Italian National Statistical System

Italian Institute for Foreign Trade

Italy in the World Economy

ICE Report 2009-2010 - Summary

ITALIA

Istituto nazionale per il Commercio Estero

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The Report is based on information available at 30 June 2010.

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The Italian economy and the recovery of world trade

1. World trade and international investment

The crisis of confidence that was triggered by the bursting of the real-estate bubble in the United States in 2007 and reached its height with the failure of Lehman Brothers in September 2008 spread rapidly from the financial system to the real economy, leading to a broadly based fall in output and a collapse of world trade. In 2009 world GDP declined by 0.6 per cent,[1] with a larger contraction in the first six months and a slight recovery in the third and fourth quarters.

The crisis was deepest in the advanced countries

No country was unscathed, but while the advanced countries saw GDP actually contract by 3.2 per cent, the emerging economies only suffered a slowdown and began to regain pace after a few short months. Asia confirmed its role as the engine of the world economy, maintaining a very high growth rate (6.6 per cent). In the countries of sub-Saharan Africa, still not strongly integrated into the international markets, economic activity also continued to expand, though more slowly than in the previous five years; excluding South Africa, which was hit hard, growth in the region averaged about 4 per cent.

World trade shrank by 11.3 per cent, the sharpest contraction since the 1930s

Trade in goods and services tends to contract more than output during recessions, but the particularly sharp and sudden collapse of trade in 2009 – 11.3 per cent on average for the year – was the most severe since the 1930s, partly because the crisis hit all countries simultaneously irrespective of their degree of financial integration. In recent decades trade had diminished only three times – in 1975 owing to the oil crisis, 1982 with the debt crisis, and 2001 with the bursting of the ICT or dot-com bubble – but never by more than 10 per cent.

This outcome was the product of several concomitant factors. In the first place, there was a composition effect: the fall in global demand was particularly steep for investment goods and consumer durables, which account for a larger share of the volume of trade than of value added. This is related to the growing international fragmentation of production, which has strongly amplified the sensitivity of trade to changes in GDP. The difficulties in gaining access to trade credit, which penalize exporters based in countries with underdeveloped banking systems and smaller firms, were another important braking factor.

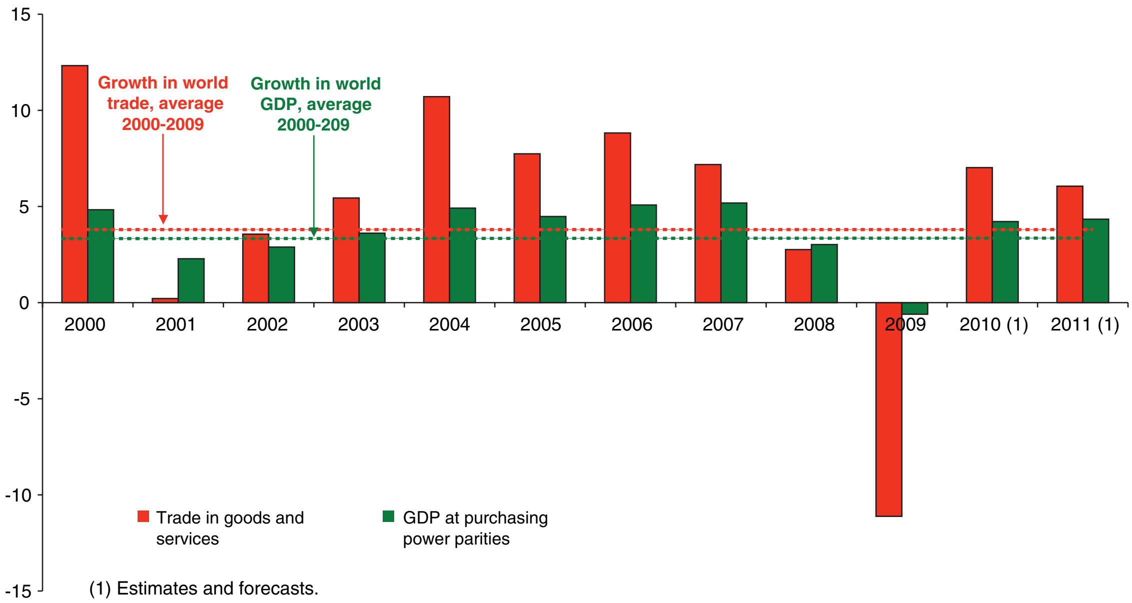
World trade turned upwards halfway through the year, with volumes sharply higher than in the previous quarters but still below the peaks reached in 2008.

High volatility of commodity prices

The raw materials markets displayed extreme volatility. In the second half of 2008 the onset of the recession had caused commodity prices to come down rapidly from the peaks they had reached at the start of the year. The downward trend inverted as early as the first few months of 2009, anticipating the recovery of production, but prices were nevertheless considerably lower in 2009 than in 2008 on an average annual basis. The upswing in the prices of raw materials, particularly petroleum, appears to have

1 At purchasing power parities. At market exchange rates, the decline is estimated at 2 per cent (International Monetary Fund, *World Economic Outlook*).

Chart 1
World output and trade. Percentage changes in volume



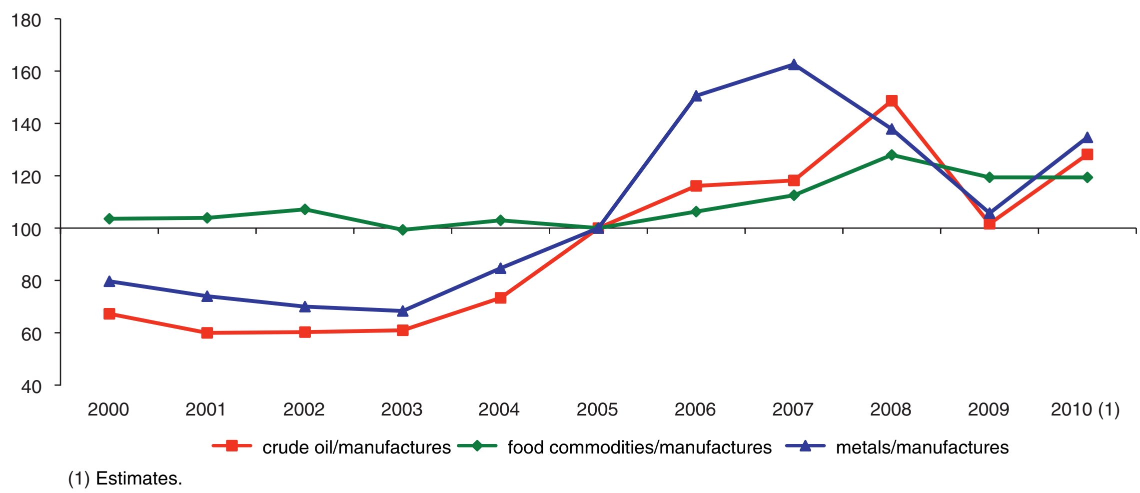
Source: Based on IMF data

strengthened in 2010, supported by the resurgence of demand especially in China and India.

Some recent estimates indicate that China will become the world's largest importer of oil and gas in 2025, and already in 2010 more than 90 per cent of the forecast growth in the demand for oil is expected to come from countries that are not members of the OECD, which continue to have a very high propensity to consume petroleum and its derivatives and have not made investments to reduce the energy-intensity of their production.

From November onward, with the improvement in economic conditions in the United States, there was an inversion of the tendency for the dollar to depreciate against both the euro and the currencies of the energy-exporting countries. The prevailing uncertainty in the

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



Source: Based on IMF data

markets caused a surge in demand for US government securities, which were deemed low risk. At the same time, the euro came under speculative attack in connection with the weakness of the economic recovery and, most recently, supposedly unsustainable government budget deficits. The exchange rate of the yen did not vary significantly in the course of 2009.

Balance-of-payments disequilibria were reduced in 2009; China's surplus and the US deficit narrowed

The renminbi was basically stable during the year, appreciating slightly against the dollar and the euro. At the start of 2010, however, a statement by the Chinese central bank suggested a change in monetary policy outlook that could have important consequences for trade relations. Balance-of-payments disequilibria lessened in 2009 but were not eliminated. China recorded a current account surplus equal to 10 per cent of GDP, one point less than in 2008, while the US deficit declined from 5 to 3 per cent of GDP.

Trade in services diminished less than trade in goods

Contrary to the pattern of the recent past, trade in services outperformed trade in goods (down by 12.9 and 23 per cent, respectively, in current dollars) and services' share of world trade consequently rose, interrupting a downtrend under way since the early 1990s.

China and India are driving the growth in intra-Asian trade integration

Despite the slowdown in output growth, in 2009 Asia was again the region making the largest contribution to the expansion of trade in goods. China and India fueled trade with neighboring countries in particular, increasing the intensity of intra-regional trade.

China overtakes Germany to become the world export leader

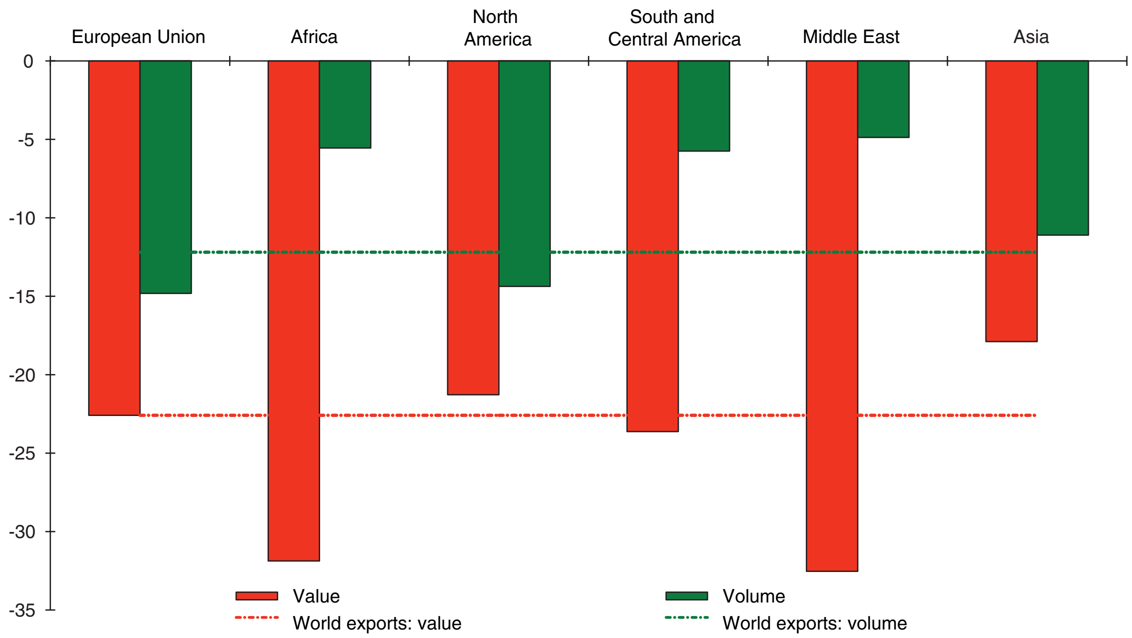
China became the world's leading exporter of goods, with 9.6 per cent of the total, overtaking Germany, whose share held at 9 per cent. After several years of decline, the share of the United States rose from 8 to 8.5 per cent and the US remained solidly in third place.

In the unusual context of a decline in all the regions' exports and imports of goods in both value and volume terms, there was a further rebalancing of market shares in favor of emerging countries.

Sharp contraction in direct investment flows to advanced and emerging countries alike

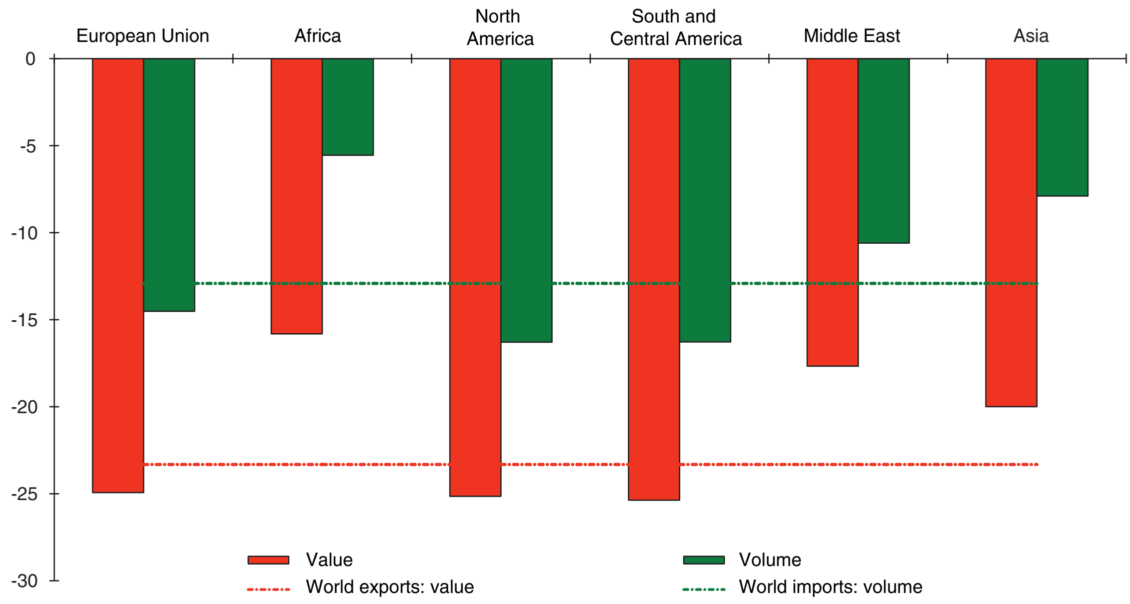
Inward foreign direct investment flows, according to UNCTAD estimates, suffered a large drop for the year, with a sharp contraction in the first quarter of 2009 followed by stabilization in the last part of the year. The decline is estimated at more than 50 per cent for

Chart 3
Merchandise exports by region in 2009.
Percentage changes on previous year in value in dollars and, for volume, in indices, 2005=100



Source: Based on WTO data

Chart 4
Merchandise imports by region in 2009.
Percentage changes on previous year in value in dollars and, for volume, in indices, 2005=100



Source: Based on WTO data

the advanced economies and close to 39 per cent for the emerging countries. For the latter, it is related in part to the volatility of commodity prices, which had negative effects on foreign direct investment in Africa, and in part to the demand slowdown in China and India, which discouraged new investment projects in particular.

The forecasts for 2010 indicate 9 per cent growth in trade, which has expanded rapidly in the first few months of the year

Output and trade are both expected to pick up at global level in 2010. The IMF forecasts growth of about 9 per cent in trade in goods and services, but in the first few months of 2010 merchandise trade expanded at a very rapid pace (more than 13 per cent). Trade is already resurgent, especially in the emerging regions, as is shown by the period-on-previous-period data on Chinese imports,[2] and consumption also shows some signs of reviving in the main industrial countries. However, especially in Europe, there remain the unknowns of the debt crisis and its repercussions.

In 2010 goods exports are forecast to grow in volume by 7.5 per cent in the developed countries and by about 11 per cent in the rest of the world. The expectation, therefore, is that there will be a further change in the distribution of world trade, fueled by the shift of production to the East. However, the return of trade to pre-crisis levels will not be immediate. According to UNCTAD, foreign direct investment also will return to growth in 2010 and gain strength in 2011.

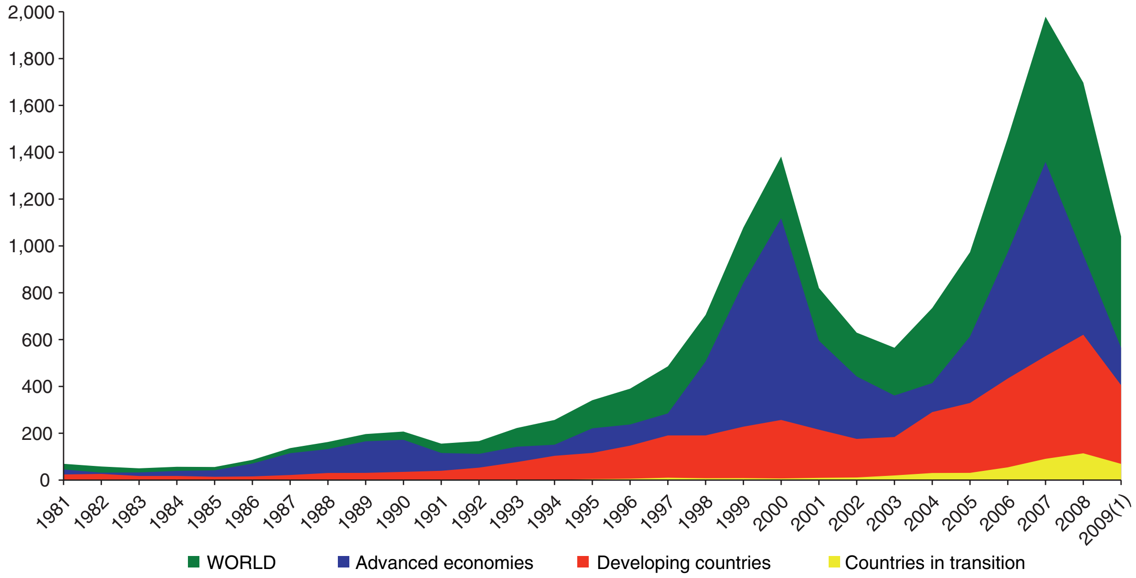
2. The European Union

The crisis hit the European Union harder than the other regions

The European Union was hit harder by the crisis than the other regions in 2009. Domestic demand, exports and employment fell steeply in all the member countries except Poland.[3] At the same time, the public finance indicators deteriorated markedly, owing to government interventions to prop up the financial system and support the economy.

2 See the analysis by Andrea Dossena and Alessandra Lanza, "Il commercio mondiale di manufatti: previsioni al 2012", in Chapter 1.
3 See the contribution by Roberta Mosca, "La crescita della Polonia prosegue ininterrotta durante la Grande Recessione", in Chapter 2.

Chart 5
Foreign direct investment inflows.
Billions of dollars



(1) Provisional Data.

Souce: Based on UNCTAD data

The contraction in output, lasting from the spring of 2008 to the following spring, was followed by a moderate but stable export-led recovery, with domestic demand remaining weak. In 2010 tension flared up again on the financial markets, triggered by the problems of Greek public debt management, and the strains then spread on a wave of fear about the sustainability of the public finances of other countries of the area.

The euro's depreciation against the dollar could boost the competitiveness of European exports

In this situation of renewed financial tension, the euro has depreciated rapidly against the dollar, which could lead to an improvement in the European firms' competitiveness. The short-term outlook for the Union's economy therefore appears to hinge on the progress of world demand. The fiscal adjustment measures taken to offset the budget deficits spawned by the crisis will presumably restrain the growth in domestic demand, which is likely to be very modest.

In 2009 the European Union was again the world's top exporter and importer of goods, but its foreign trade declined markedly compared with 2008. The persistent weakness of internal demand and the slide in raw materials prices were reflected in the value of imports, which contracted more sharply than the world average.

The EU's exports to China expanded again in 2009

Although the United States is still the main outlet market for the Union's exports, in 2009 China was one of few countries where EU exports expanded and at the same time it consolidated its position as the Union's leading supplier of imports. In addition to fashion goods and ICT products, of which the EU has been a net importer for years, China is beginning to score successes in some sectors of machinery and equipment, ousting the United States as the principal source market. Reflecting these developments, the EU's normalized trade deficit with China reached a record level. Russia, which had enjoyed vigorous expansion in the last decade but was rocked by the crisis, saw its share of exports to the EU decline abruptly, although it did strengthen its position as a supplier of raw materials.

The EU's trade balances remained negative, but with disparate trends, in many medium/low-tech sectors, such as textiles and clothing, footwear (with a sharp deterioration), steel products and agricultural products. There was also a further widening in the deficit on electronic products, a sector in which the EU relies increasingly on foreign purchases. By contrast, the EU's normalized surpluses grew in some medium/high-tech sectors of specialization, including transport equipment, mechanical machinery and equipment and electrical machinery and apparatus.

The EU again had a surplus on trade in services

The European Union also confirmed its global leadership as an exporter and importer of services, with a normalized surplus. Geographically, in 2009 the Union recorded its first deficit ever with the United States, its leading trading partner; the negative balance was ascribable to the deficits on construction and foreign travel.

However, the EU lost its primacy as a recipient of FDI

According to the latest available data, which refer to 2008, the European Union lost its primacy as a recipient of foreign direct investment. The uncertain outlook for the economies of the region and the diminished capacity of multinational corporations to maintain their previous financial commitments penalized the EU.

3. Trade policies

Given the standstill in the negotiations, the Doha Round is unlikely to wind up in 2010

The negotiations within the World Trade Organization on the Doha Development Agenda continued to be stalled in 2009, and the hoped-for conclusion of the talks during 2010 appears unlikely. Governments' shared worries about the economic situation diverted their attention from the issues of negotiation, despite the positive contribution that a good agreement could make to relaunching the world economy.

The persistent clash of positions between the advanced countries and the emerging or developing countries prevents the talks from reaching conclusion. In the agricultural sector there are some areas of partial agreement, but on domestic subsidies many questions remain pending. For non-agricultural goods, the gap between advanced and emerging countries in tariff levels makes it hard to reach agreement on the manner and size of the cuts to be made. Headway has also been slow for the talks on services, which are conditioned by developments in the other sectors.

There was no generalized recourse to protectionist measures or infringement of the agreements in force

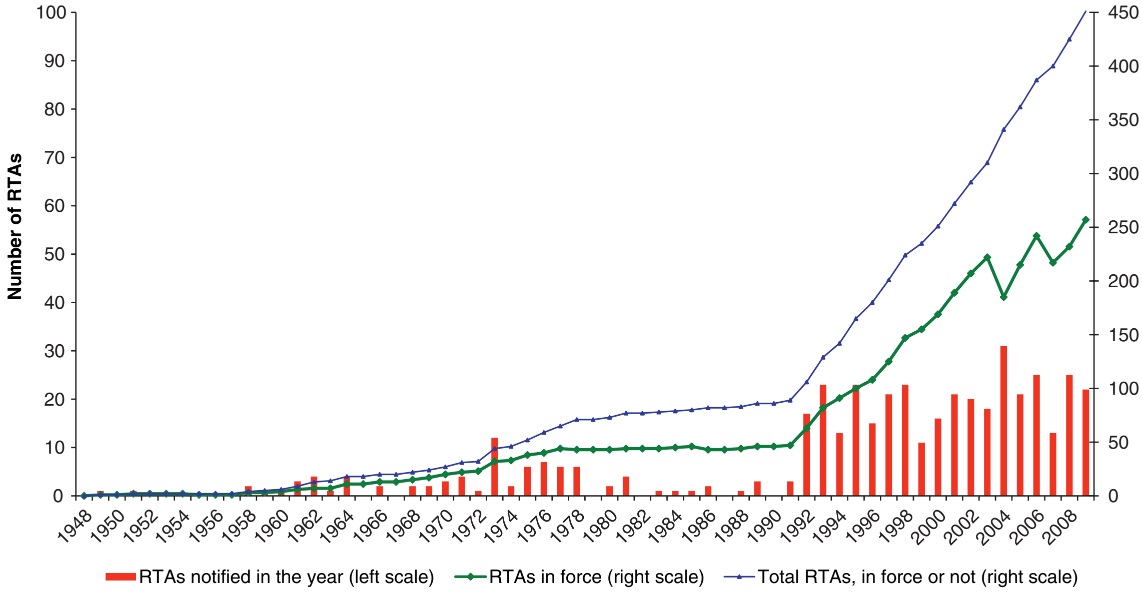
Despite the criticisms leveled against the WTO for its inability to break the deadlock and close the Round, the WTO played an important role in 2009 in limiting the protectionist pressures generated by the crisis. There does not appear to have been generalized recourse by governments to such explicitly protectionist devices as anti-dumping measures, the activation of safeguard clauses or the introduction of new customs duties or non-tariff barriers. And even the countries that did take restrictive measures did not generally infringe the agreements in force, because they exploited the leeway between the levels of customs duties established by the commitments within the WTO and the lower levels actually applied. In reality, some countries, notably developed countries, did use indirect protective devices, for instance public subsidies for domestic producers and measures regulating their domestic markets, with potentially discriminatory effects on imports that are difficult to identify and counter under the WTO procedures. In the first few months of 2010, with the resurgence of trade, the number of defensive measures employed began to wane. However, there should be no relaxation of vigilance concerning a possible revival of protectionism, because many firms are still in difficulty and unemployment is still very high in many countries.

The multiplication of preferential agreements intensified, particularly in Asia

The persistent difficulties arising in the multilateral negotiations are a factor prompting the conclusion of regional or bilateral preferential trade agreements, which, however, often tend to exclude the more protected sectors such as agriculture or services. At the beginning of 2010 the number of such agreements in force notified to the WTO had reached 257, largely involving free-trade areas. This tendency appears to have been accentuated by the slowdown in international trade, which compelled many countries to seek new markets for their firms more quickly than is permitted by the normal timeframe of multilateral negotiations. Other factors contributing to the increase in preferential agreements, particularly on a bilateral basis, include competition among the main exporters to expand their shares on international markets, fear on the part of countries excluded from existing agreements that they might pay the price in terms of less extensive participation in trade, and the goal of fostering the development of international production and supply chains. These pressures too were possibly heightened by the decline in trade at global level.

Although a notification and transparency mechanism was put in place within the WTO some years ago in order to seek to reconcile the bilateral and regional accords with the multilateral agreements, there is still good reason to fear that the shift of world trade toward a system of reciprocal and superimposed preferences will lead to greater complexity of procedures and a distortion of trade, mainly to the detriment of the smallest and most marginal countries. The Asia-Pacific region was again the most dynamic in establishing preferential agreements, but these were concluded everywhere. In 2009 China completed negotiations with the six founder-countries of ASEAN for the elimination of import tariffs on 90 per cent of industrial products. The potential of this free-trade area is enormous, even if many non-tariff barriers remain. In 2009 sub-Saharan Africa, which hitherto had given priority to a complex network of superimposed sub-regional pacts, also demonstrated growing interest in bilateral accords.

Chart 6
Regional Trade Agreements (RTA) notified to the WTO.
Up to March 2010



Source: Based on WTO data

The European Union carried on with the negotiations already under way. Especially important are the economic partnership talks with the African, Caribbean and Pacific (ACP) group of states, although some disagreements are delaying their conclusion. By contrast, the talks for an agreement with South Korea seem to be headed for a positive conclusion, despite serious difficulties arising during the negotiations. Finally, the EU was also active toward the Mediterranean region, with the envisaged signing of association agreements with several countries.

4. Italy: macroeconomic analysis

The Italian economy too has pulled out of

Following a path similar to that of the other euro-area countries, the Italian economy has pulled out of recession and returned to growth. After contracting by more than 6 per cent in the two years 2008 and 2009, GDP grew by 0.5 per cent in the first half of 2010 compared

… but the recovery is proceeding slowly and activity is far from reaching the pre-crisis level

with the year-earlier period and is forecast to expand by about 1 per cent for the entire year. The speed of the recovery is in line with the euro-area average but plainly far below the pace that would be needed for economic activity to rapidly regain the pre-crisis level.

All the main components of demand contributed to the fall in Italy's GDP in 2009. The steepest decline was in fixed investment, which plunged by 12 per cent, but the contribution of net exports was also negative as the drop in exports of goods and services was greater than that in imports (19 and 14.5 per cent, respectively).

The international openness of the economy diminished

The contraction in foreign trade was thus much larger than that in output, further reducing the Italian economy's international openness. This falling back on domestic markets is one of the most striking aspects of the global recession, but in Italy it was particularly intense. The propensity to export and the degree of import penetration fell at constant prices to 24 and 25 per cent, respectively. These are the lowest levels in the European Union, considerably lower than those of countries of comparable economic size, such as France and the United Kingdom.

The external current account deficit shrank

The deficit on the current account of Italy's balance of payments shrank by about €7 billion in 2009, declining from 3.7 to 3.2 per cent of GDP. The merchandise trade balance (FOB-FOB) turned slightly positive as a result of the fall in the prices of raw materials, which led to a much larger reduction in the unit values of imports than in those of exports. By contrast, the deficit on services widened for the fifth year in a row: the reduction in the deficit on transportation, closely linked to the performance of trade in goods, was more than offset by a fresh decline in the surplus on travel and by the increase in the deficit on other services. On the other hand, the structural deficits on public transfers and investment income narrowed. Positive effects on the latter item came from the decline in interest rates and the improvement in Italy's international investment position, the debtor balance on which remains large (19 per cent of GDP) although smaller than that of other euro-area countries.

In the first few months of 2010, with the rebound of the prices of energy commodities, the trade balance has started to worsen again

In the first few months of 2010 Italy's balance of trade began to worsen again, as the prices of imported raw materials rose and exports grew more slowly than imports (including within the European Union).

The value of merchandise exports, which had collapsed by 21 per cent in 2009, grew by 8.8 per cent in the first four months of 2010 compared with the year-earlier period, slightly underperforming the euro-area average (9.3 per cent). The signs of an upturn in exports had first appeared in the summer and they gained strength in the following months as the expansionary impulses originating from the emerging countries spread to other markets.

However, the recession snuffed out the incipient recovery that had taken shape for Italian exports in 2007, restoring the declining trend that has characterized the last twenty years. In value terms, Italy's share of world exports fell from 5 to 3 per cent between 1990 and 2010; over the same period its share of EU-15 exports slipped from 11.3 to 10 per cent.

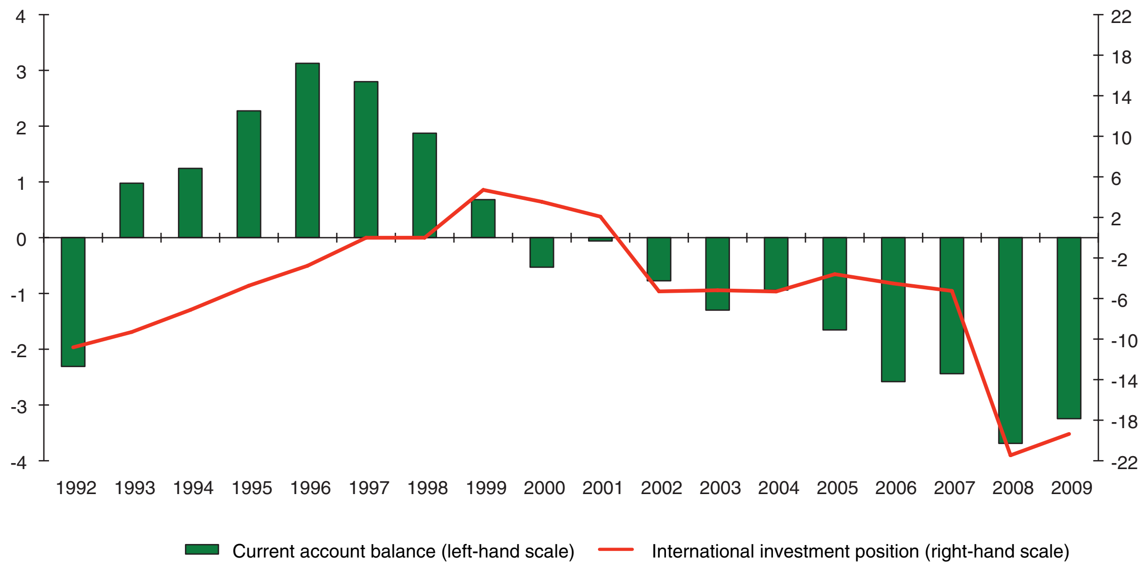
Italy's loss of share reflects the rise of emerging countries, notably China

The loss of world export share largely reflects the rise of the emerging countries, China first and foremost. Italian exports are particularly sensitive to the competitive pressure of Chinese exports in both high-income and emerging markets.[4]

However, another important factor of the decline in Italian exports is their model of specialization, oriented mainly toward products for which world demand has grown more slowly than average. This negative effect of the product composition of exports is a sign of the low income elasticity of demand for them, due in part to the relative dearth of product innovations capable of putting their stamp on households' patterns of consumption. In periods of rising raw materials prices, it also reflects Italy's comparative disadvantage in that sector. On the other hand, if commodity prices drop sharply, the

4 See the contribution by Giorgia Giovannetti, Marco Sanfilippo and Margherita Velucchi, "L'effetto Cina sulle esportazioni italiane", in Chapter 4.

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



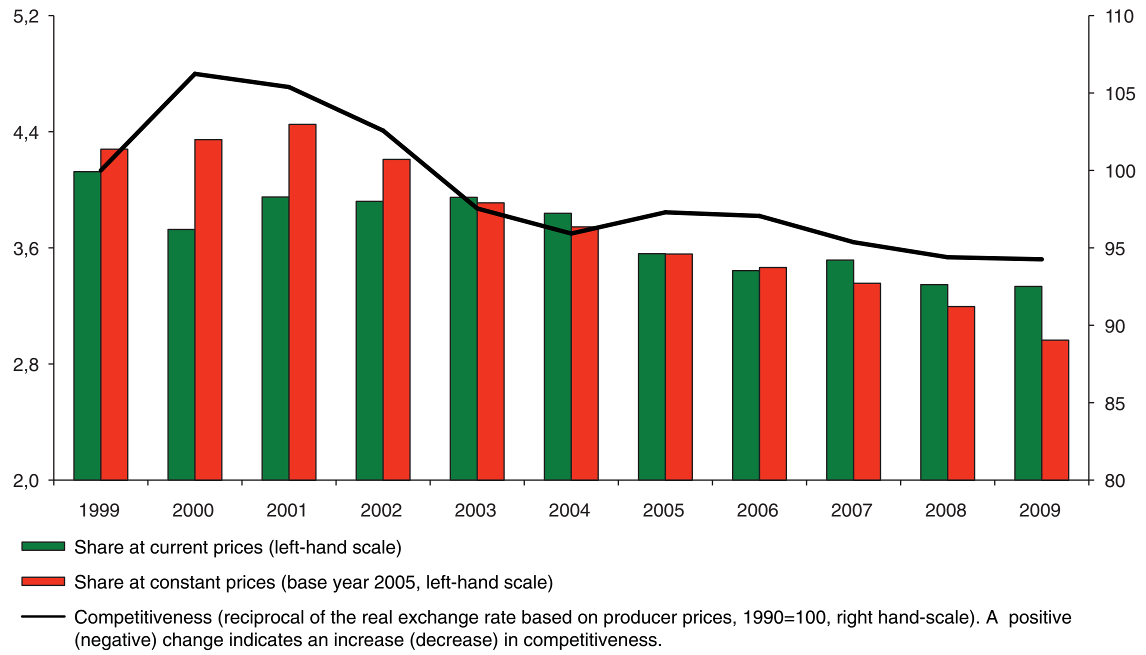
Sources: Based on Bank of Italy and Istat data

product composition effect on Italy's share of world exports can be positive, as happened on average in 2009.

It is also due to the characteristics of Italy's product specialization, oriented toward slow-growing sectors of world demand

Examining Italy's share of euro-area exports, the role played by the model of specialization is more evident and was unfavorable even in 2009. Net of the effects of the composition of demand, the performance of Italy's share in the last decade would have been substantially better than that actually recorded.[5]

Chart 8
Italian exports' competitiveness and world market shares.

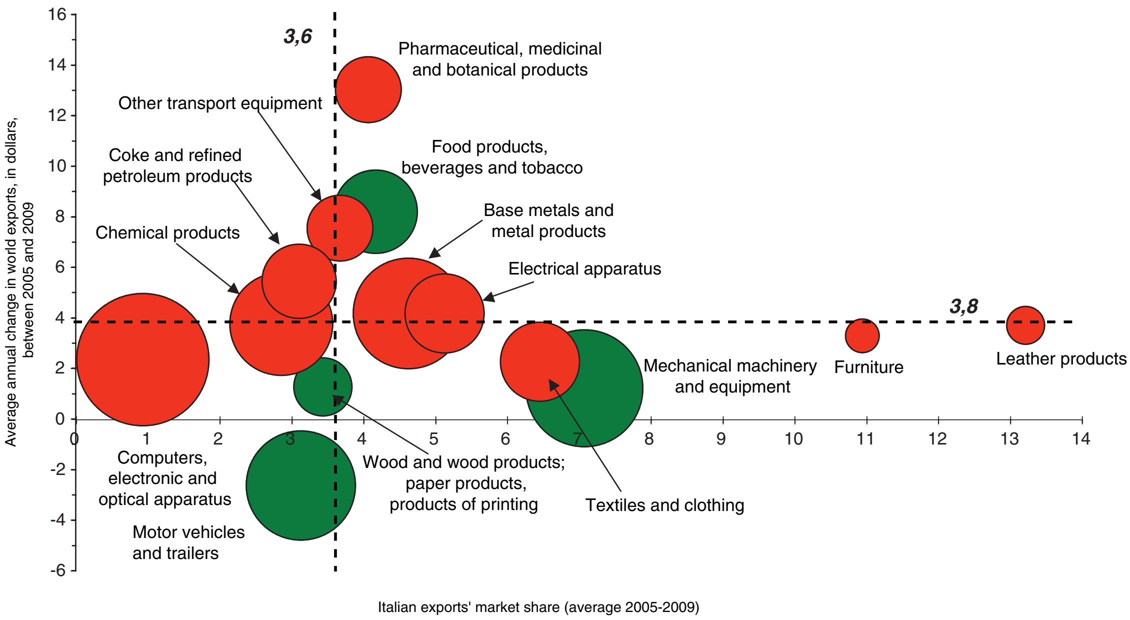


Sources: Based on Bank of Italy, Eurostat and WTO data

5 See the contribution by Elena Mazzeo and Alessia Proietti, "Le quote di mercato dei principali paesi europei: aggiornamento e articolazione della constant market share analysis", in Chapter 4.

The recession also influenced exporting firms' strategies in response to exchange-rate movements. The producer prices of goods sold on the domestic market fell more than those of goods sold on foreign markets (by 5.4 as against 2.6 per cent), contrary to what one would have expected on the basis of the appreciation of the euro. This anomalous pattern was observed in all the main euro-area countries and might be explained by the greater depth of the recession in Europe compared with other regions. Possibly, the fall in domestic demand induced European firms to give up more profit at home than abroad. The prices applied on markets outside the euro area fell more than those applied to intra-area exports (by 3 and 2 per cent, respectively), reflecting, in this more limited field, normal strategies to stabilize prices in the buyer's currency in response to the strengthening of the euro.

Chart 9
Italy's market shares of world exports by sector



The size of the circles represents the sector's average share of world exports in the period 2005-2009. Red (green) circles identify sectors in which Italy's share decreased (increased) between 2005 and 2009.

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

The decline in the average unit values of exports was smaller than that in prices, continuing a trend under way for some time that can cautiously be interpreted as confirming an upward shift in the quality of exported products. Up to 2008 this process had been proceeding at a faster pace in Italy than in the other main euro-area countries. Last year the differential was reversed, and the gain in relative quality was much lower in Italy than in France and Germany. However, considering the entire span of the last decade, the unit values of the products exported by Italian firms rose markedly, including by comparison with the European Union average.[6] This reflects, in part, price increases, due mainly to slower productivity growth, and, in part, the efforts made by Italian firms to upgrade the quality of their products.

The sharp drop in the value of imports in 2009, mentioned earlier, can be traced to almost all the main components of demand, particularly the most import-intensive ones (investment and exports), as well as to the fall in the prices of raw materials. The average

6 See the contribution by Enrico Marvasi, "Prezzi e qualità: in che direzione si muove l'export italiano?", in Chapter 4.

unit value of imported manufactures diminished less than the producer prices of goods sold on the domestic market.

Imports also began to stage a recovery in the second half of the year. In the first four months of 2010 they were up in value by 12.5 per cent compared with a year earlier, in line with the European average, buoyed by the rebound in production, the recovery in commodity prices and the depreciation of the euro.

The recession had slowed the pace of firms' internationalization of production as early as 2008, causing Italy's flows of inward and outward direct investment to fall very substantially that year. In 2009 there was a partial recovery.

5. Regions and countries

The contraction in world trade in 2009 had widespread effects on flows between Italy and almost all of its partners. The present recovery is also broadly based, but its strength varies across regions and countries. Trade is expanding rapidly with emerging countries (China, India, other Asian countries and especially Mercosur and Turkey), while exports to the European Union, the United States and Japan are reviving more slowly. The strong rebound of imports from commodity-producing countries is still not accompanied by a sufficient recovery in Italian exports.

Italy's trade balances with commodity-producing and emerging countries improved

The reduction in the trade deficit in 2009 derived from the improvements in the balances with commodity-producing countries, due to the fall in the prices of imports, and with emerging countries, due to the recession-induced decline in Italian imports of intermediate and capital goods. These changes more than offset the deterioration in Italy's trade balances with Europe and North America, which was the result of a larger drop in exports than imports. In 2010 the bilateral trade balances are worsening, particularly with the commodity-producing countries, owing to rising raw materials prices, and vis-à-vis the European Union.

The renewed decline in Italian exports' market shares in the two years of the crisis involved almost all the world's regions, notably the European Union and Latin America. Gains of share by comparison with 2007 were recorded in the non-EU European countries, North Africa and some Asian markets, including China. To some extent they may be connected with the exports of intermediate and capital goods stimulated by Italian firms' internationalization of production.

The collapse of world trade at the height of the crisis appears to have had only transitory effects on the density of the network of bilateral trade.[7] The recovery now under way has reactivated flows that had ceased, even if they have yet to make good all of the losses. Like others, Italy's network of bilateral trade is basically intact.

The geographical distribution of Italian exports is underweight toward the emerging countries of Asia. There are initial signs of a reorientation

Nevertheless, the geographical distribution of Italian exports is still relatively underweight toward the emerging countries of Asia by comparison with that of Germany, and this reduces the speed with which Italy absorbs the benefits of the present recovery. However, some signs of a more favorable reorientation have appeared in recent years, especially for capital goods.

The data on cross-border affiliates, available only up to 2008, indicate that the European Union's share of Italian affiliates abroad and foreign affiliates in Italy declined in the context of a widespread slowdown in direct investment.

7 See the contribution by Luca De Benedictis and Lucia Tajoli, "L'Italia, la crisi del commercio internazionale e la rete degli scambi commerciali mondiali", in Chapter 5.

6. Sectors

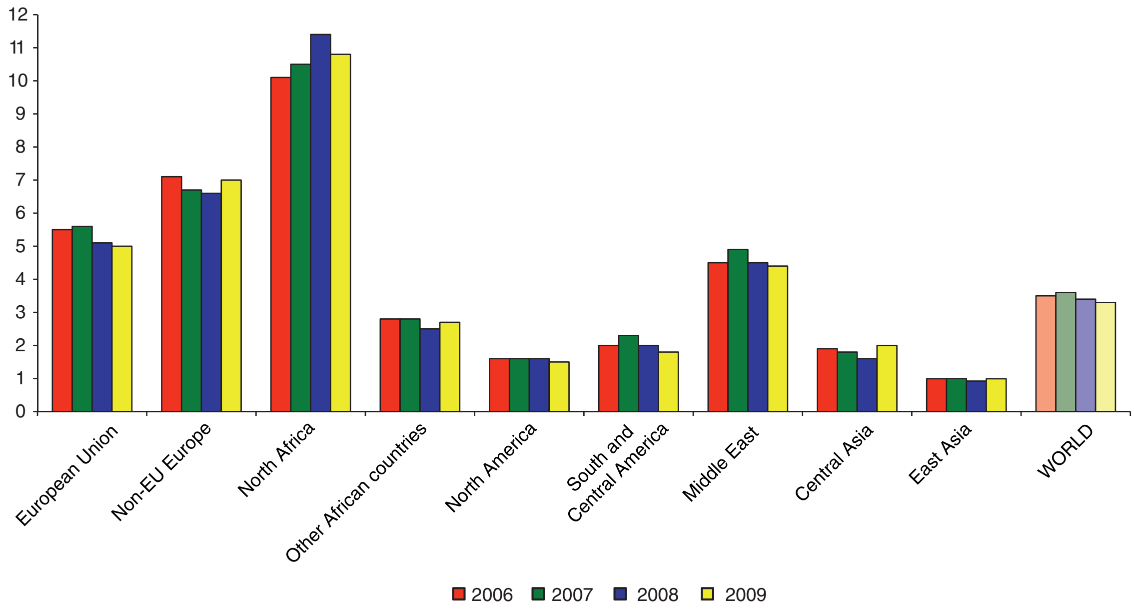
The crisis of 2008-09 and the present recovery have had major effects on the sectoral distribution of trade. The fall in the prices of raw materials during the crisis led to a pronounced narrowing of Italy's structural deficits on primary products, which more than offset the reduction of the surplus on manufactures. Against the background of a contraction in household consumption, particularly as regards durable goods, firms ran down their stocks of intermediate goods and cut back on investment.

In January-April 2010 the inversion of the cycle led to a fresh worsening of the balances on primary products, but the surplus on manufactures continued to narrow. The recovery has not yet restored a sufficient climate of confidence to recoup the pre-crisis levels of trade.

Broad-based decline in sectoral shares. The machinery and food products sectors held up better

In the two years 2008-09 Italian exports' market shares diminished in nearly all sectors, with especially large losses in footwear, textiles and furniture. Confirming a trend under way for some time in the Italian economy's model of international specialization, exports were more resilient for the machinery sector, whose market share slipped by just a tenth of a point from the relatively high level attained in 2007, and the food products industry, whose share rose to the same extent with respect to one of the lowest levels of the decade.

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



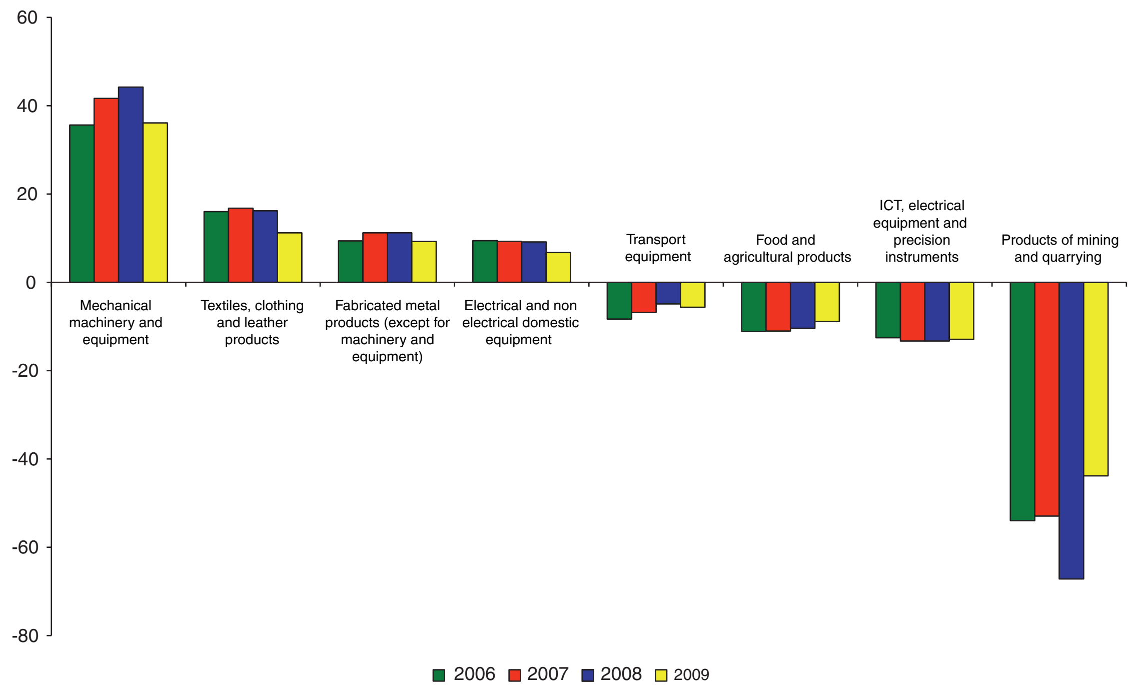
Source: Based on IMF-DOTS data

For many years the extraordinary growth of Chinese exports has corresponded to the losses recorded by the shares of Italy and other developed countries. The Chinese expansion spread beyond its initial strengths in textiles, clothing, footwear and consumer electronics, to such other sectors as machinery and transport equipment. In the last decade the sectoral specialization model of Chinese exports has not basically changed, but Chinese exports have also gained market shares in sectors of comparative disadvantage and have diversified their intra-sectoral specialization.[8]

In many sectors, the unit values of Italian exports rose more than the prices applied in foreign markets. This could be viewed as a sign of upgrading of the quality of the products

8 See the contribution by Lia Vaschetto, "L'evoluzione delle quote di mercato settoriali della Cina nell'ultimo decennio", in Chapter 6.

Chart 11
Italy's sectoral balances.
Billions of euros



Source: Based on Istat data

exported by Italian firms, in response to heightened competitive pressure in markets abroad. However, other empirical evidence does not fully corroborate this interpretation.

The prospects of Italian exports will also depend on their ability to intercept the demand for "affordable luxury", which is expected to grow rapidly in the emerging countries in the coming years as the upper-middle class expands and women increasingly participate in education and employment.[9] With this objective in mind, distribution channels and technology will have to be adapted to the new market trends.

In addition, it is essential to strengthen Italian firms' competitive position in the production of intermediate and investment goods, whose importance could grow further as the international fragmentation of production intensifies. This requires an ability to combine export strategies and international partnerships in production, as is shown by the example of the energy sector.[10] The shift of production capacity toward the emerging countries is also continuing in the world motor vehicle market, which reeled under the impact of the crisis.[11]

7. The territorial base

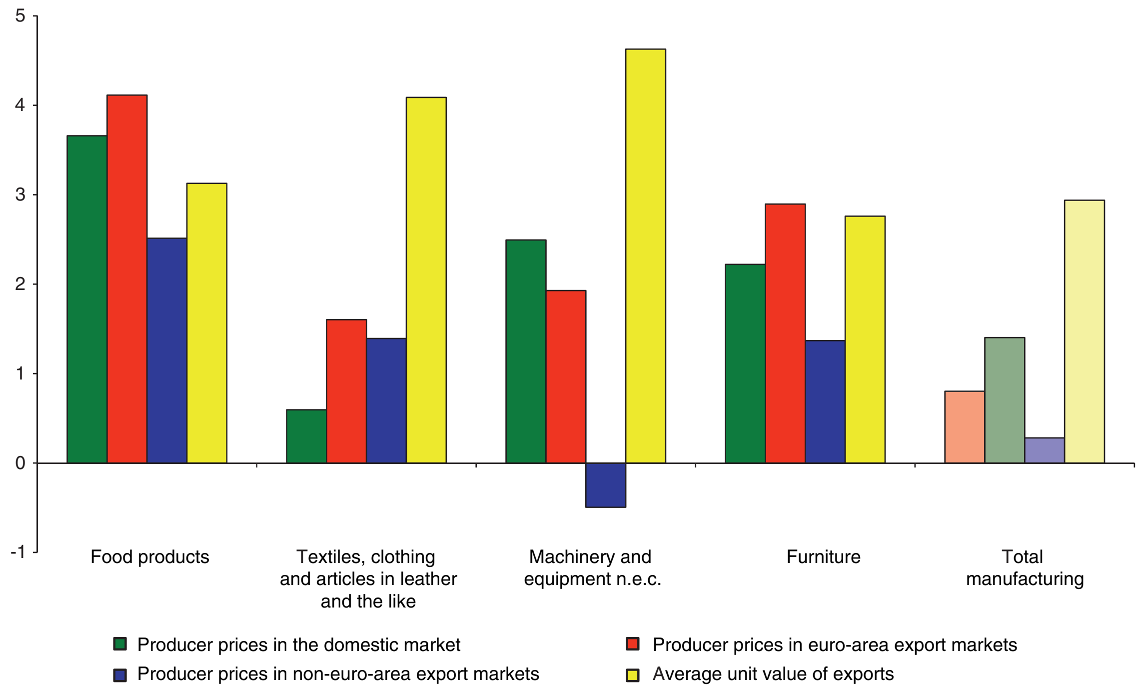
Exports plummeted in Sicily and Sardinia, specialized in refined petroleum products. The first quarter of 2010 shows them reviving

The exports of almost all the Italian regions declined in 2009, but the fall was particularly pronounced in Sardinia and Sicily, owing to their specialization in petroleum derivatives, and in the regions of the Adriatic seaboard.

As a result of the relatively large contractions for Emilia Romagna and Veneto in 2009, the North-East gave up some of the gain in its share of Italian exports that it had accumulated

9 See the contribution by Claudio Colacurcio and Manuela Marianera, "Il boom dei nuovi consumatori e le opportunità per il lusso accessibile italiano", in Chapter 6.
10 See the contribution by Matteo Verda, "L'Italia nei mercati internazionali dell'energia: effetti della crisi e strategie delle imprese nazionali", in Chapter 6.
11 See the contribution by Matteo Ferrazzi on the case of Fiat, "L'auto italiana parlerà anche serbo", in Chapter 6.

Chart 12
Producer prices and average unit values for selected typical Italian product sectors. Average annual growth rates, 2006-2009



Source: Based on Istat data

Central Italy's share increased

during the decade. The benefits of this accrued mainly to central Italy (Lazio and Tuscany). In recent years the share of Italian exports of the South and Islands had tended to increase, but this had been due almost exclusively to the specialization of the Sardinia and Sicily in oil refining. The crisis brought the South and Islands' share back down to a level not far from that at the start of the decade.

In the first quarter of 2010 the export recovery involved all the regions except Marche, Molise and Basilicata; it was particularly robust in the Islands, owing to the rebound in the prices of energy products.

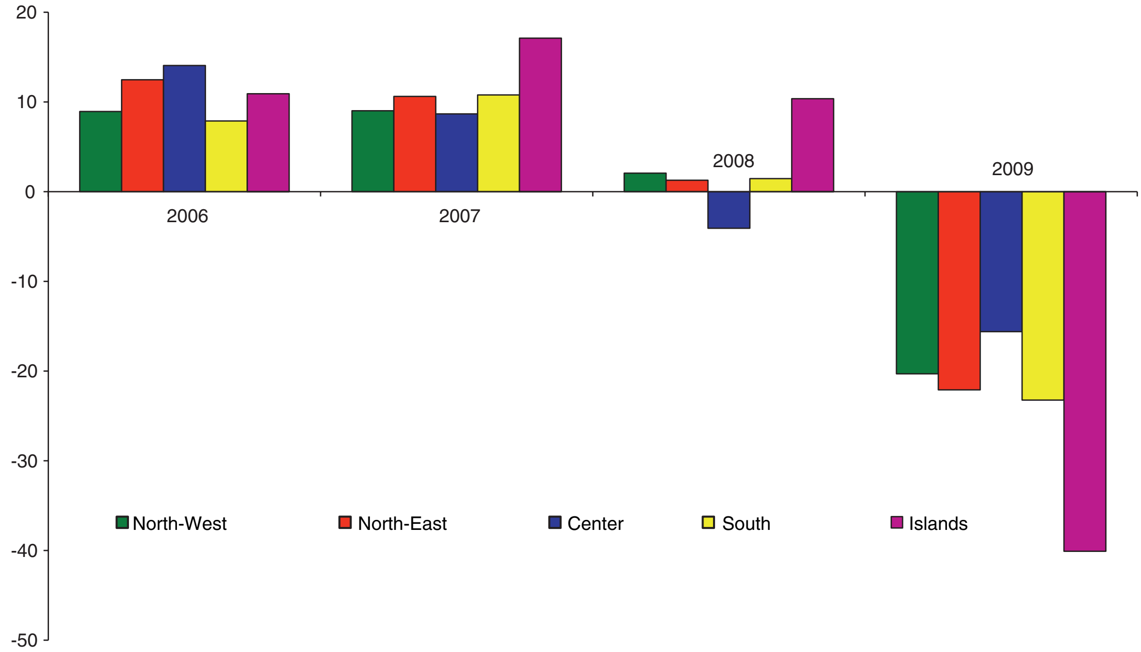
The role of Italy's industrial districts remains decisive for the model of specialization of Italian exports in the phase of rapid transformation that the international economy is going through. Although the crisis in the traditional personal and household consumer goods sectors had heavy consequences for some local labor systems, other districts, especially those specialized in machinery, suffered more moderate losses than the rest of the country.[12]

One channel for the transformation of industrial districts is the entry of foreign multinational corporations, which sometimes acquire control of local small and medium-sized enterprises primarily with a view to strengthening their presence on the market. This can lead to enhanced efficiency and competitiveness for the acquired enterprises, thanks to the adoption of advanced managerial practices that are normally little used in small local firms.[13]

Foreign equity stakes in Italian companies are highly concentrated in a few regions. In recent years the South and Islands' share of the number of workers in foreign companies'

12 See the contribution by Natale Renato Fazio and Carmela Pascucci, "Il comparto della meccanica: aspetti strutturali e dinamici delle esportazioni dai sistemi locali del lavoro su dati di impresa per gli anni 2007-2009", in Chapter 7.
13 See the contribution by Giuliano Conti and Marco Cucculelli, "Pratiche manageriali e proprietà estera delle imprese. Il caso delle multinazionali nelle Marche", in Chapter 7.

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



Souce: Based on Istat data

affiliates in Italy has fallen, but it must be borne in mind that production units of foreign affiliates with headquarters in other Italian regions are also located in the South and Islands. An even higher degree of regional concentration characterizes the distribution of Italian firms with affiliates abroad.

8. Firms

The effects of the crisis were greater for large firms, in part because of their specialization in the hardest-hit sectors

The fall in exports last year was severe for large companies. There seems to be a precise negative correlation between the performance of exports and firm size, overturning the trend of the preceding years toward a progressive concentration of export shares in the larger companies. It thus appears that smaller firms, including those oriented toward foreign markets, were better able to defend themselves from the blows of the crisis. A contribution to this development came from a composition effect, due to the greater relative presence of large companies in sectors in which the export collapse was greatest, but the phenomenon also emerged clearly within most sectors.

The number of exporting firms decreased, but less than the value of exports: average export sales revenues declined

The number of exporting firms decreased for the second consecutive year, although less sharply than the value of exports. Consequently, average export sales revenues per firm declined considerably, interrupting a long rising trend.

For the first time in many years the number of outlet markets per firm also declined, indirectly corroborating that the impact of the crisis fell more heavily on larger companies, whose diversification of markets is greater than average.

Available data on the structural characteristics of firms, updated to 2007, confirm that exporting firms are not only larger but also more productive and more capital and skilled-labor intensive than companies that only sell on the domestic market. However, this gap rapidly diminishes as firm size increases, and its sign changes for the largest companies (with 250 or more workers). In that size class, exporters, though larger on average than non-exporters, are worse than them in terms of value added, compensation and investment per

Exporting firms are on average larger, more productive and more capital intensive than those that sell only on the domestic market

worker. That is, it appears that small firms, to be able to sustain the greater costs of internationalization, need to enjoy a very pronounced edge in productivity which is not necessary for the others. One might therefore put forward the hypothesis that this greater structural robustness helped them weather the global crisis in 2009 better than other companies.

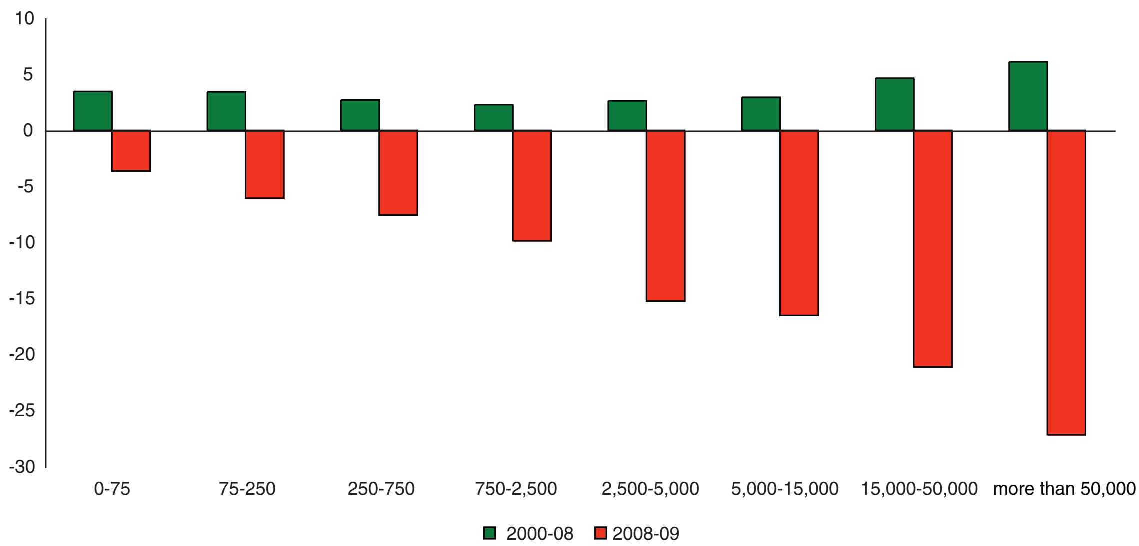
The case of the clothing industry,[14] though confirming the structural advantages of larger firms in terms of propensity to export, productivity, competitiveness, profit margins and balance sheet strength, also shows that the fall in exports in 2009 was more severe for larger companies.

The data on the foreign affiliates of Italian firms only go up to 2008, but they already show a slowdown compared with the preceding years, when the number of affiliates, their work forces and their sales revenues had increased appreciably, particularly in services. A detail worth underscoring is that in the period 2002-08 the sales revenues of Italian firms' foreign affiliates grew more rapidly than exports of goods and services, possibly suggesting that the Italian firms equipped with more mature strategies of internationalization substituted deliveries made by their own foreign affiliates for exports.

Italian firms transfer production abroad especially in Eastern Europe and China, mainly to reduce production costs. The latest surveys show a decline in this tendency

For several years the ISAE surveys of Italian manufacturing have also been providing valuable data on their transfer of production activities abroad.[15] The prevalence of such areas of destination as Eastern Europe and China confirms that Italian companies relocate production abroad mainly with a view to cutting production costs. Transfers designed to strengthen the firm's presence in its principal outlet markets play a more marginal role. The latest survey, conducted in February 2010, shows a substantial decrease in the percentage of firms that have shifted production abroad or intend to do so in the coming months. The percentage was already very low in previous years (the surveys began covering this in 2005), but the recession appears to have forced Italian firms, smaller ones especially, to retreat within the national borders.

Chart 14
Italian exports by size class of exporting firms.
Classes of sales revenues in thousands of euros - average annual growth rates in percentages



Source: Based on Istat data

14 See the contribution by Paola Anitori, "La performance delle imprese esportatrici italiane dell'abbigliamento nel biennio 2008-2009", in Chapter 8.
15 See the contribution by Stefano Costa, "La delocalizzazione nel settore manifatturiero italiano: risultati delle inchieste ISAE", in Chapter 8.

Chart 15
Exports and sales revenues of Italian firms' foreign affiliates in typical Italian product sectors.
Average annual growth rates in value in euros between 2003 and 2008

Source: Istat and ICE-Reprint

Firms' marketing and production presence abroad partly depends on the availability and quality of financial services both for firms' initial investments and for support of their activity in foreign markets. From this perspective, a strengthening of the international activities of Italian banks could make a positive contribution to Italian firms' exports and the internationalization of their production, notably for smaller firms that rely more on bank financing.[16]

The Istat survey on multinational companies present in Italy provides statistical information comparable to that of the other countries of the European Union. It shows that Italy is significantly less able than other EU countries of similar size to attract foreign direct investment. This is due in part to a sectoral composition effect, because the presence of multinationals is concentrated in sectors that offer large economies of scale and are research intensive, sectors that are relatively less extensive in Italy. However, within each sector, the degree of passive multinationalization of the Italian economy, measured in terms of employees, is also generally lower than that of France, Germany, the United Kingdom and Spain.

Concluding remarks

The global crisis caught the Italian economy in a structurally fragile situation. The underlying problems that have slowed its productivity growth, ascribable mainly to the limited opening-up and competitiveness of markets and the inadequacies of public intervention to create the physical and intangible infrastructure needed for development, have also curtailed its ability to defend itself from the economic and social shocks inflicted by a crisis of external origin but of unusual severity.

The economic recovery under way since last summer appears, for the present, to be more a rebound from the lows touched at the start of 2009 than a return to volumes of activity

16 See the contribution by Filomena Pietrovito and Alberto Franco Pozzolo, "Il contributo del sistema bancario all'internazionalizzazione delle imprese italiane", in Chapter 8.

comparable to those, modest enough, recorded before the crisis. The stimulus coming from foreign demand is not coupled with a sufficient recovery in domestic demand, which is compressed by the stagnation of wages, the fall in employment and the persistent uncertainty about the future that paralyzes households' and firms' spending plans without the public finances – burdened with their unsolved problems – being able to intervene in support. The suspicion naturally arises that the Italian economy may have permanently embarked on a structurally lower growth path than that of the preceding decades.

Moreover, in the aggregate data, the Italian economy appears to be increasingly inward-looking. The ratio of trade in goods and services to GDP has fallen by nine percentage points in two years and is the lowest in the European Union, below that of the largest economies, for which this indicator of openness tends to be lower. Signs of retreat also emerge in direct investment abroad, while the Italian economic system's ability to attract the interest of foreign multinational and immigrants appears to be limited with respect to its potential.

And yet, before the crisis the competitive winnowing imposed by the new technological paradigm and the more intense integration of international markets seemed to be imparting a positive thrust to the productive system in Italy, as elsewhere. The emerging enterprises displayed a capacity for scaling-up, technological renewal, improving the quality of their products and developing strategies for international expansion. These changes were not yet sufficient to counterbalance the widespread difficulties in local production systems, whose crisis they sometimes even aggravated by interrupting long-standing subcontracting relations. But they did reveal an ability to react, indicating a possible way out for the Italian economy from a long phase of stagnation in growth.

Even some macroeconomic data appeared to be starting to reflect the signs of this transformation. These included, in particular, Italian exports' world market share, a summary indicator of the competitive success of firms and a subject of many of the analyses contained in this Report.

Measured in value with respect to the total exports of the euro area, this indicator had risen by two tenths of a point in 2007, interrupting a long decline. But it lost seven tenths of a point in 2008-09 and at least another one in the first quarter of 2010.

The reference to euro-area exports is useful in order to restrict the comparison to countries that are not too unlike one another, putting aside the often ambiguous role of exchange rates and the increase in the export shares of the emerging countries, particularly China, and the producers of raw materials. Among the euro-area countries, only Finland and Malta have turned in worse results than Italy's in the last two years.

Among the reasons for the decline in Italian exports' share, special emphasis needs to be paid, as this Report repeatedly does, to the characteristics of their model of specialization, oriented mainly to products for which world demand has, for various reasons, grown more slowly than average. Without this negative effect, Italian exports would have posted better results, comparable to those of the other large euro-area countries.

Among the structural aspects often cited in order to explain the Italian economy's growth gap and Italian firms' problems of competitiveness is the fragmentation of the productive fabric, the unusually large role played by small firms in Italy compared with other developed countries. There is a threshold below which it becomes very hard to sustain the costs and risks of the innovations needed to compete on the international markets. To emerge, small firms must make up for these diseconomies of scale with significant advantages in terms of productivity and/or capital and skilled-labor intensity, which are not easy to obtain. Some succeed, at times by exploiting external economies deriving from their strong local roots in industrial districts. Others fail, reinforcing the idea that policies designed to foster the scaling-up of firms are essential in order to support the growth of the Italian economy.

But in 2009, in nearly every sector, the collapse in exports was severest for the largest companies, interrupting the gradual rise in their share. We do not know exactly why this happened, and it is too early to rule out that this was a one-off, transitory development. However, it may be useful to reopen discussion of the relationship between the size of companies and their international competitiveness.

Instead of pursuing the scaling-up of existing firms for itself, on the assumption that this will automatically translate into greater capacities for innovation and internationalization, it might be better to aim for their qualitative improvement, by encouraging the patterns of evolution that had appeared before the crisis. The crucial point appears to be firms' ability to adapt rapidly to the technological and organizational changes required by developments in the markets. If they succeed, growth in size will follow and a virtuous circle will be created, making international expansion a factor further boosting the productivity of the best firms.

To this end, a context of rules, incentives and infrastructure favorable to entrepreneurial activities is needed, an environment that stimulates the best energies that are present in the country's productive fabric. But there must also be major public investment in the education and research system, not only to turn its points of excellence to account but also, indeed mainly, to improve its weakest parts. Without a consistent, resolute effort in this direction, the drive to renew the entrepreneurial fabric and model of international specialization of the Italian economy risks foundering on the long-standing problem of the symmetrical shortage of both demand for and supply of skilled labor, which today forces many young people to seek their future abroad.

An important element of the context in which firms operate is the system of public support for their internationalization. The set of measures and programs of financial and real support can play a valuable role in promoting and strengthening the international activities of firms, helping them to overcome the significant initial costs of access to foreign markets, with indirect benefits for the entire economy that justify public intervention. It is essential, however, to ensure that the system is designed in a way that avoids coordination problems among the different national and local organizations that participate in it, thereby maximizing the results achieved in relation to the human and financial resources used. The reform measures that the Government is preparing to implement must also be assessed with these parameters.

Lastly, it is essential, for economic development and for the quality of social life, to relaunch Italy's international openness. This task falls within various spheres of public action at different international levels: from trade policies, defined at European level, where the priority remains bringing the WTO negotiations to a positive conclusion; to competition policies, which can play a valuable role in opening up markets, especially in the crucial sector of services; to all the forms of international cooperation, beginning with policies for migrations, which can foster greater economic and social integration among countries at different levels of development, with benefits for all.

Statistical tables

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
					GOODS					
Value [2]	6,456	6,191	6,493	7,586	9,222	10,493	12,124	13,998	16,127	12,461
% change	13.0	-4.1	4.9	16.8	21.6	13.8	15.5	15.5	15.2	-22.7
					Percentage changes in the indices					
Volume index	10.7	-0.2	3.5	5.6	9.7	6.5	8.6	6.4	2.1	-12.2
Avarage unit value index	1.8	-3.9	1.3	10.7	10.9	6.9	6.5	8.7	12.9	-12.1
					COMMERCIAL SERVICES					
Value	1,480	1,484	1,595	1,832	2,220	2,483	2,810	3,352	3,731	3,312
% change	6.2	0.2	7.5	14.8	21.2	11.8	13.2	19.3	11.3	-11.2
					FOREIGN DIRECT INVESTMENT					
Value	1,398	824	625	561	718	959	1,411	1,833	1,697	1,040
As a percentage of world trade in goods and services	17.6	10.7	7.7	6.0	6.3	7.4	9.4	10.6	8.5	6.7

(1) Exports for goods and services, inflows for foreign direct investment. FDI for 2009 is estimated.

(2) Includes Hong Kong re-exports.

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

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
European Union	38.0	39.9	40.6	41.7	41.1	39.1	38.1	38.5	37.0	37.1
Euro area	29.6	31.4	31.9	32.9	32.4	30.6	29.6	30.1	28.8	29.0
Other EU countries	8.4	8.5	8.7	8.8	8.7	8.5	8.5	8.4	8.2	8.1
Other European countries	4.7	4.7	5.2	5.3	5.5	6.0	6.1	6.3	6.9	6.1
Africa	2.3	2.2	2.2	2.3	2.4	2.8	3.0	3.0	3.3	2.8
North America	16.4	16.2	14.7	13.2	12.4	12.2	11.9	11.4	11.0	11.1
South and Central America	5.7	5.7	5.5	5.2	5.3	5.6	5.8	5.7	5.8	5.8
Middle East	3.9	3.8	3.5	3.7	4.2	4.7	5.1	5.0	6.3	5.1
Central Asia	1.2	1.3	1.3	1.4	1.4	1.6	1.7	1.8	1.8	2.0
East Asia (1)	26.4	24.8	25.6	25.9	26.4	26.8	27.1	27.0	26.4	28.3
Oceania and other territories	1.3	1.3	1.3	1.2	1.2	1.3	1.3	1.3	1.4	1.5
WORLD	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
European Union	37.5	38.3	38.4	39.9	39.4	38.1	37.9	38.5	37.5	36.0
Euro area	28.3	29.1	28.9	30.2	29.8	28.8	28.4	28.7	28.0	27.2
Other EU countries	9.2	9.2	9.5	9.7	9.6	9.3	9.5	9.8	9.5	8.8
Other European countries	3.7	3.8	4.1	4.3	4.4	4.6	4.9	5.4	5.8	5.5
Africa	2.0	2.0	2.2	2.3	2.4	2.5	2.7	2.9	3.1	3.4
North America	22.8	22.3	21.8	20.3	19.3	19.3	18.7	17.0	15.8	15.2
South and Central America	6.2	6.4	5.8	5.0	5.1	5.2	5.4	5.5	5.8	6.0
Middle East	2.3	2.5	2.6	2.6	3.1	3.2	3.2	3.5	3.9	4.1
Central Asia	1.4	1.5	1.5	1.6	1.7	2.1	2.3	2.5	2.7	3.0
East Asia (1)	22.6	21.7	22.1	22.4	23.1	23.3	23.4	23.0	23.7	25.1
Oceania and other territories	1.4	1.3	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.6
WORLD	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Tavola 1.4 - Top twenty world merchandise exporters
Billions of dollars

Rank 2009	Rank 2008	Country	Amount 2009	% change 2008-2009	% shares 2008	% shares 2009
1	2	China	1,202	-16.0	8.9	9.6
2	1	Germany	1,121	-22.5	9.0	9.0
3	3	United States	1,057	-17.9	8.0	8.5
4	4	Japan	581	-25.7	4.8	4.7
5	5	Netherlands	499	-21.8	4.0	4.0
6	6	France	475	-21.0	3.7	3.8
7	**7**	**Italy**	**405**	**-24.8**	**3.3**	**3.2**
8	8	Belgium	370	-21.6	2.9	3.0
9	12	South Korea	364	-13.9	2.6	2.9
10	10	United Kingdom	351	-23.7	2.9	2.8
11	13	Hong Kong (1)	330	-10.8	2.3	2.6
12	11	Canada	316	-30.9	2.8	2.5
13	9	Russia	304	-35.5	2.9	2.4
14	14	Singapore (1)	270	-20.2	2.1	2.2
15	16	Mexico	230	-21.1	1.8	1.8
16	17	Spain	218	-22.5	1.7	1.7
17	18	Taiwan	204	-20.3	1.6	1.6
18	15	Saudi Arabia (2)	189	-39.9	1.9	1.5
19	19	United Arab Emirates (2)	175	-26.8	1.5	1.4
20	20	Switzerland	173	-13.8	1.2	1.4
		Total 20 countries	8,830	-21.8	70.0	70.9
		World (1)	12,461	-22.7	100.0	100.0

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

Table 1.5 - Top twenty world merchandise importers
Billions of dollars

Rank 2009	Rank 2008	Country	Amount 2009	% change 2008-2009	% shares 2008	% shares 2009
1	1	United States	1,604	-26.1	13.2	12.7
2	3	China	1,006	-11.2	6.9	8.0
3	2	Germany	931	-21.4	7.2	7.4
4	5	France	551	-21.7	4.3	4.4
5	4	Japan	551	-27.8	4.6	4.4
6	6	United Kingdom	480	-24.2	3.8	3.8
7	7	Netherlands	446	-23.3	3.5	3.5
8	**8**	**Italy**	410	-26.0	3.4	3.2
9	13	Hong Kong	353	-10.2	2.4	2.8
10	9	Belgium	351	-25.3	2.8	2.8
11	11	Canada	330	-21.2	2.5	2.6
12	10	South Korea	323	-25.8	2.6	2.6
13	12	Spain	290	-31.0	2.6	2.3
14	15	Singapore (2)	246	-23.1	1.9	1.9
15	17	India	244	-24.1	1.9	1.9
16	14	Mexico	242	-24.1	1.9	1.9
17	16	Russia (3)	192	-34.3	1.8	1.5
18	18	Taiwan	175	-27.4	1.5	1.4
19	21	Australia	165	-17.4	1.2	1.3
20	23	Switzerland	156	-15.1	1.1	1.2
		Total 20 countries	9,045	-22.9	71.2	71.5
		World (1)	12,647	-23.3	100.0	100.0

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

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

Rank (2008 flows)	Country	Flows - Amount mean 00-06	Flows - Amount 2007	Flows - Amount 2008	Flows - Amount 2009 (1)	Stocks - Amount 2007	Stocks - Amount 2008	Stocks - % composition 2007	Stocks - % composition 2008
1	United States	154	271	316	135	2,110	2,279	13.5	15.3
2	France	54	158	118	65	950	991	6.1	6.6
3	China	57	84	108	90 (2)	327	378	2.1	2.5
4	United Kingdom	86	183	97	7	1,264	983	8.1	6.6
5	Russia	11	55	70	41	491	214	3.1	1.4
6	Spain	31	28	66	26	605	635	3.9	4.3
7	Hong Kong	32	54	63	36	1,177	836	7.5	5.6
8	Belgium	27	111	60	35	593	519	3.8	3.5
9	Australia	11	44	47	….	342	272	2.2	1.8
10	Brazil	19	35	45	23	310	288	2.0	1.9
11	Canada	30	108	45	….	497	412	3.2	2.8
12	Sweden	14	22	44	15	290	254	1.9	1.7
13	India	8	25	42	34	105	123	0.7	0.8
14	Saudi Arabia	5	24	38	….	76	114	0.5	0.8
15	Germany	58	56	25	35	676	700	4.3	4.7
16	Japan	5	23	24	11	133	203	0.8	1.4
17	Singapore	16	32	23	18	303	326	1.9	2.2
18	Mexico	22	27	22	13	273	295	1.7	2.0
19	Nigeria	4	12	20	….	63	83	0.4	0.6
20	Turkey	6	22	18	8	158	70	1.0	0.5
…	…	…	…	…	…	…	…	…	…
22	**Italy**	**19**	**40**	**17**	**30**	**365**	**343**	**2.3**	**2.3**
	WORLD	**938**	**1,979**	**1,697**	**1,040**	**15,660**	**14,909**	**100.0**	**100.0**

(1) Provisional data (data available at January 2010).
(2) Financial sector not included.
Source: Based on UNCTAD data

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

Rank (2008 flows)	Country	Flows - Amount mean 00-06	Flows - Amount 2007	Flows - Amount 2008	Stocks - Amount 2007	Stocks - Amount 2008	Stocks - % composition 2007	Stocks - % composition 2008
1	United States	152	378	312	2,917	3,162	18.0	19.5
2	France	94	225	220	1,292	1,397	8.0	8.6
3	Germany	49	180	156	1,294	1,451	8.0	9.0
4	Japan	37	74	128	543	680	3.3	4.2
5	United Kingdom	95	275	111	1,841	1,511	11.3	9.3
6	Switzerland	34	50	86	658	725	4.1	4.5
7	Canada	35	60	78	522	520	3.2	3.2
8	Spain	51	96	77	591	602	3.6	3.7
9	Belgium	24	94	68	748	588	4.6	3.6
10	Hong Kong	30	61	60	1,011	776	6.2	4.8
11	Netherlands	61	29	58	877	844	5.4	5.2
12	Russia	10	46	52	370	203	2.3	1.3
13	China	7	22	52	96	148	0.6	0.9
14	**Italy**	23	91	44	520	517	**3.2**	**3.2**
15	Sweden	22	38	37	327	319	2.0	2.0
16	Australia	5	17	36	290	195	1.8	1.2
17	Denmark	7	18	29	143	193	0.9	1.2
18	Austria	8	33	28	156	153	1.0	0.9
19	Norway	10	16	28	143	171	0.9	1.1
20	British Virgin Islands	14	23	22	155	177	1.0	1.1
	WORLD	**895**	**2,147**	**1,858**	**16,227**	**16,206**	**100.0**	**100.0**

Source: Based on UNCTAD data

Table 1.8 - **Shares of world trade[1] and trade balances**
Percentage shares and amounts in billions of ecus/euros

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
					European Union [2]					
Export share (%)	17.4	18.6	19.0	19.2	18.0	17.1	16.4	16.4	15.8	16.2
Import share (%)	17.9	18.0	17.7	18.3	18.0	17.8	18.0	18.3	18.2	17.2
Trade balance	-91.4	-42.6	8.1	-13.1	-62.5	-112.1	-172.2	-192.5	-258.5	-105.3
Normalized trade balance [3]	-4.6	-2.1	0.4	-0.7	-3.1	-5.0	-6.8	-7.2	-9.0	-4.6
					United States					
Export share (%)	15.6	15.3	13.9	12.6	12.2	11.6	11.3	11.1	10.6	11.2
Import share (%)	23.6	23.0	22.7	21.3	21.4	21.0	20.2	18.8	17.2	16.5
Trade balance	-516.9	-502.5	-536.3	-511.2	-571.4	-668.5	-710.5	-636.4	-599.7	-392.1
Normalized trade balance [3]	-23.4	-23.6	-26.8	-28.5	-30.4	-31.6	-30.3	-27.5	-25.5	-20.6
					Japan					
Export share (%)	9.6	8.5	8.4	8.2	8.4	7.6	7.1	6.9	6.5	6.2
Import share (%)	7.1	6.8	6.4	6.2	6.4	6.3	6.1	5.8	6.0	5.7
Trade balance	108.0	60.7	84.1	78.6	89.3	63.6	53.9	67.2	13.3	21.6
Normalized trade balance [3]	11.6	7.2	10.5	10.4	10.9	7.1	5.5	6.9	1.3	2.7
					China					
Export share (%)	5.0	5.6	6.6	7.6	8.9	9.8	10.7	11.8	11.8	12.8
Import share (%)	4.2	4.8	5.6	6.7	7.9	8.0	8.4	8.9	9.0	10.4
Trade balance	26.1	25.2	32.2	22.5	25.8	82.0	141.4	192.6	202.7	140.4
Normalized trade balance [3]	5.1	4.4	4.9	3.0	2.8	7.2	10.1	12.1	11.6	8.9
					World [4]					
Exports	5,424	5,309	5,256	5,099	5,384	6,266	7,211	7,564	8,245	6,758
Imports	5,785	5,713	5,601	5,419	5,742	6,632	7,546	7,849	8,593	6,959

(1) Excludes intra-EU trade.
(2) Refers to EU-15 up to 2003, EU-25 from 2004 to 2006 and EU-27 from 2007 on.
(3) Trade balance as a percentage of the sum of exports and imports
(4) Excludes intra-EU trade. The difference between exports is due to statistical discrepancies.
Sources: Based on WTO and Eurostat-Comext data

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

	2003	2004	2005	2006	2007	2008	2009
Current account	**-17,351**	**-13,077**	**-23,647**	**-38,346**	**-37,714**	**-56,835**	**-49,361**
Capital account	**2,251**	**1,700**	**1,347**	**1,826**	**2,261**	**834**	**624**
Financial account	**17,318**	**9,024**	**20,898**	**25,404**	**26,212**	**49,613**	**17,147**
Direct investment	6,507	-1,970	-17,568	-2,254	-36,953	-18,305	-9,634
abroad	*-8,037*	*-15,512*	*-33,628*	*-33,532*	*-66,326*	*-29,928*	*-31,612*
in Italy	*14,544*	*13,542*	*16,060*	*31,278*	*29,373*	*11,623*	*21,978*
Portfolio investment	3,369	26,449	43,389	44,342	18,106	118,459	24,864
abroad	*-51,068*	*-21,064*	*-87,036*	*-50,130*	*-656*	*76,662*	*-36,342*
in Italy	*54,437*	*47,513*	*130,425*	*94,472*	*18,762*	*41,797*	*61,206*
Other investment	13,676	-19,550	-8,055	-16,711	46,198	-51,755	-9,260
Financial derivatives	-4,827	1,834	2,323	-416	385	6,788	11,097
Change in reserve assets	-1,407	2,261	809	443	-1,524	-5,574	80
Errors and omissions	**-2,218**	**2,353**	**1,402**	**11,116**	**9,241**	**6,388**	**31,591**

Current account: balance

	2003	2004	2005	2006	2007	2008	2009
Goods (FOB-FOB)	**9,922**	**8,854**	**538**	**-10,203**	**3,204**	**-2,129**	**1,748**
Services	**-2,362**	**1,179**	**-541**	**-1,272**	**-7,115**	**-9,639**	**-11,067**
Transport	-4,972	-4,935	-5,247	-5,163	-7,050	-7,940	-6,868
Foreign travel	9,386	12,150	10,452	11,968	11,169	10,168	8,841
Other services	-6,776	-6,036	-5,746	-8,077	-11,234	-11,867	-13,040
Income	**-17,811**	**-14,817**	**-13,624**	**-13,573**	**-19,586**	**-29,393**	**-26,744**
labor income	-1,126	-213	-554	-316	-108	-355	-878
investment income	-16,685	-14,604	-13,070	-13,257	-19,479	-29,038	-25,866
Transfers	**-7,101**	**-8,293**	**-10,020**	**-13,298**	**-14,216**	**-15,673**	**-13,299**
private	-1,554	-1,477	-1,676	-5,473	-6,811	-7,012	-7,675
workers' remittances	-912	-2,478	-3,668	-4,281	-5,792	-6,188	-6,549
other	-642	1,001	1,992	-1,192	-1,019	-824	-1,126
public	-5,547	-6,816	-8,344	-7,825	-7,405	-8,661	-5,624
EU accounts	-6,289	-6,537	-8,166	-8,144	-8,433	-9,905	-6,980
other	742	-279	-178	319	1,028	1,244	1,356
CURRENT ACCOUNT	**-17,351**	**-13,077**	**-23,647**	**-38,346**	**-37,714**	**-56,835**	**-49,361**

Source: Bank of Italy

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

	2005	2006	2007	2008	2009 [1]
Exports FOB					
millions of euros	299,923	332,013	364,744	369,016	290,800
% change	5.5	10.7	9.9	1.2	-21.2
Imports CIF					
millions of euros	309,292	352,465	373,340	382,050	295,855
% change	8.3	14.0	5.9	2.3	-22.6
Trade balance					
millions of euros	-9,369	-20,452	-8,596	-13,034	-5,055
change in amount	-8,148	-11,083	11,856	-4,438	7,979
Normalized trade balance [2]	-1.5	-3.0	-1.2	-1.7	-0.9
Exports: % change in average unit values (2005=100)	4.6	5.1	5.1	5.5	-1.9
Imports: % change in average unit values (2005=100)	7.8	9.5	3.0	9.0	-10.0
Exports: % change in volume (2005=100)	0.8	5.3	4.5	-4.1	-19.7
Imports: % change in volume (2005=100)	0.5	4.1	2.8	-6.1	-13.9
Terms of trade [3] (% change)	-2.9	-4.0	2.1	-3.2	9.0
Real cover ratio [4] (% change)	0.3	1.2	1.6	2.1	-6.7

(1) Provisional data for 2009. Istat will release final data following adjustments and additions to the data on trade with the EU countries. The data on average unit values remain unchanged.

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

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

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

Source: Based on Istat data

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-2009
Market share	3.51	3.64	3.64	3.73	3.59	3.33	3.27	3.40	3.24	3.18	
change		0.12	0.00	0.09	-0.14	-0.25	-0.06	0.12	-0.16	-0.06	-0.33
Competitiveness effect		-0.01	-0.05	0.00	-0.05	-0.15	0.00	0.01	-0.04	-0.10	-0.39
Structure effect		0.10	0.08	0.11	-0.07	-0.18	-0.04	0.15	-0.13	0.05	0.06
sectoral		*0.06*	*0.03*	*0.00*	*-0.09*	*-0.13*	*-0.06*	*0.06*	*-0.14*	*0.11*	*-0.17*
geographical		*0.05*	*0.00*	*0.10*	*0.00*	*-0.04*	*0.00*	*0.07*	*0.00*	*-0.03*	*0.16*
interaction		*-0.02*	*0.04*	*0.01*	*0.02*	*0.00*	*0.02*	*0.01*	*0.02*	*-0.02*	*0.07*
Adaptation effect		0.04	-0.03	-0.02	-0.02	0.07	-0.02	-0.03	0.01	-0.01	0.00

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-2009
Market share	12.17	12.01	11.79	11.71	11.41	11.15	11.18	11.27	11.21	10.87	
change		-0.16	-0.21	-0.08	-0.31	-0.26	0.03	0.09	-0.06	-0.34	-1.29
Competitiveness effect		-0.17	-0.15	0.02	-0.04	-0.26	0.18	0.03	-0.05	-0.26	-0.70
Structure effect		-0.12	0.13	-0.02	-0.16	-0.24	-0.11	0.13	-0.04	-0.13	-0.56
sectoral		*0.05*	*-0.01*	*-0.07*	*-0.20*	*-0.20*	*-0.10*	*0.11*	*0.01*	*-0.08*	*-0.48*
geographical		*-0.05*	*-0.06*	*0.06*	*0.04*	*0.02*	*0.01*	*0.05*	*0.07*	*0.01*	*0.15*
interaction		*-0.11*	*0.19*	*-0.01*	*-0.01*	*-0.06*	*-0.03*	*-0.03*	*-0.12*	*-0.07*	*-0.24*
Adaptation effect		0.13	-0.18	-0.08	-0.10	0.24	-0.04	-0.07	0.02	0.04	-0.03

(1) The "world" consists of the 27 European Union countries plus Argentina, Brazil, Canada, China, 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		
	2009	% share	% change in value 2008-09	2009	% share	% change in value 2008-09	2008	2009	Normalized 2009 (%)
European Union (1)	**167,028**	**57.4**	**-23.1**	**169,323**	**57.2**	**-18.9**	**8,427**	**-2,295**	**-0.7**
France	33,818	11.6	-18.4	26,145	8.8	-20.5	8,586	7,674	12.8
Germany	36,827	12.7	-21.8	49,348	16.7	-19.3	-14,075	-12,521	-14.5
Spain	16,608	5.7	-31.2	12,775	4.3	-23.2	7,490	3,833	13.0
United Kingdom	14,968	5.1	-22.6	9,631	3.3	-19.0	7,430	5,336	21.7
Non-EU Europe	**34,100**	**11.7**	**-23.1**	**33,571**	**11.3**	**-20.6**	**2,037**	**529**	**0.8**
Russia	6,441	2.2	-38.5	12,142	4.1	-24.5	-5,620	-5,701	-30.7
Switzerland	13,570	4.7	-5.9	10,433	3.5	-7.3	3,169	3,137	13.1
North Africa	**11,551**	**4.0**	**-12.5**	**20,090**	**6.8**	**-35.6**	**-17,984**	**-8,539**	**-27.0**
Other African countries	**4,541**	**1.6**	**-5.1**	**4,323**	**1.5**	**-39.1**	**-2,308**	**218**	**2.5**
North America	**19,189**	**6.6**	**-25.1**	**10,657**	**3.6**	**-20.7**	**12,185**	**8,532**	**28.6**
United States	17,110	5.9	-25.7	9,476	3.2	-18.9	11,344	7,635	28.7
South and Central America	**9,052**	**3.1**	**-25.7**	**7,356**	**2.5**	**-31.8**	**1,385**	**1,696**	**10.3**
Brazil	2,693	0.9	-19.4	2,416	0.8	-37.2	-502	278	5.4
Mercosur	4,063	1.4	-20.7	4,018	1.4	-30.3	-643	45	0.6
Middle East	**15,122**	**5.2**	**-18.6**	**12,078**	**4.1**	**-37.2**	**-666**	**3,044**	**11.2**
Central and South Asia	**5,089**	**1.7**	**6.5**	**5,518**	**1.9**	**-27.8**	**-2,860**	**-429**	**-4.0**
East Asia	2,737	0.9	-11.4	2,905	1.0	-15.3	-340	-168	-3.0
Asia orientale	**20,444**	**7.0**	**-8.2**	**31,353**	**10.6**	**-20.5**	**-17,137**	**-10,909**	**-21.1**
China	6,635	2.3	3.1	19,265	6.5	-18.4	-17,174	-12,631	-48.8
Japan	3,717	1.3	-12.6	3,886	1.3	-22.6	-767	-169	-2.2
DAEs (2)	8,741	3.0	-13.7	5,600	1.9	-28.7	2,278	3,141	21.9
Oceania	**2,778**	**1.0**	**-21.4**	**988**	**0.3**	**-36.0**	**1,991**	**1,790**	**47.5**
WORLD	**290,800**	**100.0**	**-21.2**	**295,855**	**100.0**	**-22.6**	**-13,035**	**-5,055**	**-0.9**

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

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

	Size of markets (1)		Italy's shares (2)				
	2005	2009	2005	2006	2007	2008	2009
European Union	**39.3**	**37.2**	**5.6**	**5.5**	**5.6**	**5.1**	**5.0**
France	4.9	4.6	9.1	8.9	9.0	8.4	8.2
Germany	7.4	7.3	6.4	6.3	6.4	5.9	5.6
United Kingdom	4.7	4.1	5.0	4.7	4.7	4.3	4.1
Spain	2.8	2.3	9.6	9.4	9.8	8.7	8.1
Non-EU Europe	**5.2**	**5.5**	**7.3**	**7.1**	**6.7**	**6.6**	**7.0**
Russia	1.2	1.4	5.8	5.8	5.7	5.3	5.3
Switzerland	1.4	1.5	10.0	9.6	9.5	9.9	10.3
North Africa	**0.9**	**1.2**	**10.1**	**10.1**	**10.5**	**11.4**	**10.8**
Other African countries	**1.5**	**1.9**	**3.2**	**2.8**	**2.8**	**2.5**	**2.7**
North America	**18.5**	**14.9**	**1.7**	**1.6**	**1.6**	**1.6**	**1.5**
United States	15.5	12.2	1.8	1.7	1.8	1.7	1.6
South and Central America	**4.7**	**5.5**	**2.0**	**2.0**	**2.3**	**2.0**	**1.8**
Middle East	**3.1**	**3.9**	**4.5**	**4.5**	**4.9**	**4.5**	**4.4**
Central and South Asia	**1.7**	**2.9**	**2.0**	**1.9**	**1.8**	**1.6**	**2.0**
East Asia	**20.9**	**22.4**	**1.0**	**1.0**	**1.0**	**0.9**	**1.0**
China	5.7	7.1	1.0	1.0	1.0	1.0	1.1
Japan	4.5	4.0	1.2	1.1	1.1	0.9	1.0
Oceania	**1.4**	**1.6**	**2.5**	**2.3**	**2.4**	**2.3**	**2.0**
WORLD	**100.0**	**100.0**	**3.6**	**3.5**	**3.6**	**3.4**	**3.3**

(1) World exports to each market as a percentage of total world exports.
(2) Italy's percentage share of exports to each market.
Source: Based on IMF-DOTS data

Table 2.6 - Italian exports: top 20 countries of destination in 2009

		Rank in 2008	Value (millions of euros) 2009	% change 2008-09	Percentage shares 2008	Percentage shares 2009	Cumulative percentage 2009
1	Germany	1	36,827	-21.8	12.8	12.7	12.7
2	France	2	33,818	-18.4	11.2	11.6	24.3
3	United States	4	17,110	-25.7	6.2	5.9	30.2
4	Spain	3	16,608	-31.2	6.5	5.7	35.9
5	United Kingdom	5	14,968	-22.6	5.2	5.1	41.0
6	Switzerland	6	13,570	-5.9	3.9	4.7	45.7
7	Belgium	8	8,133	-18.1	2.7	2.8	48.5
8	Poland	9	7,908	-19.1	2.6	2.7	51.2
9	Netherlands	11	7,087	-18.3	2.4	2.4	53.7
10	Austria	10	6,866	-22.0	2.4	2.4	56.0
11	China	14	6,635	3.1	1.7	2.3	58.3
12	Russia	7	6,441	-38.5	2.8	2.2	60.5
13	Greece	12	6,009	-23.4	2.1	2.1	62.6
14	Turkey	13	5,654	-24.6	2.0	1.9	64.5
15	Romania	15	4,033	-35.2	1.7	1.4	65.9
16	Portugal	22	3,849	7.1	1.0	1.3	67.2
17	United Arab Emirates	16	3,774	-28.6	1.4	1.3	68.5
18	Japan	17	3,717	-12.6	1.2	1.3	69.8
19	Czech Republic	18	2,979	-26.7	1.1	1.0	70.8
20	Slovenia	19	2,775	-30.3	1.1	1.0	71.8
	Other countries		82,039	-20.1	27.8	28.2	
	WORLD		**290,800**	**-21.2**	**100.0**	**100.0**	**100.0**

Source: Based on Istat data

Table 2.7 - Italian imports: top 20 countries of origin in 2009

		Rank in 2008	Value (millions of euros) 2009	% change 2008-09	Percentage shares 2008	Percentage shares 2009	Cumulative percentage 2009
1	Germany	1	49,348	-19.3	16.0	16.7	16.7
2	France	2	26,145	-20.5	8.6	8.8	25.5
3	China	3	19,265	-18.4	6.2	6.5	32.0
4	Netherlands	4	16,674	-18.7	5.4	5.6	37.7
5	Spain	6	12,775	-23.2	4.4	4.3	42.0
6	Russia	7	12,142	-24.5	4.2	4.1	46.1
7	Belgium	8	12,075	-15.0	3.7	4.1	50.2
8	Switzerland	11	10,433	-7.3	2.9	3.5	53.7
9	Libya	5	10,148	-41.7	4.6	3.4	57.1
10	United Kingdom	9	9,631	-19.0	3.1	3.3	60.4
11	United States	10	9,476	-18.9	3.1	3.2	63.6
12	Austria	12	6,894	-23.4	2.4	2.3	65.9
13	Poland	14	6,727	0.3	1.8	2.3	68.2
14	Algeria	13	6,041	-29.7	2.3	2.0	70.2
15	Turkey	15	4,423	-20.8	1.5	1.5	71.7
16	Japan	16	3,886	-22.6	1.3	1.3	73.0
17	Romania	17	3,696	-15.6	1.1	1.2	74.3
18	Czech Republic	20	3,352	-20.0	1.1	1.1	75.4
19	Azerbaijan	19	3,248	-23.2	1.1	1.1	76.5
20	Ireland	28	3,190	4.9	0.8	1.1	77.6
	Other countries		66,289	-29.4	24.6	22.4	
	WORLD		**295,855**	**-22.6**	**100.0**	**100.0**	**100.0**

Source: Based on Istat data

Table 2.8 - Italy's foreign trade by sector (1)
Amounts in millions of euros and % changes

ATECO Sectors	Exports				Imports				Balance	
	2009 (2)	% weight	% change 2003-08(3)	% change 2008-09	2009 (2)	% weight	% change 2003-08(3)	% change 2008-09	2008	2009 (2)
Products of agriculture, fishing and forestry	4,581	1.6	5.3	-14.4	9,630	3.3	3.2	-11.4	-5,520	-5,049
Mining products	1,023	0.4	20.3	-40.1	44,851	15.2	20.2	-34.9	-67,175	-43,828
Crude oil and natural gas	527	0.2	34.5	-52.6	41,431	14.0	20.6	-34.1	-61,731	-40,903
MANUFACTURING PRODUCTS	276,421	95.1	6.8	-21.2	229,444	77.6	5.9	-20.3	62,711	46,977
Food products, beverages and tobacco	19,979	6.9	7.0	-4.4	22,503	7.6	5.5	-7.6	-3,435	-2,524
Textiles	7,786	2.7	-2.6	-23.0	4,662	1.6	0.9	-19.5	4,325	3,124
Clothing (incl. in leather and fur)	13,942	4.8	3.2	-18.1	10,870	3.7	7.3	-6.3	5,419	3,072
Leather products (excluding clothing)	11,250	3.9	2.2	-18.3	6,238	2.1	3.2	-14.8	6,450	5,012
Footwear	6,104	2.1	0.7	-16.4	3,611	1.2	2.8	-5.0	3,498	2,493
Wood and wood products (excluding furniture); products of straw and woven materials	1,184	0.4	3.3	-24.3	2,776	0.9	1.9	-25.0	-2,137	-1,592
Paper and paper products	4,916	1.7	4.0	-11.0	5,100	1.7	2.5	-17.2	-636	-184
Products of printing and publishing	46	0.0	-8.0	-1.9	36	0.0	12.5	5.1	13	10
Coke, refined petroleum products	9,298	3.2	23.6	-39.8	5,839	2.0	12.3	-30.8	6,997	3,459
Chemical substances and products	17,824	6.1	6.4	-19.8	25,647	8.7	5.0	-20.3	-9,979	-7,823
Pharmaceutical, medicinal and botanical products	12,218	4.2	4.2	2.3	16,133	5.5	7.5	10.0	-2,728	-3,916
Rubber and plastic products	10,479	3.6	5.2	-17.9	6,381	2.2	5.8	-12.7	5,448	4,098
Non metallic mineral products	7,670	2.6	1.9	-20.7	2,935	1.0	4.7	-20.4	5,987	4,735
Basic metal products and fabricated metal products excluding machinery and equipment	32,150	11.1	15.2	-29.1	24,602	8.3	14.0	-44.6	935	7,549
Iron and steel products	17,531	6.0	19.8	-34.9	19,242	6.5	15.0	-48.3	-10,278	-1,711
Fabricated metal products, excluding machinery and equipment	14,619	5.0	10.0	-20.7	5,359	1.8	9.7	-25.7	11,213	9,260
Computers, electronic and optical apparatus	9,592	3.3	-1.5	-15.5	22,500	7.6	1.9	-8.7	-13,293	-12,908
Electrical apparatus	17,165	5.9	5.9	-21.4	10,416	3.5	7.3	-17.9	9,150	6,749
Mechanical machinery and equipment	54,917	18.9	9.2	-22.7	18,809	6.4	5.8	-29.8	44,217	36,108
Transport equipment	29,494	10.1	6.5	-25.2	35,141	11.9	2.9	-20.7	-4,894	-5,646
Motor vehicles and trailers	18,186	6.3	5.9	-33.9	29,624	10.0	2.4	-18.1	-8,649	-11,437
Other transport equipment	11,308	3.9	8.0	-5.0	5,517	1.9	5.1	-32.3	3,756	5,791
Other manufactured products	16,511	5.7	2.8	-20.0	8,856	3.0	7.8	-9.3	10,871	7,655
Furniture	7,243	2.5	1.7	-22.3	1,539	0.5	11.7	-15.9	7,490	5,704
Others	9,268	3.2	3.7	-18.1	7,318	2.5	7.0	-7.7	3,382	1,950
Other products	8,775	3.0	10.1	-22.7	11,931	4.0	6.6	-17.2	-3,050	-3,156
TOTAL	**290,800**	**100.0**	**6.9**	**-21.2**	**295,855**	**100.0**	**7.8**	**-22.6**	**-13,035**	**-5,055**

(1) Data are aggregated according to the new Ateco 2007 classification; the values may differ from those published in the past editions, when we used the Ateco 2002 classification.

(2) Provisional data.

(3) Average annual growth rate 2003-2008.

Source: Based on Istat data

Table 2.9 - **Volumes and prices of Italian exports and imports by sector**
Percentage changes, between 2008 and 2009, for exports and imports; indices, 2005=100, for volumes and terms of trade

	EXPORTS		IMPORTS		RELATIVE VOLUMES (1)		TERMS OF TRADE (2)	
	Volumes	Average unit values	Volumes	Average unit values	2008	2009	2008	2009
Products of agriculture, fishing and forestry	-9.3	-5.7	-5.6	-6.2	110.9	106.6	100.0	100.5
Mining products	-19.0	-26.0	-9.7	-27.9	116.8	104.8	93.5	95.9
MANUFACTURING PRODUCTS	-20.0	-1.5	-16.7	-4.3	102.3	98.3	101.6	104.6
Food products, beverages and tobacco	-4.4	-0.1	-2.9	-4.8	107.7	106.1	99.4	104.3
Textiles	-22.8	-0.4	-18.3	-1.5	89.2	84.3	98.1	99.2
Clothing (incl. in leather and fur)	-20.1	2.5	-8.7	2.5	92.4	80.8	102.4	102.4
Leather products (excluding clothing)	-19.9	1.9	-18.0	3.9	96.0	93.8	103.5	101.5
Footwear	*-19.7*	*4.2*	*-10.2*	*5.8*	*92.4*	*82.6*	*108.0*	*106.4*
Wood and wood products (excluding furniture); products of straw and woven materials	-23.4	-1.1	-22.4	-3.4	112.9	111.4	96.6	98.9
Paper and paper products	-9.9	-1.2	-16.2	-5.3	102.5	110.1	95.5	99.6
Coke, refined petroleum products	-11.4	-32.0	-1.8	-29.5	108.8	98.2	96.3	92.9
Chemical substances and products	-16.4	-4.1	-11.3	-10.2	108.2	102.0	96.5	103.1
Pharmaceutical, medicinal and botanical products	-2.0	4.4	8.2	1.7	86.2	78.1	100.9	103.6
Rubber and plastic products	-17.2	-0.9	-13.7	1.1	96.9	93.0	100.9	98.9
Non metallic mineral products	-22.0	1.6	-20.5	0.2	94.5	92.8	99.0	100.4
Terracotta building materials	*-20.8*	*1.4*	*-16.6*	*-3.7*	*88.4*	*83.9*	*103.1*	*108.6*
Basic metal products and fabricated metal products excluding machinery and equipment	-20.9	-10.3	-16.4	-15.2	106.2	100.4	94.1	99.6
Iron and steel products	*-21.0*	*-17.5*	*-36.9*	*-18.1*	*111.9*	*140.0*	*96.0*	*96.6*
Fabricated metal products, excluding machinery and equipment	*-22.1*	*1.8*	*-25.8*	*0.1*	*96.8*	*101.6*	*100.8*	*102.6*
Computers, electronic and optical apparatus	-20.9	6.8	-4.8	-4.1	77.3	64.2	113.0	126.0
Electrical apparatus	-20.6	-1.0	-17.8	-0.1	88.4	85.4	104.5	103.5
Mechanical machinery and equipment	-25.4	3.7	-33.1	4.8	107.0	119.1	102.8	101.7
Transport equipment	-29.6	6.3	-23.2	3.2	111.7	102.4	103.0	106.0
Motor vehicles and trailers	*-37.4*	*5.6*	*-20.1*	*2.5*	*114.6*	*89.8*	*102.7*	*105.8*
Other transport equipment	*-12.3*	*8.3*	*-37.6*	*8.5*	*93.5*	*131.4*	*104.3*	*104.1*
Other manufactured products	-21.0	1.3	-11.2	2.2	92.8	82.6	103.7	102.8
Furniture	*-22.8*	*0.7*	*-14.7*	*-1.5*	*80.2*	*72.5*	*105.6*	*108.0*
Others	*-19.5*	*1.8*	*-10.4*	*2.9*	*96.3*	*86.5*	*103.7*	*102.5*
TOTAL	**-19.7**	**-1.9**	**-13.9**	**-10.0**	**105.0**	**98.0**	**94.9**	**103.4**

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

Table 2.10 - World exports and Italy's market shares
Incidence on world exports (a) Italy's market shares

	Incidence on world exports (a)			Italy's market shares		
	2003	2008	2009	2003	2008	2009
Products of agriculture, fishing and forestry	2.7	2.7	2.9	2.3	2.2	2.1
Mining products	7.7	13.3	10.8	0.1	0.2	0.2
MANUFACTURING PRODUCTS	85.8	80.5	82.7	4.5	4.3	4.0
Food products, beverages and tobacco	5.4	5.0	5.8	4.3	4.1	4.2
Textiles	2.5	1.7	1.9	7.3	6.1	5.2
Clothing (incl. in leather and fur)	3.2	2.4	2.8	7.0	6.9	6.1
Leather products (excluding clothing)	1.3	1.0	1.1	14.9	13.3	12.1
Footwear	*0.7*	*0.6*	*0.7*	*14.7*	*12.4*	*10.9*
Wood and wood products (excluding furniture); products of straw and woven materials	1.0	0.7	0.7	2.1	2.2	2.1
Paper and paper products	2.0	1.6	1.7	3.8	3.9	4.0
Coke, refined petroleum products	2.6	4.8	3.9	3.2	3.1	2.9
Chemical substances and products	7.7	7.6	7.7	2.9	2.8	2.7
Pharmaceutical, medicinal and botanical products	3.1	3.0	4.1	4.9	3.9	3.5
Rubber and plastic products	2.4	2.2	2.4	6.4	5.7	5.3
Non metallic mineral products	1.4	1.2	1.3	10.0	8.1	7.5
Basic metal products and fabricated metal products excluding machinery and equipment	7.1	9.3	8.0	4.7	4.6	4.6
Iron and steel products	*4.7*	*6.9*	*5.6*	*3.5*	*3.9*	*3.8*
Fabricated metal products, excluding machinery and equipment	*2.4*	*2.4*	*2.4*	*7.0*	*6.6*	*6.5*
Computers, electronic and optical apparatus	13.4	11.3	12.7	1.1	0.9	0.9
Electrical apparatus	4.8	4.4	4.6	5.4	5.2	4.8
Mechanical machinery and equipment	10.6	9.6	9.3	7.1	7.3	7.2
Transport equipment	13.8	11.3	11.0	3.3	3.5	3.2
Motor vehicles and trailers	*10.2*	*8.2*	*7.3*	*3.2*	*3.3*	*3.0*
Other transport equipment	*3.6*	*3.0*	*3.7*	*4.9*	*4.7*	*4.5*
Other manufactured products	3.8	3.3	3.8	7.5	6.1	5.3
Furniture	*1.0*	*0.8*	*0.9*	*13.8*	*10.9*	*9.8*
Jewelry; precious stones	*0.9*	*0.8*	*0.9*	*7.2*	*5.5*	*5.0*
Medical and dental instruments and supplies	*0.9*	*0.8*	*1.1*	*5.0*	*4.8*	*4.1*
Other products	3.9	3.6	3.6	3.7	1.5	1.6
TOTAL	**100.0**	**100.0**	**100.0**	**4.1**	**3.6**	**3.5**

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

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

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

	Amounts	% change	% change	Share of Italian exports (%)				
	2009	2008-2009	2004-2008 [2]	2005	2006	2007	2008	2009
North-West	**117,908**	**-20.3**	**6.6**	**41.5**	**40.8**	**40.5**	**40.9**	**41.4**
Piedmont	29,630	-21.9	5.0	10.7	10.5	10.2	10.3	10.2
Valle d'Aosta	456	-36.5	10.9	0.2	0.2	0.2	0.2	0.2
Lombardy	82,121	-21.1	7.1	28.4	28.1	28.0	28.2	28.2
Liguria	5,702	9.7	9.6	1.4	1.3	1.3	1.4	2.0
North-East	**91,127**	**-22.1**	**6.9**	**31.6**	**32.1**	**32.3**	**32.3**	**32.0**
Trentino-Alto Adige	5,142	-16.9	5.6	1.7	1.7	1.7	1.7	1.8
Veneto	38,866	-22.3	5.6	13.6	13.9	13.9	13.6	13.4
Friuli-Venezia Giulia	10,738	-18.9	7.6	3.2	3.3	3.4	3.6	3.7
Emilia-Romagna	36,382	-23.5	8.4	12.4	12.5	12.7	12.9	12.5
Center	**45,407**	**-15.6**	**4.8**	**15.4**	**15.8**	**15.7**	**14.9**	**15.9**
Tuscany	22,959	-9.1	3.7	7.3	7.4	7.3	6.8	7.9
Umbria	2,638	-22.4	6.5	0.9	1.0	1.0	0.9	0.9
Marche	8,064	-24.4	4.5	3.2	3.5	3.4	2.9	2.8
Lazio	11,746	-18.9	6.7	3.7	3.7	3.7	3.9	4.0
South and Islands	**30,633**	**-29.4**	**9.4**	**11.5**	**11.3**	**11.6**	**12.0**	**10.7**
Abruzzo	5,226	-31.6	6.0	2.1	2.0	2.0	2.1	1.8
Molise	417	-35.2	4.7	0.2	0.2	0.2	0.2	0.1
Campania	7,880	-16.5	6.8	2.5	2.5	2.6	2.6	2.7
Puglia	5,752	-22.7	3.8	2.3	2.1	2.0	2.0	2.0
Basilicata	1,523	-22.4	11.6	0.4	0.5	0.6	0.5	0.5
Calabria	323	-17.6	2.8	0.1	0.1	0.1	0.1	0.1
Sicily	6,234	-37.8	15.9	2.4	2.4	2.6	2.7	2.1
Sardinia	3,278	-44.0	19.9	1.3	1.3	1.3	1.6	1.1
Total regions	**285,076**	**-21.3**	**7.9**	**100**	**100**	**100**	**100**	**100**

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

(2) Average annual growth rate 2004-2008 based on exports' value.

Source: Based on Istat data

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 (1)
No. of exporting firms (2)	188,915	191,016	195,910	196,973	198,351	201,680	206,795	204,619	198,327	189,812
% change	3.0	1.1	2.6	0.5	0.7	1.7	2.5	-1.1	-3.1	-4.3
Exports (3)	254,081	266,435	266,571	262,057	281,877	296,954	328,715	359,981	364,278	286,260
% change	17.2	4.9	0.1	-1.7	7.6	5.3	10.7	9.5	1.2	-21.4
No. of foreign affiliates	16,477	17,934	18,435	19,054	19,687	20,208	20,896	22,207	22,715	…,
% change	…,	8.8	2.8	3.4	3.3	2.6	3.4	6.3	2.3	…,
No. of workers abroad	1,152,365	1,231,181	1,216,558	1,212,236	1,200,420	1,215,775	1,252,529	1,321,517	1,352,070	…,
% change	…,	6.8	-1.2	-0.4	-1.0	1.3	3.0	5.5	2.3	…,

(1) Provisional data.
(2) Export operators.
(3) Exports in this table differ from those in the other tables because this table only takes account of the exports of identified exporting firms.
Sources: Based on Istat and ICE - Reprint, Politecnico di Milano data

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

	2003					2008				
	1-9 workers	10-49 workers	50-249 workers	250 + workers	Total	1-9 workers	10-49 workers	50-249 workers	250 + workers	Total
Europe	10.4	19.7	27.7	42.3	187,047	9.6	18.1	29.0	43.3	254,586
North Africa	11.9	19.9	24.9	43.3	6,409	10.5	17.8	21.1	50.6	12,735
Other African countries	18.1	24.0	22.2	35.7	3,016	13.0	23.6	26.1	37.3	4,456
North America	7.3	20.3	29.0	43.4	23,532	7.0	16.1	27.9	49.0	24,570
South and Central America	8.3	18.0	27.3	46.3	7,059	6.7	15.2	24.4	53.7	11,804
Middle East	11.0	21.0	27.2	40.9	9,260	10.4	17.0	30.5	42.1	17,456
Central and South Asia	9.3	19.3	29.0	42.4	1,905	8.5	17.2	30.5	43.8	4,654
East Asia	9.9	19.6	27.3	43.2	17,514	10.5	18.2	27.8	43.5	21,452
Oceania and other countries	14.3	19.7	25.9	40.0	3,149	9.2	16.3	24.1	50.4	4,675
WORLD	**10.2**	**19.8**	**27.6**	**42.4**	**258,887**	**9.5**	**17.8**	**28.4**	**44.3**	**356,388**

Source: Based on Istat data

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

	2008						2009					
	0 - 249	250 - 749	750 - 4,999	5,000 - 50,000	over 50,000	TOTAL	0 - 249	250 - 749	750 - 4,999	5,000 - 50,000	over 50,000	TOTAL
Products of agriculture, fishing and forestry	1.4	5.6	30.7	49.9	12.5	100	2.0	6.3	32.4	48.6	10.8	100
Mining products	1.2	2.8	13.6	14.7	67.7	100	2.1	5.5	21.8	19.9	50.6	100
Food products, beverages and tobacco	1.3	2.6	16.1	44.5	35.5	100	1.4	2.7	15.7	46.5	33.6	100
Textiles, clothing, leather products and accessories	1.3	3.3	18.6	40.9	36.0	100	1.6	3.9	19.9	39.8	34.8	100
Wood and wood products; paper products, products of printing	1.5	3.3	16.9	41.3	37.0	100	1.9	3.5	16.9	41.8	35.9	100
Coke, refined petroleum products	0.0	0.1	0.5	1.9	97.6	100	0.0	0.1	0.7	3.7	95.5	100
Chemical substances and products	0.6	1.4	9.7	34.0	54.3	100	0.7	1.9	11.0	37.1	49.2	100
Pharmaceutical, medicinal and botanical products	0.1	0.2	2.2	14.7	82.8	100	0.1	0.3	2.1	13.8	83.7	100
Rubber and plastic products, and non metallic mineral products	1.2	3.0	16.8	44.4	34.5	100	1.6	3.5	18.6	46.7	29.6	100
Basic metal products and fabricated metal products excluding machinery and equipment	0.6	1.7	10.4	33.1	54.1	100	1.0	2.4	12.9	36.7	47.1	100
Computers, electronic and optical apparatus	1.2	2.2	14.2	37.8	44.7	100	1.4	2.9	15.5	39.4	40.9	100
Electrical apparatus	0.7	1.7	10.5	36.6	50.5	100	0.9	2.1	11.9	36.4	48.6	100
Mechanical machinery and equipment	0.8	1.9	12.8	38.4	46.1	100	1.1	2.4	14.4	39.4	42.7	100
Transport equipment	0.5	0.9	5.4	19.2	74.0	100	0.7	1.1	6.3	19.9	72.2	100
Other manufactured products	1.8	4.1	21.5	43.7	28.9	100	2.3	4.9	23.7	40.9	28.3	100
Other products	27.8	16.7	14.1	15.6	25.9	100	31.9	15.3	14.5	19.2	19.1	100
TOTAL	1.6	2.5	12.5	33.7	49.7	100	2.0	2.9	14.0	35.2	45.9	100

Source: Based on Istat data

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