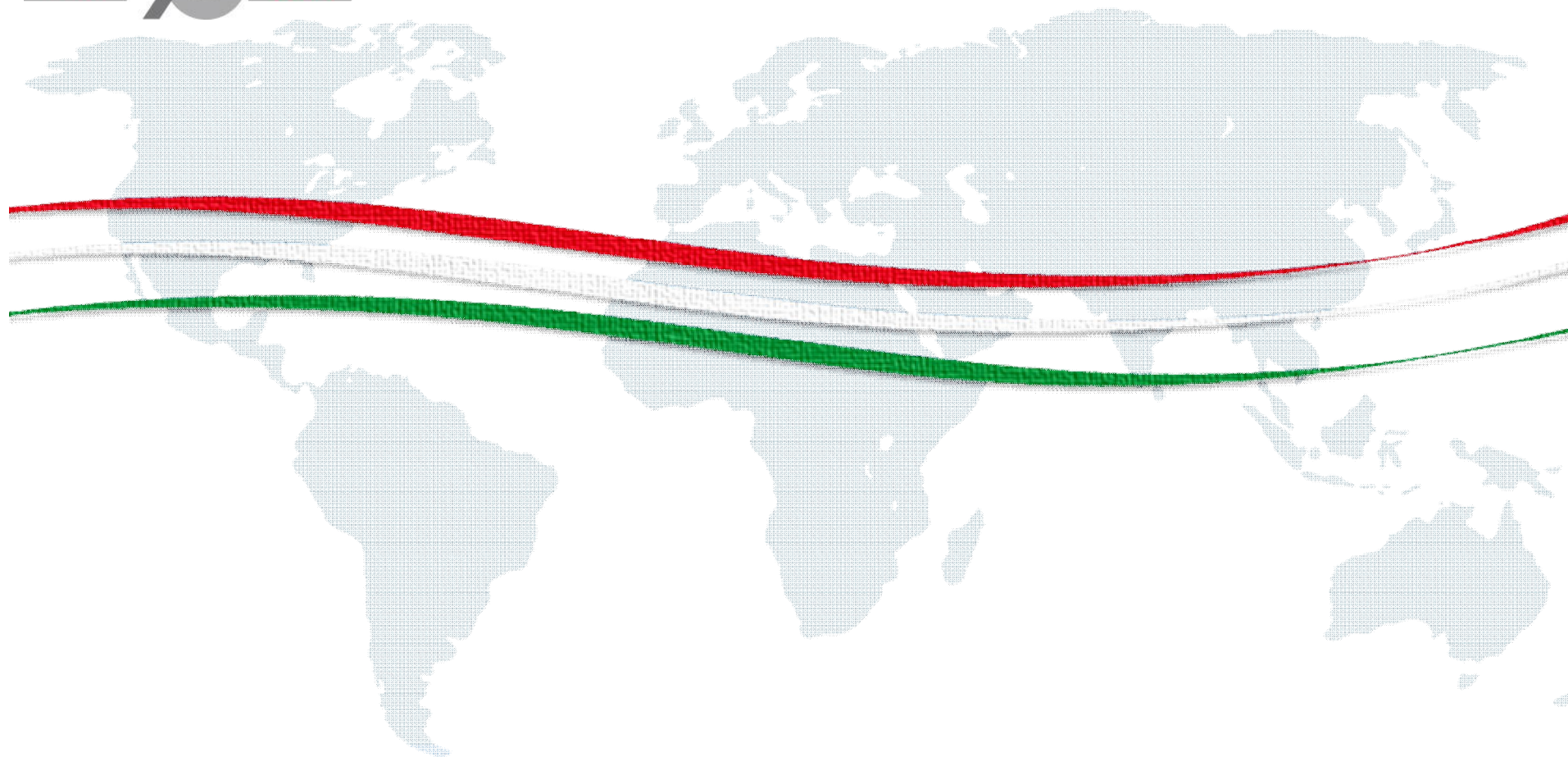




ITALIAN TRADE AGENCY

ICE - AGENZIA



Marco Verna



ITALIAN TRADE AGENCY

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WHAT IS ITA

The Italian Trade Agency is a Government institution, under the aegis of the Ministry of Economic Development in collaboration with the Ministry of Foreign Affairs and the Ministry of Finance and the Economy

ICE has its head office in Rome, one office in Milan and it operates through a large network of offices around the world

in order to ensure a global support to Italian companies.





ITALIAN TRADE AGENCY

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WHAT IS ITA

TRADE PROMOTION ORGANIZATIONS (TPOs)

TPOs – Trade Promotion
Organizations or *Trade Support
Organizations* – are instruments
of foreign economic policy
created by most countries active
in international trade.



They support the international business
activity of national companies through
services:

- Information
- Training
- Assistance and Consultancy
Services
- Promotional activities





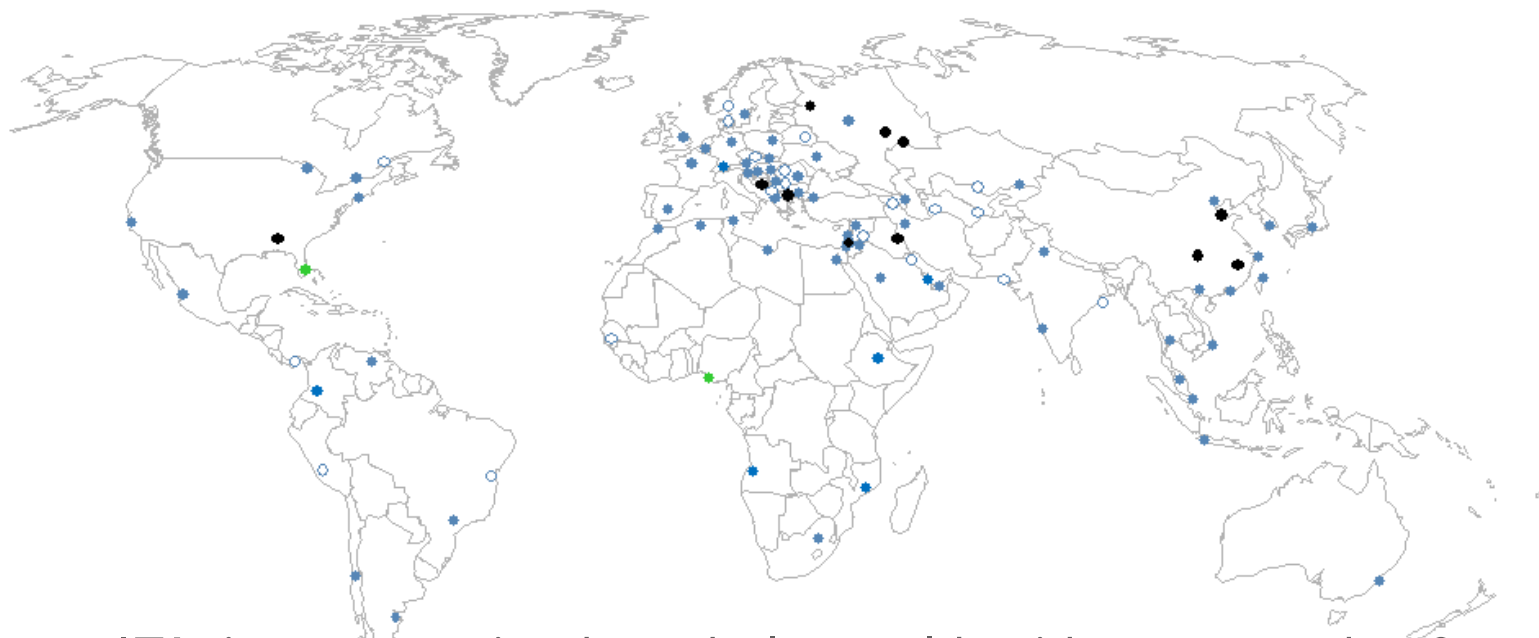
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WHAT IS ITA

- | | |
|-----------------------------|----------------------------------|
| ● <i>Uffici in apertura</i> | ● <i>Punto di corrispondenza</i> |
| ● <i>Uffici attivi</i> | ○ <i>Uffici in chiusura</i> |



ITA is present in the whole world with a network of 65 offices and 16 antennas.



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PRIDE (AND
PREJUDICE)



PRIDE AND PREJUDICE

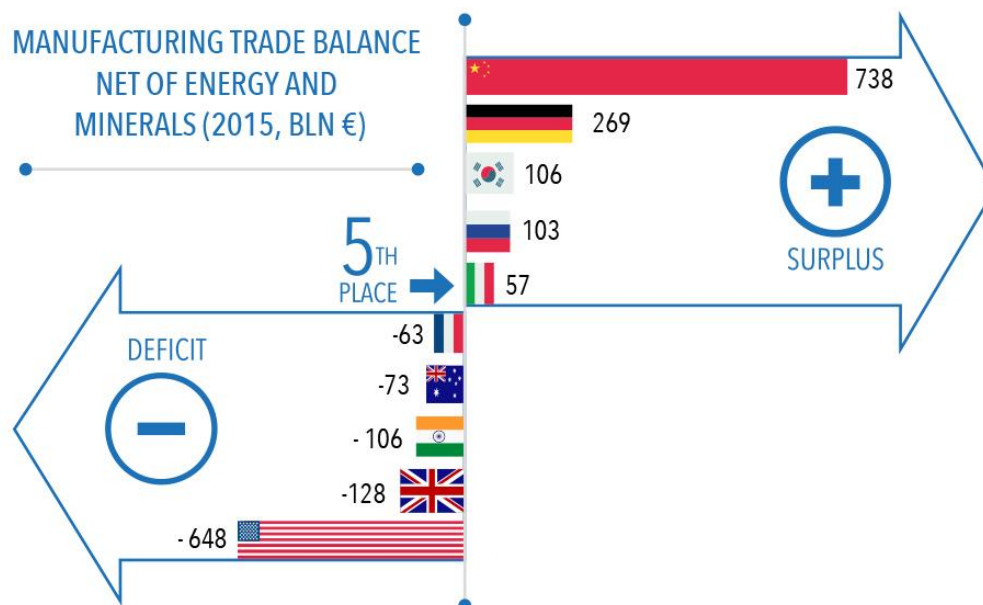
MANUFACTURING TRADE SURPLUS ITALY RANKS 5TH AMONGST G-20 COUNTRIES

Italy has the **fifth manufacturing trade surplus amongst G-20 countries**, exclusive of energy and minerals, with a positive balance of €57 billion in 2015.

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

If we consider the entire industry, inclusive of the energy and minerals sectors, the **Italian trade balance¹** is still positive in 2015, with a surplus of **€45 billion**.

1. Manufacturing trade balance = Exports — Imports (goods only, services excluded). If exports exceed imports (positive balance), then the country has a trade surplus. If imports exceed exports (negative balance), then the country has a trade deficit.



SOURCE: ITA ANALYSIS ON GTA-IHS DATA

PRIDE AND PREJUDICE

AMONG THE INDUSTRIALIZED NATIONS ITALY HAS MAINTAINED MOST OF ITS MARKET SHARE



Italy cannot be considered a victim of globalization when competing with emerging economies.

Rather, we belong to those countries that have suffered less from the entrance of China and other BRICs into the world market, since we have maintained 75% of our export share compared to 2000. Although our performance is not comparable to that of Germany (93%), we are still doing better than the United States (70%), the United Kingdom (60%), France (60%), Canada (58%) and Japan (48%).













PRIDE AND PREJUDICE

AMONG THE TOP WORLD MANUFACTURERS ITALY IS STILL THE 6TH STRONGEST

During the last 35 years, Italy has been able to maintain the position it held well before the globalization phenomenon and entrance of emerging economies into the global trade arena. **We are among the six leading manufacturing countries**, second in Europe only to Germany, while France and the United Kingdom have constantly lost positions to the new global competitors: China, Korea, India, Russia and Brazil ¹.

1. Ranking based on Manufacturing Value Added

TOP TEN MANUFACTURERS

| RANK | 1980* | 1990* | 2000* | 2013** | TREND |
|------|--|--|---|---|-------|
| 1 | UNITED STATES | UNITED STATES | UNITED STATES | CHINA | ↑ |
| 2 |  | JAPAN | JAPAN | UNITED STATES | ↓ |
| 3 | JAPAN |  |  | JAPAN | ↓ |
| 4 | UNITED KINGDOM |  | CHINA |  | ↓ |
| 5 |  | UNITED KINGDOM | UNITED KINGDOM | SOUTH KOREA | ↑ |
| 6 |  |  |  |  | = |
| 7 | CHINA | CHINA |  | INDIA | ↑ |
| 8 | BRAZIL | BRAZIL | SOUTH KOREA |  | ↓ |
| 9 | SPAIN | SPAIN | CANADA | RUSSIA | ↑ |
| 10 | CANADA | CANADA | MEXICO | UNITED KINGDOM | ↓ |



SOURCE: * MANUFACTURING THE FUTURE, MC KINSEY GLOBAL INSTITUTE ON IHS GLOBAL INSIGHT DATA, NOVEMBER 2012

** UPDATED WITH WORLD BANK DATA – ITA ANALYSIS (2016)

PRIDE AND PREJUDICE

DEFICIT / GDP

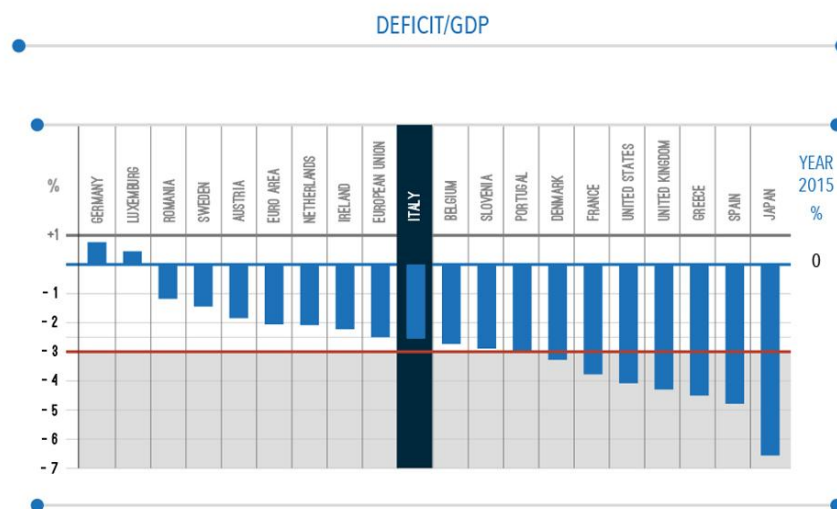
Italy's deficit-to-GDP ratio was below 3% in 2013, as it was in 2012.

The European Commission accordingly closed out the excessive deficit procedure that had been opened in the past.

Again in 2014, Italy's public finances met this requisite, as provided by the European treaties for the countries that are part of the European Monetary Union and therefore have adopted the euro as their currency. **In 2015, Italy's deficit-to-GDP ratio decreased to 2.6% of GDP.**

In the Euro Area, **Italy is still one of the few countries to have respected this requirement.**

It is furthermore interesting to note that there are many countries outside the Euro Area that have a deficit-to-GDP ratio that exceeds the 3% threshold. These include the UK, Japan and the United States.



PRIDE AND PREJUDICE

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

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

Again in 2014 Italy ranked first in 3 sectors (Leather products, Clothing, Textiles), second in another 5 sectors (Non-electronic machinery, Basic manufactures, Transport equipment, Electronic components, Miscellaneous manufacturing), and improving its position in Processed food, where it ranked sixth.

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

PRIDE AND PREJUDICE

RANKING OF MAIN MANUFACTURERS IN THE TRADE PERFORMANCE INDEX (2014)

| MACRO - SECTORS | GERMANY | ITALY | CHINA | SOUTH KOREA | FRANCE | JAPAN | UNITED STATES | UNITED KINGDOM |
|--|---------|-------|-------|-------------|--------|-------|---------------|----------------|
| FRESH FOOD | 25 | 33 | 49 | 82 | 97 | 25 | 5 | 42 |
| PROCESSED FOOD | 1 | 6 | 20 | 70 | 86 | 3 | 39 | 42 |
| WOOD PRODUCTS | 1 | 25 | 36 | 44 | 54 | 30 | 33 | 36 |
| TEXTILES | 2 | 1 | 2 | 9 | 38 | 20 | 36 | 23 |
| LEATHER PRODUCTS | 15 | 1 | 3 | 41 | 68 | 18 | 39 | 21 |
| CLOTHING | 18 | 1 | 2 | 50 | 87 | 14 | 47 | 20 |
| CHEMICALS | 1 | 28 | 25 | 7 | 8 | 2 | 20 | 34 |
| BASIC MANUFACTURES ¹ | 1 | 2 | 4 | 6 | 8 | 27 | 48 | 29 |
| NON-ELECTRONIC MACHINERY | 1 | 2 | 5 | 10 | 12 | 11 | 25 | 14 |
| ELECTRONIC COMPONENTS ² | 1 | 2 | 34 | 17 | 5 | 21 | 30 | 23 |
| IT & CONSUMER ELECTRONICS | 11 | 24 | 6 | 7 | 41 | 21 | 25 | 18 |
| TRANSPORT EQUIPMENT | 1 | 2 | 27 | 3 | 13 | 16 | 33 | 31 |
| MISCELLANEOUS MANUFACTURING ³ | 1 | 2 | 9 | 42 | 10 | 25 | 27 | 28 |
| MINERALS | 30 | 46 | 76 | 62 | 84 | 25 | 18 | 32 |



- 1) Includes metal and marble products
2) Includes electrical domestic appliances
3) Includes glasses, jewellery and plastic articles.

Ranks 1 to 3
Ranks 4 to 10



PRIDE AND PREJUDICE

ITALY'S FOREIGN TURNOVER HAS SHARPLY INCREASED WHILE DOMESTIC DEMAND HAS COLLAPSED

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

Rather, it is due to the dramatic slump in domestic demand, caused at least in part (both in Italy and Europe) by strict interpretation of the austerity measures, which has undermined our growth outlook.

From 2009 to 2015, Italian manufacturing industries have lost 2.7% of their domestic turnover, against an increase of 18.1% in Germany and of 6.9% in France.

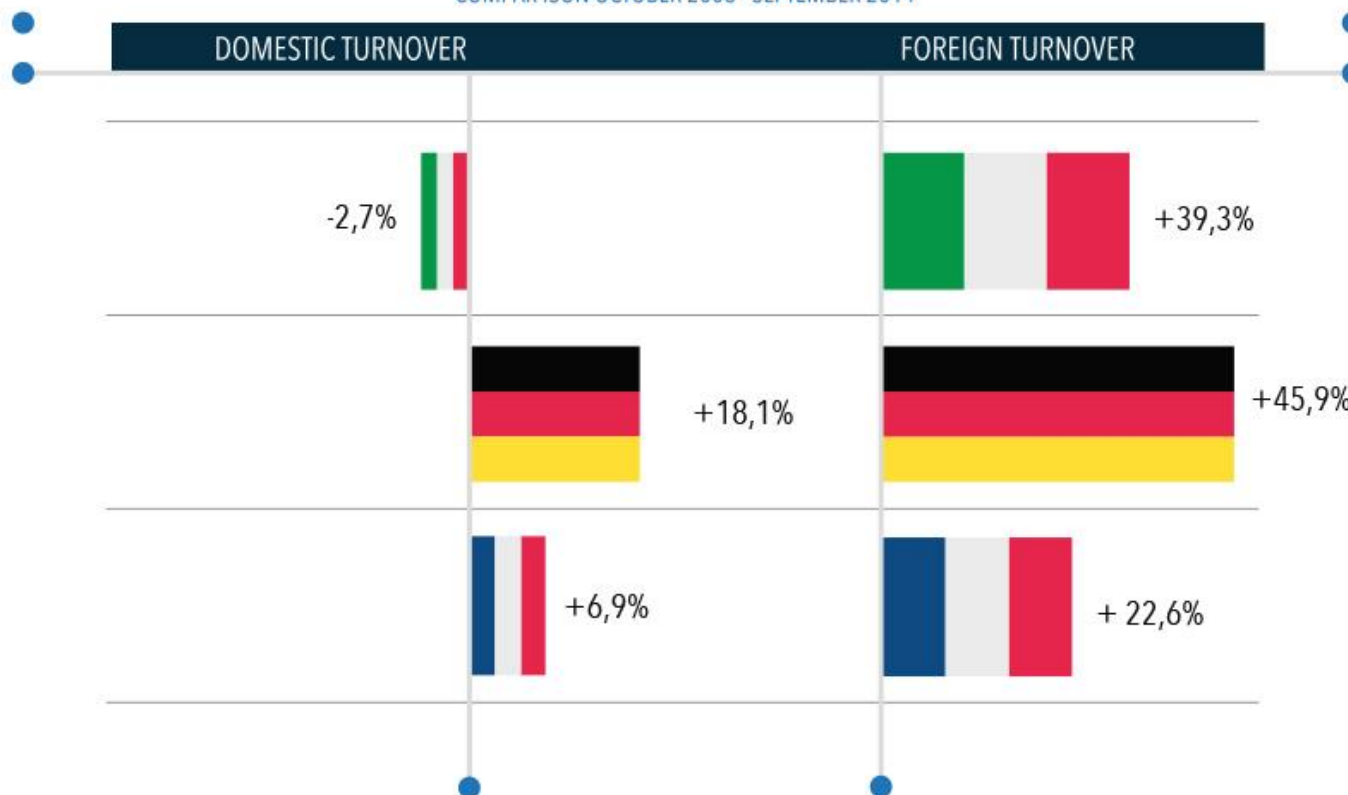
By contrast, in foreign markets Italy shows a steady pace in terms of industrial turnover, increasing 39,3% against 45,9% in Germany and 22,6% in France.

PRIDE AND PREJUDICE

1926 **90** 2016

MANUFACTURING TURNOVER PERFORMANCE

COMPARISON OCTOBER 2008 - SEPTEMBER 2014



 SOURCE: ELABORATION BY OSSERVATORIO ECONOMICO SUL COMMERCIO INTERNAZIONALE AT MINISTRY OF ECONOMIC DEVELOPMENT ON EUROSTAT DATA

PRIDE AND PREJUDICE

BUSINESS ENVIRONMENT IMPROVED CONDITIONS FOR DOING BUSINESS IN ITALY

Italy continues its steady move towards a greater stability and competitiveness at a global level, as confirmed by international organizations such as the World Bank and, very recently, the OECD.

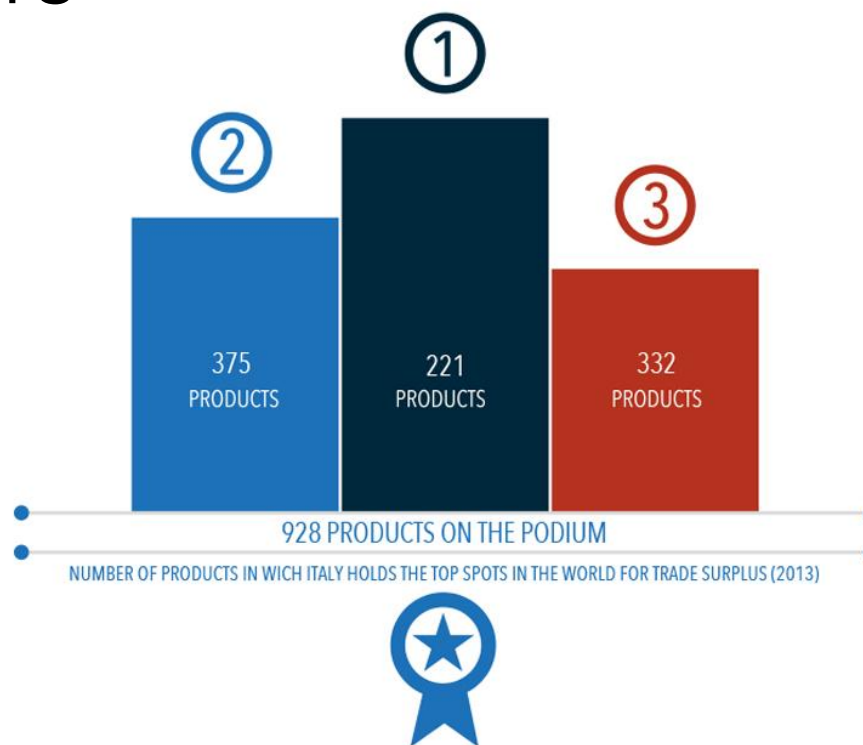
In the last 5 years, Italy has gained 30 positions in the global ranking measuring the ease of doing business, growing at a pace of 7 spots a year, on average.

Italy's ascent, started in 2013, is not of a temporary nature rather reflecting a constant trend as a result of a wide programme of reforms aimed at improving business regulations, such as a widespread use of ICT in civil proceedings, including the introduction of mandatory electronic filing, and a more flexible labour market.

PRIDE AND PREJUDICE

WORLD LEADERSHIP IN TRADE SURPLUS FOR ALMOST 1,000 PRODUCTS

In 2013, out of a total of 5,117 merchandized products (the most detailed breakdown of world trade by industry), Italy occupies leadership positions for trade surplus in 928 products, ranking first in 221 products (“gold medal”), second in 375 products (“silver medal”) and third in 332 products (“bronze medal”)



 SOURCE: FORTIS-CORRADINI INDEX – FONDAZIONE EDISON OUT OF A TOTAL OF 5,117 ITEMS

PRIDE AND PREJUDICE

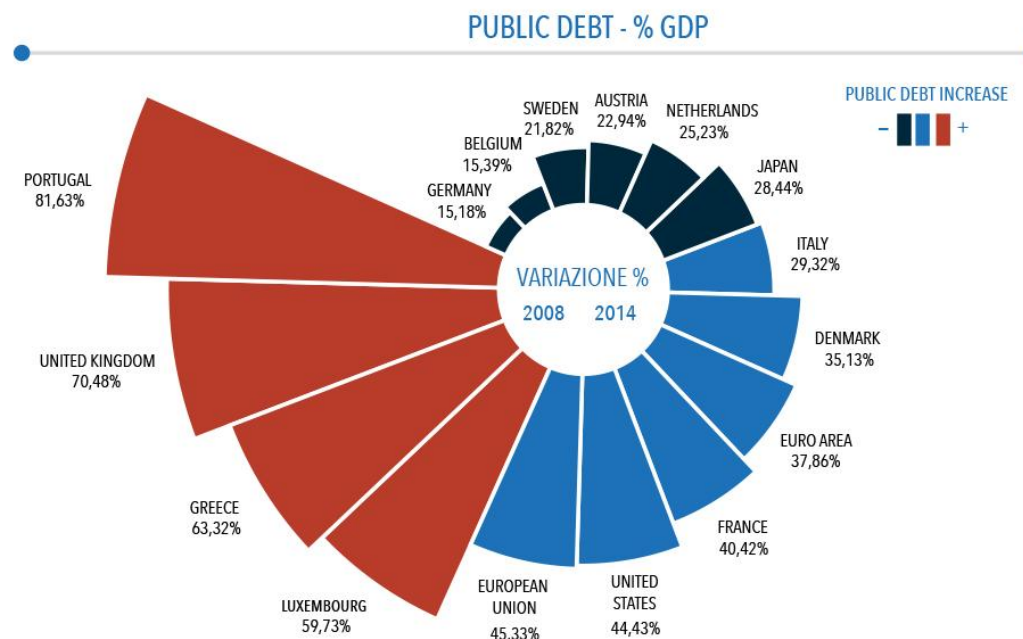
PUBLIC DEBT

Many countries reacted to the crisis that took shape in 2008 by expanding their public budgets.

Between 2008 and 2014, deficit expansion translated into debt growth. It is evident that the **trend of Italy's debt has been much more subdued than in other countries.**

Despite Italy's modest economic growth during the years of the crisis, the increase in Italy's debt was well below the average for both the EU countries, and the Euro Area countries.

As a result of economic growth and a plan now being implemented to divest State properties, **Italy's debt-to-GDP ratio has stabilized and will start declining in 2016**



SOURCE: EUROSTAT - IMF

PRIDE AND PREJUDICE

PUBLIC DEBT TREND



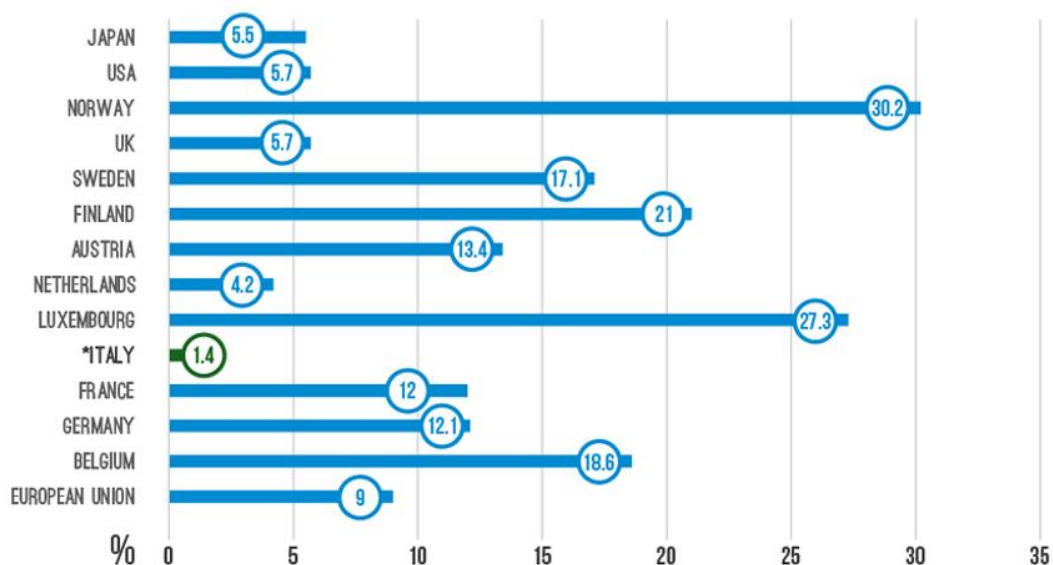
After 8 years of uninterrupted growth, the **public debt-to-GDP ratio** was essentially stabilized in 2015 and is slated to fall as from 2016.

As of 2019, the ratio will decline to below the 120 per cent threshold. The turnaround in the trend of the debt, which is key to the government's strategy, must be achieved with responsible management of the state budget, with the maintenance of the primary surplus and the growth of GDP.

PRIDE AND PREJUDICE

PUBLIC EXPENDITURE INCREASE

PUBLIC EXPENDITURE INCREASE 2009-2014



*Reclassifying the €80 bonus for full-time workers as a remission of the tax wedge, instead of as a social expenditure (According to official statistics, the figure is 2.2).

As already evident in the primary balance, the rigorous approach to responsibly managing the public budget is confirmed by the trend of public spending.

Italy's public expenditure remained almost constant during the years of crisis, whereas other countries logged significant increases, including double-digit increases.

PRIDE AND PREJUDICE

PHARMACEUTICAL EXPORT

Italy enjoys the largest increase in pharmaceutical exports in the world.

Italy produces more than one third of all contrast agents.



- almost 200 companies associated to Farindustria, (90% of industrial value)
- 63.500 employees
- 6.100 employees dedicated to R&D
- 30 billions € of production (73% destined to export)
- 2,6 billion € in investment (1,4 in R&S and 1,2 in production)



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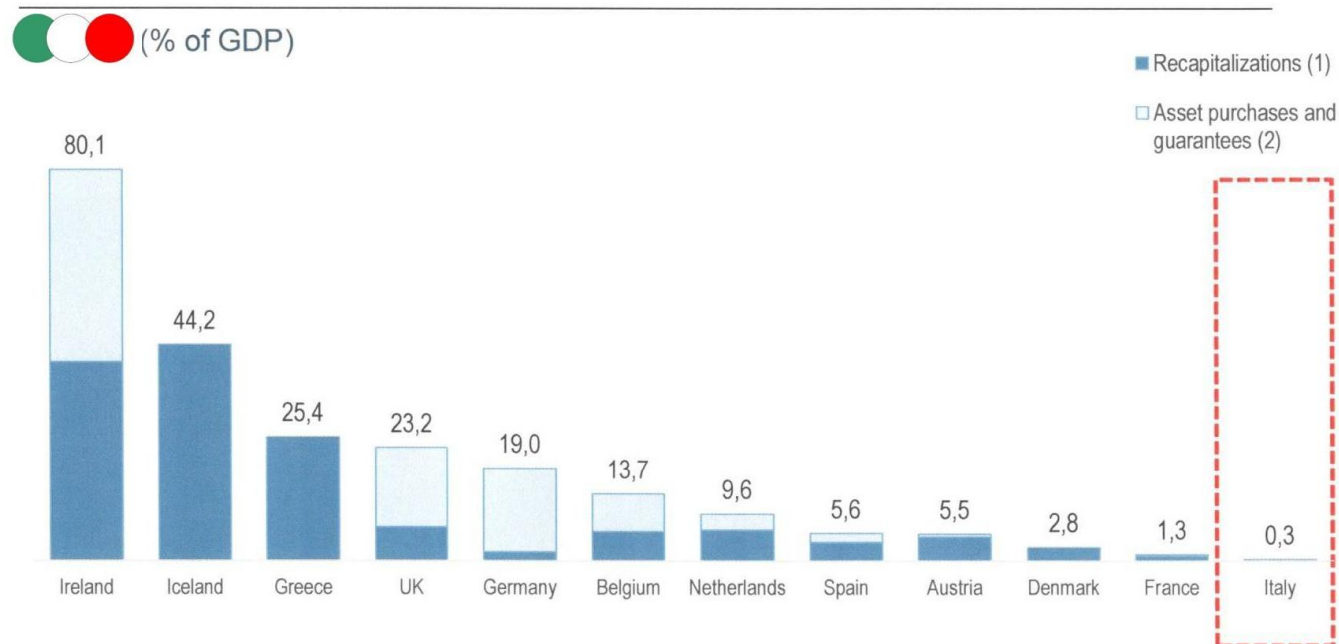
ITALY'S STRENGTH IN INTERNATIONAL PROYECTION



A solid financial system

1926 **90** 2016

Government and central banks support to the financial sector



- State intervention has been marginal and just a fraction of that made by other countries

(1) Recapitalizations and other restructuring costs, excluding liquidity support

(2) Asset purchases and guarantees funded by Treasury and Central Bank

Source: IMF Economic Review 2013

An exporting Country

1926 **90** 2016

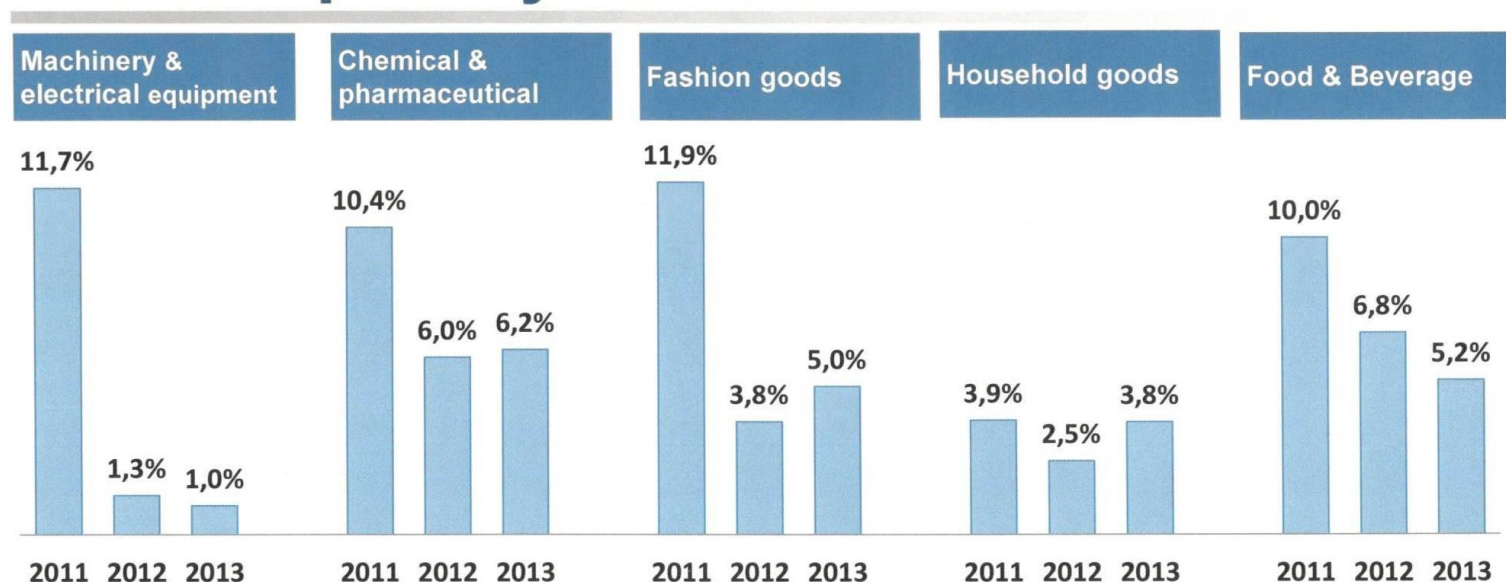
Bln € - Growth % vs. previous year



Source: Istat (goods) e Banca d'Italia (services).
For world trade growth, OECD Economic Outlook: march 2014

High Growth Rate: export by sector

1926 **90** 2016



Export Germany

| | | | | | | | | | | | | | | |
|-------|------|-------|------|------|------|-------|-------|------|-------|------|-------|-------|------|------|
| 10,5% | 1,2% | -1,6% | 7,5% | 6,0% | 0,7% | 11,9% | -1,3% | 1,3% | 11,4% | 2,6% | -1,0% | 12,1% | 6,8% | 3,9% |
|-------|------|-------|------|------|------|-------|-------|------|-------|------|-------|-------|------|------|

Export France

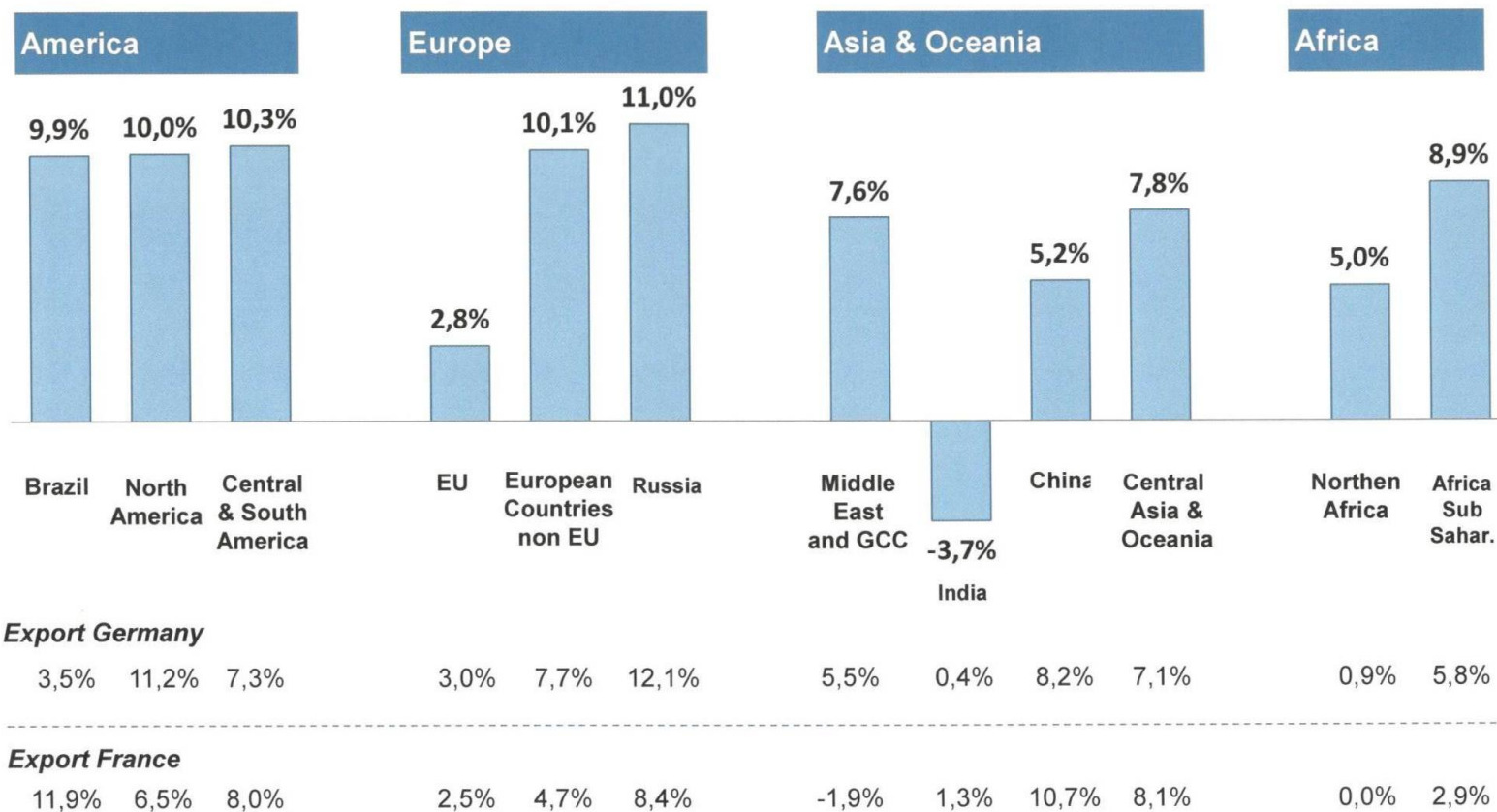
| | | | | | | | | | | | | | | |
|------|------|-------|------|------|------|-------|------|------|------|-------|------|-------|------|------|
| 6,4% | 2,3% | -3,0% | 2,9% | 5,9% | 0,3% | 10,9% | 5,5% | 2,5% | 1,8% | -1,6% | 0,9% | 13,0% | 4,9% | 1,3% |
|------|------|-------|------|------|------|-------|------|------|------|-------|------|-------|------|------|

Source: Eurostat data

High Growth Rate: export by Area

1926 90 2016

Arithmetic average of the annual growth



Source: Eurostat data

R&D and Biotech in Italy

R&D

- The Italian *Consiglio Nazionale delle Ricerche* – **CNR** ranks **3rd among the top 10 EU research organizations** after France's and Germany's
- In 2007-2013, **Italian automotive and parts, and aerospace companies, have remained among the top R&D investors**, with only Germany and France showing more R&D investment in these sectors.

Biotech

With **407 companies**, of which **256 engaged in pure biotech** where **Italy ranks third in Europe** after Germany and the UK (in number)

Total turnover in 2013/ € **7,152 Mln**, with a 6% increase compared to 2012, whilst R&D investments reached € 1,832 Mln, with a further 2.9% increase.

The number of **R&D employees totals 6,739**,

75% of biotech companies are **micro or small-sized entities** (having fewer than 10 and fewer than 50 employees, respectively).

WHAT IS ITA DOING?

2016 BUDGET millions € 164,5

| | |
|------------------------------|-------|
| Extraordinary Plan 2016 | 100,0 |
| Made in Italy 2016 | 11,1 |
| Ordinary Plan 2016 | 17,8 |
| DL185 (Increasing Plan 2015) | 10,0 |
| Mipaaf 2016 | 6,0 |
| Mise Convention (Plan 2015) | 5,5 |
| Plan «SOUTH» 2016 | 14,1 |

WHAT IS ITA DOING?



THE YEARLY PROGRAM

Planning process

1. Steering Committee* guidelines with main objectives and strategies, priority markets, sectors and promotional tools
2. Proposals from ICE Offices and Italian Embassies abroad
3. Planning Meetings with manufacturers Associations and local governments
4. Final proposals from Headquarter's Offices
5. Approval by ICE Board and Advisory Committee
6. Approval by Ministries
7. Communication to companies and institutions

* Ministries of Foreign Affairs/Economic Development/Agriculture, Entrepreneurs Associations, Union of Chambers of Commerce

WHAT IS ITA DOING?



THE YEARLY PROGRAM Financing

1. Overall financing from MSE through the yearly budget law
2. Co-financing from Italian companies taking advantage of the program (30% to 40% of the budget)
3. Co-financing from ICE partners in the “Agreements” policy: Regions, Manufacturers associations, Chambers of Commerce, Italian Trade Fairs System, Universities Association) (50% ICE + 50% autonomous from partners, not included in ICE budget).

ICE does not give any direct financing to companies.

WHAT IS ITA DOING?

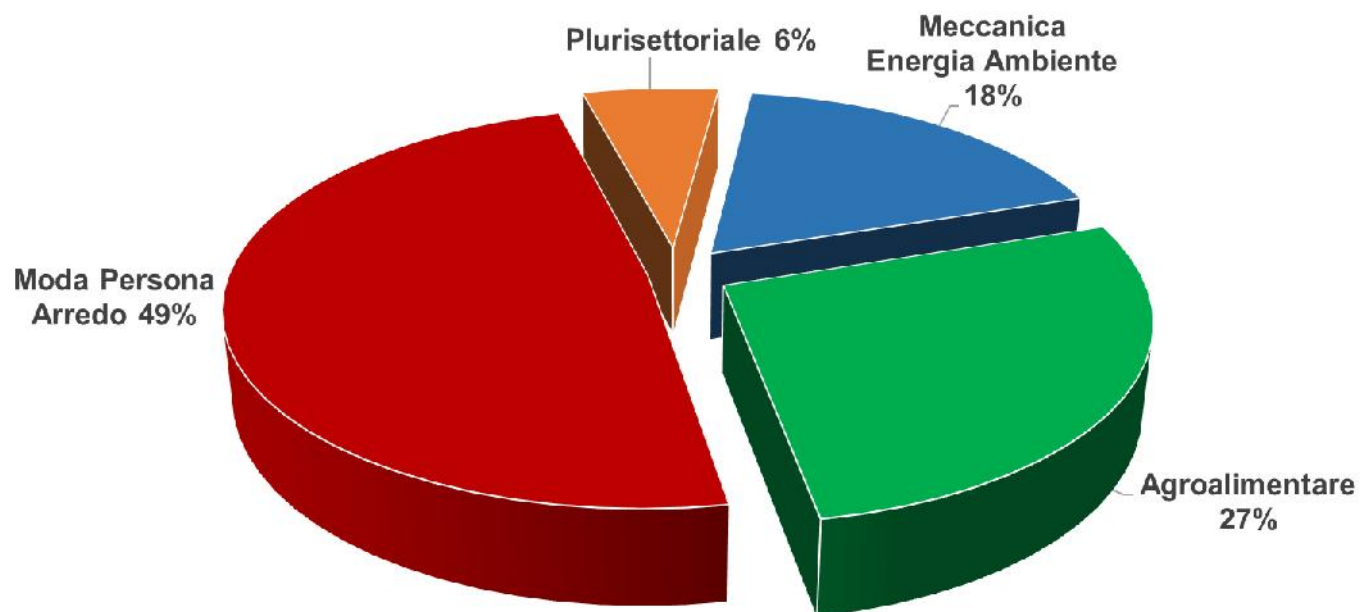
THE YEARLY PROGRAM 2016 Plan, some figures:

- ▶ 1000 actions
- ▶ with multi-year perspective
- ▶ and sector/market approach
- ▶ to support 55 sectors
- ▶ in favour of 50 markets
- ▶ 14.000 Italian participants
- ▶ 14.000 foreign companies involved in the program

WHAT IS ITA DOING?

2016 – Sectors

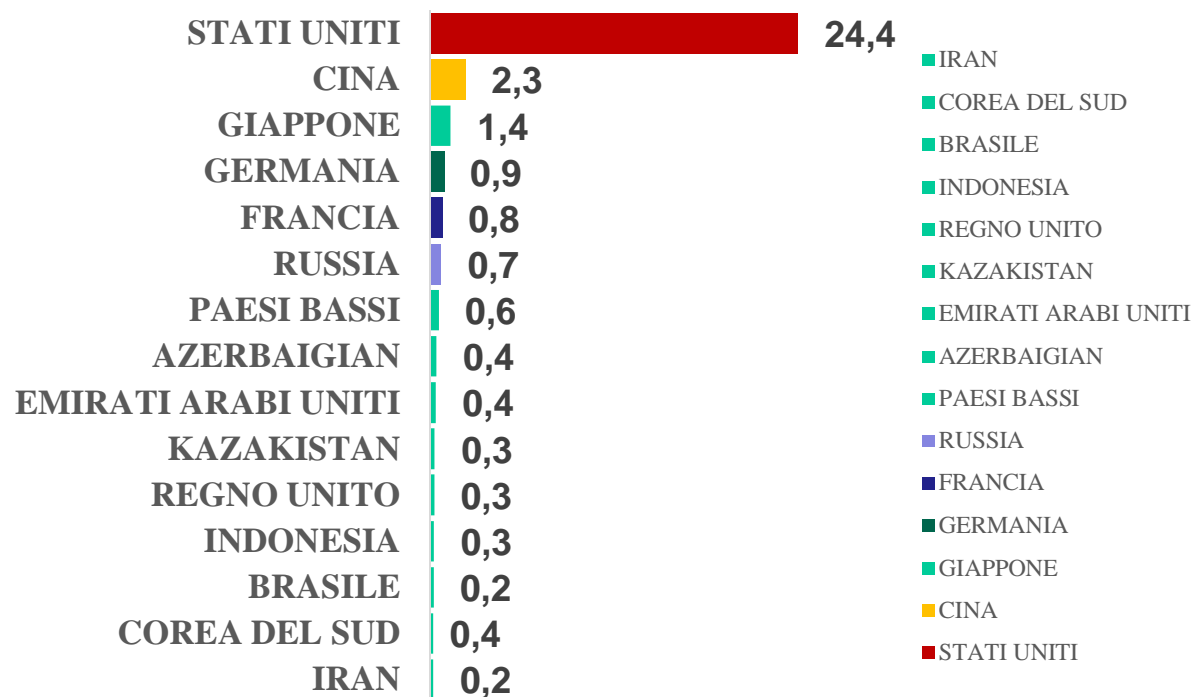
All main sectors are supported, growing focus on Fashion and Food & Beverage



WHAT IS ITA DOING?

2016 – GEOGRAPHICAL AREAS

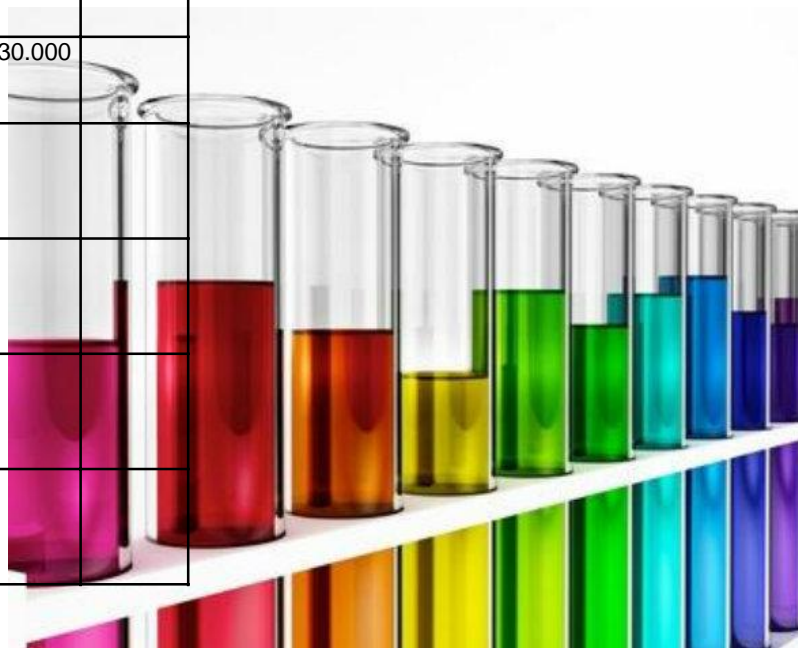
Increasing focus on USA, action confirmed in «Old Markets», new entries Azerbaijan, Kazakhstan and Iran



WHAT IS ITA DOING?

2016 – PHARMACEUTICAL SECTOR

| n | Iniziativa | Luogo e data | Tipologia | Settore | Pubb. € | Priv. € | |
|---|---|--|----------------------------|--------------|---------|---------|--|
| 1 | PARTECIPAZIONE COLLETTIVA A CPhI JAPAN 2015 | Tokyo, 20-22 aprile 2015 | Partecipazion e collettiva | Chimico | 67.700 | 40.000 | |
| 2 | PARTECIPAZIONE COLLETTIVA A CPhI ISTANBUL 2015 | Istanbul 3-5 giugno 2015 | Partecipazion e collettiva | Chimico | 58.300 | 22.500 | |
| 3 | PARTECIPAZIONE COLLETTIVA A CPhI JAPAN 2016 | Tokyo, 22-24 aprile 2016 (In corso) | Partecipazion e collettiva | Chimico | 82.000 | 40.000 | |
| 4 | PARTECIPAZIONE COLLETTIVA A CPhI ISTANBUL 2016 | Istanbul 1-3 giugno 2016 (in corso) | Partecipazion e collettiva | Chimico | 94.000 | 30.000 | |
| 5 | STUDIO DI MERCATO SUL SETTORE FARMACEUTICO IN POLONIA, THAILANDIA, VIETNAM | Paesi vari, giugno 2015 – giugno 2016 (in corso) | Indagine di mercato | Farmaceutica | 60.000 | | |
| 6 | STUDIO DI MERCATO SUL SETTORE FARMACEUTICO IN CROAZIA, SERBIA, RUSSIA | Paesi Vari, giugno 2015 – giugno 2016 (in corso) | Indagine di mercato | Farmaceutica | 70.000 | | |
| 7 | MISSIONI DI OPERATORI IN ITALIA PER VISITE AZIENDALI E O A FIERE SETTORIALI | Paesi Vari, giugno 2015 – giugno 2016 (da strutturare) | Missioni di operatori | Farmaceutica | 140.000 | | |
| 8 | MISSIONI IMPRENDITORIALI NEI MERCATI OBIETTIVO | Paesi Vari, giugno 2015 – giugno 2016 (da strutturare) | Missioni imprenditoriali | Farmaceutica | 130.000 | | |





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