



Italy's Strategy for Reforms and Economic Growth

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Italy in the global context

- **G8 member**, fifth manufacturing economy worldwide and second largest in Europe
- One of the founders of the **European Union** and an active player in the **international scene**
- **GDP growth expected to gradually approach 2.0% by 2018**
- **Strong exports** (almost €500bn of exports of goods and services) and wide **presence in high-growth sectors** (robotics, mechatronics, biopharma, aerospace), not only the Four Fs (Food, Fashion, Furniture, Ferrari)

Why Italy is increasingly attractive

- **Exports**
 - Consistent growth in exports by SMEs, the backbone of Italy's economy. Since 2012, Italy is among the 5 countries with more than 100 bn \$ of **manufacturing trade surplus**
- **Labour market**
 - Less rigid than commonly believed (**Doing Business** indexes on labour better than Netherlands, France, Spain, Germany 99)
- **Industry on the path to recover**
 - Confidence indexes show that **industrial activity is recovering**, backed by a robust entrepreneurial base
- **Tourism industry as a future opportunity**
 - In 2013, Italy welcomed 48,6 millions of international tourists. Travel and tourism total contribution to GDP was almost 160 bn (10.3% GDP), and this share is expected to increase significantly

Fiscal sustainability and economic growth

- Structural reforms: **Shifting gear**
- The outlook for the Italian economy: **Gradual while still fragile recovery**
- Macroeconomic imbalances: **Competitiveness must improve**
- Public finances: **Getting closer to balanced budget**
- Debt sustainability: **One of the most sustainable among developed economies**
- Financial conditions: **Still tight but improving**

Italy's reforms

- **Institutional reforms:** new electoral law, end to bicameralism, simplification of the multilayer governance 

By the end of the year
- **Labour market reform:**
 - Further flexibility in hiring, "Youth Guarantee National Plan" 

March 2014
 - Labour market reorganization and simplification 

Fall 2014
- **Speeding up of payment of general government arrears:** new system of regulation and monitoring; electronic invoicing 

By October 2014
- **Spending review:** e-procurement, increasing the efficiency of public administration, cutting unproductive public spending 

Ongoing programs 2014 - 2016

Italy's reforms

- **An ambitious privatization programme:** privatizing companies under central government and local authorities control and selling real estate in order to improve efficiency and reduce national debt
2014-2016 yearly programs
- **Lower tax rate on labour:** cutting the tax wedge
May 2014
- **Simplification of the tax administration:** a more transparent and growth-oriented tax system
By the end of the year
- **Finance for Growth:** alternative forms of funding especially for SMEs, tax credit for investment, incentives to private investment in infrastructure projects
June/July 2014
- **PA Reform:** Open Data, transparency and digitalization for a modernized public service. Recruitment of younger officials
June 2014

EU Italian Presidency

Two main priorities:

Structural Reforms and Growth

- EU growth recovery still too weak
- To promote growth and job creation through structural reforms, a growth friendly budget composition, exploiting Single Market potential, reviewing EU 2020, etc.

Finance for Growth

- To significantly reduce financial market fragmentation and create favourable condition for longer term investment
- To pursue a Single Market without unjustified credit constraints
- To support SMEs in the challenging financial system

Privatization Plan 2014

Company Name	Relevant sectors	Transaction description
	<ul style="list-style-type: none"> Postal services, financial services, ICT, logistics 	<ul style="list-style-type: none"> 40% of the company to be sold through IPO
	<ul style="list-style-type: none"> Air traffic control 	<ul style="list-style-type: none"> 49% of the company to be sold through IPO
	<ul style="list-style-type: none"> Export finance, credit insurance 	<ul style="list-style-type: none"> 60% of the company to be sold through IPO
	<ul style="list-style-type: none"> Shipbuilding – cruise liners, mega yachts, naval vessels, oil & gas vessels 	<ul style="list-style-type: none"> 40% of the company to be sold through IPO, including a capital increase
	<ul style="list-style-type: none"> Oil & Gas 	<ul style="list-style-type: none"> 4% of the company to be sold through market placement
CDP Reti 	<ul style="list-style-type: none"> Gas transportation and power high voltage 	<ul style="list-style-type: none"> 49% of the company to be sold through trade sale
	<ul style="list-style-type: none"> TLC infrastructure provider for RAI broadcast 	<ul style="list-style-type: none"> Opening to private capital

Privatization Plan 2015

Company Name	Relevant sectors	Transaction description
	<ul style="list-style-type: none"> Italian national railways 	<ul style="list-style-type: none"> 40% of the company opened up to private capital
	<ul style="list-style-type: none"> Oil & Gas 	<ul style="list-style-type: none"> Possible further reduction of the State-owned stake under study
	<ul style="list-style-type: none"> Electric utility 	<ul style="list-style-type: none"> Possible further reduction of the State-owned stake under study
Further measures	Relevant sectors	Transaction description
Municipal utilities	<ul style="list-style-type: none"> Companies that provide public utilities at local level (water, electricity, waste collection and management) 	<ul style="list-style-type: none"> Opening to private control and significant reduction of their numbers through merger
Public real estate assets	<ul style="list-style-type: none"> Public real estate assets - State and Local authorities properties 	<ul style="list-style-type: none"> Disposal plan of public real estate assets Decrease the rent of real estate for the PA, increase the efficiency of locations' distribution

0.7% GDP yearly from 2014 to 2017 – expected income from privatization schemes and real estate assets disposal plan