European Investment Bank

Italy
Overview

EIB INVESTMENT SURVEY

2022

EIB INVESTMENT SURVEY 2022

Italy

Overview

European Investment Bank

EIB Investment Survey Country Overview 2022: Italy

About the EIB Investment Survey (EIBIS)
The EIB Group Survey on Investment, which has been administered since 2016, is a unique, annual survey of some 13 000 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Members States and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication
These reports provide an overview of data collected for the 27 EU Member States and the United States. They are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the EIB
The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

Main contributors to this publication
Andrea Brasili, Julie Delanote, Francisca de Novais e Silva.

Disclaimer
The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.
To accommodate scheduling limitations, the content of this publication has not been subject to standard EIB copyediting or proofreading.

About Ipsos Public Affairs
Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organisations. Its around 200 research staff in London and Brussels focus on public service and policy issues. Its research makes a difference for decision makers and communities.

For further information on the EIB's activities, please consult our website, www.eib.org. You can also contact our InfoDesk, info@eib.org.

Published by the European Investment Bank.
Printed on FSC® Paper.

pdf: QH-BL-22-017-EN-N ISBN 978-92-861-5450-8 ISSN 2599-8005 doi:10.2867/957316

EIBIS 2022 – Italy Overview

KEY RESULTS

Investment Dynamics and Focus
EIBIS 2022 shows that on average, at the time of interviews (April-July 2022), Italian firms were exiting from COVID-19 in a relatively good shape but the shock related to the Ukrainian conflict was complicating the outlook, constituting a large source of uncertainty. In fact, while more Italian firms (85%) were investing than they were in EIBIS 2021 (80%), this 'growth' could stop as the net balance of firms expecting to increase investment rather than decreasing is lower than it was a year ago (down from 24% to 16%). Italy's planned investment figure is close to the EU average (net balance of 20%).

Investment Needs and Priorities
Italian firms did not signal major investment gaps with 86% claiming they made the right amount of investment over the last three years. Capacity expansion (35%) and new product/service development (29%) will be the biggest investment priorities for Italian firms over the next three years, although there has been a decline in the share of firms prioritising new product/service development (from 35% to 29%).

Covid-19 Impact
More than a half (56%) of Italian firms were negatively impacted by COVID-19. Nevertheless, two in five expected to recover (44%) – with 2022 sales coming back to, at least their 2019 levels. A third (33%) of firms did not experience a loss of sales or turnover in 2020-2021 and expected their 2022 sales to be above those achieved in 2019, prior to COVID-19.

About 75% of Italian firms state they received some form of policy support, higher than the EU average of 60%. Over one in ten (13%) Italian firms continue to receive support.

Firms' Transformation, Innovation and Digitalisation
Possibly helped by the support received, 55% of Italian firms have taken action in response to COVID-19. This is similar to EIBIS 2021 but lower than the current EU average (63%). The most frequent response, especially among large firms, has been to become more digital (41% versus 53% EU, and it must be also noted that this gap opened in this wave of the survey). Overall, 68% of Italian firms are using at least one advanced digital technology, and this is in line with the EU average; however, the share of Italian firms adopting multiple technologies is lower than the EU. Italy's firms have relative strength in the implementation of Platforms.

The period of repeated shocks has not stopped Italian firms' innovation. In 2022 almost half (47%) of Italy's firms developed or introduced new products, processes or services as part of their investment activities, similar to EIBIS 2021 (46%) and higher than the EU average (34%).

International Trade
In line with the EU average (90%), most Italian firms (87%) face disruption related to international trade. This rises to 92% among Italy's exporters and importers. With COVID-19 being slightly more disruptive than the Russia/Ukraine conflict, three-quarters (75%) of Italian firms have been affected by these events. Italian firms facing disruption related to international trade are equally as likely as those across the EU to be taking action to mitigate its impact (both 57%).

Drivers and Constraints
Compared to EIBIS 2021, Italian firms are more pessimistic about the investment conditions they will face over the next 12 months but they remain more optimistic than those across the EU. The biggest fall in sentiment concerns the economic climate (down 78 points to -39%). Sentiment about the political/regulatory climate has also fallen sharply (from +22 to -25). Looking at impediments to investment, the biggest long-term barriers are uncertainty about the future and energy costs (both 88%). Far more consider energy costs an obstacle than they did in EIBIS 2021 (67%).

EIBIS 2022 – Italy Overview

Investment Finance
The share of financially constrained firms in Italy (6%) is similar to EIBIS 2021 (7%) and the EU average (6%). While this may suggest Italian firms have broadly the same level of access to investment funds, other data point to external finance being harder to obtain. Over half (56%) the Italian firms that invested in the last financial year funded some of that investment through external finance. This is above the EU average (45%) but lower than EIBIS 2021 (65%). Meanwhile. the proportion of total investment financed from external sources has dropped from 41% to 34%.

Climate Change and Energy Efficiency
Just under 60% of Italian firms say weather events have an impact on their business. A quarter (26%) of Italian firms have developed or invested in measures to build resilience to the physical risks to the firm caused by climate change, below the EU average (33%).

Compared to EIBIS 2021 more Italian firms now regard transitioning to stricter climate standards as a risk (up from 17% to 24%). A similar proportion consider it an opportunity (28%). Despite this, fewer Italian firms (75%) are taking action to reduce Greenhouse Gas (GHG) emissions than seen across the EU (88%). Meanwhile, 36% set and monitor targets for their own GHG emissions (versus the EU average of 41%).

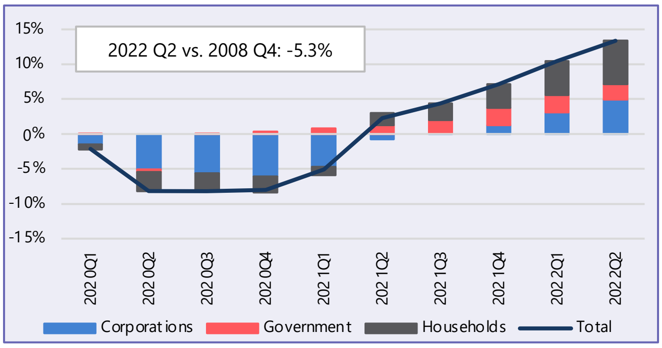
Driven more by large firms than SMEs, just over a third (36%) of Italian firms have already invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions. A similar proportion plans to invest in the next three years (39%). Both figures are lower than the EU average (53% and 51% respectively). The share of Italian firms having invested in measures to improve energy efficiency in 2021 (34%) is almost the same as in EIBIS 2021 (35%) but lower than the average for all EU countries (41%).

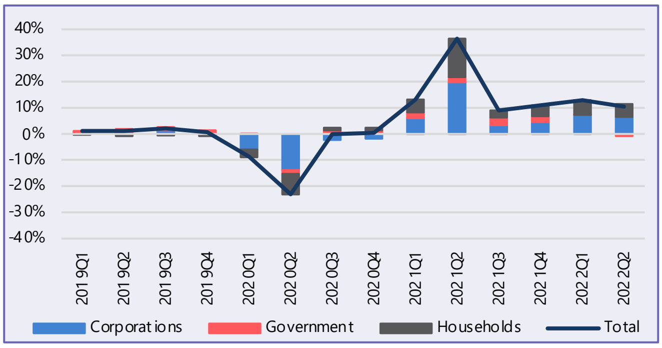
Firm Management, Gender Balance and Employment
Almost three-fifths (59%) of Italian firms use a strategic monitoring system that compares the firm's current performance against a series of key performance indicators. This is a higher proportion than observed across the EU (51%) or in the US (44%). More Italian firms (73%) are striving to achieve gender balance within their business than is seen across the EU (58%) or in the US (62%).

Investment dynamics and focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

- Following the pronounced fall during the first half of 2020 of around -8% relative to the pre-pandemic level, aggregate investment levels in Italy have increased notably since Q1 2021. Quarter-on-quarter growth in 2022 (Q1-Q3) averaged 2.1% with year-on-year growth well into double digit (10.9% on average). Growth was particularly strong in construction and dwellings thanks to the subsidies, but also machinery and equipment investment grew in double digit.
- The rebound in aggregate investment was mainly driven by the recovery in corporate and households' investment and, to a lower extent, by the increase in government investment (whose contribution remained positive and increased following the overall investment level's pandemic period trough).

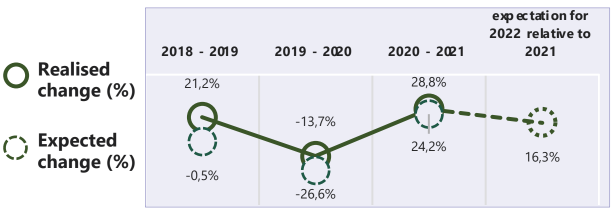




The LHS chart shows the evolution of total gross fixed capital formation (GFCF) by institutional sector, in real terms and non seasonally nor calendar adjusted. The nominal GFCF source data was transformed into four-quarter sums and deflated using the implicit deflator for total GFCF (2015=100 euro). The four-quarter sum of total GFCF in 2019Q4 is normalised to 0.
The RHS chart shows the y-o-y % change in total real GFCF by institutional sector. The implicit deflator for total GFCF (2015=100 euro) was used for deflating the nominal GFCF source data.
Source: Eurostat, authors' own calculations.

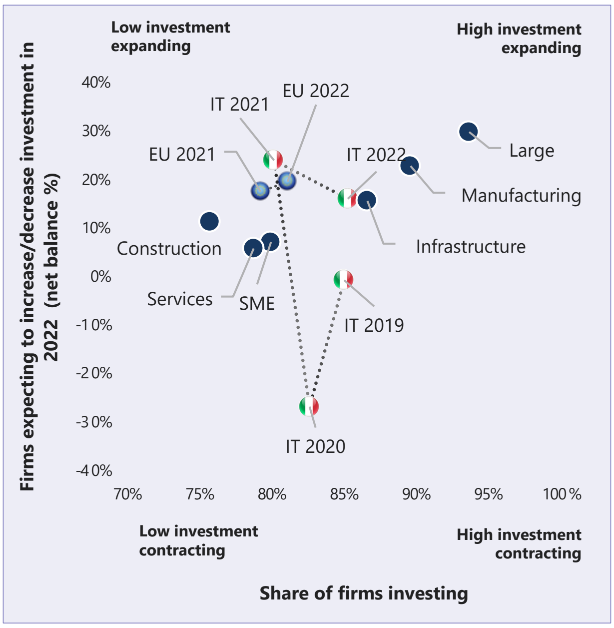
INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

- More Italian firms (85%) invested than they were in EIBIS 2021 (80%) and also more than their EU peers (81%), but the net balance expecting to increase rather than decrease investment has fallen (from 24% to 16%) and it is slightly lower than in the EU overall (20%). This highlights the improvement in the investment picture in the post-pandemic phase but also the emergence of uncertainty for the future given the current ongoing shocks.
- Another sign of the change in conditions and of the growing uncertainty is the growing divide between large firms and SMEs. A much higher proportion of large firms was both investing and having a positive investment outlook. Manufacturing had the largest proportion of investing firms, but future investment expectations are similar for all sectors.



'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base for expected and realised change: All firms



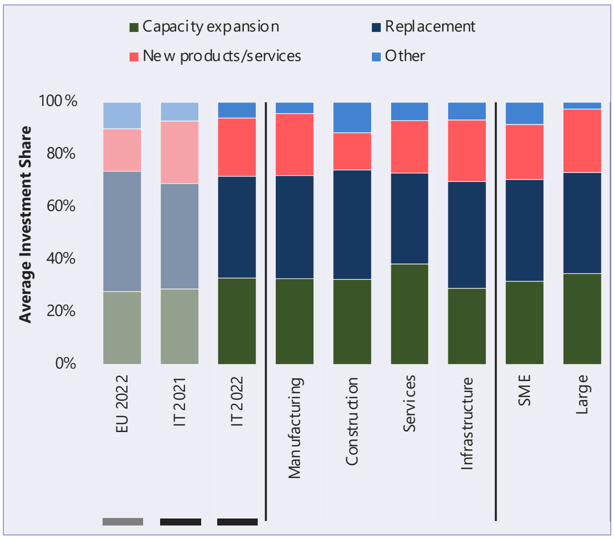
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

Base for share of firms investing: All firms (excluding don't know/refused responses)

Investment dynamics and focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

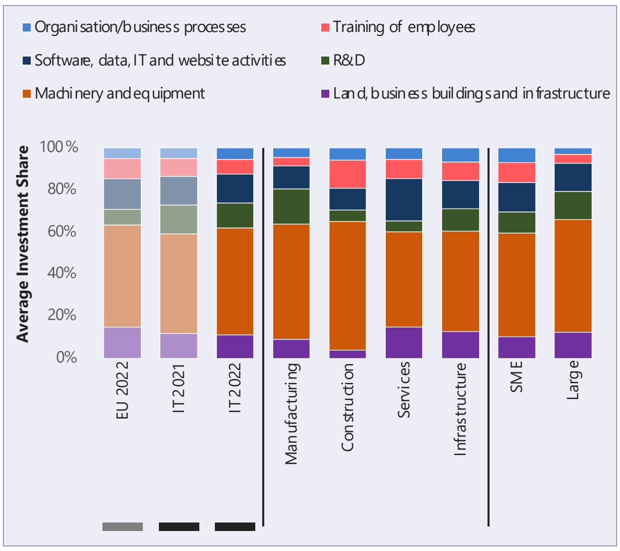
- Italian firms' investment priorities show little change from EIBIS 2021. They are directing a similar share of investment to replacement (39%) and capacity expansion (33%), while a fifth is focussed on developing new products/ services (22%).
- Italy's level of replacement investment is lower than the EU average (39% versus 46%) while investment in new products/services is above the EU average (22% versus 16%).
- The investment focus of Italy's SMEs and large firms is very similar, and there is little variation by sector. An exception is that investment in new products/services is much higher among manufacturers (24%) than construction firms (14%).



Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms who have invested in the last financial year (excluding don't know/ refused responses)

INVESTMENT AREAS



Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

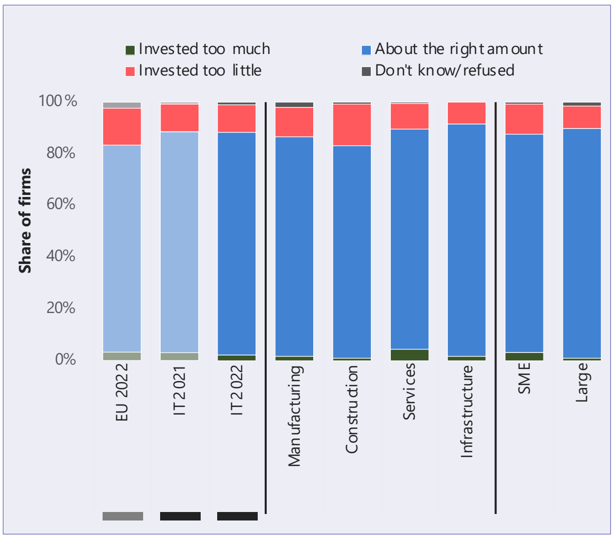
Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

- Investment in intangible assets (R&D, software, training and business processes) by Italian firms accounted for 38% and remained stable compared to EIBIS 2021. However, as in EIBIS 2021, most (51%) of the investment made by Italian firms was directed towards machinery and equipment.
- With one exception the priorities of Italian firms broadly match those across the EU. Firms in Italy are directing more investment towards R&D (12%) than the average EU business (7%).
- There is very little difference by sector with respect to overall investment in intangibles. It ranges from 35% in construction to 40% among service sector firms. The latter have a considerably large share of their investment in Software and IT, likely to recover structural gaps in digital endowment. In contrast to services and infrastructure firms, those in construction (61%) and manufacturing (55%) are directing the majority of their investment towards machinery.
- SMEs (41%) direct a larger share of their investment towards intangibles than large firms (34%). Specifically, investment in employee training is relatively large among SMEs (9% versus 4% for large firms) and this can be functional to the introduction of more digital technologies.

Investment needs and priorities

PERCEIVED INVESTMENT GAP

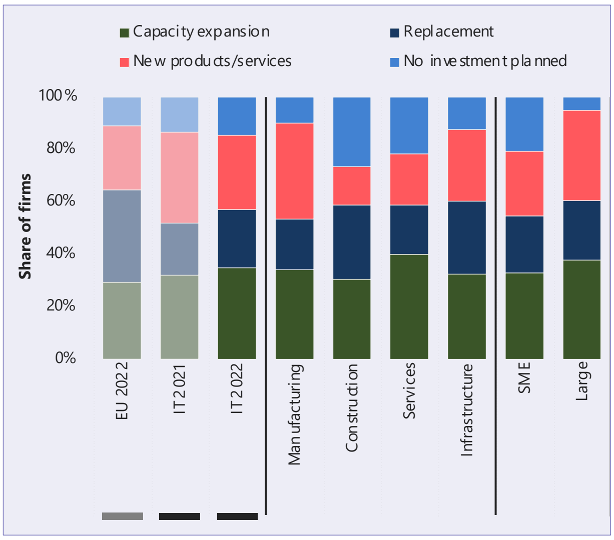
- Italian firms do not feel they underinvested over the past three years. The proportion saying they invested the right amount (86%) is virtually the same as EIBIS 2021 (85%) and above the EU average (80%).
- Construction firms (16%) are more likely than others to say they have invested too little. Fewer than one in ten infrastructure firms believe they have not invested enough (9%).
- Both SMEs (84%) and large firms (89%) feel they invested the right amount over the past three years.



Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

FUTURE INVESTMENT PRIORITIES



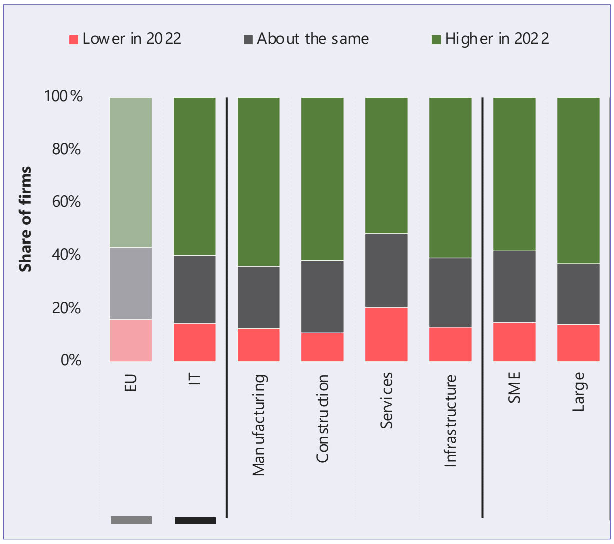
Q. Looking ahead to the next three years, which is your investment priority (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms (excluding don't know/refused responses)

- Capacity expansion (35%) and new product/service development (29%) will be the biggest investment priorities for Italian firms over the next three years. 15% have no investment planned.
- Although it is higher than the EU average (29% versus 24%), Italian firms have less intention than in EIBIS 2021 (35%) to invest in new product/services. Over the next three years they are less likely than other EU firms to be investing in capacity replacement (22% versus 35%).
- A relatively large proportion of construction (27%) and services firms (22%) have no investment planned. This compares to around 10% of manufacturers and infrastructure firms. Manufacturers (37%) are more likely than services (19%) and construction firms (15%) to be prioritising new product development.
- SMEs (21%) are four times more likely than large firms (5%) to have no investment planned for the next three years. This difference is much larger than for the EU average. Looking ahead, large firms (34%) are more likely than SMEs (25%) to prioritise new product/service development.

Impact of COVID-19

IMPACT OF COVID-19 ON SALES OR TURNOVER BY END OF 2022 COMPARED TO 2019

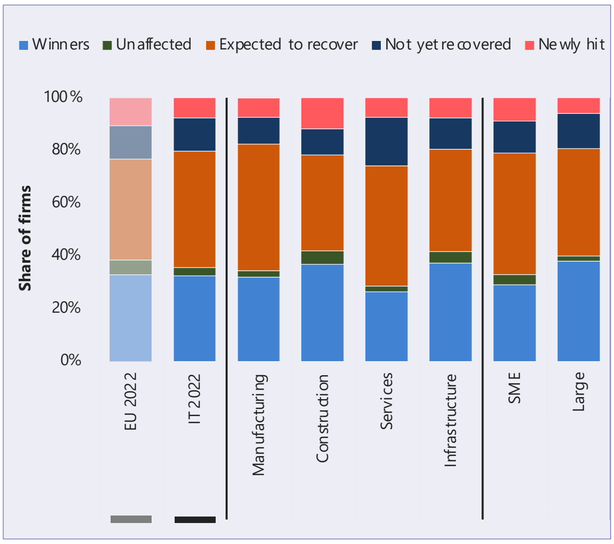


Q. Compared to 2019, do you expect your sales or turnover in 2022 to be higher, lower or about the same?

Base: All firms (excluding don't know/refused responses)

- As in the EU as a whole (57%), the majority of Italian firms (60%) expected their 2022 sales to be above those achieved prior to COVID-19. Fewer than 15% expected them to be lower.
- In all sectors except services (52%) at least six in ten firms expected sales in 2022 to be higher than those achieved in 2019. A fifth (21%) of Italy's services firms believed sales would be below pre-pandemic levels.
- SMEs and large firms had similar expectations for their 2022 sales.

IMPACT ON FIRMS' SALES OR TURNOVER AND EXPECTED RECOVERY



Q. Compared to 2019, before the pandemic started, did your company's sales and turnover in 2020 decline, increase or stay the same?
Q. Compared to 2020, did your company's sales and turnover in 2021 decline, increase or stay the same?

Q. Compared to 2019, do you expect your sales or turnover in 2022 to be higher, lower or about the same?

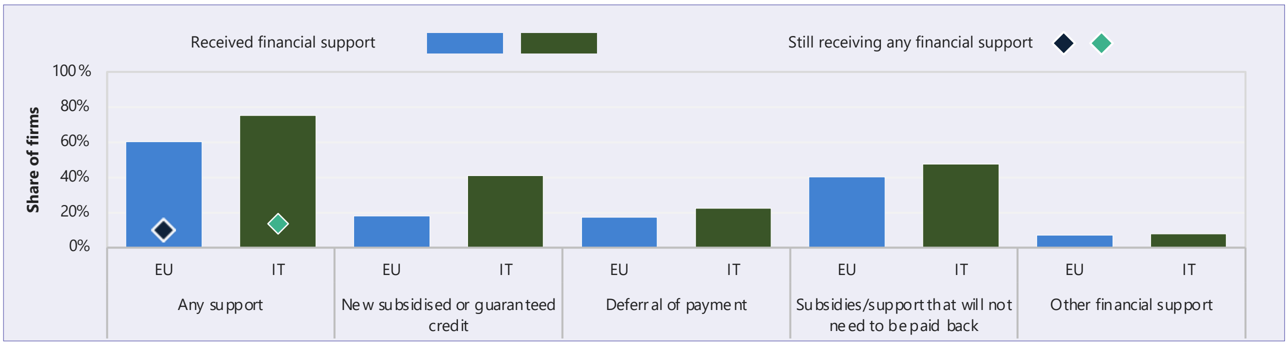
Base: All firms (excluding don't know/refused responses)

- More than half (56%) of Italian firms were negatively impacted by COVID-19. Nevertheless, two in five expected to recover (44%) – with 2022 sales coming back to, at least their 2019 levels.
- A third (33%) are classified as COVID-19 'winners' in that they did not experience a loss of sales or turnover in 2020-2021 and expected sales in 2022 to be higher than in 2019.
- 13% of firms with subdued sales say they did not expect their sales to recover in 2022 and about 8% of firms expected a negative sales impact in 2022 for the first time since the start of the COVID-19 pandemic, classified as 'newly hit' firms.
- At least 95% of firms in every sector have been affected by COVID-19 with nearly a fifth of services firms (18%) saying they had yet to recover from the negative sales impact. This is much higher compared to the manufacturing or construction sectors (both 10%).
- Italy's large firms (38%) are more likely than its SMEs (29%) to be classified as COVID-19 'winners'.

Impact of COVID-19

FINANCIAL SUPPORT RECEIVED IN RESPONSE TO COVID-19

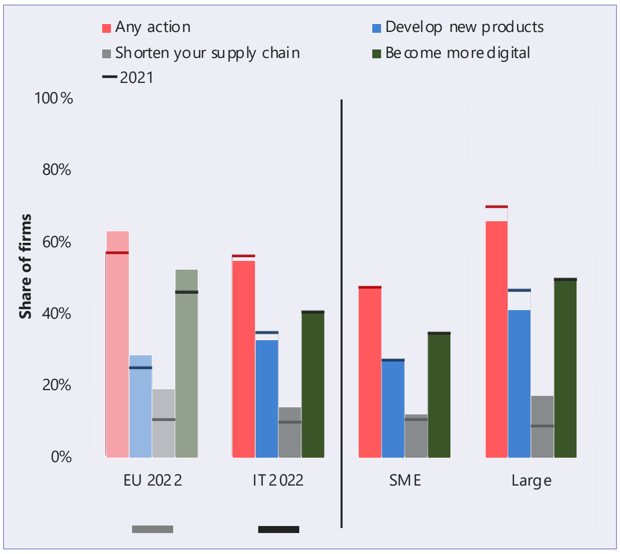
- Three-quarters of Italian firms (75%) received some form of financial support as a response to COVID-19, more than the EU average (60%). 13% are still receiving this support.
- Firms in Italy (75%) are more likely than those across the EU (60%) to have received some form of support, especially new subsidised or guaranteed credit (41% versus 18%). Italian firms (47%) are also more likely to have benefitted from subsidies or support that does not have to be paid back (EU 40%).



Q. Since the start of the pandemic, have you received any financial support?
Q. Are you still receiving {any of} this financial support?

Base: All firms (excluding don't know/refused responses)

ACTIONS AS A RESULT OF COVID-19



- As in EIBIS 2021, just under three-fifths (56%) of Italian firms say they have taken at least one action in response to COVID-19. The figure is lower than for EU as a whole (63%). The gap vs. the EU average in this answer is widening, particularly with reference to "becoming more digital".
- As reported by 41% of Italian firms, the most often cited area of action or investment has been to become more digital. This is lower than the EU average (53%).
- Large firms are far more likely than SMEs to have taken action (66% versus 48%), especially with respect to becoming more digital. While 50% of large firms have taken steps such as moving to online service provision, 'only' a third of SMEs have done so (35%).

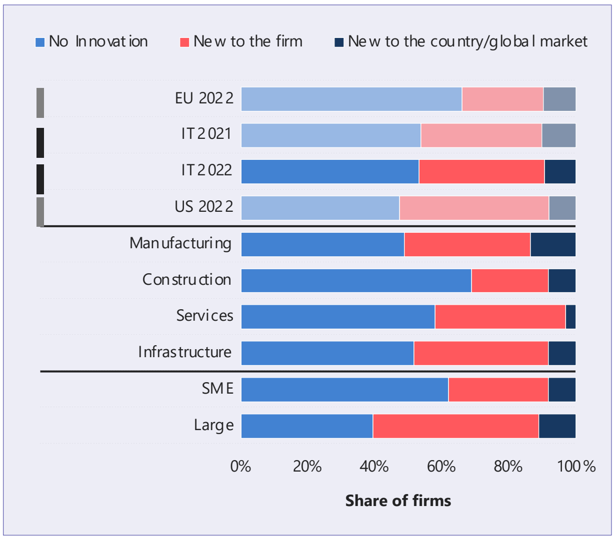
Q. As a response to the COVID-19 pandemic, have you taken any actions or made investments to...?

Base: All firms (excluding don't know/refused responses)

Innovation activities

INNOVATION ACTIVITY

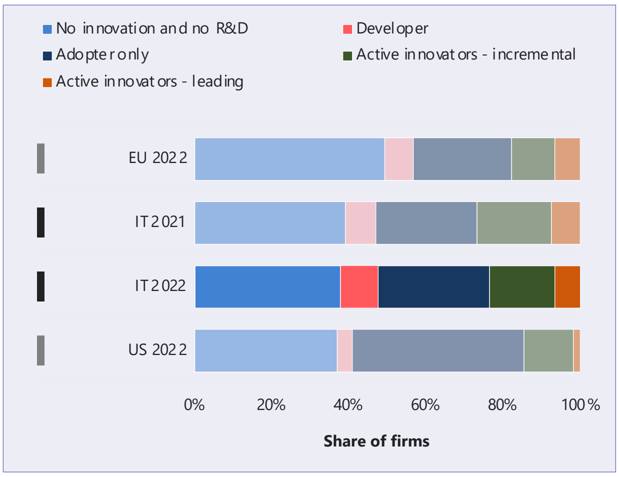
- In 2022 almost half (47%) of Italy's firms developed or introduced new products, processes or services as part of their investment activities. This is almost identical to EIBIS 2021 (46%), much higher than the EU average (34%), but lower than in the US (53%).
- In EIBIS 2022, 9% of Italian firms report the development/ introduction of products, processes or services that were new to either the country or global market. The proportion in the manufacturing sector (14%) is far higher than among services firms (3%).
- Innovation was more common among Italy's large firms (61%) than its SMEs (38%).



Q. What proportion of total investment was for developing or introducing new products, processes, services?
Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Base: All firms (excluding don't know/refused responses)

INNOVATION PROFILE



- A quarter of Italian firms (24%) are active innovators - firms that invested significantly in research and development and introduced a new product, process or service. This is similar to EIBIS 2021 (27%) and above the EU average (18%).
- As in EIBIS 2021, Italy's active innovators tend to be incremental (17%) rather than leading innovators (7%). The large presence of incremental innovators explains the difference with the EU (where the share of this type of firms stands at 11%)
- Almost four in ten Italian firms (38%) did not innovate or invest in R&D in 2021. Very close to EIBIS 2021 (39%) but lower than the EU average (49%).

Q. What proportion of total investment was for developing or introducing new products, processes, services?
Q. Were the products, processes or services new to the company, new to the country, new to the global market?
Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

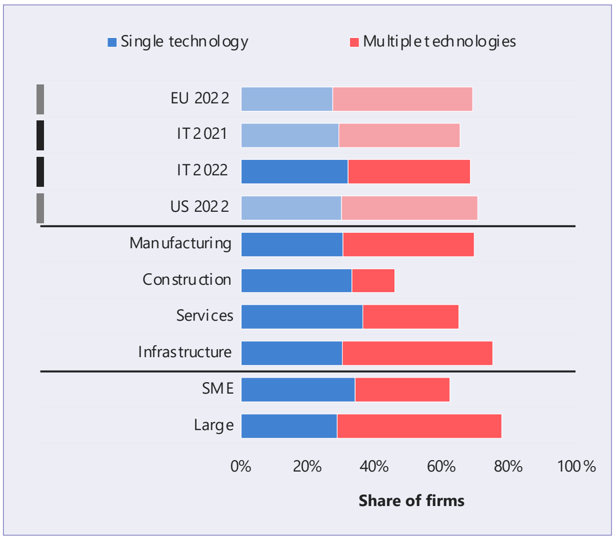
Base: All firms (excluding don't know/refused responses)

The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators' these are new to the country/world'.

Innovation activities

USE OF ADVANCED DIGITAL TECHNOLOGIES

- Overall, 68% of Italian firms are using at least one advanced digital technology. This matches current EU (69%) and US (71%) averages. However, there is a gap with respect to EU in the share of firms using multiple digital technologies (36% versus 42%).
- Except for Italy's construction firms (46%) at least 65% in each sector is using these technologies. Compared to SMEs (62%), large firms (78%) are employing advanced technology to a larger extent and half (49%) use multiple technologies.
- Italy's firms have relative strength in the implementation of Platforms but utilise Big Data/ AI and 3D printing to a lesser extent than other EU firms or those in the US.



EIBIS 2022
Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business?

EIBIS 2021
Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

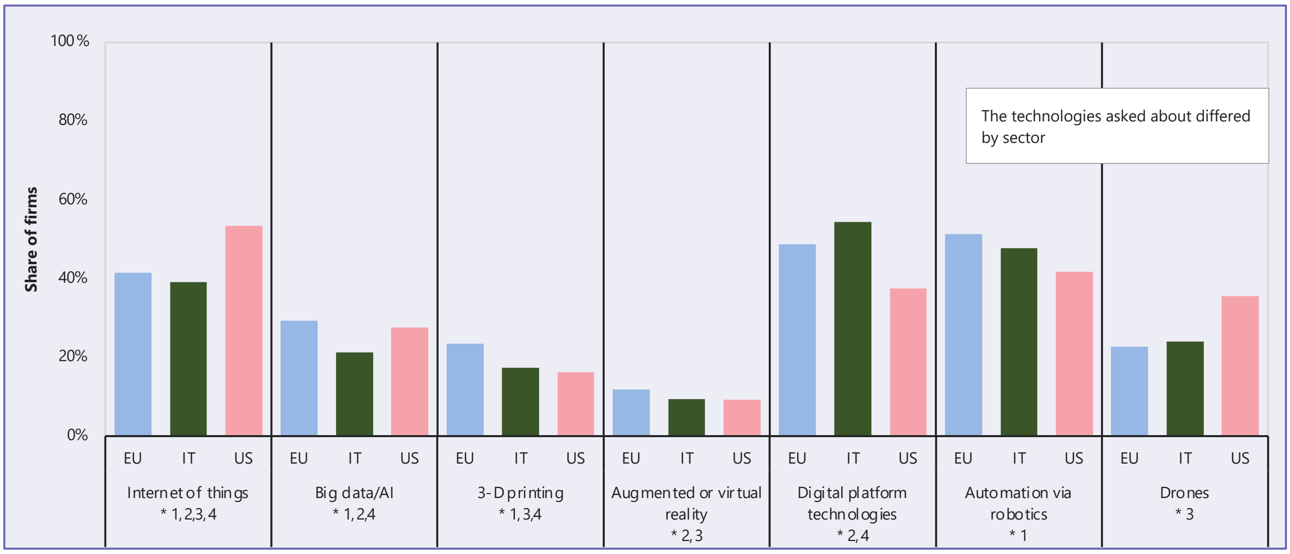
Base: All firms (excluding don't know/refused responses)

Please note: question and definition wording changed between 2021 and 2022, comparisons between the two waves should not be made.

Reported shares combine used the technology 'in parts of business' and 'entire business organised around it'

Single technology is where firms have used one of the technologies asked about. Multiple technologies is where firms have used more than one of the technologies asked about

ADVANCED DIGITAL TECHNOLOGIES



*** Sector: 1 = Asked of Manufacturing firms, 2 = Asked of Services firms, 3 = Asked of Construction firms, 4 = Asked of infrastructure firms**

Reported shares combine used the technology 'in parts of business' and 'entire business organised around it'

Please note: question wording changed between 2021 and 2022, comparisons between the two waves should not be made.

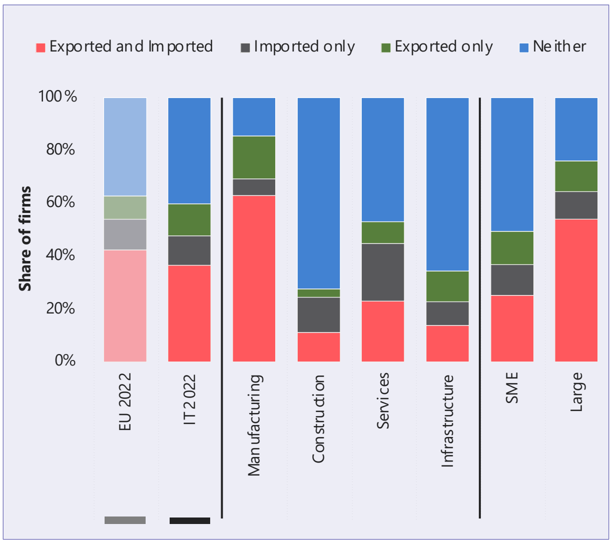
Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business?

Base: All firms (excluding don't know/refused responses);
Sample size IT: Manufacturing (230); Construction (115); Services (125); Infrastructure (115)

International trade

ENGAGEMENT IN INTERNATIONAL TRADE

- Similar to the EU as a whole, 60% of Italian firms are engaged in international trade with most having both exported and imported.
- While most Italian manufacturers (86%) and service sector firms (53%) have international connections, relatively few construction (28%) or Infrastructure firms (34%) trade outside their home market. Manufacturing (79%) is the only sector where a majority of firms are exporters.
- In Italy, a higher proportion of large firms (76%) than SMEs (49%) are trading internationally. They are also more likely to be exporters (66% versus 38%).



Q. In 2021, did your company export or import goods and/or services?

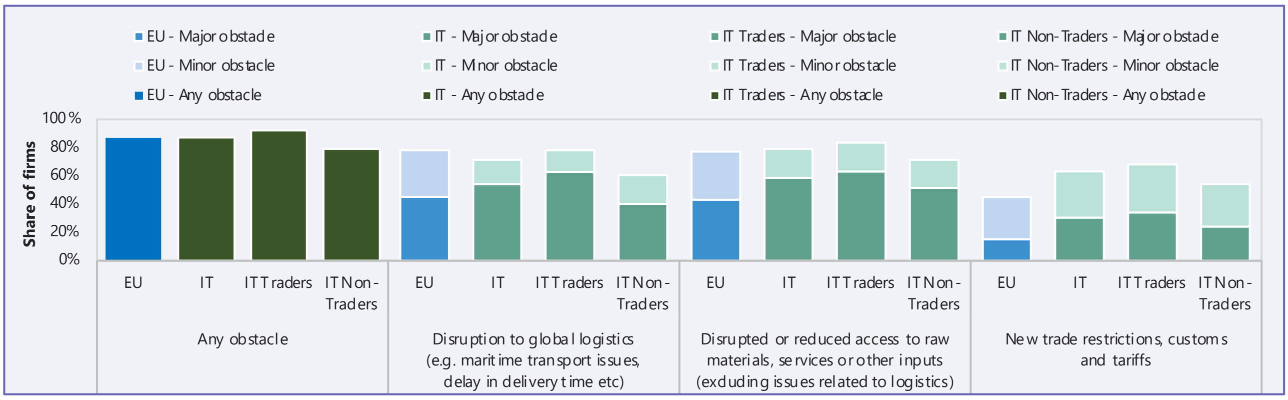
Base: All firms (excluding don't know/refused responses)

DISRUPTIONS RELATED TO INTERNATIONAL TRADE

- In line with the EU average, 87% of Italian firms are facing disruptions associated with international trade. This is higher among Italy's exporters and importers (92%).
- Both, disruption to global logistics and disrupted or reduced access to raw materials, services or other inputs are a major obstacle for 63% of Italy's traders.

Disrupted or reduced access to raw materials, services or other inputs is also a major obstacle for the majority of non-traders (51%).

- Although less of a barrier than other factors, Italian firms are more likely than other EU firms to say trade restrictions, customs and tariffs are an obstacle to their activities (63% versus 45%).



Q. Since 2021, did any of the following present an obstacle to your business's activities?

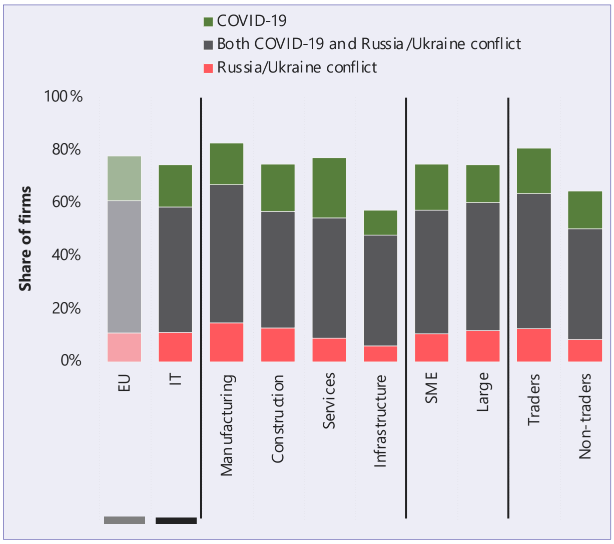
Any obstacle combines 'minor' and 'major' obstacles into one category

Base: "Any obstacle" - All firms (excluding those who said don't know/refused/not applicable responses to all three international trade obstacles)
Base: Individual obstacles - All firms (excluding those who said don't know/refused/not applicable)

International trade

EXTERNAL FACTORS IMPACTING INTERNATIONAL TRADE

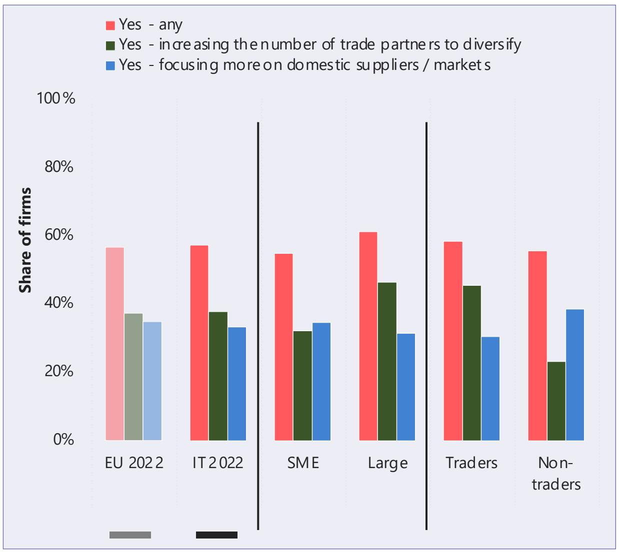
- Three-quarters (75%) of Italian firms say they are impacted by at least one of COVID-19 or the Russia/Ukraine conflict.
- Reflecting the overall EU findings, COVID-19 alone is more problematic for Italian firms (16%) than the Russia-Ukraine conflict (11%).
- Infrastructure firms are the least likely to say they are impacted by COVID-19 and/or the Russia/Ukraine conflict (57%), in the other sectors at least 75% of firms are impacted.
- More traders (81%) than non-traders (65%) are impacted by one or both of COVID-19 and the conflict.



Q. You have just said that you experienced {an obstacle/obstacles} to your business activities since 2021. Did Covid-19 and/or the Russia-Ukraine conflict, including the sanctions imposed by the International community, contribute to this in anyway?

Base: All firms (excluding don't know/refused / not applicable responses)

ACTIONS TO MITIGATE INTERNATIONAL TRADE DISRUPTIONS



- Italian firms are equally as likely as those across the EU to be taking action to mitigate the impact of international trade disruptions (both 57%).
- Italian firms are as likely to focus on domestic suppliers or markets as to increase or diversify trading partners (33% versus 38%).
- Large firms (46%) have made a greater effort than SMEs (32%) to enhance their access to trading partners.
- Traders (45%) have looked to increase or diversify trading partners to a greater extent than non-traders (23%).

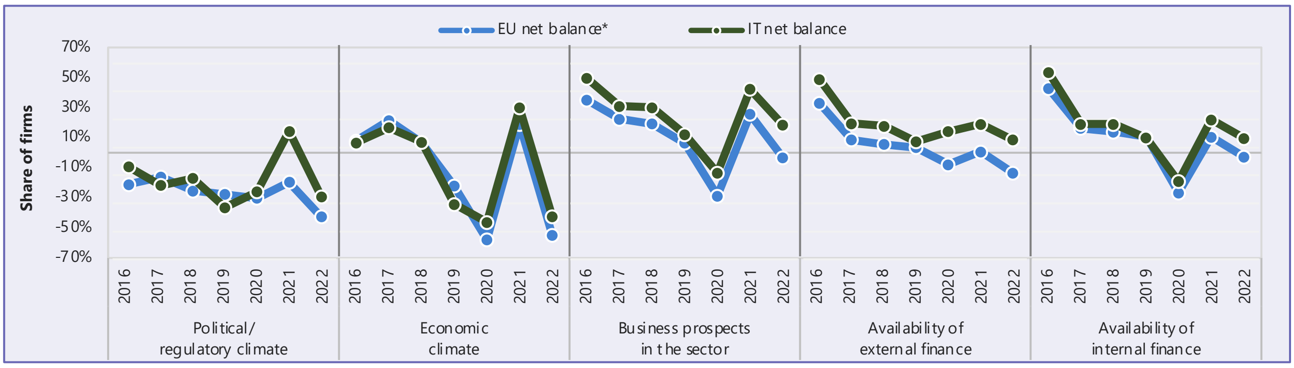
Q. Is your company taking any actions to mitigate the impact of these disruptions?

Base: All firms facing trade disruptions (excluding don't know/refused responses)

Drivers and constraints

SHORT-TERM FIRM OUTLOOK

- After last year's upward movement, Italian firms are more pessimistic about the investment conditions they will face in the next year. However, on each of the five elements measured, Italian firms remain more optimistic than those across the EU.
- The biggest fall in sentiment concerns the economic climate (down 78 points to -39%). Sentiment about the political/regulatory climate has also fallen sharply (from +22 to -25). Both figures are close to their historic low points.
- The trend is downward, but on balance Italian firms remain optimistic about business prospects for their sector (+26) and the availability of external (+15) and internal finance(+17).
- Although positive, scores relating to the availability of finance suggest conditions are tightening. Italy's scores have been lower than this only once (in 2019 for external and 2020 for internal finance).



Q, Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

**Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration*

Base: All firms

SHORT-TERM FIRM OUTLOOK BY SECTOR AND SIZE (net balance %)

	Political / regulatory climate	Economic climate	Business prospects	External finance	Internal finance
Italy	25%	39%	26%	15%	17%
Manufacturing	22%	41%	26%	14%	18%
Construction	23%	36%	30%	1%	12%
Services	33%	47%	10%	10%	12%
Infrastructure	24%	30%	40%	26%	20%
SME	29%	31%	28%	13%	12%
Large	18%	52%	23%	20%	24%

Please note: green figures are positive, red figures are negative

- In every sector and size of firm sentiment about the political/regulatory and economic climate is far more negative than positive.
- SMEs (-29%) are particularly pessimistic about the political climate and large firms (-52%) about the economic environment.
- In each sector and size of firm there is an expectation that prospects for their industry will improve over the next 12 months. SMEs (+28%) are more optimistic about sector prospects than large firms (+23), while infrastructure firms (+40%) are far more optimistic than service firms (+10%).
- On balance, firms in every sector and size category believe access to finance will improve rather than deteriorate over the next 12 months. Among construction firms the balance for external finance is only marginally positive (+1%). Though positive in general, on prospects for finance, there is a gap between SMEs and Large firms (12% versus 24% for internal finance and 13% versus 20% for the external one.

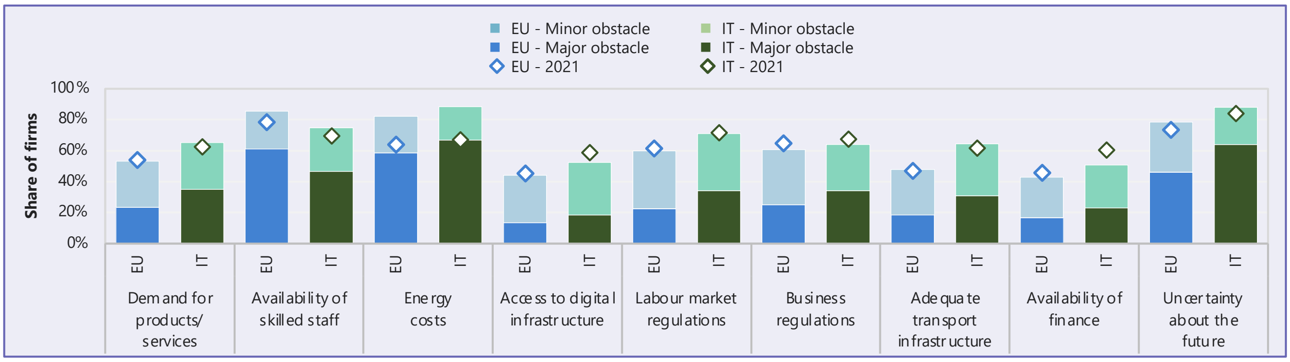
Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

Base: All firms

Drivers and constraints

LONG-TERM BARRIERS TO INVESTMENT

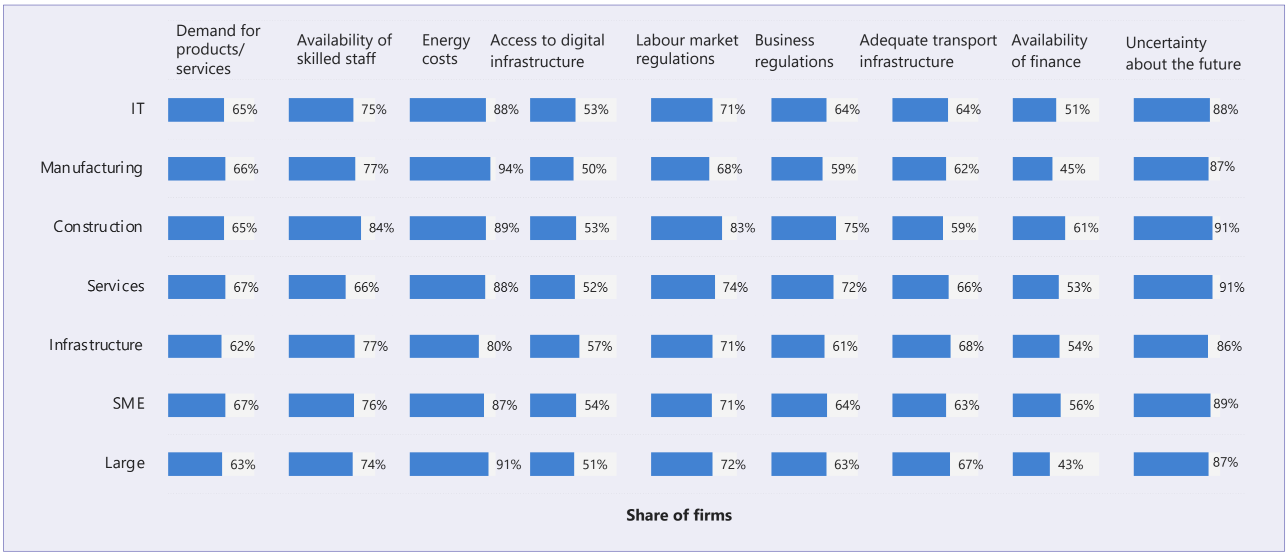
- In Italy, the most frequently mentioned long-term barriers to investment are uncertainty about the future and energy costs (both 88%). Far more consider energy costs an obstacle than in EIBIS 2021 (67%).
- Only for access to digital infrastructure (down from 59% to 53%) and availability of finance (60% to 51%), the proportion of Italian firms saying they are an investment obstacle has fallen.
- In relative terms, having an adequate transport structure is a larger obstacle to investment in Italy than across the EU (64% versus 48% EU). Availability of skilled staff is the only factor Italian firms consider less of an obstacle (75% versus 85% EU).
- SMEs are more worried about availability of finance than Large firms (56% versus 43%).



Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

LONG-TERM BARRIERS BY SECTOR AND SIZE



Reported shares combine 'minor' and 'major' obstacles into one category

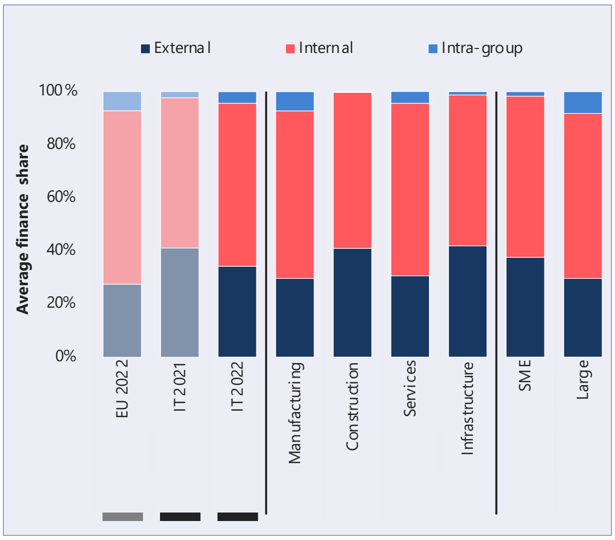
Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

Access to finance

SOURCE OF INVESTMENT FINANCE

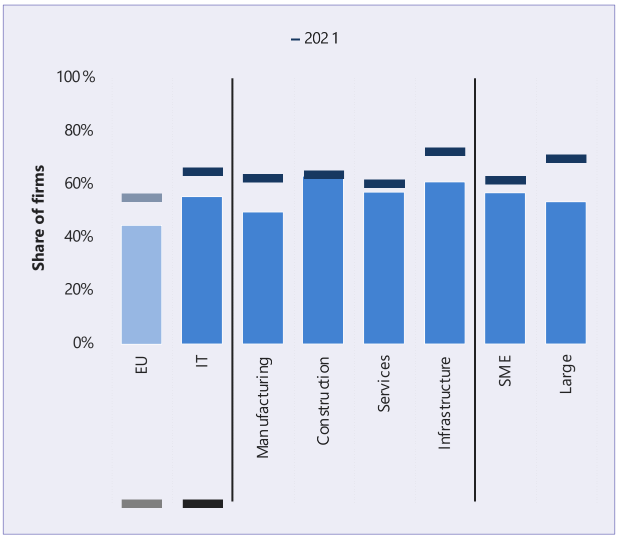
- Slightly more so than EIBIS 2021 (57%), internal sources account for the largest share of investment finance for Italian firms (61%). While above the EU average (28%), the proportion of Italian firms' investment financed from external sources has dropped since last year (from 41% to 34%).
- In every sector at least 57% of investment was provided by internal funds or retained earnings. External finance such as that from banks or private or public equity, made a larger contribution to the investments of construction (41%) and infrastructure (42%) firms.
- With 37% of their finance coming from external sources, SMEs have been more dependent on it than large firms (30%). With a more complex corporate structure, large firms obtained a greater share of their investment than SMEs from intra-group funding (8% versus 2%).



Q. What proportion of your investment was financed by each of the following?

Base: All firms who invested in the last financial year (excluding don't know/ refused responses)

USE OF EXTERNAL FINANCE



- Over half (56%) of Italian firms that invested in the last financial year, financed at least some of their investment through external finance. This is above the EU average (45%) but lower than in EIBIS 2021 (65%).
- In each sector, at least half the firms that invested in the last financial year used external finance. The highest proportion is seen in construction (63%).
- EIBIS 2022 saw a large fall in the proportion of infrastructure (72% to 61%) and manufacturing (63% to 50%) firms utilising external finance.
- A majority of both SMEs (57%) and large firms (54%) accessed external finance in the last financial year. The figure for large firms is a major drop (from 70%).

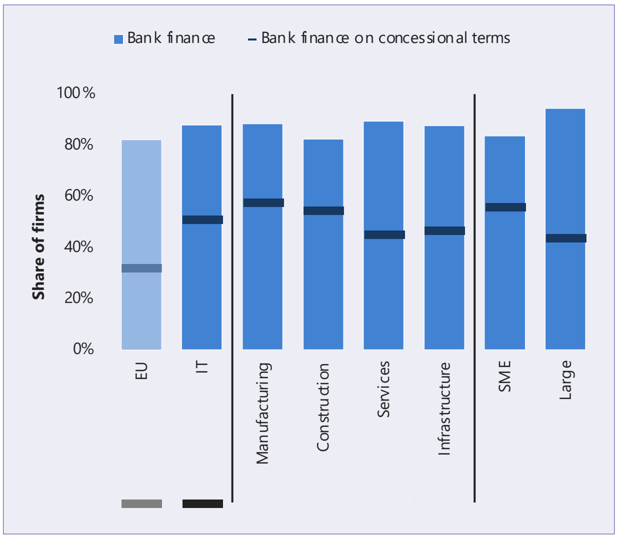
Q. Approximately what proportion of your investment in the last financial year was financed by each of the following

Base: All firms who invested in the last financial year (excluding don't know/ refused responses)

Access to finance

ACCESS TO BANK FINANCE AND CONDITIONS

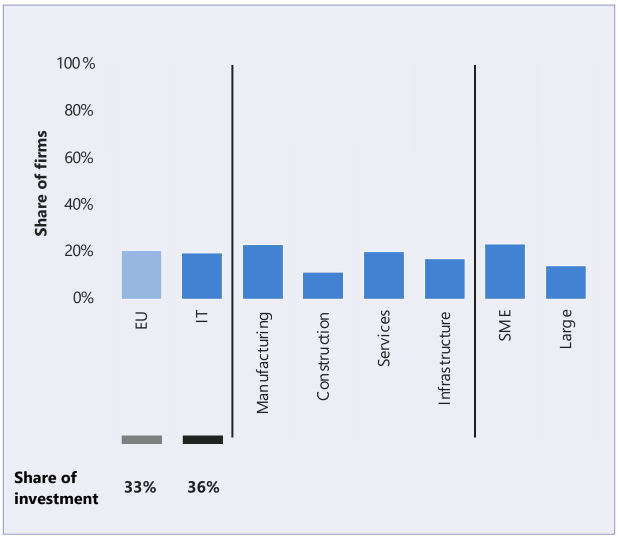
- Almost 90% of Italian firms using external finance received bank finance and 51% obtained this on concessional terms. Both figures are higher than the EU average (82% and 32% respectively).
- Service (89%) and manufacturing firms (88%) that used external finance are most likely to have received bank finance, with manufacturing (58%) and construction firms (55%) most frequently obtained concessional terms.
- While large firms are more likely than SMEs to have received bank finance (94% and 84% respectively), a higher proportion of SMEs than large firms obtained concessional terms (56% versus 44%).



Q. Which of the following types of external finance did you use for your investment activities in the last financial year?
Q. Was any of the bank finance you received on concessional terms (e.g. subsidised interest rates, longer grace period to make debt payments)?

Base: All firms who used external finance (excluding don't know/refused responses)

SHARE OF FIRMS WITH FINANCE FROM GRANTS



- In line with the EU average (21%), a fifth of Italian firms using external finance received grants (20%).
- The proportion receiving external finance in the form of grants was lower in construction (11%) than any other sector. It was higher among SMEs than large firms (24% versus 14%).

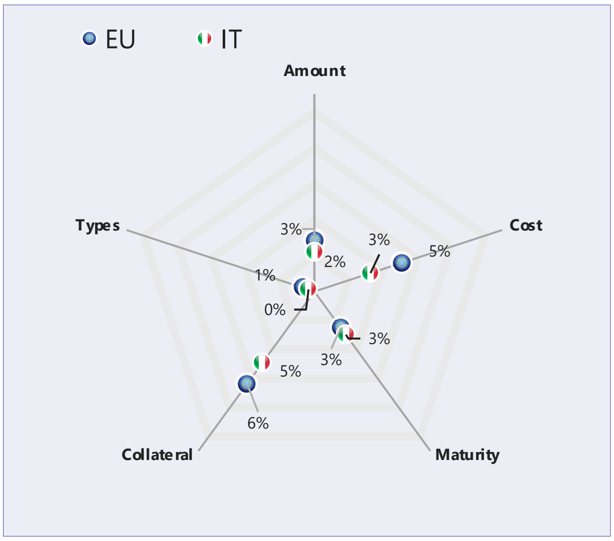
Q. What proportion of your total investment in your last financial year was financed by grants?

Base: All firms using external finance (excluding don't know/refused responses)
Base: All firms that received grants (excluding don't know/refused responses)

Access to finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED (% of firms)

- Only a very small proportion of the Italian firms using external finance in the last financial year are dissatisfied with the conditions attached. The highest level of dissatisfaction was with collateral (5%).
- All the 'dissatisfaction' figures in Italy are within two percentage points of the EU average.



Q. How satisfied or dissatisfied are you with …?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

DISSATISFACTION BY SECTOR AND SIZE (% of firms)

	Amount	Cost	Maturity	Collateral	Type
IT	2%	3%	3%	5%	0%
Manufacturing	1%	2%	1%	2%	0%
Construction	4%	9%	4%	5%	0%
Services	4%	4%	8%	4%	1%
Infrastructure	1%	3%	1%	9%	0%
SME	4%	3%	3%	4%	1%
Large	0%	4%	2%	6%	0%

- Overall dissatisfaction levels are low, with the highest levels of negativity linked to the collateral required (5%).
- The pattern is similar across all sectors, although construction firms have a relatively high level of dissatisfaction with cost (9%), infrastructure firms with the collateral required (9%) and service firms with maturity terms (8%).
- SMEs and large firms have similar opinions on the terms of their external finance. No large firms were dissatisfied with the amount or the type of investment.

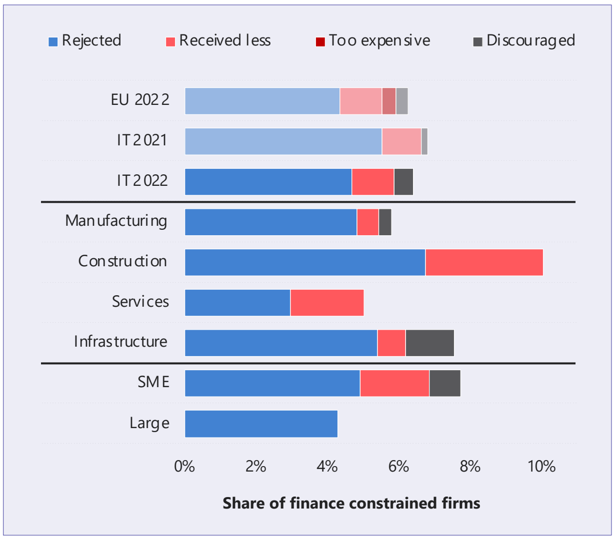
Q. How satisfied or dissatisfied are you with …?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Access to finance

SHARE OF FINANCE CONSTRAINED FIRMS

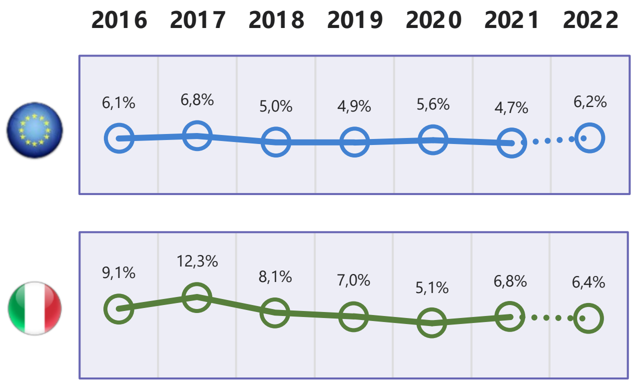
- The share of financially constrained firms in Italy (6%) is similar to EIBIS 2021 (7%) and the EU average (6%).
- The main factor behind Italian firms' financial constraint is rejection (5%). In EIBIS 2022 none said it was too expensive.
- Firms in Italy's construction sector (10%) are the most finance constrained while it is a bigger issue among SMEs (8%) than large firms (4%).



Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms (excluding don't know/refused responses)

SHARE OF FINANCE CONSTRAINED FIRMS OVER TIME



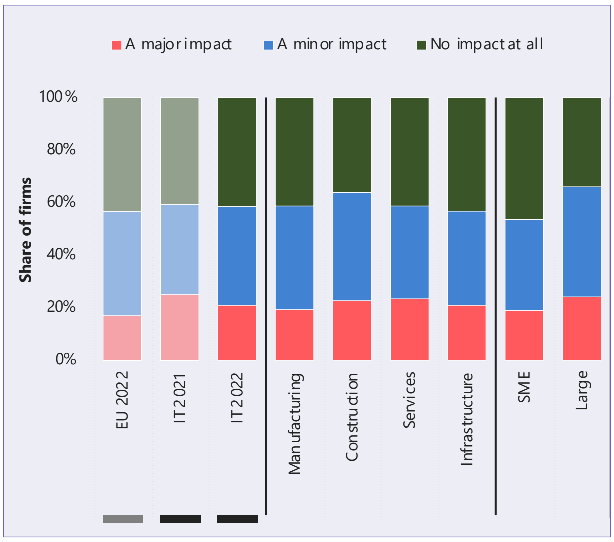
- The proportion of Italian firms who are finance constrained (6.4%) is similar to EIBIS 2021 (6.8%) and continues to be lower than the historical highs recorded in 2016 and 2017.
- Unlike EIBIS 2021 and most other years when it was higher than the EU average, the level of finance constrained firms in Italy is now similar to the EU average.

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

- Just under 60% of Italian firms say weather events are currently having an impact on their business, a share that is not different from the EU average. A fifth (21%) report it having a major impact (in this case slightly above EU, at 17%).
- Firms in the construction sector (64%) and large firms (66%) are most likely to say weather events are impacting their business.

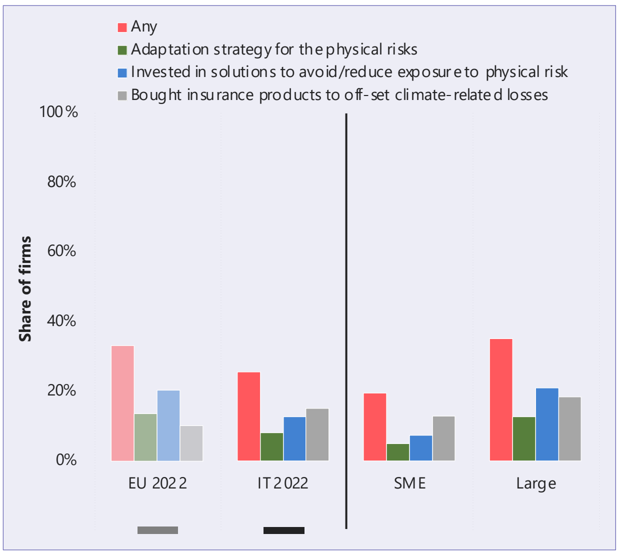


Q. Thinking about the impact of climate change on your company, such as losses due to extreme climate events, including droughts, flooding, wildfires or storms or changes in weather patterns due to progressively increasing temperature and rainfall. What is the impact, also called physical risk, of this on your company?

Base: All firms (excluding don't know/refused responses)

Please note: question wording changed between 2021 and 2022. Comparisons should be treated with caution.

BUILDING RESILIENCE TO PHYSICAL RISK



- A quarter (26%) of Italian firms have already developed or invested in measures to build resilience to the physical risks caused by climate change. This is below the EU average (33%).
- The difference is explained by a lower share of Italian firms adapting their strategy for the physical risks (8% versus 14% for the EU) and investing in solutions that reduce exposure (13% versus 20%). On the opposite the share of Italian firms buying relevant insurance products to offset the risk (15%) is larger than for the EU (10%).
- Large firms (35%) are far more likely than SMEs (20%) to have developed or invested in measures to build resilience to physical risks.

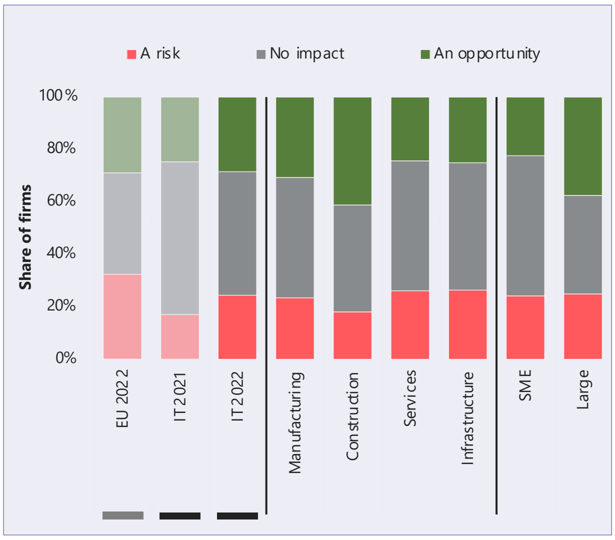
Q. Has your company developed or invested in any of the following measures to build resilience to the physical risks to your company caused by climate change?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS

- Italian firms are divided between those considering transition to stricter climate standards and regulations as a risk (24%) and those regarding it as opportunity (28%).
- Compared to EIBIS 2021 (17%), more Italian firms now regard transitioning to stricter climate standards as a risk (24%). However, this is lower than the EU average (32%).
- Construction firms (41%) are most likely to believe this represents an opportunity (this is likely linked to the large subsidies for households energy-efficiency related expenditures, that supported the sector) while service and infrastructure firms (both 26%) are most likely to consider it a risk.
- The feeling of opportunity is much higher within large firms (38%) than among SMEs (22%)

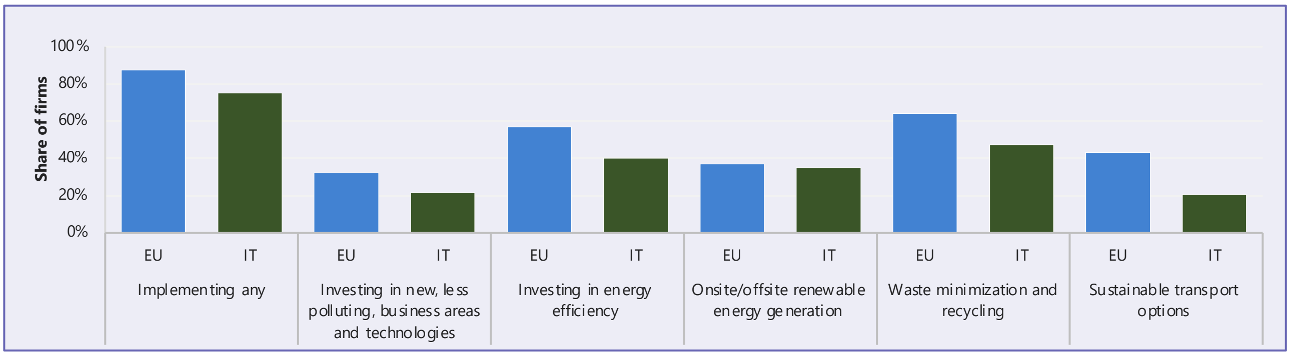


Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

Base: All firms (excluding don't know/refused responses)

ACTIONS TO REDUCE GHG EMISSIONS

- Fewer firms in Italy are taking actions to reduce Greenhouse Gas (GHG) Emissions compared to the EU average (75% versus 88%).
- The main actions in Italy are waste minimization and recycling (47%) and investments in energy efficiency (40%).
- Apart from renewable energy generation, Italian firms are less likely than EU firms in general to be taking these actions. In relative terms, Italian firms are far less likely to be exploring sustainable transport solutions (21% versus 43% EU).



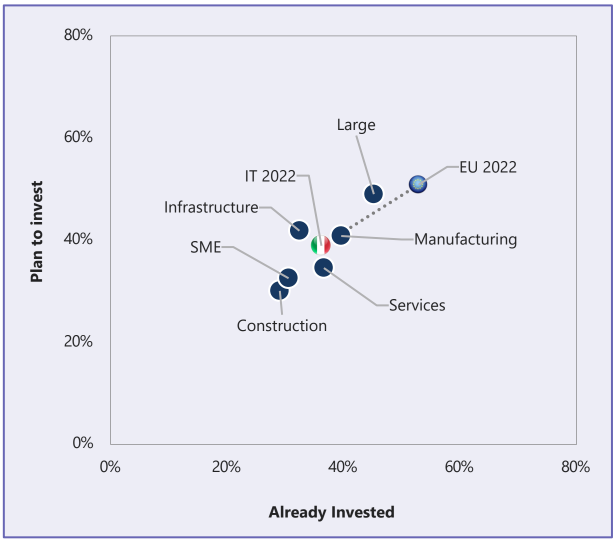
Q. Is your company investing or implementing any of the following, to reduce Greenhouse Gas (GHG) emissions?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

- Just over a third (36%) of Italian firms have already invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions. A similar proportion plans to invest in the next three years (39%). Both figures are notably lower than the EU average (53% and 51% respectively).
- Future investment is more likely to be seen within infrastructure (42%) and manufacturing firms (41%).
- Just under half of Italy's large firms have already invested (45%) and also plan to invest (49%) over the next three years. SMEs lag far behind on these measures (31% and 33% respectively).

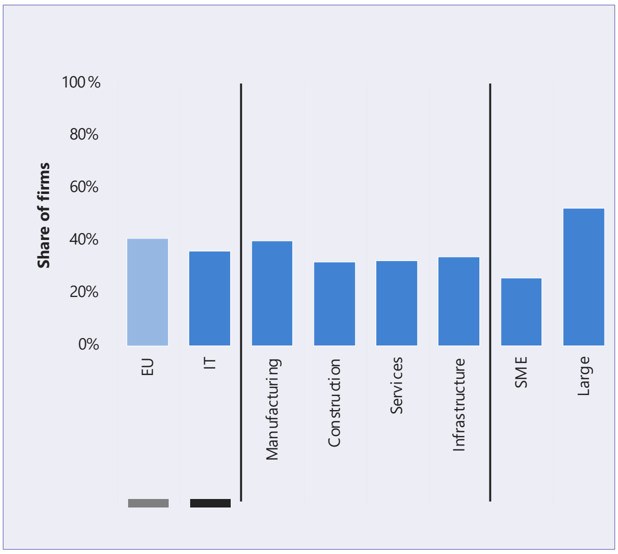


EIBIS 2022
Q. Which of the following applies to your company regarding investments to tackle the impacts of weather events and to help reduce carbon emissions?
EIBIS 2021
Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

Base: All firms (excluding don't know/refused responses)

Please note: question change and an additional answer option was included in 2022, this may have influenced the data. Treat comparison to previous waves with caution.

CLIMATE CHANGE TARGETS FOR OWN GREENHOUSE GAS (GHG) EMISSIONS



- Just over a third (36%) of Italian firms say they set and monitor targets for their own Greenhouse Gas (GHG) emissions. Lower than the proportion of firms across the EU (41%).
- Apart from manufacturing firms (40%) fewer than 35% in any sector sets and monitors GHG targets.
- Italy's large firms (52%) are twice as likely as its SMEs (26%) to be setting and monitoring GHG targets.

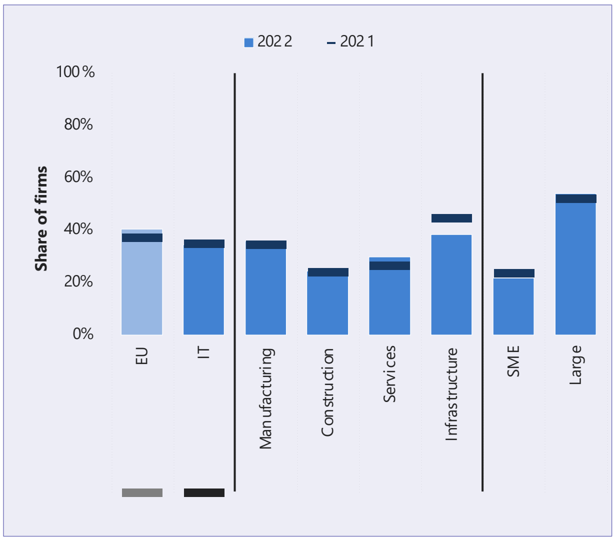
Q. Does your company… set and monitor targets for its own Greenhouse Gas (GHG) emissions

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

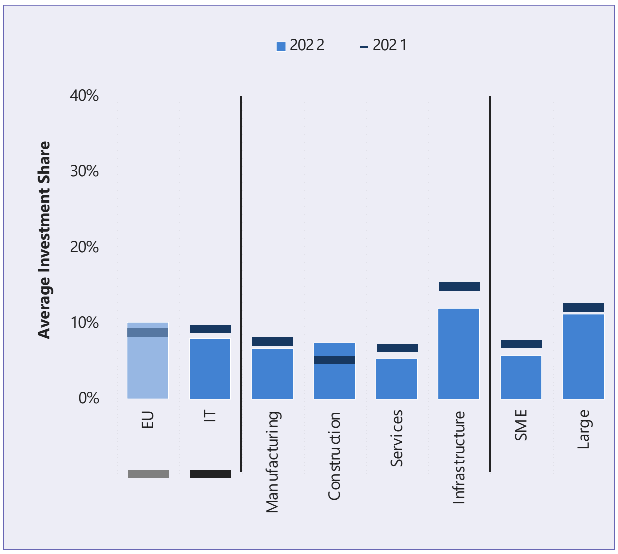
- The share of Italian firms investing in measures to improve energy efficiency in 2021 (34%) is almost the same as in EIBIS 2021 (35%). The current share of firms is lower than the average for all EU countries (40%).
- Although it has fallen sharply since EIBIS 2021 (45%), firms in Italy's infrastructure sector (38%) remain the most likely to be investing in energy efficiency.
- The majority of Italy's large firms (54%) is investing in energy efficiency, but fewer than a quarter of SMEs are making such investments (22%).



Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY



- Among Italian firms, the average share of total investment directed towards measures to improve energy efficiency is now 8%. This is in line with both EIBIS 2021 (9%) and the current EU average (10%).
- The share of investment directed towards energy efficiency is higher within infrastructure (12%) and large firms (11%). These figures are approximately double those for firms engaged in services (5%) or SMEs (6%).

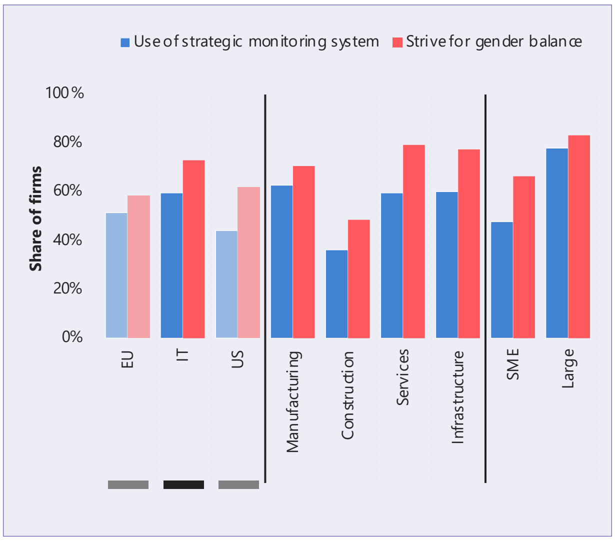
Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Firm management, gender balance and employment

FIRM MANAGEMENT AND GENDER BALANCE

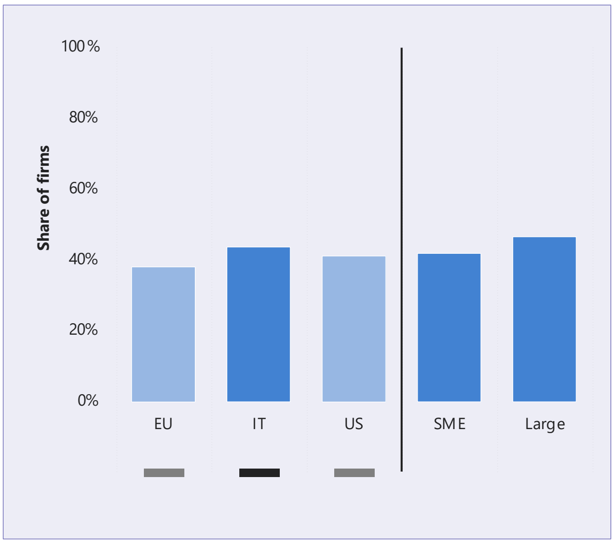
- Almost three-fifths (59%) of Italian firms use a strategic monitoring system. This is a higher proportion than the EU (51%) and US (44%) averages.
- More Italian firms (73%) are striving to achieve gender balance within their business than those across the EU (58%) or in the United States (62%).
- Except for construction (36%), around 60% of firms in each sector using strategic monitoring systems. Large firms (78%) use them more than SMEs (48%).
- In all sectors except construction (49%) the large majority of Italian firms is incorporating gender balance into their company strategy. Far more large firms (83%) than SMEs (67%) are doing this.



Q Does your company...?

Base: All firms (excluding don't know/refused responses)

FIRMS WHO HAVE INCREASED EMPLOYEE NUMBERS SINCE 2019



- Over four in ten (44%) Italian firms have increased their employee numbers since 2019. This is above the EU average (38%) and in line with the US (41%).
- A larger proportion of large firms (47%) than SMEs (42%) have increased employee numbers since 2019.

Q. How many people does your company employ either full or part time at all its locations, including yourself?

Q. How many people did your company employ either full or part time at all its locations at the beginning of 2019, before the COVID-19 pandemic?

Base: All firms (excluding don't know/refused/did not exist in 2019 responses)

EIBIS 2022 – Country technical details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Italy, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	IT	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs IT	Manuf vs Constr	SME vs Large
	(12021)	(800)	(600)	(231)	(115)	(125)	(115)	(478)	(122)	(12021 vs 600)	(231 vs 115)	(478 vs 122)
10% or 90%	1.1%	4.1%	2.3%	3.5%	4.8%	4.8%	5.0%	2.5%	4.6%	2.6%	6.0%	5.2%
30% or 70%	1.7%	6.2%	3.6%	5.4%	7.4%	7.3%	7.6%	3.8%	7.0%	3.9%	9.1%	7.9%
50%	1.8%	6.8%	3.9%	5.9%	8.0%	8.0%	8.3%	4.1%	7.6%	4.3%	9.9%	8.7%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Manufacturing sector	Based on the NACE classification of economic activities: firms in group C (Manufacturing).
Construction sector	Based on the NACE classification of economic activities: firms in group F (Construction).
Services sector	Based on the NACE classification of economic activities: firms in group G (wholesale and retail trade) and group I (accommodation and food Services activities).
Infrastructure sector	Based on the NACE classification of economic activities; firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

Note: the EIBIS 2022 country overview refers interchangeably to 'the past/last financial year' or to '2021'. Both refer to results collected in EIBIS 2022, where the question is referring to the past financial year, with the majority of the financial year in 2021 in case the financial year is not overlapping with the calendar year 2021.

EIBIS 2022 – Country technical details

The country overview presents selected findings based on telephone interviews with 600 firms in Italy (carried out between April and July 2022).

BASE SIZES *(*Charts with more than one base; due to limited space, only the lowest base is shown)*

Base definition and page reference	EU 2022/2021	US 2022	IT 2022/2021	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p.12, p.13, p. 21 (top)	12021/11920	800	600/602	231	115	125	115	478	122
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4 (top)	9704/9670	668	528/511	203	99	109	107	412	116
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4 (bottom)	9501/9523	668	536/497	206	102	110	106	419	117
All firms (excluding 'Company didn't exist three years ago' responses), p. 5 (top)	11735/11648	778	599/601	230	115	125	115	478	121
All firms (excluding don't know/refused responses), p. 5 (bottom)	11814/11765	780	597/602	230	115	124	114	475	122
All firms (excluding don't know/refused responses), p. 6 (top)	11810/NA	795	594/NA	226	115	125	114	476	118
All firms (excluding don't know/refused responses), p. 6 (bottom)	11725/NA	784	594/NA	226	115	125	114	476	118
All firms (excluding don't know/refused responses), p. 7 (top)	11945/11857	762	600/600	231	115	125	115	478	122
All firms (excluding don't know/refused responses), p. 7 (bottom)	11989/11891	796	598/602	229	115	125	115	477	121
All firms (excluding don't know/refused responses), p. 8 (top)	11735/11648	778	599/601	230	115	125	115	478	121
All firms (excluding not applicable/don't know/refused responses to all 3 questions), p. 8 (bottom)	8728/8780	615	522/491	199	98	109	106	408	114
All firms (excluding don't know/refused responses), p. 9	11980/NA	800	599/NA	230	115	125	115	478	121
All firms (excluding don't know/refused responses), p. 10 (top)	11975/NA	798	600/NA	231	115	125	115	478	122
All firms (excluding those who said don't know/refused/not applicable responses to all three international trade obstacles) p. 10 (bottom)	11382/NA	790	554/NA	225	103	118	97	438	116
All firms (excluding don't know/refused responses), p. 11 (top)	9339/NA	680	489/NA	208	93	103	77	386	103
All firms facing trade disruptions (excluding don't know/refused responses), p. 11 (bottom)	9265/NA	707	484/NA	204	93	103	76	383	101
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 14	10051/8675	665	540/445	209	103	108	108	421	119
All firms who used external finance (excluding don't know/ refused responses), p. 15 (top)	4107/4059	275	306/281	114	66	60	61	245	61
All firms who used external finance (excluding don't know and refused) p. 15 (bottom)	4155/4100	280	306/283	114	66	60	61	245	61
All firms that received grants (excluding don't know/refused responses) p. 15 (bottom)	925/NA	NA	62/NA	NA	NA	NA	NA	NA	NA
All firms who used external finance in the last financial year (excluding don't know/refused responses) , p. 16	3988/3964	270	293/270	110	63	58	57	234	59
All firms (excluding don't know/refused responses), p. 17	11504/11518	715	596/600	229	115	123	115	475	121
All firms (excluding don't know/refused responses), p. 18 (top)	11911/11849	790	596/600	229	114	125	114	475	121
All firms (excluding don't know/refused responses), p. 18 (bottom)	11909/NA	784	597/NA	228	115	125	115	477	120
All firms (excluding don't know/refused responses), p. 19 (top)	11172/11384	759	568/585	216	112	118	108	453	115
All firms (excluding don't know/refused responses), p. 19 (bottom)	11964/NA	794	600/NA	231	115	125	115	478	122
All firms (excluding don't know/refused responses), p. 20 (top)	11685/NA	763	592/NA	229	113	124	113	474	118
All firms (excluding don't know/refused responses), p. 20 (bottom)	11712/NA	783	586/NA	221	114	123	114	470	116
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 21 (bottom)*	9752/9617	677	530/502	203	102	107	107	418	112
All firms (excluding don't know/refused responses) p. 22 (top)	11696/11616	785	597/590	229	115	125	114	477	120
All firms (excluding don't know/refused/did not exist in 2019 responses) p. 22 (bottom)	11662/11718	783	584/598	224	114	121	112	469	115

European Investment Bank

Economics Department
economics@eib.org
www.eib.org/economics

Information Desk
+352 4379-22000
info@eib.org

European Investment Bank
98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
+352 4379-1
www.eib.org

twitter.com/EIB
facebook.com/EuropeanInvestmentBank
youtube.com/EIBtheEUbank

PDF: ISBN 978-92-861-5450-8

Italy
Overview

EIB INVESTMENT SURVEY

2022