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:

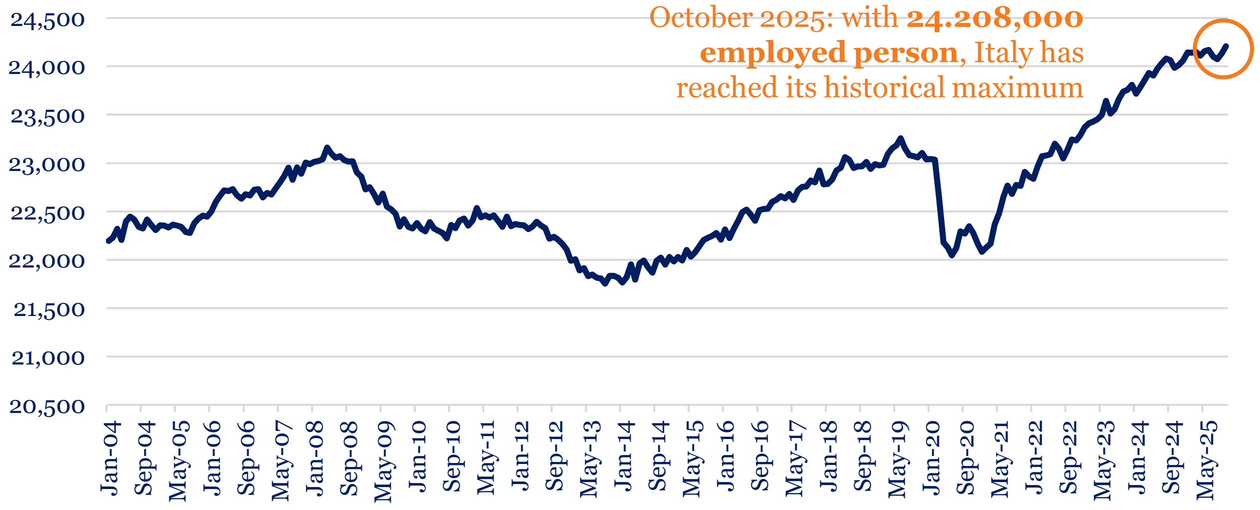
Italy's Macroeconomic Outlook

"The most recent data on the Italian economy show that, in the third quarter of 2025, GDP increased by 0.1% compared with the previous quarter and by **0.6%** compared with the third quarter of 2024.

This figure is **higher than the preliminary estimates** released in recent weeks, which had suggested zero quarter-on-quarter growth and a year-on-year increase of 0.4%.

In light of these results, the carry-over growth for 2025 stands at 0.5%.

Compared with the previous quarter, all the main components of domestic demand are expanding, with national final consumption rising by 0.1% and gross fixed investment by 0.6%. **Imports and exports also increased, by 1.2% and 2.6%, respectively.**



Monthly employed person (thousands)

Source: TEHA Group elaboration on Istat data

Italy's fiscal stance has strengthened markedly, underpinned by tighter discipline in public finances and successive downward revisions to the deficit-to-GDP ratio. The government now projects a deficit of around 3.0% of GDP in 2025, down from earlier estimates closer to 3.4%, with a further reduction expected over the medium term. The Draft Budgetary Plan sets out a consolidation path centred on the return to a primary surplus of **0.9% of GDP in 2025**, rising gradually in subsequent years, and a stabilisation of the debt trajectory. These adjustments — combining improved revenue dynamics with more contained expenditure growth — reinforce the credibility of Italy's fiscal policy framework and support a more sustainable medium-term outlook for public debt dynamics.

The Hamburg Commercial Bank (HCOB) Italy Services PMI, an indicator of activity in the Italian services sector, reached around 55 points in November 2025, exceeding expectations and **marking its highest level in more than two years**. This points to renewed dynamism in the services sector — crucial for an economy like Italy's, where services account for a significant share of GDP — and could help support consumption, employment, and domestic demand in the coming period.

Lower policy rates continued to reduce banks' funding costs and the interest charged on loans to firms. As a result, **lending to non-financial corporations increased again**. Surveys of banks indicate that demand for corporate loans has strengthened, while lending to households has also accelerated.

Revision on Italy's rating

In november, Moody's revised its rating for Italy to **Baa2** (from Baa3), with a stable-outlook.

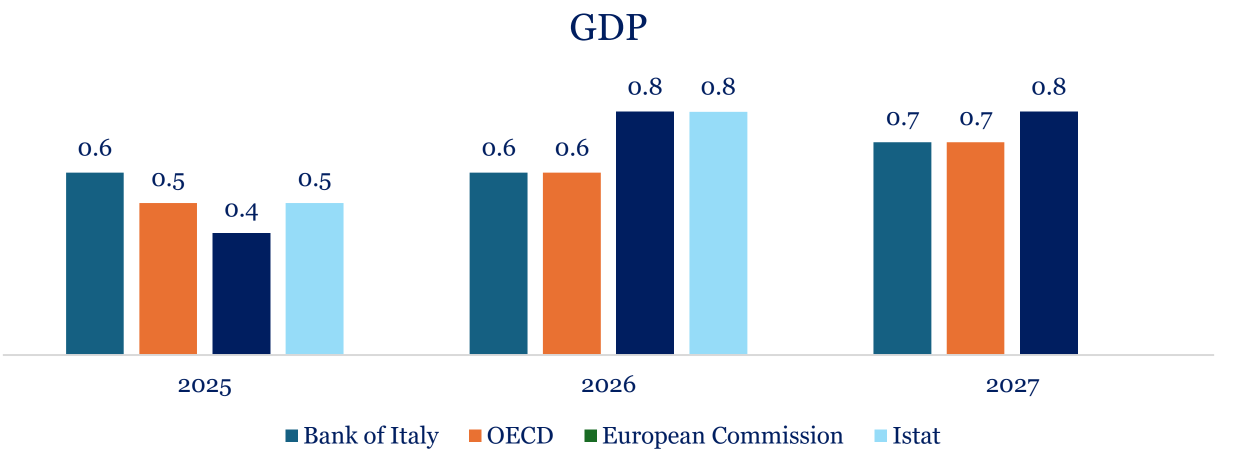
The prospects for Italy's public debt are being shaped by a range of factors, foremost among them the re-emergence of a primary surplus — **€19.5 billion this year**, equivalent to 0.9% of GDP.

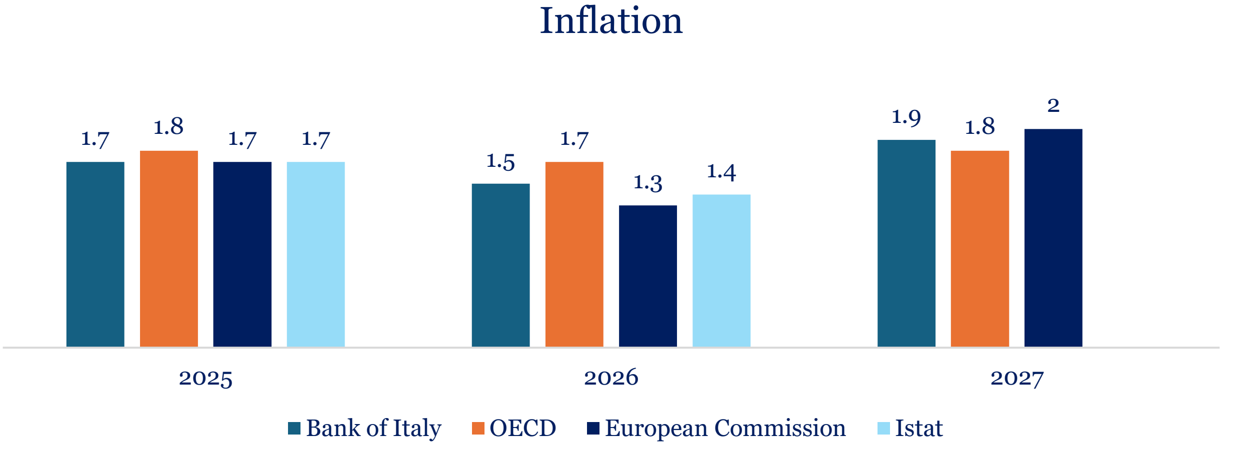
This marks the latest step in a series of favourable revisions by the rating agencies: Fitch has raised Italy to **BBB**+, DBRS has moved the country to **A** (low), and Scope has shifted the outlook on its BBB+ rating from stable to **positive**.

This upgrade reflects the perception of greater political stability and the effective implementation of the National Recovery and Resilience Plan (PNRR), thereby strengthening market confidence in the country's creditworthiness.

Moody's also expects that, from 2027 onwards, the debt-to-GDP ratio will begin to decline gradually.

Source: TEHA Group elaboration on Eurostat and ISTAT data





Forecast for Italian economy released by main national and international Institutions (percentage variation)

The latest forecasts released for the 2025–2027 period by the main national and international institutions point to modest GDP growth in 2025, largely due to a reduced contribution from the trade balance, which is affected by mounting tensions in global markets.

From 2026 onwards, several institutions anticipate a more substantial expansion, predominantly driven by domestic consumption and investment.

As stated by the Bank of Italy in its last Economic Bulletin, GDP growth will be driven by investment while consumers will remain cautious this year, although later on they will respond to the rise in disposable income. Foreign demand will be affected by higher tariffs and the appreciation of the euro.

The forecasting scenario is subject to considerable uncertainty, stemming largely from potential new developments in trade policies and the ongoing conflicts.

On the inflation front, the consensus suggests a further decline over the coming year, followed by a gradual return to the European target — with the ECB having set its inflation objective at 2% — by 2027.

Source: TEHA Group elaboration on Istat, European Commission, OECD and Bank of Italy data

The New Incentives Code: A Unified Framework for Business Support in Italy

The new legislation **simplifying public business incentives** will apply to all incentives granted at national level, including those co-financed with EU funds and **enter into force** from **1st of January 2026**

The *Codice degli incentivi* (**Business Incentives Code**), approved by the Italian Council of Ministers on 20 November 2025, marks the first attempt to provide Italy with a **single**, **coherent framework for business support measures**.

It implements the 2023 enabling law on the revision of incentives to enterprises (Law 160/2023) and **will enter into force on 1 January 2026**, replacing a highly fragmented landscape of schemes, procedures and rules that had accumulated over decades.

Structurally, the Code is a legislative decree composed of 28 articles grouped into five Chapters, covering the entire life cycle of incentives: from **programming and design**, to **implementation**, **publicity** and **evaluation**. It applies to all incentives granted at national level, including those co-financed with EU funds, while sectors such as agriculture, forestry and fisheries continue to follow their own dedicated regimes.

The reform is built around **three core pillars**: **digitalisation**, **simplification** and **transparency**.

- On the **digital** side, the decree strengthens the two main information systems already in place: the *Registro nazionale degli aiuti di Stato* (National State Aid Register) and the *Incentivi.gov.it* platform. Together, they will form the **backbone of the new** "Business incentives system", a unified digital infrastructure through which incentives will be programmed, announced, managed and monitored. For firms, this translates into a single point of access to information on available measures, application procedures and the status of their submissions.
- **Simplification** is pursued by introducing a standard "bando-tipo", a model call for proposals that sets common rules on eligibility, selection criteria, admissible costs, cumulation with other aid, controls and revocation. Public administrations will be required to align their incentive schemes with this template, reducing heterogeneity and making calls more predictable for beneficiaries. A permanent Incentives Table will coordinate state and regional policies, aiming to avoid overlaps and to align national instruments with EU cohesion and industrial policy priorities.
- **Transparency** and accountability are reinforced through systematic monitoring and evaluation. Each measure must be linked to clear objectives, an identifiable budget and measurable indicators, and must be traceable via unified project codes. The Code requires periodic assessment of results and allows corrective actions if instruments prove ineffective or poorly targeted.

Source: TEHA Group elaboration on MIMIT and Normattiva data

One of the most notable innovations relates to access conditions. The decree explicitly establishes parity of access between enterprises and self-employed workers, who are now **recognised as potential beneficiaries of incentives under the same conditions as SMEs**, unless the nature of the specific measure objectively requires otherwise.

The Code also introduces **premial criteria and reserved quotas to support micro-enterprises**, firms with a high legality rating, female and youth entrepreneurship, activities located in disadvantaged areas and projects that contribute to environmental and social sustainability.

It responds to **commitments made under the National Recovery and Resilience Plan (NRRP)** to rationalise business support tools, while at the same time providing a clearer framework for the application of EU state-aid rules. The new governance model , centred on programming, coordination with regions and continuous evaluation, is designed to make incentives more predictable for firms and more manageable for the public administration. Compared with the previous regime, the shift is both technical and strategic.

- **Technically**, the Code standardises procedures, strengthens digital infrastructure and clarifies definitions, eligible operations and exclusion grounds.
- **Strategically**, it aims to transform incentives from a patchwork of temporary measures into a structured policy tool, capable of supporting investment, innovation, green and digital transitions, and territorial cohesion in a more consistent way over time.

In sum, the Codice degli incentivi **is more than a consolidation of existing rules**. It is intended as the reference framework for how Italy designs, rolls out and measures business support in the coming years. Its effectiveness will depend on how quickly administrations adapt their procedures and on how fully the new digital systems are used.

But the direction is clear: fewer ad-hoc schemes, more transparency and a closer, more orderly relationship between the State and those who invest and create jobs in the Italian economy.

The Incentives Code as a PNRR Reform

- The Incentives Code is one of **66 reforms in Italy's PNRR**, funded by the EU's post-covid recovery fund (RRF). It falls under the mission on Digitalisation, Innovation, Competitiveness, Culture and Tourism, which receives **€41.34 billion** (*21.26% of total resources*). As Mission 1, Component 2, Reform 3, it requires the **rationalisation and simplification of business-support schemes** through a unified digital and regulatory framework.

- **Other PNRR reforms** include, for example, **faster justice procedures**, streamlined **public administration**, annual **competition measures** and updated teacher recruitment, all aimed at strengthening Italy's long-term productivity.

For additional information on Italy's PNRR, follow this link.

Source: TEHA Group elaboration on MIMIT and Normattiva data

Focus on a sector: Italy's maritime economic sector (so-called Blue Economy)

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 Blue Economy sector, Italy's maritime economic sector.

Italy is, by geography and history, one of Europe's great maritime nations. With more than **8,000 kilometres of coastline** and a central position in the Mediterranean, the crossroads of global trade routes linking Europe, North Africa and the Middle East, the country has built an economic system deeply rooted in the sea. This maritime vocation remains a defining strength: the Blue Economy today integrates ports and logistics, coastal tourism, shipbuilding, fisheries, maritime services, marine energy, and a fast-growing ecosystem of advanced technologies.

In 2024, **Italy's Blue Economy** generated over **€216 billion** in total value (direct, indirect and induced), equivalent to **11.3% of national GDP**. Growth has been steady and resilient. Between 2022 and 2023, the **sector expanded by 16%** at current prices, outpacing the wider economy and confirming the central role of maritime activities in sustaining national performance. More than **1.1 million people are employed across the Blue Economy**, with job creation growing faster than the national average, especially in tourism, hospitality, coastal services and the marine supply chain.

The entrepreneurial fabric is equally dynamic. Italy counts over **230,000 Blue Economy firms**, representing around 4% of all active businesses in the country. The base has expanded compared with 2019, despite the contraction of the wider productive system. Youth-led, women-led, and foreign-owned companies all show notable growth, illustrating the openness and attractiveness of the sector.

Coastal regions, particularly Liguria, Tuscany, Campania, Sardinia, Sicily and Apulia, form dense industrial clusters where tourism, ports, fisheries, yachting and shipbuilding coexist with specialised SMEs and global brands.

Key Pillars of Italy's Blue Economy

Ports and logistics

Italy's network of **58 major ports** handles more than **460 million tons of goods** and around **70 million passengers** annually, acting as strategic gateways between Europe and the wider Mediterranean. These hubs anchor a broad system of maritime services, from freight handling and ship repair to energy terminals and intermodal logistics, making coastal port areas among the most productive regions of the country.

Shipbuilding & naval engineering

A **global leader in cruise ships**, high-tech vessels and luxury yachts, Italy's shipbuilding industry generates nearly **€8 billion in output and exports to over 100 countries**. The sector is supported by a dense supply chain of specialised SMEs in robotics, materials, electronics and interior design, combining advanced engineering capabilities with world-renowned craftsmanship.

Continues…

Source: TEHA Group elaboration on Unioncamere, Centro Studi Tagliacarne, Confindustria and ISTAT data

Coastal and nautical tourism

Each summer, Italy's seaside destinations attract an estimated **110 million overnight stays** and more than **20 million arrivals**, representing roughly half of the country's seasonal tourism flows. This generates a substantial economic contribution: in 2024, spending linked to seaside tourism reached nearly **€22 billion**, reinforcing the sector's role as a core driver of local economies, hospitality services and recreation. Nautical tourism adds to this strength, with Italy recognised internationally for its marina capacity and as a top producer of premium leisure vessels.

Fisheries and aquaculture

With more than **12,000 vessels and thousands of firms active in processing**, logistics and distribution, the fisheries sector remains essential to local coastal economies. It supports employment, culinary traditions and regional supply chains, while ongoing modernisation efforts aim to increase efficiency, sustainability and product quality.

Marine technologies & innovation

Italian research centres and companies are advancing rapidly in marine robotics, subsea systems, digital port operations, satellite monitoring and environmental technologies. These developments are enabling **cleaner fuels**, **smarter maritime mobility** and **more efficient port ecosystems**, positioning innovation as a central driver of future Blue Economy growth.

Overall, Italy's Blue Economy remains a key driver of national growth, where maritime heritage, industrial strength and technological progress converge. With its extensive coastline, central Mediterranean position and competitive capabilities, Italy is set to remain one of **Europe's leading maritime economies** in the years ahead.

Source: TEHA Group elaboration on Unioncamere, Centro Studi Tagliacarne and Assoturismo Confesercenti 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.

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 200,000 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: dgsp-03@esteri.it.

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