The European House
Ambrosetti

Business Insights from Italy

A Letter to International Investors

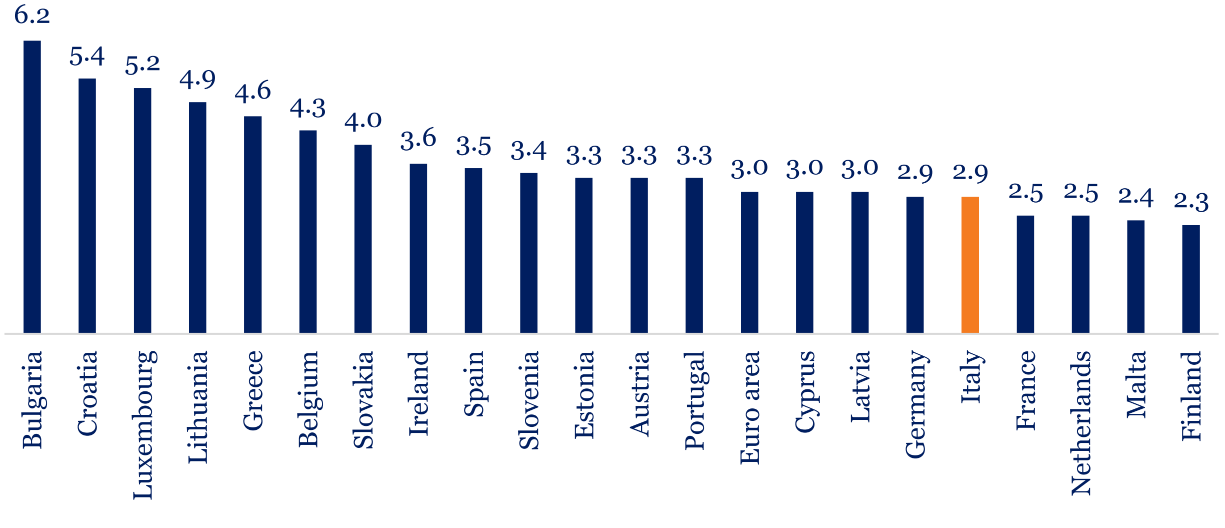
Business Insights from Italy is a publication by **The European House - Ambrosetti**, produced in collaboration with leading Italian institutions. The publication provides updates on the Italian macroeconomic scenario, on Italy's industrial sectors and on policies directed to foreign investors.

In this edition:

Italy's Macroeconomic Outlook

International tensions continue to remain elevated, although they have been partially eased by the ceasefire currently in place in the conflict involving Israel, the United States and Iran. In this context, oil prices have started to gradually contract after the sharp increases recorded in recent weeks. Nevertheless, prices remain significantly above the levels observed in February, before the escalation linked to the U.S. and Israeli strikes.

Despite the persistence of geopolitical uncertainty and higher energy prices, the transmission of energy shocks to real economies has so far proven more contained than initially expected.



Inflation rates in April (% change compared to April 2025)

Source: TEHA Group elaboration on Eurostat data

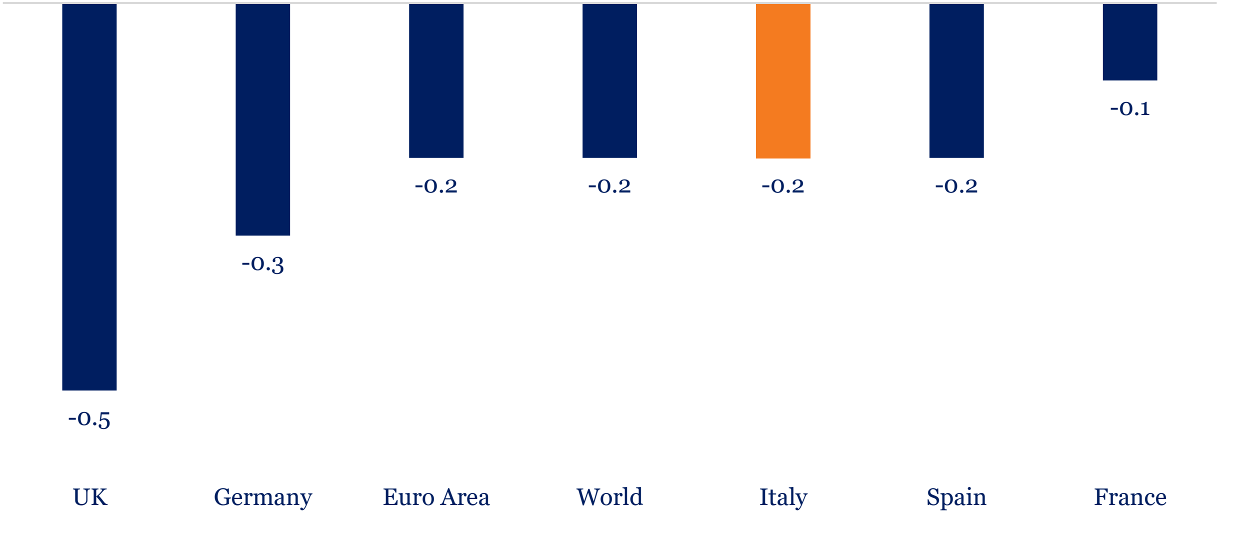
Inflationary dynamics across Europe continue to show a moderate degree of resilience: April year-on-year inflation data highlight a relatively stable trend in almost all major European economies. Among them, Italy stands out as **one of the most stable countries**, recording a headline **inflation rate of 2.9% in April**.

The positive performance of the Italian economy in the final part of 2025, with quarter-on-quarter GDP growth of 0.3% in the fourth quarter, ensured a statistical carry-over effect of the same magnitude for 2026. However, the updated official forecasts for the current year and the following three-year period incorporate the negative impact on growth stemming from the conflict in the Middle East, which has led to an overall deterioration of the international macroeconomic environment.

The energy price shock is weighing on households' purchasing power, while heightened uncertainty is tending to undermine the confidence of both businesses and consumers, discouraging investment plans and weakening consumption dynamics. As a result, Italy's growth forecasts have been prudentially revised downward, now standing in the **range of 0.5%-0.6%** depending on the forecasting institution considered.

Nevertheless, the revisions released by major international institutions continue to highlight the **relative resilience of the Italian economy**. In April 2026, the International Monetary Fund published an updated set of forecasts for the current year and, compared to its January assessment, Italy's expected growth rate was revised downward by 0.2 percentage points.

This adjustment is broadly in line with the revision expected for the global economy and for the Euro Area as a whole, while remaining more limited than the downward revisions recorded for other European countries such as Germany and the United Kingdom.

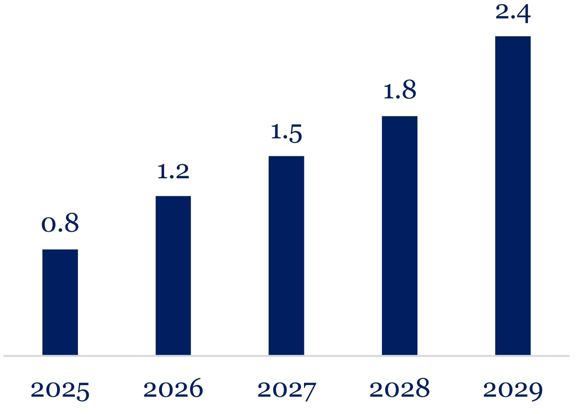


Change in expected GDP growth for 2026 between the January 2026 and April 2026 forecast releases

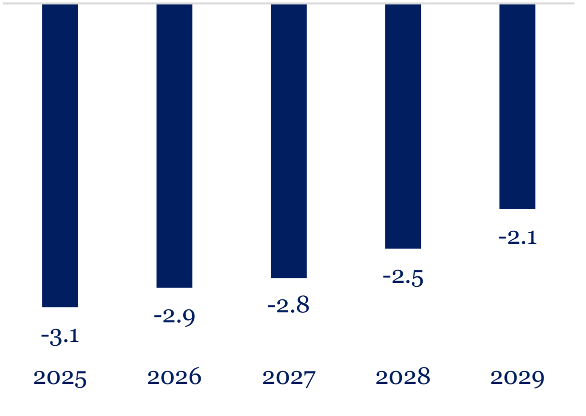
Source: TEHA Group elaboration on Eurostat, Ministry of Economy and International Monetary Fund data

Italy’s public finance framework continues to show gradual signs of strengthening, despite the persistence of a complex and uncertain international environment.

Current projections point to a progressive improvement in the primary balance over the next four years, alongside a gradual reduction in both the deficit-to-GDP and debt-to-GDP ratios. This trajectory reflects the combined effect of a more prudent fiscal stance, resilient economic fundamentals and a progressively more favourable market perception of Italian sovereign risk.



Italian~~’s~~ Government primary surplus



Italy’s deficit/GDP ratio

While public debt remains elevated in absolute terms, the expected consolidation path suggests a framework of increasing fiscal sustainability, supported by contained financing conditions and by the continued credibility of Italy’s macroeconomic and budgetary policies.

During 2025, interest expenditure remained below expectations, allowing its incidence on GDP (3.9%) to remain unchanged compared to the previous year. This result was also supported by the narrowing of the spread versus the German Bund, which averaged slightly above 90 basis points over the year, compared to an average of around 162 basis points during the previous decade.

Moreover, this development reflects the improvement in the perception of Italy’s country risk among institutional investors, as also confirmed by the rating upgrades delivered in 2025 by the main rating agencies – S&P, Fitch, Moody’s and DBRS.

At the end of 2025, the average maturity of public debt – commonly used as a proxy for refinancing risk – declined only marginally to 6.92 years, compared to 7 years at the end of 2024. The share of domestic government bonds with a maturity of up to 12 months stood at around 14.8%, compared to 14.5% at the end of 2024, while the share of securities with a residual maturity of no more than five years reached approximately 51.8% at the end of 2025, up from 51.1% in the previous year.

Source: TEHA Group elaboration on Istat and Ministry of Economy data

ITA Trade Agency: the point of connection with Italy around the world

ITA - Italian Trade Agency is the Governmental agency that supports the business development of Italian companies abroad and **promotes the attraction of foreign investments in Italy**.

ITA - Italian Trade Promotion Agency operates through a **worldwide network of 79 offices and 18 Satellite offices covering 132 markets**.

ITA offices are the ideal gateway for enterprises willing to establish business relationship with Italian partners, from sourcing Italian products, to investment opportunities in Italy.

FDI Desk and Analyst

Beijing, Berlin, Bern, Brussels, Doha, Dubai, Hong Kong, Istanbul, London, Madrid, Mumbai, New Delhi, New York, Paris, San Francisco, Seoul, Stockholm, Sydney, Tel Aviv, Tokyo, Toronto, Warsaw, Wien

ITA – Italian Trade Promotion Agency foreign desks

For further information, please refer to the **official website**

Source: TEHA Group elaboration on ITA data

Through its international FDI network and sectoral expertise in Italy, ITA provides **contacts**, **advisory services** and **operational support** to foreign companies interested in investing and expanding in the country.

ITA supports foreign companies in identifying the most suitable solutions for their investment projects in Italy, assisting them in exploring local opportunities and potential national partners during both the company's establishment phase and the implementation of employment plans. Support activities are carried out in coordination with public institutions and relevant authorities, with the aim to ensure a structured and effective interaction framework throughout the investment process.

Assistance services cover several operational and regulatory aspects related to foreign investment in Italy, including **guidance** on the main elements of the Italian legislative framework in the areas of **taxation**, **fiscal regulation** and **employment law**; identification and assessment of potential locations, including site visits and evaluation activities. Moreover, ITA could assist in **obtaining main permits and authorizations** required for international talent and investment projects, including procedures related to Article 27.a, ICT permits, EU Blue Cards, Startup Visas and Investor Visas. Additional support includes maintaining relations with recruitment agencies and local employment services, fostering cooperation with local authorities to facilitate administrative processes, and promoting initiatives aimed at improving the business environment for foreign investors. Assistance can also extend to the search for foreign investors interested in establishing joint ventures, strategic partnerships or direct acquisitions of proposed projects.

Companies are supported throughout the **post-investment phase** through tailored assistance activities aimed at ensuring continuous monitoring and coordination of project-related needs. In this context, ITA acts as a **single point of contact between the various stakeholders involved**, facilitating communication and supporting the effective management of operational and institutional interactions.

In addition to the standard support services provided after the investment phase, dedicated aftercare activities may include assistance for business expansion projects, the provision of information on strategic initiatives at national and regional level, and support in carrying out market analyses. Further services may involve facilitating relationships with suppliers and local stakeholders, conducting surveys and feedback activities addressed to established investors, and providing cultural mediation support where necessary.

Finally, **ITA also supports investors in strengthening local networks and institutional relationships**, while offering assistance in addressing administrative and regulatory issues, including matters related to bureaucratic procedures and red tape.

Focus on a sector: the viticulture and wine 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 Viticulture & Wine Supply Chain.

The Italian wine sector represents one of the country's most emblematic strategic industries, combining **agricultural tradition, industrial excellence, territorial identity, and international competitiveness**. Deeply rooted in local communities and landscapes, the sector plays a pivotal role in preserving cultural heritage, promoting sustainable rural development, and strengthening the global reputation of Made in Italy products. At the same time, the wine industry stands out for its **strong export orientation**, high value-added production, innovation capabilities, and ability to integrate craftsmanship, quality, tourism, and advanced supply chains into a globally recognized ecosystem of excellence.

€20.2 billion
Revenue
(7.5% of the agri-food supply chain)

692 thousand hectares
Land area dedicated to wine grapes
(9.1% of total land area)

566
PDO/PGI products
(63% of total certified products;53% of certified value)

178 thousands
Employees
(12.9% of the agri-food supply chain)

€7.8 billion
Wine exports
(11.3% of agri-food exports)

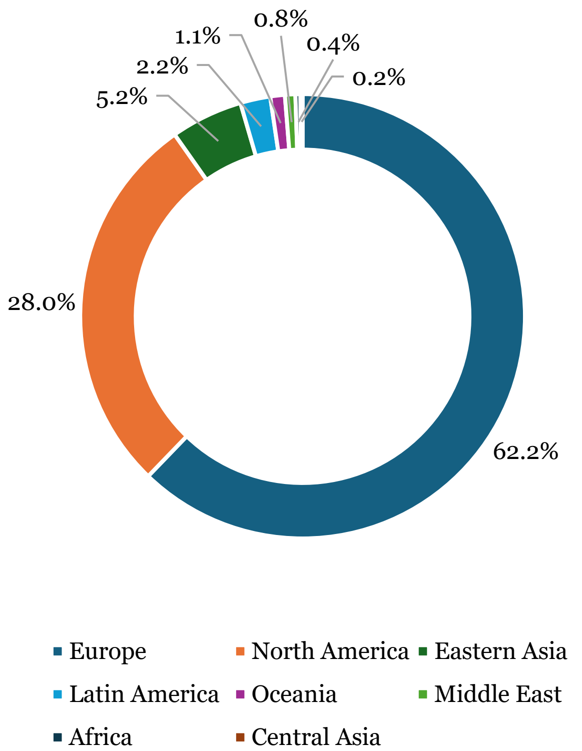
44 million hectolitres
Total wine production

310,500
Wine-growing companies

45,600
Wine-producing companies

The Italian wine industry is largely characterized by a highly fragmented entrepreneurial structure, with small enterprises accounting for 94.9% of the total number of companies and generating 48.8% of the sector's overall turnover. The supply chain also remains deeply rooted in family-owned business models, reflecting the strong territorial and cultural identity of Italian wine production. At the same time, the sector is approaching a **significant generational transition phase**: the average age of agricultural business owners in Italy is relatively high, at around 60 years old.

Source: TEHA Group elaboration on Istat and ISMEA data



Destination of Italian wine export (% on total), 2025
Source: Istat data

This dynamic is expected to create medium-term opportunities for new entrepreneurs, investors, and younger generations to enter the market, contribute to business renewal, and support the evolution of the sector through innovation, digitalization, and new managerial capabilities.

Between 2024 and 2025, Italian wine exports recorded a slight contraction (-3.7%), partly driven by weaker exports to the United States, also reflecting uncertainty related to the possible introduction of new tariffs and trade restrictions.

However, this slowdown should be interpreted within a broader long-term trajectory of growth and international expansion: between 2015 and 2025, Italian wine exports grew at an average annual rate of approximately 4%, confirming the sector's strong competitiveness and resilience in global markets.

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 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