

## Introduction

Italy is a country located in Southern Europe comprising the boot-shaped Italian peninsula and a number of islands including Sicily and Sardinia. Neighboring countries include Austria, France, Holy See, San Marino, Slovenia, and Switzerland. Italy has a strategic location dominating central Mediterranean as well as proximity to Western Europe across the Adriatic Sea.



The government system is a republic; the chief of state is the president, and the head of government is the prime minister. Italy has a diversified industrial economy, which is divided into a developed industrial north, dominated by private companies, and a less developed, welfare-dependent, agricultural south. Italy is a member of the European Union (EU).



**Location:** Southern Europe

**Capital City:** Rome (+1 GMT)

**Chief of State:** President Sergio Mattarella

**Head of Govt.:** Prime Minister Giorgia Meloni

**Currency:** Euro (EUR)

**Major Languages:** <p>Italian (official), German (parts of Trentino-Alto Adige region are predominantly German-speaking), French (small French-speaking minority in Valle d'Aosta region), Slovene (Slovene-speaking minority in the Trieste-Gorizia area)</p>

**Primary Religions:** <p>Christian 80.8% (overwhelmingly Roman Catholic with very small groups of Jehovah's Witnesses and Protestants), Muslim 4.9%, unaffiliated 13.4%, other 0.9% (2020 est.)</p>

**Calling Code:** 39

**Voltage:** 230

## Key Websites

Main Government Page: [governo.it](http://governo.it)

Commerce Ministry: [mise.gov.it](http://mise.gov.it)

Export Promotion Agency: [ice.it](http://ice.it)

Investment Promotion Agency: [invitalia.it](http://invitalia.it)

## Key Economic Facts

Income Level (by per capita GNI):	High Income
Level of Development:	Developed
GDP, PPP (current international \$):	\$3,052.61 billion (2022)
GDP growth (annual %):	3.67% (2022)
GDP per capita, PPP (current international \$):	\$51,864.98 (2022)
Manufacturing, value added (% of GDP):	14.12% (2022)
Current account balance (BoP, current US\$):	-\$26.66 billion (2022)
Inflation, consumer prices (annual %):	8.20% (2022)
Labor force, total:	25,481,769 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	8.09% (2022)
Imports of goods and services (current US\$):	\$777.84 billion (2022)
Exports of goods and services (current US\$):	\$746.87 billion (2022)

## GDP Composition %



*\*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

## Rankings

Index	Rank
Corruption Perceptions Index	41 / 178
EY Globalization Index	30 / 60
Global Competitiveness Index	30 / 141
Global Enabling Trade Index	36 / 136
Global Manufacturing Competitiveness Index (GMCI)	28 / 40
Index of Economic Freedom	69 / 176
International Logistics Performance Index (LPI)	19 / 160
Inward FDI Potential Index	31 / 139
KOF Index of Globalization	23 / 185
Networked Readiness Index (NRI)	45 / 139
Open Budget Index	10 / 114

## Risk Assessment (Provided by Coface)

**Country rating: B** - Political and economic uncertainties and an occasionally difficult business environment can affect corporate payment behavior. Corporate default probability is appreciable.

**Business Climate rating: A2** - The business environment is good. When available, corporate financial information is reliable. Debt collection is reasonably efficient. Institutions generally perform efficiently. Intercompany transactions usually run smoothly in the relatively stable environment rated A2.

### Strengths

- Recovering tourism industry providing a strong growth pillar
- Increasing efforts to combat tax evasion and reduce informality
- Bank asset quality has significantly improved
- Comparative advantage in high-end food products, fabrics, clothing, furnishing, machinery
- European support creates opportunity for modernization

### Weaknesses

- Public debt still very high
- High reliance on natural gas (43% of primary energy mix in 2021) and oil (37%)
- Prevalence of small, low-productivity companies (more than 90% of firms have 10 employees or less)
- Manufacturing sector vulnerable to supply chain and energy crisis
- Strong regional disparities, organized crime still influential in the South

## U.S. Embassy

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