Miscellaneous manufacturing), and seventh in Processed food.

Italy confirms its position as the second most performing country after Germany – that ranks first in eight sectors and second in one, thus outdoing China, South Korea, France and Japan, whereas the USA, the United Kingdom and Canada perform less brilliantly among the most developed countries.



ACCORDING TO THE TRADE PERFORMANCE INDEX
ITALY IS THE 2ND MOST PERFORMING COUNTRY

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RANKING OF MAIN MANUFACTURERS IN THE TRADE PERFORMANCE INDEX (2013)

MACRO-SECTORS	GERMANY	ITALY	CHINA	SOUTH KOREA	FRANCE	JAPAN	UNITED STATES
FRESH FOOD	27	37	50	79	6	89	8
PROCESSED FOOD	1	7	24	71	3	88	38
WOOD PRODUCTS	1	25	36	50	28	53	31
TEXTILES	2	1	3	8	19	35	35
CHEMICALS	1	28	24	9	4	8	6
LEATHER PRODUCTS	15	1	2	38	16	74	40
BASIC MANUFACTURES ¹	1	2	6	4	27	7	47
NON-ELECTRONIC MACHINERY	1	2	5	11	10	12	25
IT & CONSUMER ELECTRONICS	12	22	8	7	18	40	23
ELECTRONIC COMPONENTS ²	1	2	40	17	20	5	30
TRANSPORT EQUIPMENT	1	2	18	3	14	12	35
CLOTHING	15	1	2	47	12	79	41
MISCELLANEOUS MANUFACTURING ³	1	2	8	41	23	9	25
MINERALS	31	46	75	66	28	85	21



Source: Elaboration by Ministry of Economic Development and Fondazione Edison on International Trade Centre data

- 1) Includes metal and marble products, and pottery
- 2) Includes electrical household appliances
- 3) Includes glasses, jewelry, and plastic articles

 RANKS 1 TO 3
 RANKS 4 TO 10



▶ CONCLUDING REMARKS

Foreign demand is crucial to support economic systems and employment levels. The Italian productive system has proved its ability to contribute to international trade, the first driver of global growth.

This is the result of the dynamism of our companies, the excellence of our manufacturing industry, and a general and pervasive expertise.

Moreover, with the aim to stimulate prospects for growth and the competitiveness of enterprises, the Italian Government has recently approved a number of reforms aimed to enhance the pro-business environment in taxes, bureaucracy, justice, the energy market and employment.

This shows Italy's ability to address global economic competition, by seizing new opportunities and achieving success in emerging markets.