

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

Commerce Ministry: mise.gov.it

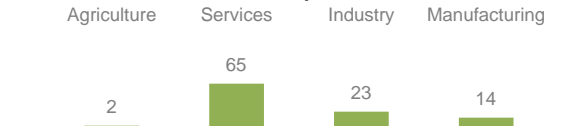
Export Promotion Agency: ice.it

Investment Promotion Agency: 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
- Successful geographical diversification strategy on energy supply, potential to become European energy hub
- Low private indebtedness (107% of GDP vs. eurozone average of 162%)
- Comparative advantage in high-end food products, fabrics, clothing, furnishing, machinery, pharmaceuticals
- European support creates opportunity for modernization

Weaknesses

- Strong regional disparities, large informal economy estimated at 11% of GDP
- Prevalence of small, low-productivity companies (more than 90% of firms have 10 employees or less)
- Very high public debt creating EU and ECB dependence
- Unfavorable demography will exacerbate labour shortages
- Dependence on energy imports creates exposure to external shocks

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