

STUDY TRIP GUIDE

Italy's resilience amid crises – navigating migration, productivity, demographic shifts, and ecological transition challenges



International Economic Expertise – 211

2024/2025

Location: Milan & Roma

ECONOMIC SECTION & VISISTS

ITALY : ECONOMIC AND POLITICAL OVERVIEW

Some data

	2024		2021	2022	2023	2024p	2025p
Population (millions)	59	Real GDP (growth, %)	8.9	4.7	0.7	0,7	0.8
Real GDP (Billion USD)	2 376	CPI (end of year, %)	4.2	12.3	0.5	2.1	1.8
GDP per capita (USD)	36 022	Current account balance (% of GDP)	2.1	-1.7	0	1.1	1.4
Saving (% GDP)	/	Budget balance (% of GDP)	-8.8	-8.1	-7.2	-4	-3.8
HDI*	30*	Public debt (% of GDP)	145.5	138.1	134.6	136.9	138.7

*Human Development Index (United Nations) : ranking for 191 countries, 2022

Source : World Bank, IMF

● Economic overview

Italy, a founding member of the European Union and the 3rd largest economy in the eurozone, plays a crucial role in the economic and political dynamics of Europe. It is also the 8th largest economy in the world with a real GDP of around 3 597 billion in USD (in current prices) and a high per capita income of 60 992 USD in 2024 just behind the United Kingdom, India and France. Despite the last crisis decades Italy has seen a great resilience of its economy.

The Italian economy is clearly underpinned by a robust industry (2nd place in Europe), notably automotive, fashion and precision engineering. Italy has long been and is still a key player in European trade and international investment thanks to a diversified industrial base, strong manufacturing sector and a strategic geographical location. Exports account for almost 30% of GDP, with key sectors including luxury goods, agri-food and technology. However, despite these

advantages, the country faces significant structural challenges that put its economic resilience to the test. The Italian economy is characterized by major regional contrasts: the highly developed, industrialized and dynamic north (the Po Valley), the center around Rome, dominated by the tertiary sector and the capital's political functions, and the south, the Mezzogiorno, which is more rural and suffers from high unemployment (around 14%) and the presence of the mafia. This imbalance continues to exist despite the many policies implemented to promote the development of the Mezzogiorno since Italian unification in the 19th century. Also noteworthy is the importance of small and medium-sized businesses (the highest rate in Europe), particularly in the central and north-eastern regions.

Over the years, Italy has encountered multiple crises that have shaped its economic and social landscape. The global financial crisis of 2008 had a severe impact on the Italian economy, exposing vulnerabilities such as high public debt and sluggish productivity growth. The COVID-19 pandemic further exacerbated these difficulties, leading to a sharp contraction in GDP and increasing pressure on public finances. More recently, geopolitical tensions and energy market disruptions have posed additional risks to Italy's economic stability. Despite the challenges raised by an aging population, a low birth rate and multiple crises, the Italian economy is proving remarkably resilient.

- **Foreign trade**

Foreign trade in goods and services is a key pillar of the Italian economy, with exports accounting for almost 30% of GDP. In 2024, merchandise exports reached US\$612 billion, placing Italy sixth in the world after China, the United States, Germany, the Netherlands, and Japan. The manufacturing sector, including transportation equipment, textiles, machinery, and pharmaceuticals, dominates these exports. Between 55% and 60% of goods exports are destined for Europe, exposing Italy to fluctuations in intra-EU trade. The United States is also a key trading partner, accounting for Italy's largest trade surplus and its second-largest export market after Germany (12% and 11% of total exports). The Italian manufacturing industry, which accounts for nearly 15% of GDP, is particularly vulnerable to the tariffs imposed by Trump.

However, the country is dependent on energy imports and fossil fuels (natural gas, oil), and demand for intermediate goods used in manufacturing and pharmaceuticals, which are then exported, weighs heavily on the import bill. Nevertheless, the trade balance remains in surplus.

Trade in services is dominated by transport (maritime sector) and tourism (a record 134 million tourists in 2023), as well as financial services (Milan financial center) and commercial services (business services).

- **Demographic, migration and productivity crisis**

Italy faces a significant demographic challenge with a shrinking workforce due to an aging population, low fertility rates, and unfavorable migration trends. The United Nations predicts a 30% decrease in Italy's working-age population over the next 25 years. To maintain revenue per capita, Italy must either boost productivity or increase labor participation.

The country struggles with stagnant productivity and structural barriers, including heavy administration. Italy lags behind in key areas such as female labor force participation and youth unemployment, which are among the worst in the EU.

To address these challenges, Italy needs to implement urgent reforms. This includes easing immigration rules, incentivizing female work participation, and creating opportunities for youth. Additionally, Italy must adopt a pro-growth strategy by investing in education, infrastructure, and digitalization. These investments are crucial now to unlock Italy's full potential, as reforms take time to yield results.

- **Energy mix & transition**

Italy is currently actively working on reducing its dependence on fossil fuels and increasing the use of renewable energy within its energy mix. The country has set a target to achieve a cumulative installed capacity of 162.7 gigawatts from renewable sources by 2035, which would constitute approximately 69% of its energy portfolio. Additionally, Italy plans to phase out coal-fired power plants by the end of 2025.

Despite these efforts, Italy still relies heavily on energy imports, with about 12% of its electricity coming from other countries. Fossil fuels, particularly natural gas, continue to play a significant role in the country's energy production. This dependence contributes to higher electricity prices. In 2024, Italy's average wholesale electricity price was over €100 per megawatt-hour, higher than in many other European countries.

To address these challenges, Italy is considering reintroducing nuclear power. The government plans to finalize a strategy by the end of 2027, focusing on advanced modular reactors to help decarbonize heavy industries. This initiative could potentially save €17 billion in decarbonization costs by 2050, with nuclear energy projected to make up between 11% and 22% of Italy's energy mix.

The country is investing in modernizing its energy infrastructure. The grid operator Terna has announced a €23 billion investment plan over the next decade to enhance energy exchange capacity and improve grid stability. Key projects include the Tyrrhenian Link, connecting Sicily to Sardinia and Campania, and the Adriatic Link, aimed at better integrating renewable energy and enhancing connections with other European markets. Moreover, Italy is also investing in renewable energy infrastructure. The country plans to increase its solar energy production threefold and double its wind power capacity by 2030. This includes upgrading existing installations with more efficient technology. In 2024, renewable sources covered a record 41% of Italy's power demand, up from 37% in 2023. Italy aims to reduce greenhouse gas emissions by 55% by 2030 compared to 1990 levels, in line with the European Green Deal. However, structural challenges remain, notably the aging electrical grid and slow permitting processes for new renewable energy projects, such as onshore wind farms.

In conclusion, Italy is making progress in its energy transition but still faces key challenges: high energy imports, fossil fuel reliance, and grid modernization. Meeting its climate goals will require tackling these issues and expanding renewables.

Sources:

- Italy: Selected Issues, International Monetary Fund. European Dept., 26/07/2023
- Economic intelligence unit
- Regional Economic Service official website
- Coface
- OCDE

PRESENTATION OF INTERVENTIONS

MILAN

VISIT 1 : ENI PLENITUDE



Speakers: Nicolas Bourgeois and Sara Pace jointly responsible for coordinating the offshore wind initiative

Presentation of the institution:

The Italian ENI Group (Ente Nazionale idrocarburi) was founded in 1953 from Agip, a state-owned company created in 1926 to facilitate Italy's energy supply and help its industrial development. Founded against a backdrop of post-World War II reconstruction, the company's aim was to reduce Italy's dependence on energy imports.

Present in all segments of the oil and gas value chain, ENI is one of the world's leading energy companies, particularly in oil and gas production. With operations in some 70 countries, ENI has been a key player in the development of gas fields in Italy, as well as in Africa, notably in Algeria, Egypt, Libya and Nigeria. By 2023, the company's operations, refining, transport and distribution activities will have generated sales approaching 90 billion euros. Although historically focused on hydrocarbons, in recent years the company has also diversified into power generation and renewable energies in response to the challenges of the energy transition.

ENI Plenitude is an ENI Group entity specializing in renewable energies, distribution of electricity and gas, and electric mobility. It was born in 2022 from the rebranding of Eni Gas e Luce, the group's historic branch dedicated to supplying energy to homes and businesses. This transformation is part of ENI's diversification strategy to support the energy transition and reduce its dependence on hydrocarbons.

Plenitude operates renewable energy production infrastructures, with an installed capacity of 4.1 GW in December 2024, and is targeting 10 GW by 2028 and 15 GW by 2030. Its portfolio includes solar and wind projects in Europe, the USA and other strategic markets. At the same time, it operates a network of over 20,000 charging points for electric vehicles by October 2024, with a target of 40,000 points by 2027. Thanks to this integration of green energy production, distribution and recharging infrastructure, ENI Plenitude plays a central role in the Group's roadmap towards carbon neutrality by 2050.

Questions :

- What share of revenue is currently generated by renewable energies, and what are your medium- and long-term goals?
 - What are the most innovative renewable energy projects you are currently developing?
 - How is ENI integrating energy storage and grid flexibility into its renewable expansion?
 - Have you implemented specific financing tools (green bonds, public-private partnerships, etc.) to accelerate your transition?
 - With rising geopolitical tensions and Europe's desire to reduce its energy dependence, how is ENI adapting its strategy?
-

ROMA

VISIT 2: BANCA D'ITALIA



Speakers: Francesco D'Amuri, Head of the Firms and regional analysis division, and Rosalia Greco, economist firms and regional analysis division

Presentation of the institution:

The Banca d'Italia is the central bank of the Republic of Italy. It was founded in 1893 and is headquartered in Palazzo Koch, in Rome. Its primary function is to ensure monetary and financial stability, which are essential to sustain economic growth.

As an active member of the Eurosystem (which gathers the national central banks of the eurozone and the European Central Bank), it takes part in the formulation of the ECB's monetary policy and is responsible for its implementation in Italy. In addition, the Italian central bank promotes the smooth functioning of the payment system and is in charge of market supervision.

The Banca d'Italia is governed by a Governing Board (also called the Directorate), which is made up of a governor, a senior deputy governor and three deputy governors. As of August 2023, Fabio Panetta is the Governor of the Banca d'Italia. Prior to this appointment, he served as a member of the Executive Board of the ECB, from 2020 to 2023.

The Italian central bank has several branches at the national level, in the regional capitals and some provincial capitals as well as representative offices in London, New York and Tokyo.

Questions:

- Is labor productivity different between Italian regions? If so, why?
- What explains the different cost of labor between the North and the South?
- What are the main high-tech manufacturers in Italy?
- Is the Italian economy too much dependent on the sector of construction?
- Labor participation is lower than in other similar countries, why?
- On patents, what is the impact of European cooperation on industries in Italy?
- What are the incentives of the private sector regarding patents?

VISIT 3: REGIONAL ECONOMIC SERVICE IN ROMA



Speakers: Frédéric Kaplan, Minister Counsellor for Economic Affairs, Pierre Farineau, Economic attaché and Guylain Theon, Sustainable development advisor

Presentation of the institution:

The Regional Economic Service (RES) of the French Embassy in Rome is responsible for promoting economic and trade cooperation between France and Italy. It is attached to the Directorate General of the Treasury and the Ministry of the Economy, Finance and Industrial and Digital Sovereignty. Its geographical remit covers not only Italy, but also Saint-Marin and Malta.

France and Italy are keys economic partners for each other, as for trade (annual exchange represent more than EUR 120 bn), but also european objectives (financial integration) ; both converge towards Mario Draghi's road map to reinforce European competitiveness, facing green and numerical transition.

The RES works closely with French companies wishing to set up in Italy or develop their activities there. It provides them with a range of services, such as market research, advice on regulations and taxes, and introductions to local partners and customers. The RES also works to attract Italian investment to France, promoting the country's strengths and economic potential to Italian investors.

In addition to its work with businesses, the RES also plays an important role in promoting economic and trade relations between France and Italy at regional and national level. It works with Italian government representatives and other stakeholders to identify areas of mutual interest and to develop initiatives and policies that can support economic growth and cooperation between the two countries.

The RES, headed by Frédéric KAPAN, Minister-Counsellor for Economic Affairs, is made up of three sectoral divisions:

The Macroeconomics/Finance division:

The Macroeconomics/Finance division is responsible for monitoring the Italian economy and analyzing the country's economic and financial policies and their impact on French companies. The Division also provides information and analysis on economic and financial developments in its geographical area of responsibility, as well as on the economic and financial policies of other European countries. The Macroeconomics/Finance division works with French companies and the French authorities to identify economic and financial risks, as well as opportunities, for French companies in Italy and the region. It advises companies on regulations and market practices in Italy and helps them navigate the complexities of the Italian economic and financial system.

The Sustainable Development and Industry division:

The Sustainable Development and Industry division works closely with French and Italian companies to develop economic and commercial projects that respect the principles of sustainable development. It encourages companies to adopt sustainable business practices, particularly in terms of managing natural resources, reducing greenhouse gas emissions, protecting the environment, and promoting corporate social responsibility. The division also organizes events and meetings for French and Italian companies to encourage exchanges and partnerships in the field of sustainable development. It works with the Italian and French authorities to promote public policies that encourage sustainable development.

The Agricultural and Food division:

The Agricultural division works closely with the Italian and French authorities, farming organizations, businesses, and research players to develop partnerships and joint projects in the agricultural sector. It also provides information and advice to French and Italian companies wishing to develop projects in this sector. The agricultural division organizes events and meetings for players in the agricultural world, such as conferences, round tables, and seminars, to encourage exchanges and partnerships between France and Italy in the agricultural sector. It also helps to promote France as an investment destination in this sector.

Questions:

- Can you give us some examples of sustainable development projects carried out in Italian?
- What are the most promising Italian industrial sectors for sustainable development?
- What will be the greatest challenges in the face of a falling working population generated by a drop in the birth rate that has not been offset by immigration?
- What is the current energy mix in Italy? Are there any obstacles to switching to renewable energies?

VISIT 4: INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT & FOOD AND AGRICULTURE ORGANISATION



IFAD – International Fund for Agricultural Development

The International Fund for Agricultural Development (IFAD) is a specialized agency of the United Nations created in 1977, following the 1974 World Food Conference. Its establishment responded to the urgent need to invest in rural development and tackle food insecurity, especially in low- and middle-income countries.

IFAD's core mission is to eradicate rural poverty and hunger by supporting small-scale farmers and rural communities. The organization focuses on enabling access to markets, land, financial services, and technologies, thereby helping rural populations become more resilient and self-sufficient.

IFAD provides concessional loans and grants to governments, often co-financing with national or international partners. It operates through periodic replenishments by its Member States and mobilizes additional resources from donors, the private sector, and climate finance mechanisms.

Its headquarters is in Rome, Italy, and its operations are guided by a results-based approach centered on inclusive and sustainable rural transformation.

FAO – Food and Agriculture Organization



The Food and Agriculture Organization (FAO) is the oldest UN specialized agency, established in 1945 to lead international efforts in defeating hunger and improving nutrition and food security.

FAO's mission is to achieve food security for all and ensure that people have regular access to enough high-quality food to lead active, healthy lives. It works in over 130 countries, providing expertise in agriculture, forestry, fisheries, and sustainable resource management.

The organization sets international standards, collects and disseminates vital data, supports policymaking, and implements field projects in partnership with governments and local actors. FAO also plays a key role in coordinating global responses to crises like famine, plant diseases, and the impacts of climate change.

FAO is funded by assessed and voluntary contributions, with core funding from its 190+ Member States and additional support from multilateral institutions, governments, and foundations. Its headquarters is also located in Rome, making the city a global hub for food and rural development.

Questions

- How do you measure the long-term impact of your programs on rural poverty or food security?
- What are some recent innovations you've seen in sustainable agriculture in the Global South?
- How do you ensure that smallholder farmers have a voice in project design and decision-making?
- In the face of climate change, how is your agency adapting its approach to agriculture and rural livelihoods?
- Can you explain how your agency collaborates with other UN organizations or local governments on the ground?
- What are the main challenges you face in mobilizing funding or scaling successful initiatives?