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).

Key Economic Facts

Income Level (by per capita GNI): High Income
Level of Development: Developed
GDP, PPP (current international $): $2,515.78 billion (2018)
GDP growth (annual %): 0.86% (2018)
GDP per capita, PPP (current international $): $41,630.45 (2018)
Inflation, consumer prices (annual %): 1.14% (2018)
Labor force, total: 25,507,457 (2019)
Unemployment, total (% of total labor force) (modeled ILO estimate): 9.22% (2019)
Imports of goods and services (current US$): $606.70 billion (2018)

GDP Composition %

<table>
<thead>
<tr>
<th></th>
<th>Agriculture</th>
<th>Services</th>
<th>Industry</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>2</td>
<td>66</td>
<td>22</td>
<td>15</td>
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</table>

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

Rankings

<table>
<thead>
<tr>
<th>Index</th>
<th>Rank</th>
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<tbody>
<tr>
<td>Corruption Perceptions Index</td>
<td>53 / 180</td>
</tr>
<tr>
<td>EU Globalization Index</td>
<td>30 / 60</td>
</tr>
<tr>
<td>Global Competitiveness Index</td>
<td>31 / 139</td>
</tr>
<tr>
<td>Global Enabling Trade Index</td>
<td>36 / 136</td>
</tr>
<tr>
<td>Global Manufacturing Competitiveness Index (GMCI)</td>
<td>28 / 40</td>
</tr>
<tr>
<td>Index of Economic Freedom</td>
<td>80 / 179</td>
</tr>
<tr>
<td>International Logistics Performance Index (LPI)</td>
<td>19 / 160</td>
</tr>
<tr>
<td>Inward FDI Potential Index</td>
<td>31 / 139</td>
</tr>
<tr>
<td>KOF Index of Globalization</td>
<td>23 / 185</td>
</tr>
<tr>
<td>Networked Readiness Index (NRI)</td>
<td>45 / 139</td>
</tr>
<tr>
<td>Open Budget Index</td>
<td>13 / 115</td>
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</tbody>
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Risk Assessment (Provided by Coface)

Country rating: A4 - A somewhat shaky political and economic outlook and a relatively volatile business environment can affect corporate payment behavior. Corporate default probability is still acceptable on average.

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

- Reform efforts (labour market, banking sector, insolvency, etc.)
- Manufacturing industry still important
- Renewed competitiveness and stronger export sector
- Improvement in the financial position of companies
- High-quality infrastructure
- Major tourism potential

Weaknesses

- Public debt still high; very negative net external position
- Labour market duality; high unemployment rate
- Large proportion of small, unproductive companies
- Fragmented political landscape; national unity weakened by regions’ push for autonomy
- Regional disparities
- Low administrative efficiency

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