

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S INDIA-ITALY BILATERAL TRADE RELATIONS

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The Italian Republic comprises a peninsula, extending from southern Europe into the Mediterranean Sea, and a number of adjacent islands. The two principal islands are Sicily, to the south-west, and Sardinia, to the west. The Alps form a natural boundary to the north, where the bordering countries are France to the north-west, Switzerland and Austria to the north and Slovenia to the north-east. Italy is a member of UN, WTO, NATO, BIS, OECD, EU, Council of Europe, WEU, OSCE, CERN, CEI, Inter-American Development Bank, Asian Development Bank, IOM and the Antarctic Treaty. As per available data from DGCI&S database India and Italy have observable bilateral (goods) trade relations primarily in the form of India export from Italy and Italy had ranked 10th as an export partner of India in 2023-24.

2. Italy has an advanced mixed economy that is the third-largest in the Eurozone and 13th-largest in the world by purchasing power parity GDP. It has the ninth-largest national wealth and the third-largest central bank gold reserve. As a founding member of the G7, the Eurozone, and the OECD, it is one of the most industrialised nations and a leading country in international trade. As per IMF Executive Board Concludes 2024 Article IV Consultation with Italy July 23, 2024, “Growth is forecast to average around ¾ percent in 2024-26 as one large spending program is succeeded by another, with disinflation continuing. Continued ramp up in investment under the EU-financed National Recovery and Resilience Plan (NRRP) is expected to broadly offset the drop in residential investment. Inflation is projected to undershoot the 2 percent target in 2024, but to return to target thereafter. While positive growth surprises are possible if stronger fiscal performance were to crowd in higher private investment, growth could be adversely affected by an intensification of regional conflicts, sharp slowdowns in major trading partners, deepening geo-economics fragmentation, significantly higher-than-expected interest rates that could revive concerns about sovereign-bank-corporate linkages. Incomplete NRRP spending and reform implementation would also weaken growth, while still-large fiscal deficits could erode investor confidence, further weakening public finances.

A snapshot of Italy’s select economic indicators is as under

TABLE 1

Italy: Selected Economic Indicators, 2021-26						
				Projections		
	2021	2022	2023	2024	2025	2026
Real Economy (change in percent)						
Real GDP	8.3	4.0	0.9	0.7	0.9	0.6
Final domestic demand	7.4	4.9	2.0	0.1	0.8	0.4
Exports of goods and services	14.1	10.2	0.2	0.6	1.3	1.4
Imports of goods and services	15.6	12.9	-0.5	0.0	0.9	1.0
Consumer prices	1.9	8.7	5.9	1.3	2.0	2.0
Unemployment rate (percent)	9.5	8.1	7.7	7.6	7.8	8.0
Public Finances						
General government net lending/borrowing 1/	-8.7	-8.6	-7.4	-4.6	-4.1	-3.7
Structural overall balance (percent of potential GDP)	-8.3	-9.3	-8.1	-4.8	-4.7	-3.9

General government gross debt 1/	147.1	140.5	137.3	139.1	140.6	142.1
Balance of Payments (percent of GDP)						
Current account balance	2.4	-1.6	0.5	0.8	1.3	1.4
Trade balance	2.1	-1.6	1.7	1.4	1.6	1.9
Exchange Rate						
Exchange rate regime	Member of the EMU					
Exchange rate (national currency per U.S. dollar)	0.8	0.9	0.9
Nominal effective rate: CPI based (2000=100)	106.4	104.6
Sources: National Authorities; and IMF staff calculations. 1/ Percent of GDP						

Sources: IMF Executive Board Concludes 2024 Article IV Consultation with Italy July 23, 2024..

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of Italy are Germany, France, United States, Switzerland and Spain. On the other hand five major import partners of Italy are Germany, France, China, Netherlands and Spain. Major five exported goods of Italy are (i) Other medicaments of mixed or unmixed products, (ii) Petroleum oils, etc, (excl. crude); preparation/ (iii) Art. of jewellery and pts thereof of/o prec mtl, (iv) Human and animal blood; microbial cultures; tox and (v) Automobiles with reciprocating piston engine. On the other hand major five imported goods of Italy are (i) Petroleum oils and oils obtained from bituminous (ii) Natural gas in gaseous state, (iii) Other medicaments of mixed or unmixed products (iv) Transmission apparatus, for radioteleph incorpo and (v) Human and animal blood; microbial cultures; tox.

4. Italy's total exports globally in 2019 were of the order of US\$ 537,748 million. It had scaled up to US\$ 677,095 million in 2023. Exports from Italy had steeply increased by 23.48% in the year 2021 just after the initial serious impact of Covid-19 pandemic. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 5.93%.

5. Italy's total imports from the world in 2019 were of the order of US\$ 474,957 million and had touched US\$ 639,929 million mark in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of imports was 7.74%.

6. Italy enjoyed an overall Balance of Trade surplus from 2019 to 2023. Italy had a trade deficit of USD 62,791 million in 2019 to USD 37,166 million in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 6.79%.

A snapshot of Italy's overall Trade Statistics is presented in Table 2 and Figure 1 below.

A snapshot of India's merchandise trade statistics w.r.t. Italy is presented in Table 3 Figure 2.

BILATERAL TRADE WITH INDIA

Merchandise Trade

7. Italy is India's 4th largest trading partner in EU, after Germany, Belgium and The Netherlands. The bilateral trade between India and Italy has been growing strongly in the last two years following the economic

recovery post Covid-19 pandemic. The bilateral trade in 2021-22 had jumped to € 13.22 billion with an increase of +53.87% from previous year. Total trade in the year 2022-23 reached an all-time high of € 14.28 billion. Italy ranked 46th as an export destination of India in FY 2023-24. India had exported to Italy almost 2% of its total export value in FY2023-24. In the same financial year imports from Italy was 0.86% of India's total import value. Italy ranked 10th as an export partner of India in FY 2023-24 Almost 1.31% of India's total international trade value of goods was between India and Italy as has been recorded in DGCI&S data base for FY 2023-24.

8. Indo-Italy total volume of bilateral trade in FY 2019-20 was of the order of US\$ 9,462.34 million. It had scaled to US\$ 14,562.08 million in FY 2023-24. The annual compound growth rate of total volume comprising both exports and imports during the period from 2019-20 to 2023-24 had been of the order of 11.38%.

9. It is seen from the available figures that between 2019-20 and 2023-24, India has had a surplus Balance of Trade with Italy. It has been also observed that exports from India to Italy increased steeply by 72.74% in FY 2021-22. The annual average compound rate of growth of Exports was 15.24% during the period under review. On the other hand, imports from Italy to India increased by 30.72% in FY 2021-22. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of imports was 6.58%.

10. **Additionally, from Tables 4 & 5 presented below the following are stated:**

a. **(i) Iron And Steel (ii) Ship Telecom Instruments** and **(iii) Petroleum Products** had occupied the top three slots in India's exports to Italy in FY 2023-24. **Iron And Steel** had occupied 21.62% share of India's total exports to Italy in FY 2023-24.

b. **(i) Indl. Machinery For Dairy Etc. (ii) Electric Machinery And Equipments** and **(iii) Residual Chemical And Allied Products** were the three major commodities in India's imports list from Italy in the year 2023-24, India had imported a significant amount of **Indl. Machinery For Dairy Etc.** from Italy with a share of 18.32% of total imports from Italy recorded in 2023-24.

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TABLE - 2
ITALY'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2019 - 2023

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	537748		474957		10,12,705		62791
2020	498804	-7.24	426476	-10.21	9,25,280	-8.63	72328
2021	615910	23.48	568202	33.23	11,84,112	27.97	47708
2022	659387	7.06	695236	22.36	13,54,623	14.40	-35849
2023	677095	2.69	639929	-7.96	13,17,024	-2.78	37166

Annual Growth Rate	Compound	5.93	7.74	6.79
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NOTE : Figures relate to calendar year (January to December)

SOURCE : UN COMTRADE PUBLICATION

Figure - 1

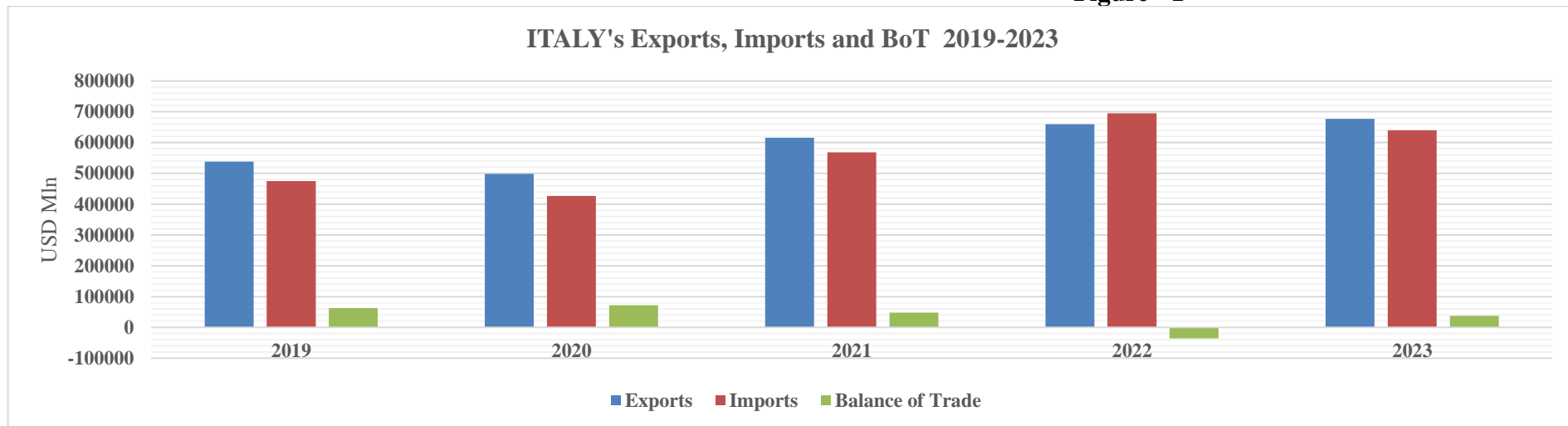


TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. ITALY
FY 2019-2020 to 2023-2024

(Value in USD Million)

Year	Exports from India to Italy	Percentage Growth in Exports	Imports from Italy to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019-20	4971.42		4490.92		9462.34		480.50
2020-21	4736.16	-4.73	3862.05	-14.00	8598.21	-9.13	874.11
2021-22	8181.15	72.74	5048.47	30.72	13229.62	53.86	3132.68
2022-23	8691.83	6.24	5591.91	10.76	14283.74	7.97	3099.92
2023-24	8766.71	0.86	5795.37	3.64	14562.08	1.95	2971.34
Annual Growth Rate	Compound	15.24		6.58		11.38	

NOTE : Figures relate to Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

Figure 2

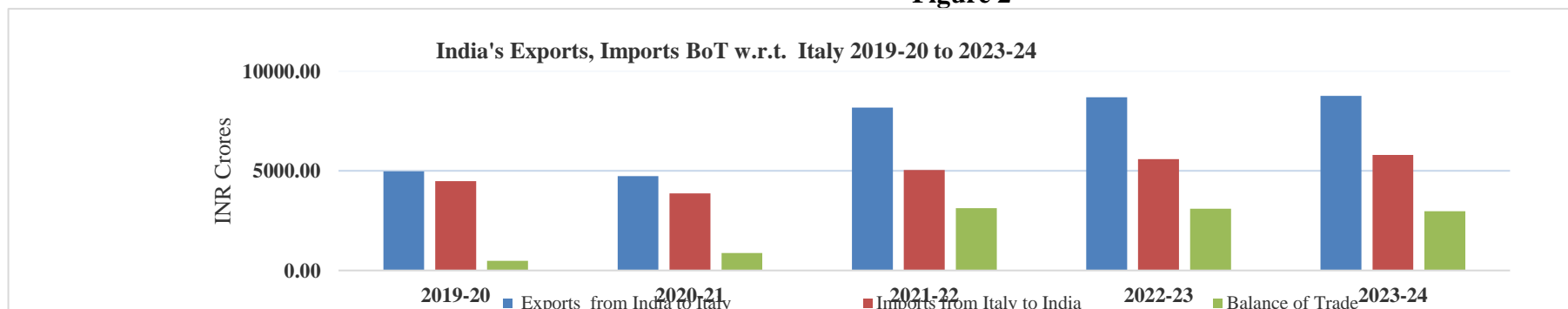


TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO ITALY
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Iron And Steel	730.89	938.25	2144.70	1760.39	1895.56	28.37	128.59	-17.92	7.68
	Share in total export	14.70	19.81	26.22	20.25	21.62				
2	Telecom Instruments	57.71	168.34	226.57	730.86	803.90	191.70	34.59	222.58	9.99
	Share in total export	1.16	3.55	2.77	8.41	9.17				
3	Petroleum Products	236.41	59.46	268.82	403.86	757.06	-74.85	352.10	50.23	87.46
	Share in total export	4.76	1.26	3.29	4.65	8.64				
4	Product Of Iron And Steel	200.60	183.79	272.45	285.46	311.82	-8.38	48.24	4.78	9.23
	Share in total export	4.04	3.88	3.33	3.28	3.56				
5	Auto Components/Parts	154.67	158.83	230.78	237.78	240.73	2.69	45.30	3.03	1.24
	Share in total export	3.11	3.35	2.82	2.74	2.75				
6	Aluminium, Products Of Aluminium	103.52	68.14	493.96	505.38	230.04	-34.18	624.92	2.31	-54.48
	Share in total export	2.08	1.44	6.04	5.81	2.62				
7	RMG Cotton Including Accessories	220.47	188.42	254.96	257.57	215.50	-14.54	35.31	1.02	-16.33
	Share in total export	4.43	3.98	3.12	2.96	2.46				
8	Coffee	127.85	110.27	155.61	148.76	208.08	-13.75	41.12	-4.40	39.88
	Share in total export	2.57	2.33	1.90	1.71	2.37				
9	Electric Machinery And Equipmens	93.05	114.12	143.15	194.99	183.02	22.64	25.44	36.21	-6.14
	Share in total export	1.87	2.41	1.75	2.24	2.09				
10	Residual Chemical And Allied Products	124.90	123.88	182.64	161.44	182.94	-0.82	47.43	-11.61	13.32
	Share in total export	2.51	2.62	2.23	1.86	2.09				
	Total export to ITALY	4971.42	4736.16	8181.15	8691.83	8766.71	-4.73	72.74	6.24	0.86

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM ITALY
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Indl Machinery For Dairy Etc.	780.33	616.60	767.60	941.07	1061.73	-20.98	24.49	22.60	12.82
	Share in total imports	17.38	15.97	15.20	16.83	18.32				
2	Electric Machinery And Equipments	163.24	146.52	187.59	216.52	309.24	-10.24	28.03	15.42	42.82
	Share in total imports	3.63		3.72	3.87	5.34				
3	Residual Chemical And Allied Products	221.16	237.90	317.19	326.88	304.05	7.57	33.33	3.05	-6.98
	Share in total imports.	4.92	6.16	6.28	5.85	5.25				
4	Other Misc. Engineering Items	143.75	124.12	179.40	218.66	243.57	-13.66	44.54	21.88	11.39
	Share in total import	3.20	3.21	3.55	3.91	4.20				
5	Machine Tools	244.66	140.60	177.78	184.79	192.45	-42.53	26.44	3.94	4.15
	Share in total import	5.45	3.64	3.52	3.30	3.32				
6	Products Of Iron Steel	201.94	149.17	177.27	185.65	188.28	-26.13	18.84	4.73	1.42
	Share in total import	4.50	3.86	3.51	3.32	3.25				
7	Paper, Paper Board And Products	78.40	98.64	111.73	162.88	182.63	25.82	13.27	45.78	12.13
	Share in total import	1.75	2.55	2.21	2.91	3.15				
8	AC Refrigeration Machinery Etc.	103.17	104.52	113.16	156.89	158.49	1.31	8.27	38.64	1.02
	Share in total import	2.30	2.71	2.24	2.81	2.73				
9	Medical And Scientific Instruments	94.74	71.14	107.45	125.06	140.59	-24.91	51.04	16.39	12.42
	Share in total import				2.24	2.43				
10	Iron And Steel	127.91	103.13	130.88	152.95	139.86	-19.37	26.91	16.86	-8.56
	Share in total import	2.85	2.67	2.59	2.74	2.41				
	Total import from Italy	4490.92	3862.05	5048.47	5591.91	5795.37	-14.00	30.72	10.76	3.64

NOTE : Figures relate to each Financial Year (April to March)