The European House
Ambrosetti

Business Insights from Italy

A Letter to International Investors

Business Insights from Italy is a publication by **The European House - Ambrosetti**, produced in collaboration with leading Italian institutions. The publication provides updates on the Italian macroeconomic scenario, on Italy's industrial sectors and on policies directed to foreign investors.

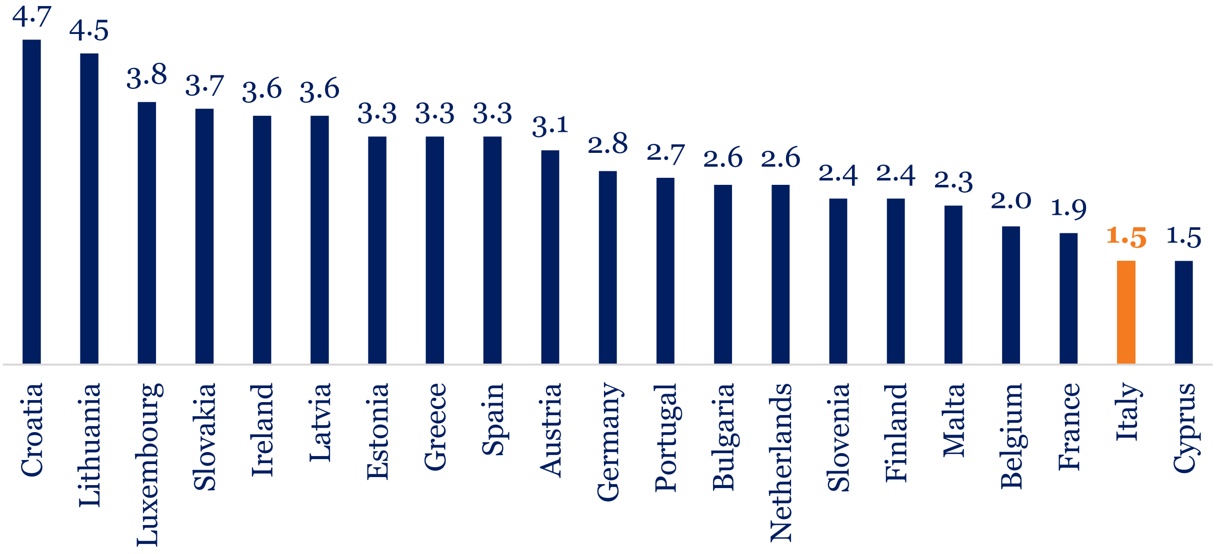
In this edition:

Italy's Macroeconomic Outlook

The United States and Israeli attacks against Iran, followed by the subsequent response from the Iranian regime, have generated **unprecedented pressure on energy prices in recent times**.

This shock has already had global repercussions, affecting countries worldwide, including Europe.

Although Europe has not been directly impacted by the closure of the Strait of Hormuz (as only a small proportion of European imports transit through this route), European prices have nevertheless been influenced by the global nature of the oil and gas markets.



Inflation rates in March (% change with respect to March 2025)

Source: TEHA Group elaboration on Eurostat data

Preliminary data regarding European inflation in March reveal a rather heterogeneous picture: in some countries, the consumer price index has risen by more than 4% compared to the same period last year. **In Italy, however, inflationary pressure has been much more contained, with an inflation rate of 1.5%**.

The inflation index that measures core inflation, excluding energy and fresh food products, fell to +1.9% in March (down from +2.4% in the previous month), suggesting that part of the "underlying" pressures has eased, at least temporarily.

The overall picture is highly dependent on the duration of inflationary pressures on energy goods at the international level. The energy component plays, as expected, a significant role in the structure of Italian prices. The first shock – the immediate one transmitted to the real economy through fuel and electricity prices – seems to have been of a contained magnitude. A prolongation of the uncertainty and, especially, a sustained rise in Brent and TTF (Title Transfer Facility, the virtual trading point for natural gas that determines prices at the European level) could trigger a cascading effect on the cost of goods and services production, leading to higher inflation.

Despite the significant macroeconomic shock, which will inevitably generate downward pressures on global, European, and Italian growth, **the stress on public finances has so far been contained**.

Evolution of Brent and Italian Sovereign Bond Yields.

Source: TEHA Group elaboration on Istat and Bank of Italy data

For a point of comparison, it is useful to look at the performance of the past month and compare it with what happened in the weeks following Russia's invasion of Ukraine, which began on February 24, 2022. In the following month, the price of oil increased by 18.9%, and due to tensions in the markets, the yield on 10-year Italian government bonds rose by 12.4%. In the last month, **despite a more than triple oil shock (+58%), the yield on Italian 10-year bonds increased by 24.3%, a proportionally much smaller growth** than what happened four years ago.

In February 2026, trade with non-EU27 countries **increased on a monthly basis, both for imports** (+8.5%) **and exports** (+4.9%).

The monthly increase in exports is mainly due to higher sales of capital goods (+11.1%), including maritime navigation equipment. Exports of intermediate goods (+4.9%) and non-durable consumer goods (+1.2%) also rose, while exports of energy fell (-13.8%) and, to a lesser extent, durable consumer goods (-0.6%). As for imports, excluding capital goods (-0.9%), there were widespread increases, with the most significant rises in non-durable consumer goods (+14.6%) and energy (+13.7%).

In the December 2025-February 2026 quarter, compared to the previous one, exports grew by 1.8%, driven mainly by higher sales of intermediate goods (+8.5%) and capital goods (+1.1%). On a year-on-year basis, exports in February 2026 grew by 2.5%, driven by the increase in sales of intermediate goods (+20.5%) and capital goods (+3.0%).

Imports recorded a slight decline (-0.4%), **due to a sharp contraction in energy purchases (-30.5%)**, which more than offset the increases in imports of other categories, the largest being non-durable consumer goods (+22.4%).

In February 2026, **the trade surplus with non-EU27 countries stood at +€5,529 million** (+€4,827 million in the same month of 2025). **The energy deficit (-€3,356 million) was lower than a year earlier** (-€4,800 million). The surplus in non-energy trade fell from €9,627 million in February 2025 to €8,885 million in February 2026.

In February 2026, there were significant year-on-year increases in exports to Switzerland (+33.1%), OPEC countries (+14.5%), and the United States (+9.6%). Exports to Turkey (-27.8%), the United Kingdom (-16.4%), ASEAN countries (-13.7%), and MERCOSUR countries (-13.5%) decreased.

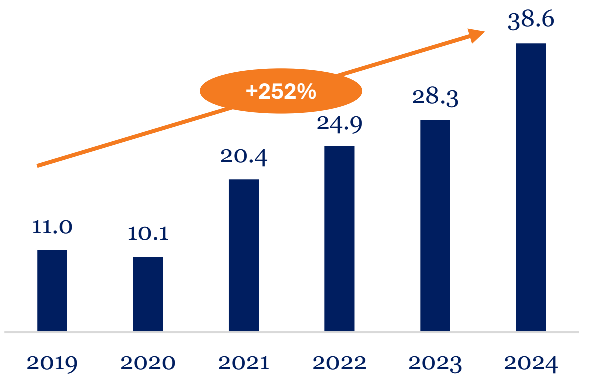
Imports from the United States (+40.4%) and China (+20.4%) showed strong growth. Imports from MERCOSUR countries also increased (+11.6%). On the other hand, purchases from other major non-EU27 partners declined. The largest year-on-year decrease was from OPEC countries (-28.9%).

Source: TEHA Group elaboration on Istat data

Italy's new path to competitiveness: administrative simplification as a strategic level for foreign investment

In today's hyper-competitive and deeply interconnected global landscape, the quality of a national administrative setup has become a strategic determinant of investment flows. Clear rules, predictable timelines and streamlined procedures are no longer merely indicators of bureaucratic efficiency, they are pivotal factors shaping where multinational groups decide to allocate capital, develop new industrial capacity, and establish long-term roots.

Over the past few years, particularly under the Draghi and Meloni governments, Italy has started to rethink the internal proceedings whereby investment policies are conceived and implemented. The ambition is explicit: **exceeding a nonreactive and fragmented model in favour of a proactive governance system capable of supporting, coordinating, and accelerating high-impact industrial initiatives**.



Value of greenfield FDI projects in Italy.
$ billion, 2019-2024
Source: UNCTAD data

As highlighted by the Financial Times[1], Italy now ranks among the **leading Eurozone countries for greenfield FDI attraction**, outperforming Germany and France. These dynamics highlight a window of opportunity that Italy could further reinforce by implementing smoother and more consistent administrative processes, especially in sectors where timing is crucial: *advanced manufacturing*, *semiconductors*, *pharmaceuticals*, *digital infrastructure*, and *energy*.

This is not the first time Italy has attempted to modernize its administrative framework. Over the past three decades, various reforms, from *Law 241/1990* to the *Bassanini legislation*, have sought to **simplify procedures and improve administrative responsiveness**.

With specific regard to foreign investment and the simplification measures designed to facilitate its implementation, several instruments have been introduced in recent years to support and accelerate high-impact projects. In 2023 the Italian Government established the **Investment Facilitation Unit** (*Unità di Missione per l'Attrazione e lo Sblocco degli Investimenti - Umasi*) within the Ministry for enterprises and made in Italy (*Mimit*). The Unit's mandate is to simplify and expedite administrative procedures related to large-scale or stalled investment projects affected by regulatory delays or jurisdictional fragmentation.

Italy has established an office to support major foreign investors, the Investment Facilitation **Unit**. For further information, please refer to the **official website**

[1] *V. Romei and S. Fleming, in Financial Times, 21 January 2025*

Source: TEHA Group elaboration on UMASI and Ministry of Enterprises and Made in Italy data

Recent legislative reforms have strengthened Umasi's operational capacity, equipping the unit with legal instruments designed to support investment attraction and unblock procedural bottlenecks.

Among these, the most impactful development has been **article 13 of Decree-Law no. 104/2023**. The provision allows the Council of Ministers to declare the pre-eminent **national strategic interest of large investment programmes**, both domestic and foreign, with a **total value of at least €1 billion** that require coordinated administrative procedures across multiple authorities.

Following this declaration, the President of the Council of Ministers appoints an extraordinary commissioner, in agreement with the President of the relevant Region, to coordinate and ensure the timely implementation of the project, with extraordinary regulatory powers to overcome procedural obstacles while respecting criminal law, anti-mafia legislation, EU law and national security provisions.

An additional mechanism introduced by article 30 of Decree-Law no. 50/2022 established **substitutive powers for productive investments exceeding EUR 25 million**.

In cases of administrative inaction, Umasi can replace the competent authority and issue the necessary authorizations, while the Council of Ministers may intervene when delays originate from regional or local administrations.

Outside these specific cases, the Investment Facilitation and Unblocking Unit also plays an advocacy role in support of businesses, conducting all necessary interactions with the relevant administrations to facilitate both national and foreign investments of significant economic value and with substantial employment impacts.

The implementation of article 13 represents a concrete demonstration of this evolving governance approach. The mechanism has already been applied to **five large-scale projects of European and global relevance:**

- Silicon Box's semiconductor plant
- Amazon's data center expansion in Lombardy
- Novo Nordisk's pharmaceutical expansion in Anagni
- Vantage Data Centers' campuses in Lombardy
- Metinvest redevelopment of the Piombino steel hub

mobilizing investments estimated at around **€40 billion** and generating substantial employment and industrial impacts.

These cases demonstrate that the **special commissioner model** provided by article 13 **can accelerate investment implementation by facilitating authorization processes and strengthening cooperation among institutions and investors**.

Source: TEHA Group elaboration on Ministry of Enterprises and Made in Italy data

Focus on a sector: the financial sector in Italy

In this section, we examine each month a strategic sector of the Italian economy, providing an overview of the sector's main innovations and most interesting data. In this edition, we focus on the financial Sector.

The "Italian financial sector" is an economic segment that encompasses all activities and actors involved in the management, intermediation, and allocation of capital in all its forms, as well as in supporting economic growth and stability. It is not limited to banks, but also includes a range of entities, institutions, and operators that provide financial services to businesses and households.

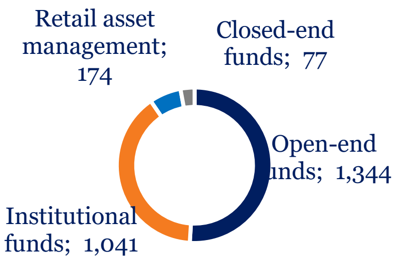
Banks

414 operators

- 262.000 employees
- Among the five largest European banks by market capitalization, two are Italian
- €599 billion in loans to businesses
- €426 billion for house purchases
- €668 billion in loans to households
- In 2025, direct funding recorded an overall increase of 4.9%

SGR
(Asset management company)
48 operators

- Net inflows in 2025: 38.2 bln €
- Total assets under management: € 2,636 billion



Private equity & Venture capital

267 operators

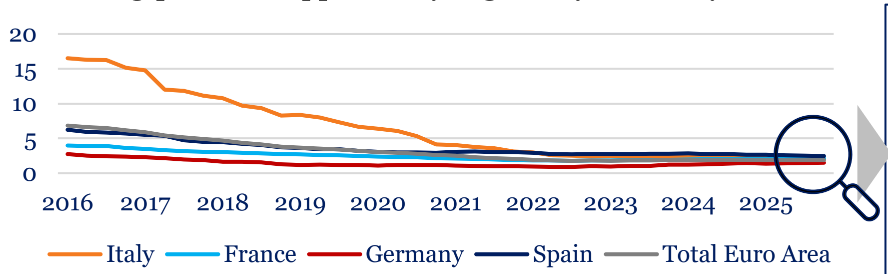
- Companies in the overall portfolio of operators in the Italian market: 2,600, with a total value of €92 billion (of which €61 billion invested by international investors)
- 2025 fundraising: €3,570 million (83% domestic)
- In 2025: 887 transactions, carried out across 528 companies, for a total value of €11,610 million

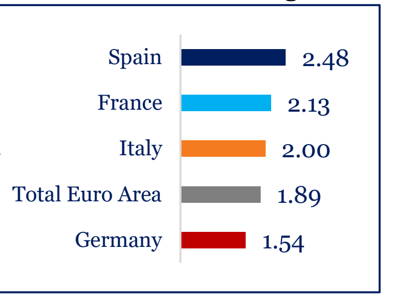
In 2025, foreign investors play a **structurally relevant role** across the Italian financial sector, beyond banking and into private capital, asset management and fintech. In private equity, **international funds account for around 59% of total investments** in Italy, confirming strong integration with global capital markets, while **on the fundraising side about 85% of capital raised by Italian operators remains domestic**.

In venture capital, foreign investors are particularly active in scale-up rounds, **contributing to overall investment volumes exceeding €1 billion** in Italian startups. In parallel, the asset management industry is highly internationalized, with a significant presence of foreign asset managers and cross-border funds, and foreign investors play a key role in sovereign and corporate bond markets.

Source: TEHA Group elaboration on Bank of Italy, ECB, Consob, Assogestioni and AIFI data

Following the sovereign debt crisis and the double-dip recession (2008–2014), Italy's banking system saw a sharp deterioration in asset quality, with the NPL ratio rising from around 4.5% in 2007 to over 16–17% at its peak in 2015. This triggered a decade-long de-risking process, supported by regulatory pressure and schemes such as GACS securitisations. Between 2015 and 2022, Italian banks disposed of more than €350 billion of impaired loans, reducing gross NPLs from about €360 billion to roughly €60 billion. As of 2025, the NPL ratio in Italy (2.0%) is in line with the EU average.





Non-performing loans ratio (% on total). 2016-2025
Source: UNCTAD data

A dedicated tutor for international investors

Investors interested in Italy can rely on tailor-made services offered by the *Invest in Italy* team. The Ministry of Enterprise and Made in Italy (MIMIT) provides potential investors with a **dedicated tutor** that supports the entire investment process.

In particular, tutors:

- support investors in identifying suitable greenfield and brownfield sites;
- facilitate contacts with central/local administrations to obtain the necessary authorizations and permits;
- facilitate contacts with the Italian supply chain, research centres, universities and technical colleges;
- identify the most suitable incentive schemes to support investments;
- facilitate the search for personnel through partnerships with regional employment centres and local employment agencies;
- follow the process of obtaining visas, authorisations and work permits for the staff of non-EU foreign investors.

For more information and to get in touch with a dedicated tutor, please visit: www.investinitaly.gov.it website.

On March 4–5, the first edition of the Italy Investment Partnership Series – Singapore Edition took place in Singapore, a "speed-dating" event between 10 Italian investment funds and around 40 local single family offices (SFOs) active in managing large Asian wealth portfolios.

The initiative, organized by the Italian Embassy in Singapore in collaboration with the Ministry of Enterprises and Made in Italy and the Italian Trade Agency, was aimed at creating direct connections between Italian funds (active in private equity, private credit, venture capital and real estate) and potential Asian investors, helping to bridge the information gap on opportunities in the Italian private market.

The event was structured as follows:

- a networking evening at the Residence, with participation from both funds and SFOs;
- a full day of B2B meetings at the Tower Club in Singapore, featuring one-to-one sessions between Italian funds and wealth managers.

Around 40 SFOs and 10 Italian funds attended.

The initiative generated tangible interest from Singaporean investors in Italian investment opportunities, with initial feedback generally positive from both Italian funds and local participants

Favourable tax regime for new residents

New fiscal residents in Italy have the opportunity to apply for a **special tax scheme**, that lasts **for 15 years**:

- Foreign-source income will not be taxed at ordinary rates, but at a yearly substitutive **lump-sum tax of 300,000 euros**.
- All foreign assets will be **exempted from Italian inheritance taxes**.
- No reporting obligations to Italian tax authorities on assets held abroad.
- No wealth taxes on assets held abroad.
- Exemption from Italian CFC rules on foreign companies.

The flat taxation on foreign-source income can also be extended to family members, for 25,000 euros per year per each additional family member.

Should new residents decide to work in Italy, they could apply for a reduction of 50% over their Italian taxable income from employment or self-employment (within an annual limit of EUR 600,000).

Such reduction is granted for a period of 5 years and can be increased to 60% if moving with a minor. Applicants should commit to maintain their fiscal residence in Italy for at least 5 years and should get minimum educational requirements.

Where to find the right opportunities? *www.investinitaly.gov.it*

The Italian Government has recently launched the official www.investinitaly.gov.it website.

The platform is designed to provide foreign investors with comprehensive information on the main investment opportunities in Italy. It presents investors with detailed information on the main strategic sectors, incentives, taxation, labour law and immigration.

Moreover, it showcases more than **300 greenfield** and **brownfield public sites** that are immediately available for industrial and logistic projects.

USEFUL TO KNOW:

The **Ministry of Foreign Affairs and International Cooperation** and the **Italian Trade Agency (ITA)** are the first point of contact for all potential investors.

Italian Embassies and Consulates abroad, together with dedicated ITA'S FDI offices, provide information and facilitate any needed dialogue with other Italian institutions.

Please click on the following links to find updated contact details of:

- **Italy's diplomatic-consular network**: Italian Missions Abroad - Ministry of Foreign Affairs and International Cooperation;
- **ITA's FDI offices**: Invest in Italy | Italian Trade Agency (ice.it);
- **Italy's Ministry of Foreign Affairs and International Cooperation** is also available at the following email address: dgce02@esteri.it.

All previous editions of the Business Insight from Italy newsletter are available on the website ambrosetti.eu