European Investment Bank

Italy

Overview

EIB INVESTMENT SURVEY

2023

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EIB Investment Survey Country Overview 2023: 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.

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

pdf: QH-BL-23-018-EN-N ISBN 978-92-861-5670-0 ISSN 2599-8005 doi: 10.2867/139452

EIBIS 2023 – Italy overview

KEY RESULTS

Investment dynamics and focus

Notwithstanding decelerating economic growth and tightening monetary policy, at the time of the interviews (April-July 2023), Italian firms remained relatively positive about their investment intentions for 2023. A net balance of 12% expects to increase rather than decrease investment and although this is slightly lower than EIBIS 2022 (16%), it reflects the current EU average (14%). While investment expectations remain positive, they may be starting to decline as the positive balance is now half that of EIBIS 2021 (12% versus 24%). The investment performance for Italian firms is positive with 85% of firms reporting that they invested in 2022. This matches the EU as a whole and is consistent with EIBIS 2022.

Investment needs and priorities

Nine in ten Italian firms (89%) believe they invested the right amount over the last three years. This is similar to EIBIS 2022 (86%) and exceeds the current EU average (82%). Looking at the next three years, a higher proportion expects to focus on capacity expansion (37%) than to prioritize investment in new products or services (31%). Both figures are higher than the EU average. One in ten Italian firms have no investment planned (11%). This is lower than EIBIS 2022 (15%) but close to the current EU average (10%).

Although Italian firms remain concerned about investment conditions for the next year, in some cases they are more optimistic than in EIBIS 2022 and generally more positive than firms across the EU as a whole. Since EIBIS 2022, the net balance feeling optimistic about the political and regulatory climate has risen from -25% to +2% and greatly exceeds the EU average (-30%). A similar picture is seen for the economic climate. Many more Italian firms expect prospects in their sector to improve rather than worsen (net balance of +27%) but they are increasingly concerned about the availability of external finance.

Energy market developments

The energy crisis hit Italian firms strongly and to a slightly greater extent than those across the whole EU. Energy prices were a major concern for two-thirds of Italian firms (66%) which is higher than the EU average (59%). The majority of Italian firms (54%) also describe energy uncertainty as a major concern (the EU figure is 47%).

Almost every Italian firm changed strategy in response to the energy shock, with nine in ten looking for energy savings/efficiencies (86%). A large proportion mention the renegotiation of their energy contract as a strategy (75%) with a majority passing on energy costs to customers or changing their energy mix. Relatively few say that stopping or reducing production is a strategy or priority (21%). Italian firms were less inclined to mention passing on costs to customers, but otherwise their response was similar to firms across the whole EU.

International trade

Almost every Italian firm (96%) faced some disruption to international trade with interrupted access to commodities or raw materials (66%) the largest obstacle. Four in ten (39%) have changed their sourcing strategy or are planning to change it in response to the disruption and this proportion is lower than the EU average (49%).

When changing sourcing strategy, Italian are less likely than those across the whole EU to invest in or have plans to invest in increased stocks and inventory (20% versus 31%) or digital inventory and inputs tracking (12% versus 20%). Italian importers are more inclined than others across the whole EU to diversify or increase the number of countries they import from or have plans to do so (28% versus 24%).

EIBIS 2023 – Italy overview

Climate change and energy efficiency

Climate change is a reality for most Italian firms with almost three-quarters (73%) reporting weather events as impacting their business. This is much higher than EIBIS 2022 (58%) and exceeds the EU average (64%). Over four in ten (42%) Italian firms have developed or invested in measures to build resilience to the physical risks of climate change. This is above the EU average (36%). Firms in Italy were more likely to buy insurance products to offset losses related to climate change risk, than to invest in solutions to avoid the risk itself. They were twice as likely as firms across the whole EU to have invested in insurance products (26% versus 13%), while relatively few invested in solutions to avoid or reduce exposure to physical risks (11% versus 20%).

As many Italian firms regard transitioning to stricter climate standards and regulations as an opportunity as consider it a risk (both 28%). The proportion seeing it as a risk is below the EU average (33%). While 79% of Italian firms are taking actions to reduce Greenhouse Gas (GHG) emissions, this is below the EU average (89%) and, as in EIBIS 2022, only 36% set and monitor targets for their own GHG emissions (also below the EU average, 42%). Italian firms' main actions are to invest in or implement waste minimization and recycling (45%) and renewable energy generation (40%). They are less likely than those across the whole EU to be investing in waste reduction (45% versus 67%), less polluting business areas and technologies (18% versus 33%), sustainable transport (25% versus 46%) or energy efficiency (36% versus 59%).

Fewer than half of Italian firms (37%) have invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions. A similar proportion (41%) plans to invest in the next three years. The 'already invested' figure is much lower than the current EU average (56%) while the proportion planning such investment also trails the EU figure (54%).

Innovation activities

In 2022, four in ten Italian firms (40%) developed or introduced new products, processes or services as part of their investment activities. This is lower than what was reported for 2021 in EIBIS 2022 (47%) but matches the current EU average (39%). One in ten firms (10%) developed or introduced products, processes or services new to the market. This is similar to EIBIS 2022 (9%) and the current EU average (13%).

Two-thirds of firms in Italy (67%) used at least one advanced digital technology. While almost half make use of robotics (49%) and digital platform technologies (47%), relatively few have utilised 3D printing (17%) or augmented or virtual reality technology (8%). Use of such technologies tends to match levels across the EU as a whole.

Investment impediments

The main long-term barriers to Italian firms' investment are uncertainty about the future (82%) and energy costs (80%). Compared to the EU average, availability of skilled staff is less of a barrier for Italian firms (64% versus 81%) and, in general, barriers appear to be easing with figures in Italy below EIBIS 2022.

Access to finance

While it was aligned with the EU average in EIBIS 2022, the proportion of finance constrained Italian firms in EIBIS 2023 is above the EU average (9.7% versus 6.1%). Except for EIBIS 2017 (12.3%), it is now the highest value recorded by the survey in Italy. In particular, 15% of Italian firms are dissatisfied with the the cost of external finance, while 7% are unhappy with collateral requirements. Levels of dissatisfaction are similar to the EU average.

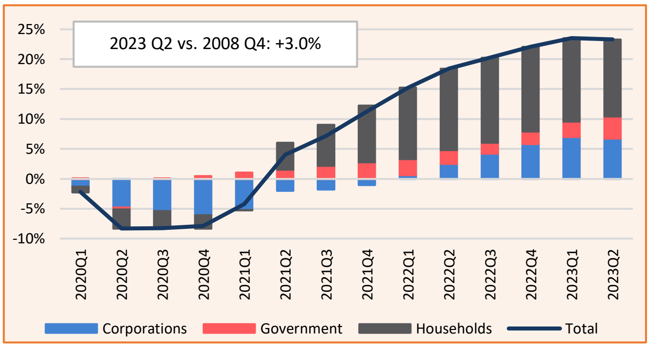
Note on how to read the results:

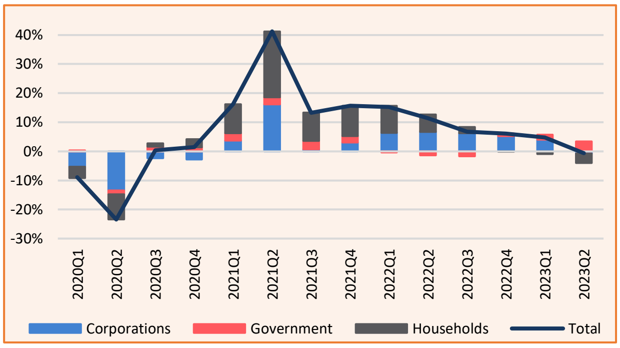
EIBIS 2023 overview presents the results of the survey run in 2023. Questions in the survey might point to "last financial year" (2022) or expectations for the current year (2023). The text and the footnote referring to the question will specify in each case which year is considered.

Investment dynamics and focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

- After the COVID-19 related decline, in 2021-Q2 investment in Italy recovered to pre-pandemic levels thanks to a notable increase in residential investment; this growth was supported by generous incentives to home renovations (particularly targeting energy efficiency) and continued unabated till 2023-Q1 (left panel).
- Corporate investment turned positive in 2022-Q1 and started contributing to the strong acceleration in Italian investment, supported by tax allowances partially financed through the Recovery and Resilience Facility (RRF) (right panel).
- GFCF as an aggregate largely outpaced EU average in the last two and a half years.
- Government investments were also supportive (though to a lower extent), benefitting from resources coming from RRF.
- However, in 2023-Q2 GFCF registered a contraction, with only government investment remaining positive in a YoY comparison.

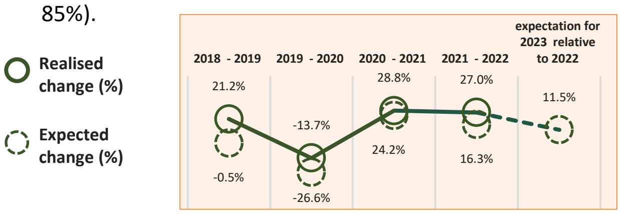




The LHS chart shows the evolution of total gross fixed capital formation (GFCF) by institutional sector, in real terms and non seasonally nor calendar adjusted. The nominal GFCF source data was transformed into four-quarter sums and deflated using the implicit deflator for total GFCF (2015=100 euro). 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.

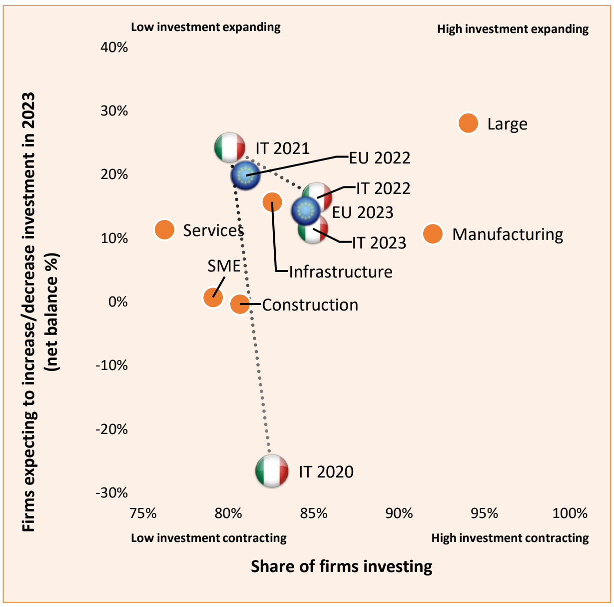
INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

- Firms in Italy have a generally positive investment outlook. For 2023, a net balance of 12% is expecting to increase rather than decrease investment. This is slightly lower than EIBIS 2022 (16%) but in line with the current EU average (14%). Although investment expectations remain higher than levels during the pandemic, the positive balance is now half that of EIBIS 2021 (12% versus 24%.).
- Except for construction (0%), a balance of between 11% and 16% of firms in each sector expects to increase rather than decrease investment. In Italy, large firms have a far more positive outlook than SMEs (28% versus 1%).
- The share of Italian firms that invested in 2022 matches the EU as a whole and is the same as in EIBIS 2022 (all 85%).



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

Base for expected and realised change: All firms



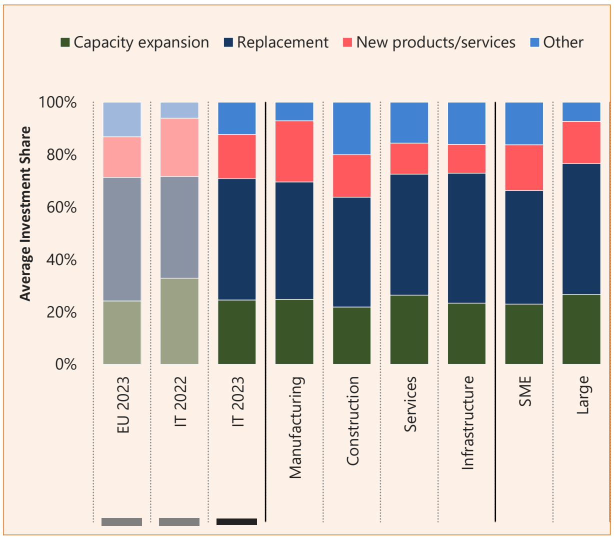
Share of firms investing shows the percentage of firms with investment per employee greater than €500.

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

Investment dynamics and focus

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

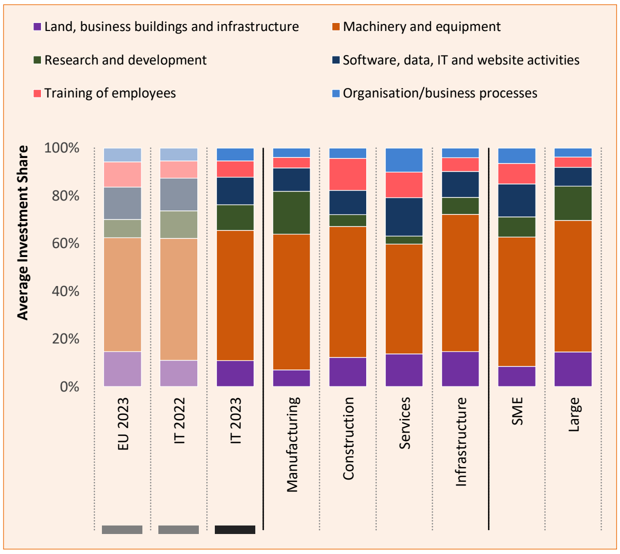
- In 2022, Italian firms used an average of 46% of their investment for replacement. This is higher than EIBIS 2022 (39%) and in line with the current EU average (47%).
- Investment in capacity expansion accounted for a quarter of total investment (25%). This is lower than EIBS 2022 (33%) but as with replacement it matches the current EU average (24%).
- Investment in new products/services accounted for a relatively small share of Italian firms' total investment (17%), but again this is in line with the EU average (16%). This was highest in manufacturing (23%) where the proportion is approximately double that of firms in the services (12%) or infrastructure (11%) sectors.
- Compared to large firms, SMEs allocated a larger proportion of their investment to the residual "Other" category.



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

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

INVESTMENT AREAS



- Italian firms directed more than a third (35%) of their investment towards intangible assets (R&D, software, training and business processes). This is very similar to EIBIS 2022 and the current EU average (both 38%).
- Investment activities varied depending on the sector and size of the business. Service firms directed the highest proportion of investment towards intangible assets (40%), while it was lowest in infrastructure (28%). Almost a fifth of manufacturers' investment was in R&D (18%).
- Compared to large firms, SMEs directed a slightly higher share of investment towards intangible assets (37% versus 30%). SMEs invested a larger proportion in software, data, IT and website activities than large firms (14% versus 8%), but less in R&D (8% versus 14%).

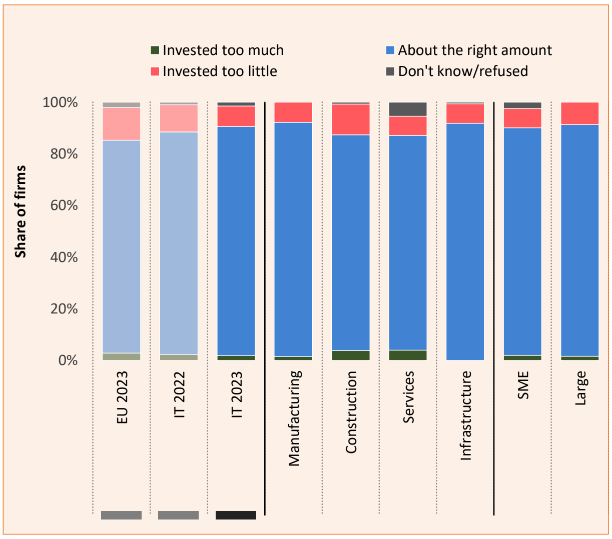
Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

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

Investment needs and priorities

PERCEIVED INVESTMENT GAP

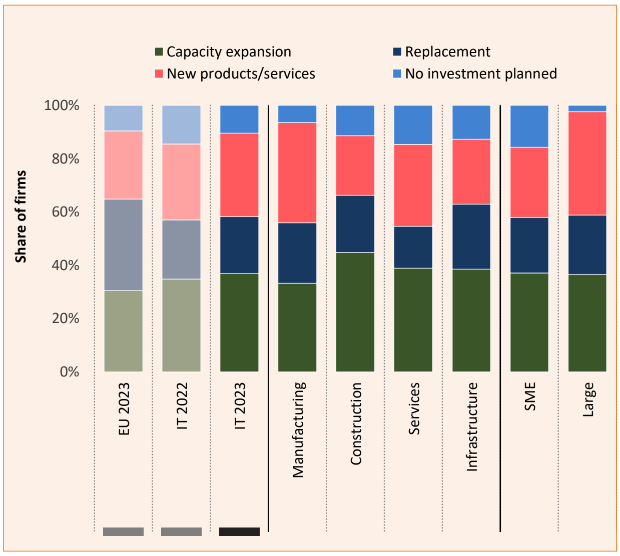
- Italian firms do not perceive major gaps in their levels of investment. Almost nine in ten firms (89%) believe that they invested about the right amount over the last three years. This share is similar to EIBIS 2022 (86%) and above the current EU average (82%).
- Fewer than one in ten Italian firms (8%) believe they invested too little over the past three years. This is similar to EIBS 2022 (11%) but lower than the EU average (13%). Matching EIBIS 2022 (2%) and the EU average (3%), only 2% of Italian firms believe they invested too much.
- In Italy, construction firms are the most likely (12%) to say they invested too little over the past three years. SMEs and large firms hold very similar views regarding their past levels of investment.



Q. Looking back at your investment over the last three 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



- One in ten Italian firms have no investment planned for the next three years (11%). This is lower than EIBIS 2022 (15%) but very close to the current EU average (10%).
- Where they are investing, the priorities of firms in Italy are different to those across the EU. Over the next three years they are far less inclined to prioritize investment in replacement (21% versus 34%), but more likely to prioritize capacity expansion (37% versus 30%) or new products or services (31% versus 26%).
- Over four in ten Italian construction firms (45%) expect to invest in capacity expansion, while manufacturing (37%) has the highest proportion intending to invest in new products and services.
- Only 2% of large firms have no investment planned whereas this is the case for 16% of SMEs. Large firms are placing the highest priority (39%) on new products and services.

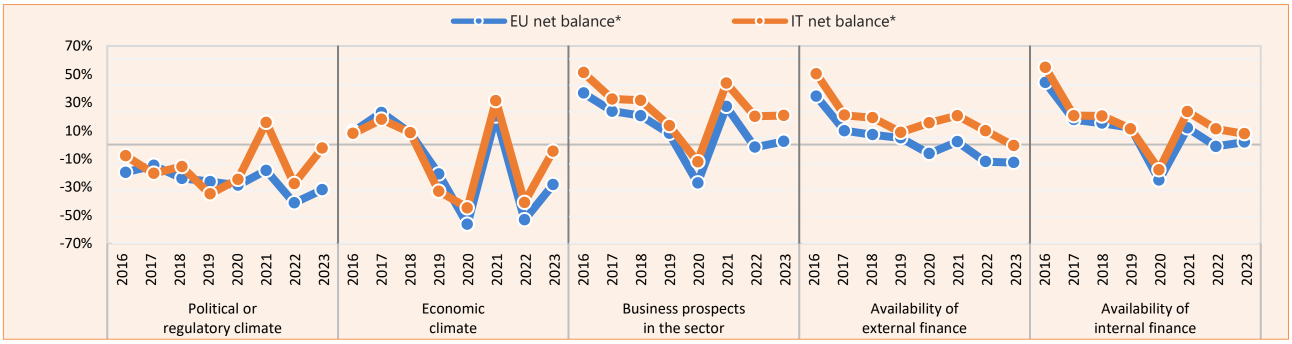
Q. Looking ahead to the next three years, which is your investment priority (a) replacing capacity (including existing buildings, machinery, equipment, IT); (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes or services?

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

Investment needs and priorities

SHORT-TERM DRIVERS AND CONSTRAINTS

- On balance, firms in Italy are not very optimistic about investment conditions for the next year. However, in some cases and in net balance terms, they are more optimistic than in EIBIS 2022 and are generally more positive than firms across the EU.
- Italian firms are more optimistic about the political and regulatory climate than in EIBIS 2022 (net balance of +2% versus -25%) and more so than the EU average (-30%). A similar picture is seen for the economic climate.
- More Italian firms expect prospects in their sector to improve rather than worsen (+27% on balance), but they are increasingly concerned about the availability of external finance where the positive balance has fallen from 15% to 4% since EIBIS 2022. Expectations for the availability of internal finance are about the same as that reported in EIBIS 2022 (13% versus 17%) but remain far below the peak seen seven years ago.



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 expecting an improvement minus the share of firms anticipating a deterioration.*

Base: All firms

SHORT-TERM DRIVERS AND CONSTRAINTS BY SECTOR AND SIZE (net balance %)

	Political / regulatory climate	Economic climate	Business prospects	External finance	Internal finance
Italy	2%	0%	27%	4%	13%
Manufacturing	3%	13%	23%	5%	11%
Construction	0%	8%	41%	10%	20%
Services	9%	1%	30%	7%	17%
Infrastructure	4%	16%	27%	13%	11%
SME	3%	3%	27%	2%	10%
Large	10%	4%	27%	7%	18%

Please note: green figures represent a positive net balance, while red figures represent a negative net balance.

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

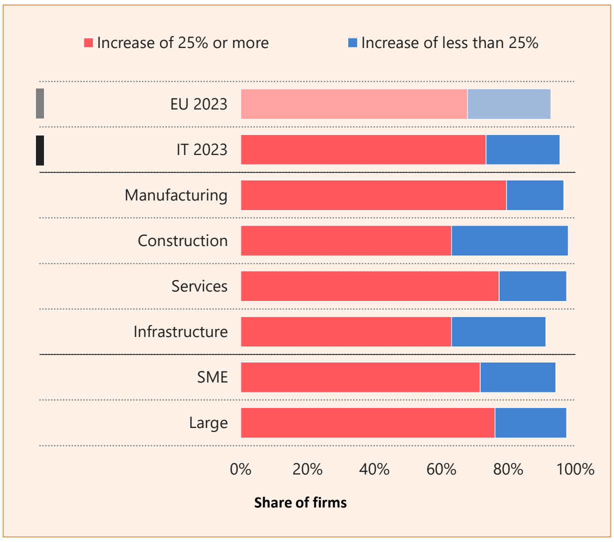
Base: All firms

- Across all sectors and for both SMEs and large businesses, a balance of at least 23% has a positive outlook on business prospects in their sector. A balance of at least 10% is also optimistic about the availability of internal finance. In both cases the figure is highest among construction firms (41% and 20%, respectively).
- Only within manufacturing firms are more pessimistic rather than optimistic about the availability of external finance (net balance of -5%). However, compared to large firms (7%), the figure among SMEs (2%) is relatively low.
- Currently, manufacturing firms tend to be the least optimistic, on balance, in Italy. More feel negative rather than positive about both the economic climate (net balance of -13%) and Italy's political and regulatory climate (-3%). There is a positive balance in all other sectors.
- As with manufacturers, more SMEs feel negative rather than positive about both Italy's economic and political and regulatory climate (both -3%). The respective figures among large firms are +4% and +10%.

Energy market developments

INCREASED SPENDING ON ENERGY

- Firms in Italy were as likely as those across the EU to have faced increases in energy spending (95% vs 93%, respectively).
- The proportion of firms facing increased energy cost was consistent across sectors, although manufacturers (79%) and services firms (77%) were the most likely to have faced an increase of 25% or more. This compares to 63% within both construction and infrastructure.
- SMEs (94%) were as likely as large firms (97%) to have faced increases in energy costs. At least seven in ten reported an increase of 25% or more in energy spending (72% and 76% for SMEs and large firms, respectively).



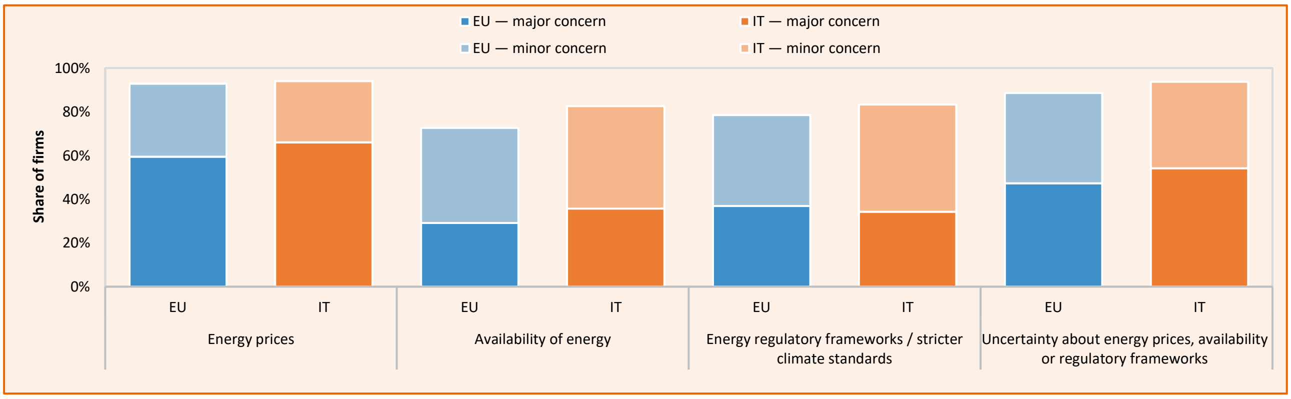
Q. Since the beginning of 2022, by how much has your company's spending on energy (including gas, electricity, oil) changed on average?

Please note: Responses of 'spending on energy stayed about the same' and 'spending on energy decreased' not shown on chart.

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

IMPACT OF ENERGY SHOCK

- The energy crisis hit Italian firms strongly and to a slightly greater extent than those across the EU. The major concerns for firms in Italy were energy prices and uncertainty. Energy prices were a major concern for two-thirds of Italian firms (66%). This is higher than the EU average (59%).
- The majority of Italian firms (54%) also described energy uncertainty as a major concern (EU figure is 47%).
- Although energy availability was a major concern for only 36% of Italian firms, overall they had greater concerns about it than the average for EU businesses (83% versus 73%).



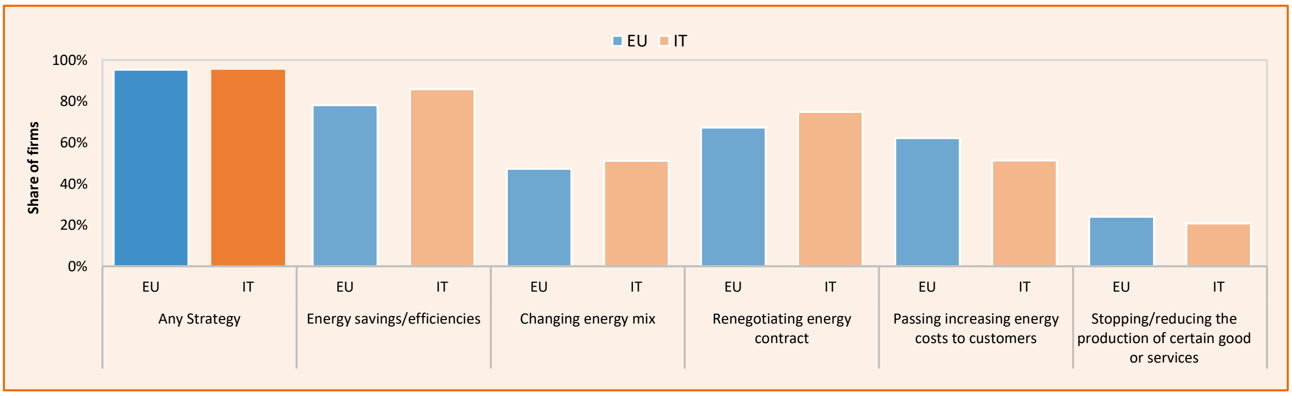
Q. Thinking about the energy shock, to what extent is your company concerned about …?

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

Energy market developments

STRATEGIES TO DEAL WITH THE ENERGY SHOCK

- Almost every Italian firm (96%) responded to the energy shock by adopting one or more of the strategies proposed. Most frequently they looked for energy savings/efficiencies (86%). Over seven in ten also report the renegotiation of their energy contract as a strategy (75%).
- A slight majority mention passing on increased energy costs to customers or changing their energy mix as a strategy (both 51%) but relatively few Italian firms (21%) report stopping or reducing production.
- The response of Italian firms was generally similar to those across the EU, but they were less likely to say that passing on costs to customers is a strategy or priority (51% versus 62%).

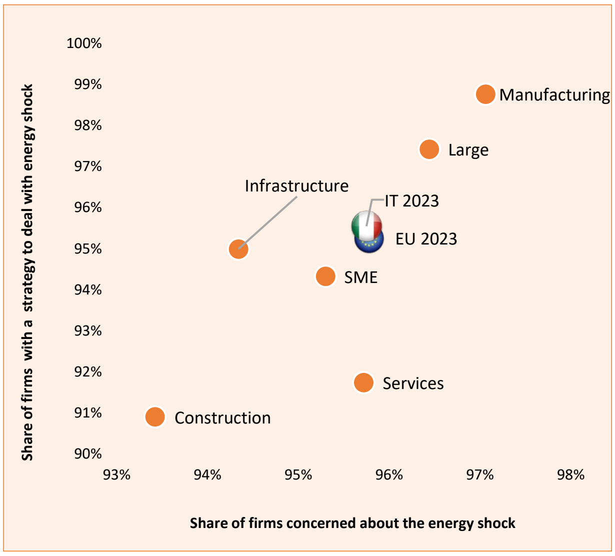


Q. Which, if any of the following, are your priorities/strategies to deal with the recent developments in the energy market?

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

IMPACT AND STRATEGIES TO DEAL WITH ENERGY SHOCK

- The proportion of firms in Italy concerned about the energy shock is the same as it is across the EU as a whole (both 96%). A similar proportion to the EU average adopted strategies to help deal with recent developments in the energy market (96% versus 95%).
- In Italy, concern was at a similar level for firms in all sectors, ranging from 97% of manufacturers to 93% within construction. Levels of concern were very high among both large firms and SMEs (96% and 95%, respectively).
- Manufacturers (99%) were the most likely to have adopted strategies in response to the energy shocks. Construction firms were the least likely (91%). Among both large firms and SMEs a very high proportion adopted strategies to deal with recent developments in the energy market (97% and 94%, respectively).



Q. Which, if any, of the following, are your priorities/strategies to deal with the recent developments in the energy market?

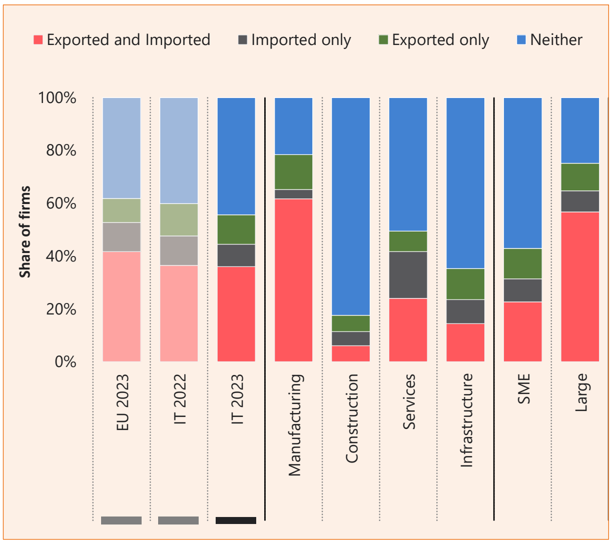
Q. Thinking about the energy shock, to what extent is your company concerned about …

Base: All firms for 'share of firms concerned about the energy shock'
Base: All firms (excluding don't know/refused responses) for 'share of firms with a strategy to deal with the energy shock'

International trade

ENGAGEMENT IN INTERNATIONAL TRADE

- Overall, 56% of Italian firms report that they were engaged in international trade in 2022. This figure is similar to EIBIS 2022 (60%) but slightly below the current EU average (62%).
- While the majority of manufacturers (78%) and almost half of service sector firms (49%) in Italy are trading internationally, this accounts for relatively few infrastructure (35%) or construction firms (18%). Over six in ten manufacturers (62%) are both exporters and importers of goods and/or services.
- Large firms are more likely than SMEs to be engaged in international trade (75% versus 43%) with almost six in ten (57%) of the former both exporting and importing goods and/or services.

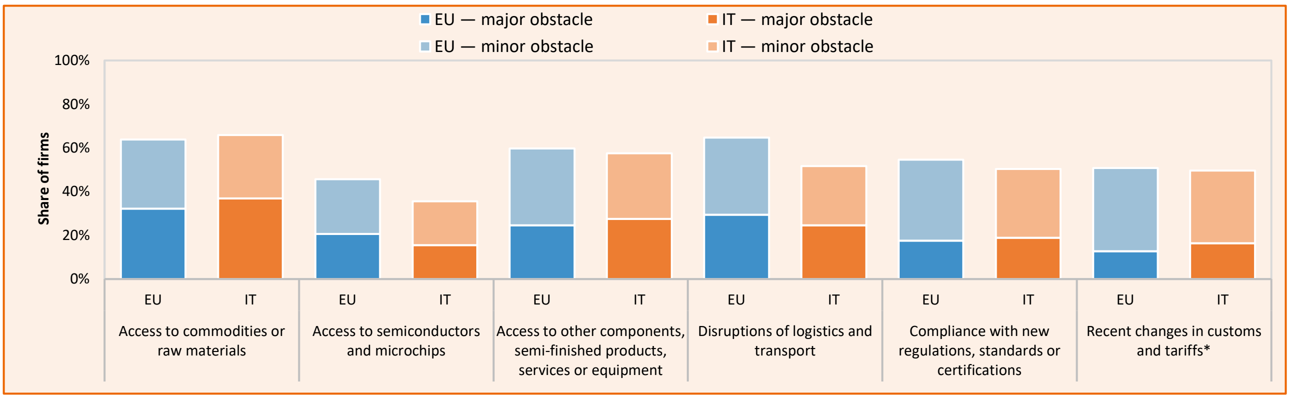


Q. In 2022, did your company export or import goods and/or services?

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

DISRUPTIONS RELATED TO INTERNATIONAL TRADE

- Except for access to semiconductors or microchips (36%), each of the six obstacles covered by the survey had an impact of 50% or more Italian firms.
- Disrupted access to commodities or raw materials (66%) has been the largest obstacle, while six in ten (58%) have been impacted by access to other components, semi-finished products, services or equipment.
- In general, these obstacles were experienced by Italian firms to a similar extent as those across the EU. However, for firms in Italy, disrupted access to semiconductors or microchips (36% versus 46%) and disruptions to logistics and transport (52% versus 65%) was less of an obstacle than it was to those throughout the EU.



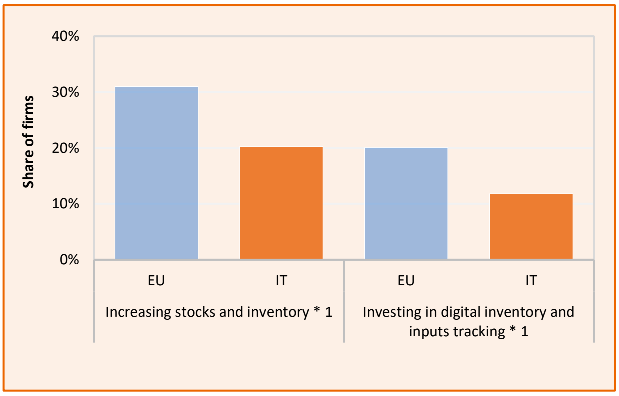
Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

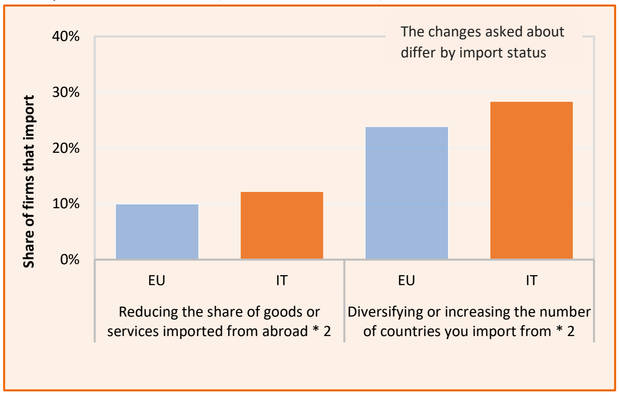
Base: All firms (excluding don't know/refused/not applicable responses)
**Base: All importers and exporters (excluding don't know/refused/not applicable responses)*

International trade

SOURCING STRATEGY

- Asked about potential changes to their sourcing strategy, firms in Italy are less likely than those across the EU to be investing in or have plans to invest in increased stocks and inventory (20% versus 31%) or digital inventory and inputs tracking (12% versus 20%).
- Italian importers are equally as likely as those across the EU to have reduced the share of goods or services imported from abroad or have plans to do so (12% versus 10%) but are more inclined to be diversifying or increasing the number of countries they import from or plan such action (28% versus 24%).





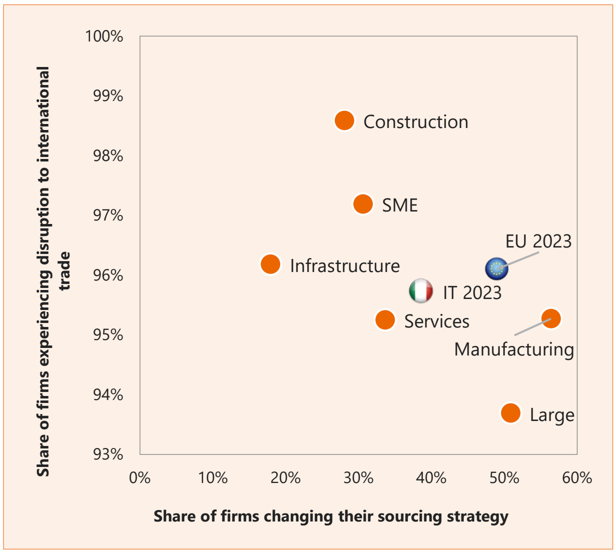
*** 1 = Asked to all, 2 = Asked to all importers**

Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

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

DISRUPTIONS AND SOURCING STRATEGY

- Almost all Italian firms faced at least one of the disruptions to international trade asked about (96%), but fewer than four in ten (39%) have changed their sourcing strategy or are planning to change it. The proportion changing or planning to change their sourcing strategy is lower than the EU average (39% versus 49%).
- Manufacturing and large firms are most likely to have changed or have plans to change their sourcing strategy (56% and 51%, respectively). Infrastructure firms (18%) and SMEs (31%) are the least likely.



Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

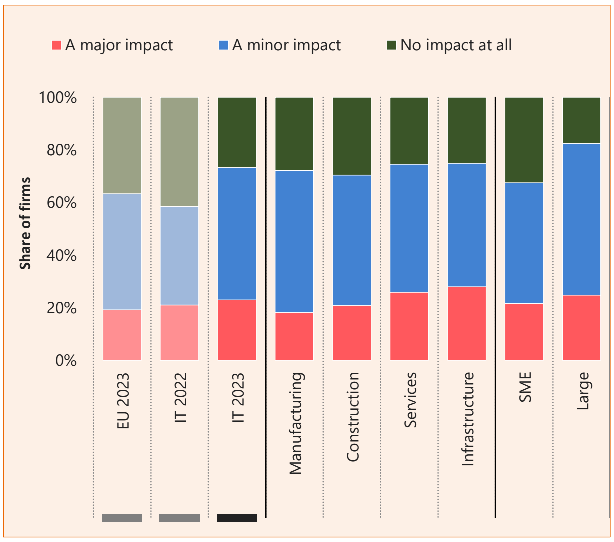
Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

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

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

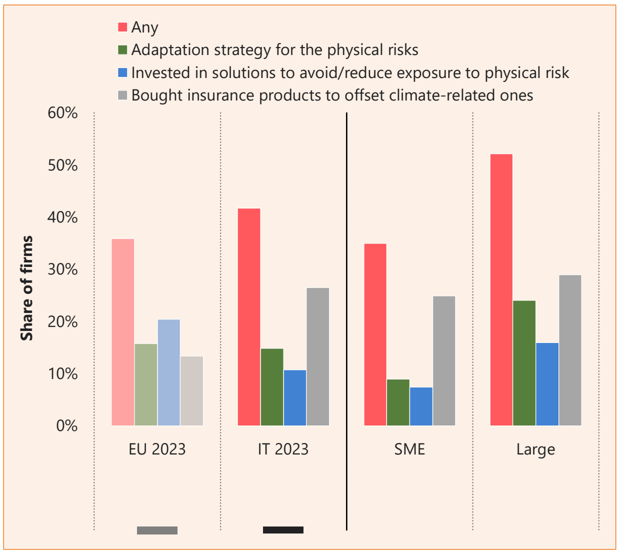
- Climate change is a reality for most Italian firms with almost three-quarters (73%) reporting weather events as having an impact on their business. Possibly driven by recent experience of extreme summer temperatures, this is much higher than in EIBIS 2022 (58%) and above the current EU average (64%).
- The figures are broadly consistent across all sectors, although infrastructure firms (28%) are more likely than others to report weather events as having a major impact on their company. This compares to 18% of manufacturers.
- Almost seven in ten SMEs (68%) say weather events have impacted their business, while the figure is even higher among large firms (83%).



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)

BUILDING RESILIENCE TO PHYSICAL RISK



- Over four in ten (42%) Italian firms have developed or invested in measures to build resilience to the physical risks to their company caused by climate change. This is above the EU average (36%).
- Firms in Italy were more likely to buy insurance to offset any losses related to climate change risk, than invest in solutions to avoid exposure to the risk itself. The step most frequently taken by Italian firms to build resilience to physical climate change risks was to invest in insurance products to offset climate-related losses. They are twice as likely as EU firms to have done this (26% versus 13%). Compared to the EU average, relatively few firms in Italy invested in solutions to avoid or reduce exposure to physical risks (11% versus 20%).
- Large firms were more likely than SMEs to have developed or invested in at least one measure that builds resilience to the physical risks of climate change (52% versus 35%). Large firms were almost three times as likely as SMEs to have adapted their strategy for such risks (24% versus 9%).

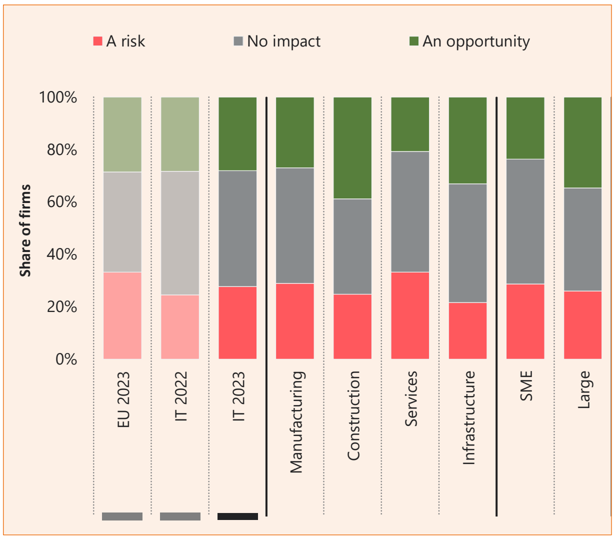
Q. Has your company developed or invested in any of the following measures to build resilience to the physical risks to your company caused by climate change?

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

- As many Italian firms regard the transition to stricter climate standards and regulations as an opportunity as consider it a risk (both 28%). This is similar to EIBIS 2022. Compared to the EU average, fewer Italian firms regard the transition to stricter climate standards and regulations as a risk (28% versus 33%).
- Construction firms tend to regard the transition to stricter climate standards and regulations as an opportunity rather than a risk (39% versus 25%) . The balance regarding it as a risk rather than an opportunity is highest among service sector firms (33% versus 21%).
- While more large firms think the transition represents an opportunity rather than a risk (35% versus 26%), among SMEs the opposite is true (24% versus 29%).

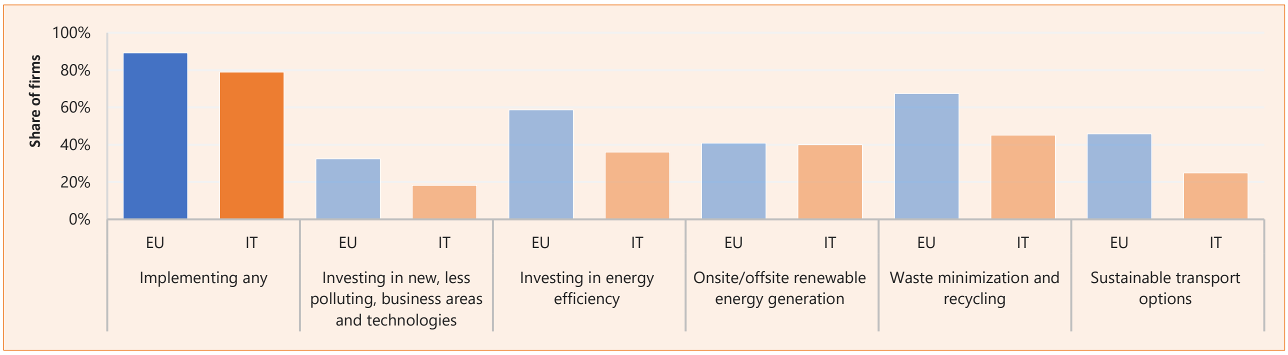


Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

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

ACTIONS TO REDUCE GREENHOUSE GAS EMISSIONS

- Compared to the EU average (89%), fewer Italian firms (79%) are taking actions in order to reduce Greenhouse Gas (GHG) emissions.
- The most common actions of Italian firms are to invest or implement waste minimization and recycling (45%) or renewable energy generation (40%).
- The figures for specific actions tend to be lower than the EU average with Italian firms far less likely to be investing in new, less polluting business areas and technologies (18% versus 33%), sustainable transport options (25% versus 46%) or energy efficiency (36% versus 59%).



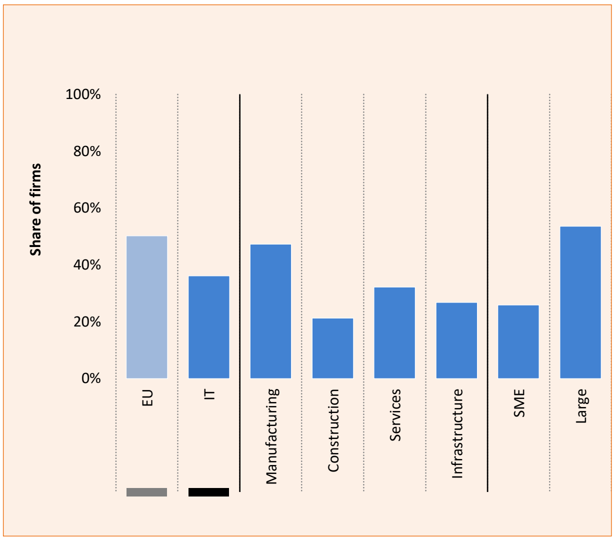
Q. Is your company investing or implementing any of the following, to reduce greenhouse gas (GHG) emissions?

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

Climate change and energy efficiency

ENERGY AUDIT

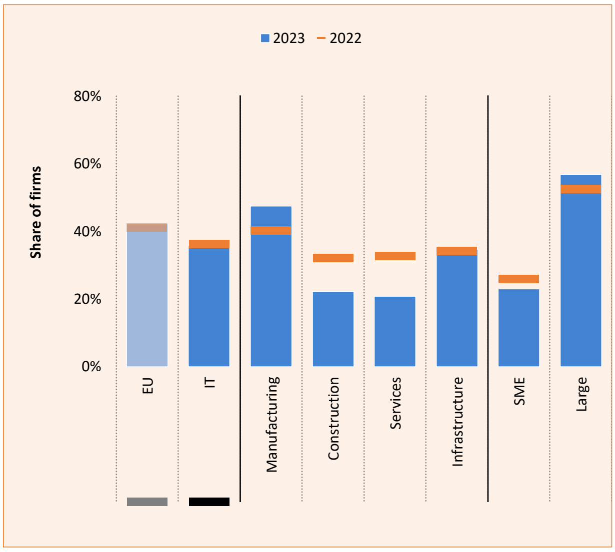
- Just over a third of Italian firms (36%) have had an energy audit in the past three years. That is an assessment of the energy needs and efficiency of their company's building or buildings. This is lower than the EU average (50%).
- Almost half of Italian manufacturers (47%) have had an energy audit, but a much lower proportion of construction (21%), infrastructure (27%) and services firms (32%) have taken this action.
- In Italy, large firms are twice as likely as SMEs to have had an energy audit in the past three years (54% versus 26%).



Q. In the past three years, has your company had an energy audit (i.e. an assessment of the energy needs and efficiency of your company's building or buildings?

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

CLIMATE CHANGE TARGETS FOR OWN GREENHOUSE GAS EMISSIONS



- As in EIBIS 2022, 36% of firms in Italy now set and monitor targets for their own GHG emissions. This is lower than the current EU average (42%).
- Almost half of Italy's manufacturing firms (47%) set and monitor GHG targets making it the only sector where the proportion setting and monitoring these targets has increased since EIBIS 2022 (up from 40% to 47%). It appears to have fallen in both construction (32% to 22%) and services (33% to 21%).
- In terms of size the findings have not changed since EIBIS 2022 and large firms remain far more likely than SMEs to set and monitor targets for their own GHG emissions (57% versus 23%).

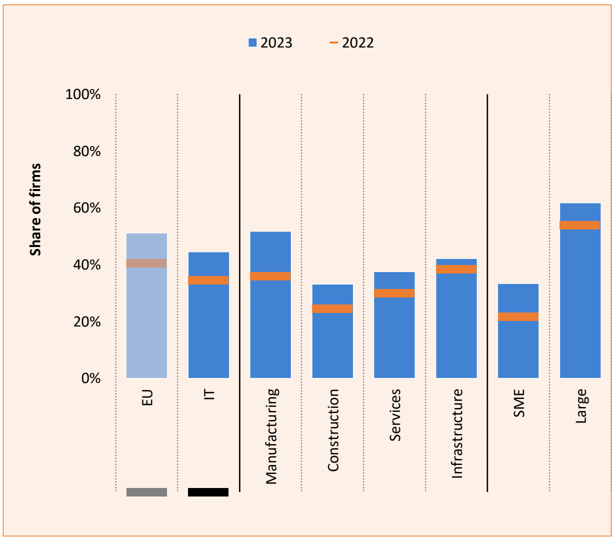
Q. Does your company… sets and monitors targets for its own greenhouse gas (GHG) emissions?

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

Climate change and energy efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- In 2022, almost half the firms in Italy (45%) invested in measures to improve energy efficiency. This represents an increase compared to EIBIS 2022 (34%) but is below the current EU average (51%).
- In Italy, manufacturing firms (52%) were the most likely to be investing in energy efficiency, while construction firms were the least likely to be doing so (33%). In each sector the figure is higher than in EIBIS 2022 and in relative terms the largest increase is in manufacturing (up from 36% to 52%). The smallest relative increase was in infrastructure (38% to 42%).
- Although the proportion of SMEs investing in measures to improve energy efficiency has increased since EIBIS 2022 (from 22% to 33%), the figure remains much lower than among large firms (62%).

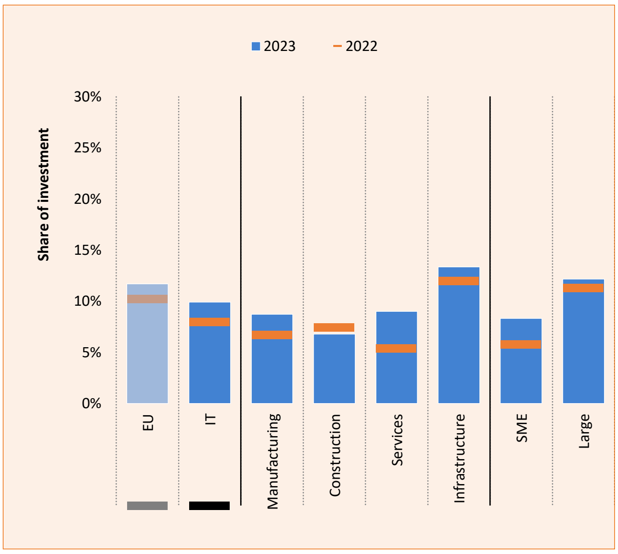


Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- An average of 10% of the investment made by firms in Italy was directed towards energy efficiency improvements. This is almost the same proportion as in EIBIS 2022 (8%) and similar to the current EU average (12%).
- Infrastructure (13%) firms were using the biggest proportion of their total investment to improve energy efficiency. A similar proportion was recorded for infrastructure firms in EIBIS 2022 (12%), while for the service sector it has increased (from 5% to 9%).
- Large firms appear to have used a greater proportion of their total investment than SMEs to improve energy efficiency (12% versus 8%).

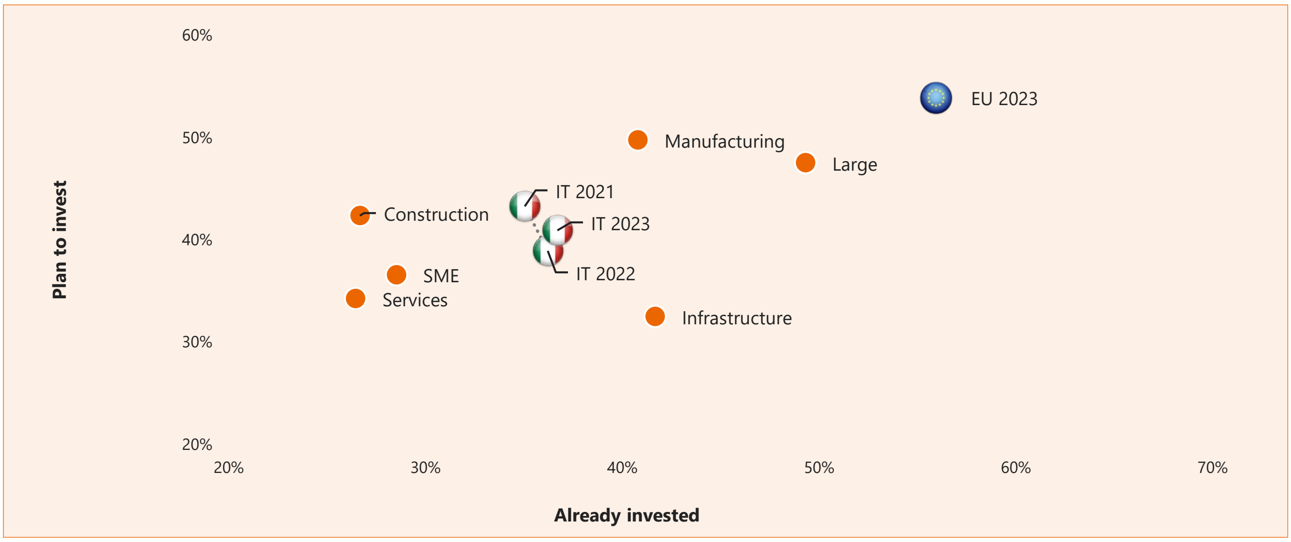


Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

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

Climate change and energy efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT



EIBIS 2022/2023:
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?

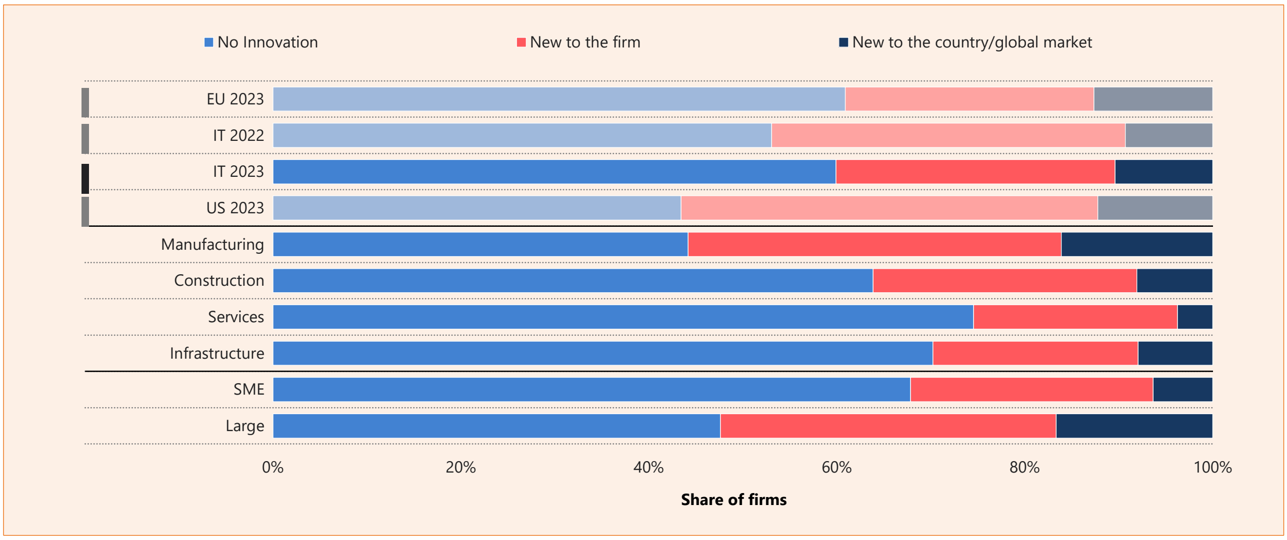
Please note: question change and an additional answer option was included in 2022, this may have influenced the data. Treat comparison to 2021 with caution.

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

- In Italy, 37% of firms have already invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions. This matches EIBIS 2022 (36%) but is much lower than the current EU average (56%).
- Fewer than half of Italian firms (41%) have plans to invest in these areas in the next three years. This is similar to both EIBIS 2022 (39%) and EIBIS 2021 (43%), but as with historic investment, it is lower than the EU average (54%).
- In no sector has a majority of Italian firms already invested to tackle the impacts of weather events. The highest proportion is seen among infrastructure and manufacturing firms (42% and 41%, respectively). Little more than a quarter of services and construction firms have done this (26% and 27%, respectively). Manufacturing (50%) has the highest proportion of firms saying they intend to invest to tackle the impacts of weather events.
- Large firms are more likely than SMEs to have already invested (49% versus 29%) and to have plans to invest (48% versus 37%).

Innovation activities

INNOVATION ACTIVITY



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

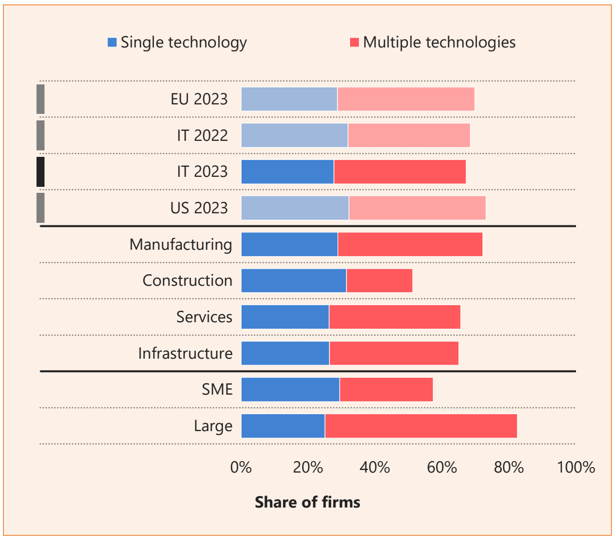
Base: All firms (excluding don't know/refused responses)

- Four in ten Italian firms (40%) developed or introduced new products, processes or services as part of their investment activities in 2022. This is lower than EIBIS 2022 (47%) but in line with the current EU average (39%). By contrast, the majority of US firms (57%) developed or introduced new products, processes or services.
- One in ten firms in Italy (10%) report the development/ introduction of products, processes or services new to either the country or global markets. This is similar to EIBIS 2022 (9%) and the current EU average (13%). It also matches the US (12%).
- Manufacturing (56%) had the highest proportion of Italian firms investing in innovation, with 16% reporting the development / introduction of products, processes or services new to either Italy or global markets. The lowest proportions investing in innovation are seen in services (25%) and infrastructure (30%).
- More large firms invested in innovation than SMEs (52% versus 32%, respectively).

Innovation activities

USE OF ADVANCED DIGITAL TECHNOLOGIES

- Two-thirds of firms in Italy (67%) used at least one advanced digital technology. This is similar to both the EU average (70%) and EIBIS 2022 (68%).
- Manufacturing firms (72%) are the most likely to have adopted at least one advanced digital ttechnology. Only within construction (51%) have fewer than six in ten firms used any digital technologies.
- Large firms are more likely than SMEs to have adopted such technologies (83% versus 57%) and are more inclined to use multiple digital applications (58% versus 28%).
- While almost half of Italian firms make use of robotics (49%) and digital platform technologies (47%), relatively few have utilised 3D printing (17%) or augmented or virtual reality technology (8%).
- Overall, Italian firms' use of specific technologies tends to match the level seen among businesses throughout the EU. However, as with other EU firms, those in Italy make far less use of drones than businesses in the US (24% versus 60%).
- On a positive note, the share of Italian firms adopting multiple technologies is now similar to the EU, having been lower in EIBIS 2022.



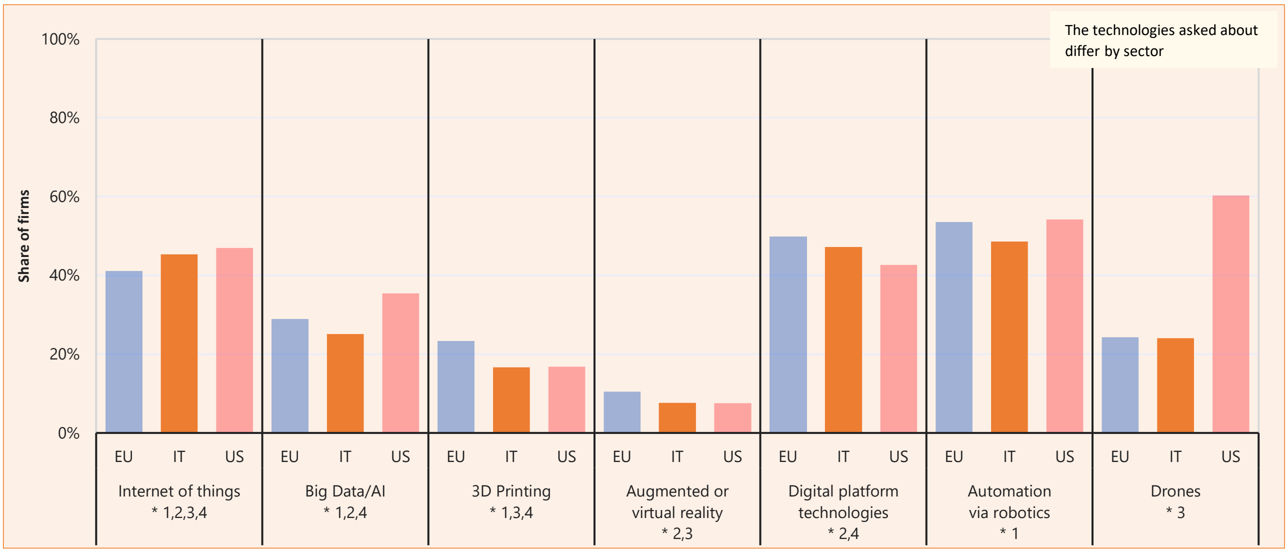
Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business.

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

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 to manufacturing firms, 2 = Asked to services firms, 3 = Asked to construction firms, 4 = Asked to infrastructure firms**

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.

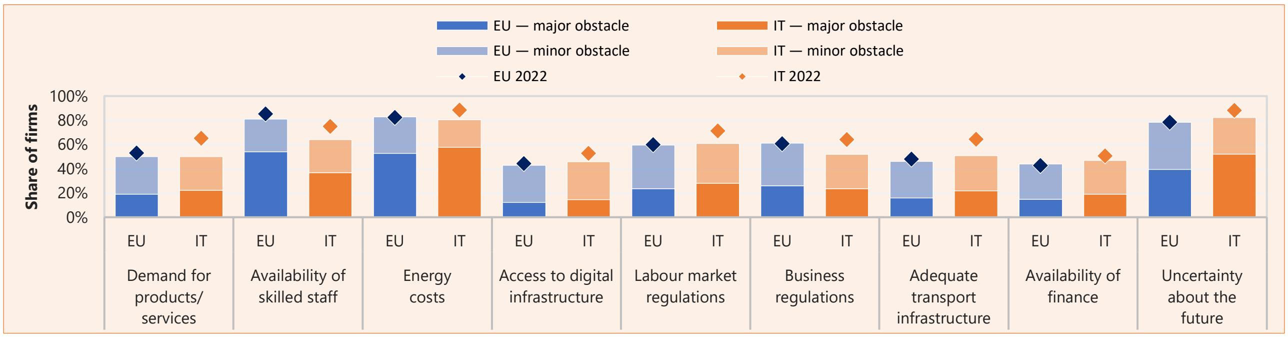
Base: All firms (excluding don't know/refused responses);
Sample size IT: Manufacturing (184); Construction (143); Services (134); Infrastructure (125).

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

Investment impediments

LONG-TERM BARRIERS TO INVESTMENT

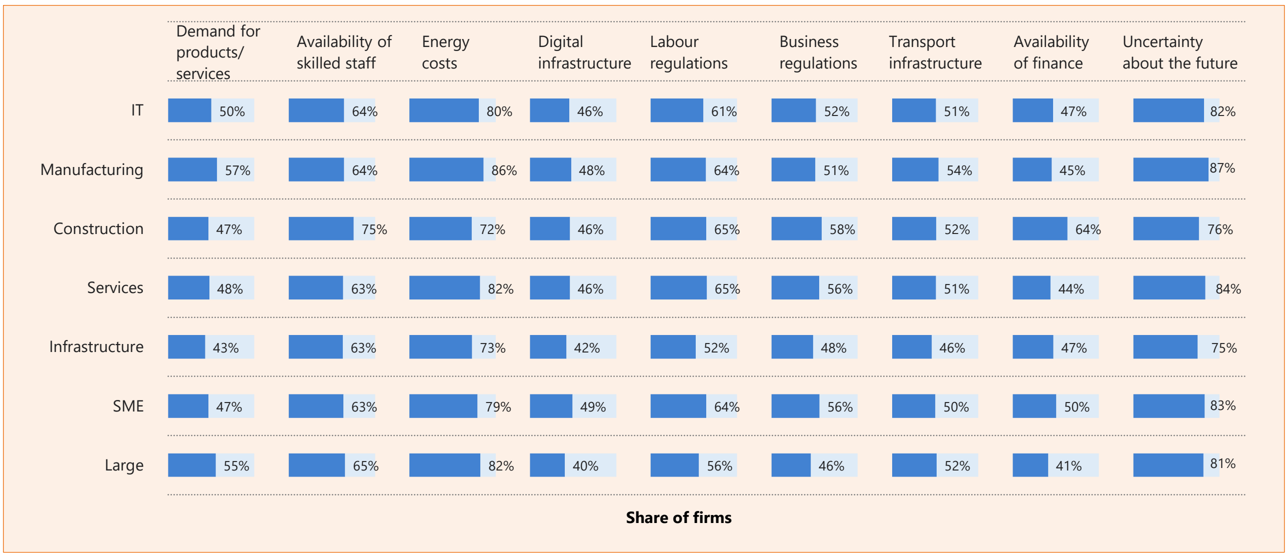
- In Italy, the long-term barriers to investment are considered to be uncertainty about the future (82%) and energy costs (80%). These are also similar barriers for firms across the EU. Although considered the third biggest barrier, compared to the EU, fewer Italian firms consider the availability of skilled staff as a barrier to investment (64% versus 81%).
- The impact of these barriers on Italian firms appears to be easing with the figures generally below EIBIS 2022.
- At least 75% of firms in all sectors regard uncertainty about the future as a barrier to investment. This rises to 87% of manufacturers. At least 72% say energy costs are a barrier, rising to 86% of manufacturers. Only in construction (64%) does the majority consider availability of finance as a barrier.
- SMEs are more likely than large firms to consider business regulations as a barrier to investment (56% versus 46%). Demand is a bigger barrier for large firms than SMEs (55% versus 47%).



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 that 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

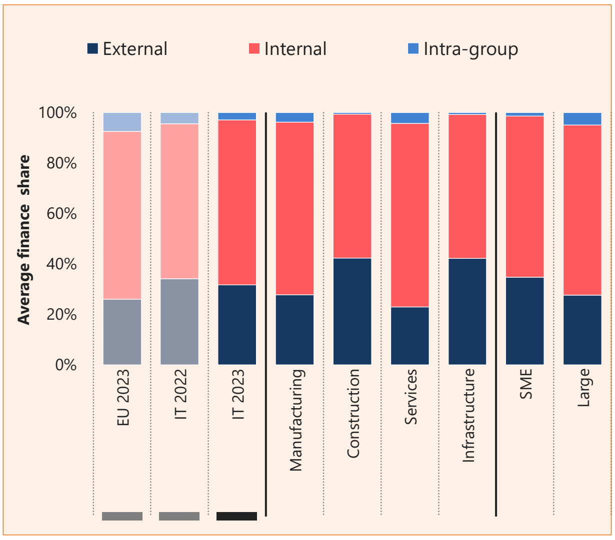
Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

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

Access to finance

SOURCE OF INVESTMENT FINANCE

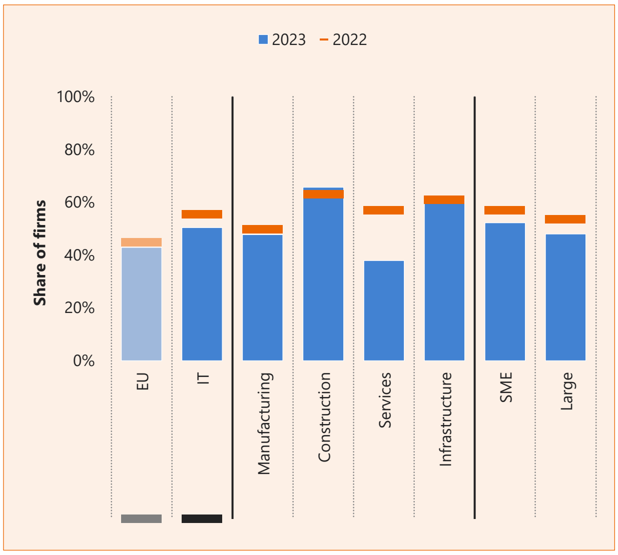
- Internal sources accounted for almost two-thirds of Italian firms' investment finance (65%). This is followed by external finance (32%) with relatively little originating from intra-group financing (3%). All proportions are similar to EIBIS 2022. Compared to the EU average, a higher proportion of Italian firms' investment finance was provided by external sources (32% versus 26%).
- In all sectors at least 57% of investment finance came from internal sources. It rises to 73% for service sector firms. Over two-fifths (42%) of construction firms' investment finance came from external sources.
- Compared to large firms, SMEs financed a slightly higher proportion of their investment from external sources (35% versus 28%).



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

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

USE OF EXTERNAL FINANCE



- Half of Italian firms that invested in the last financial year, funded some of this investment through external sources (50%). This is higher than the current EU average (43%) but lower than EIBIS 2022 (56%).
- With the exception of services (down from 57% to 38%), the proportion of firms using external finance was very similar to that reported for the different sectors in EIBIS 2022. Construction firms (66%) were the most likely to have secured investment finance from external sources.
- Among both SMEs and large firms, the proportion that obtained investment finance from external sources has dropped since EIBIS 2022. This now accounts for approximately half the firms in each size category.

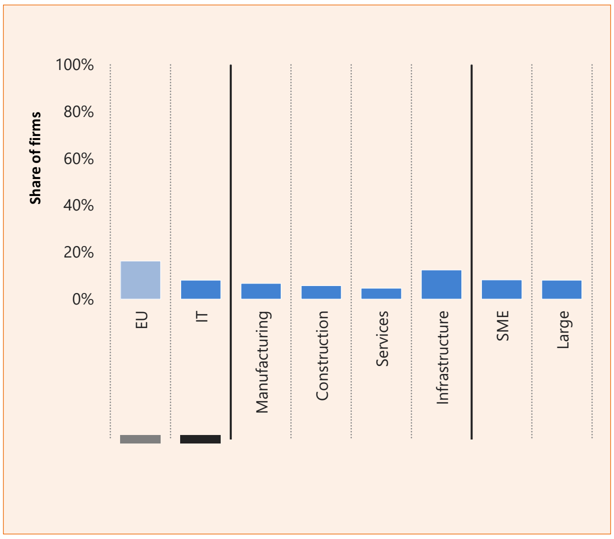
Q. Approximately what proportion of your investment in the last financial year was financed by each of the following

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

Access to finance

SHARE OF FIRMS WITH FINANCE FROM GRANTS

- Fewer than one in ten firms using external finance in Italy received grants (8%). This is half the EU average (16%).
- Over one in ten infrastructure firms received grants (12%). This is at least double the proportion within services (5%) and construction (6%).
- SMEs were equally as likely as Italy's large firms to have received grants (both 8%).

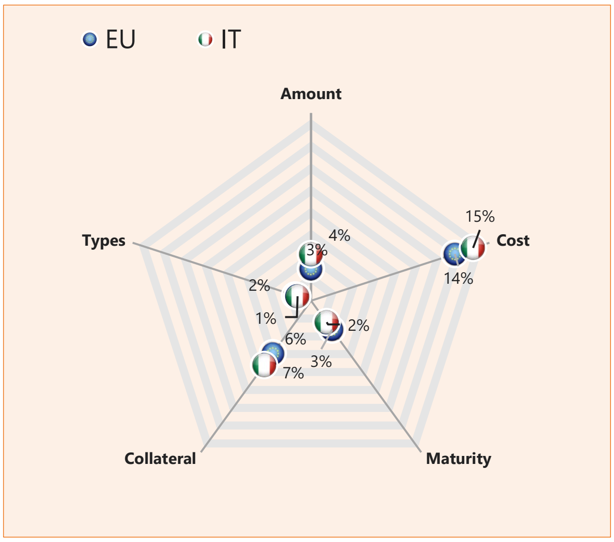


Q. What proportion of your total investment in the last financial year was financed by grants?

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

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED (% of firms)

- About 15% of Italian firms are dissatisfied with the the cost of external finance, while 7% are unhappy with collateral requirements. There is relatively little dissatisfaction with the amount made available (4%), the maturity terms (2%) or type (2%) of external finance.
- In Italy, levels of dissatisfaction are similar to the EU average.



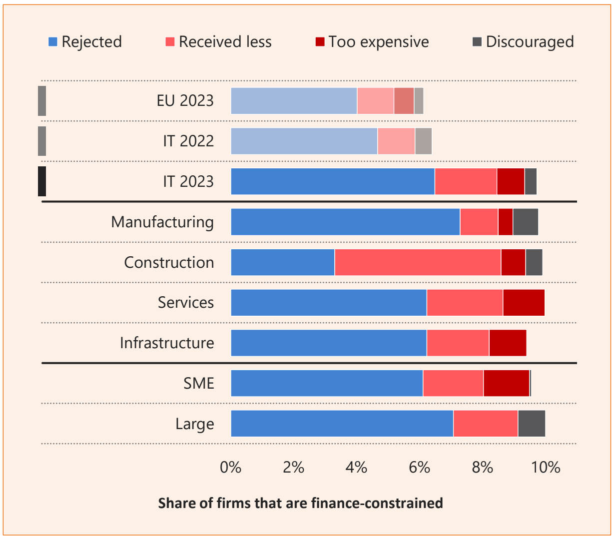
Q. How satisfied or dissatisfied are you with …?

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

Access to finance

SHARE OF FINANCE-CONSTRAINED FIRMS

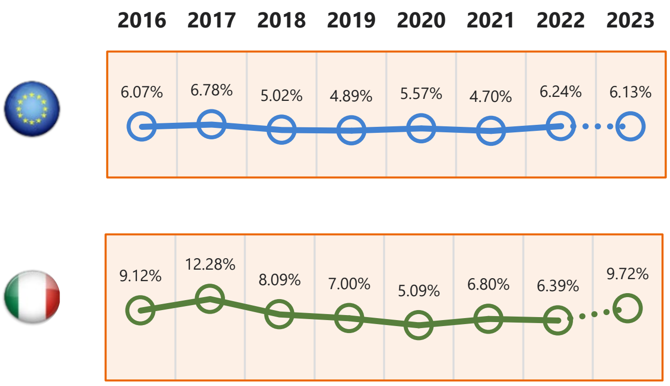
- The share of financially constrained firms in Italy (9.7%) is slightly higher than EIBIS 2022 (6.4%) and the current EU average (6.1%).
- The main constraint reported by firms in Italy is rejection (6.5%). Only 1% said external finance was too expensive.
- In Italy, the proportion of finance-constrained firms is very consistent across all sectors and among both SMEs and large firms. Relatively few construction firms (3.3%) had their finance request rejected but were the most likely to have received less than they applied for (5.3%).



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 that 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)

FINANCING CONSTRAINTS OVER TIME

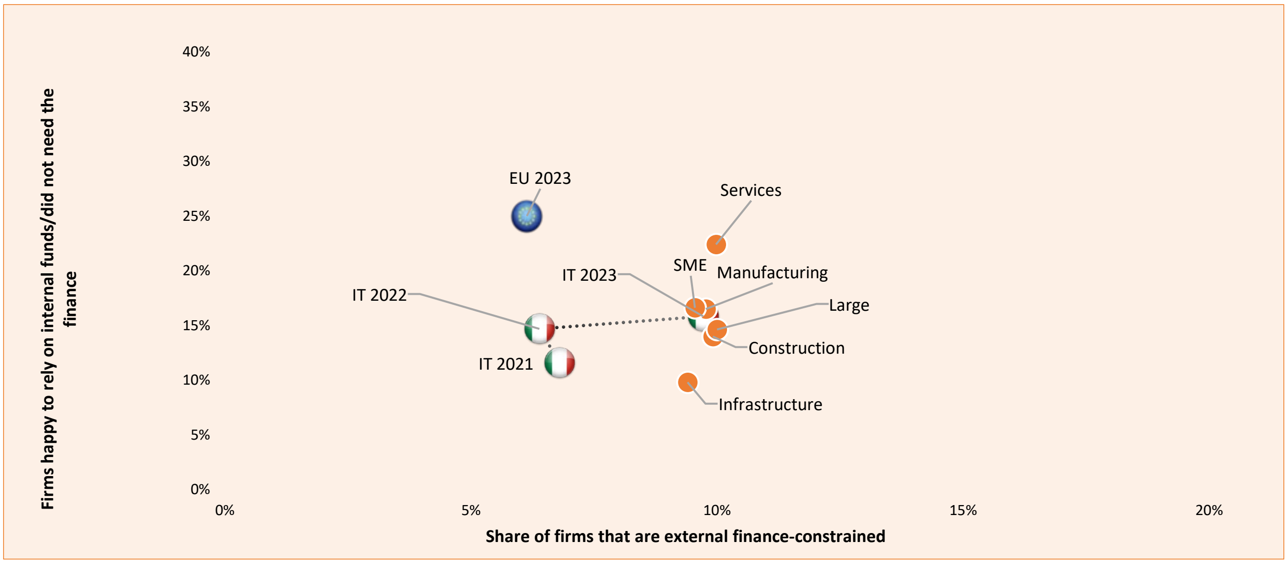


- The proportion of Italian firms that are finance constrained is higher than in EIBIS 2022 (9.7% versus 6.4%). Except for EIBIS 2017 (12.3%) this is the highest level the survey has recorded in Italy.
- In EIBIS 2022 the proportion of finance constrained firms in Italy was similar to the EU average (6.4% versus 6.2%) . It is now higher, and this has been the case every year except 2020.

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

Access to finance

FINANCING CROSS



Data derived from the financial constraint indicator and firms indicating main reason for not applying for external finance was 'happy to use internal finance/didn't need finance'

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

- While one in ten (9.7%) Italian firms can be considered finance constrained, a larger proportion (16%) is happy to rely on internal finance (or do not actually need any external finance). The proportion of finance constrained firms has increased since EIBIS 2021 and 2022, but the proportion of Italian firms happy to use internal finance is largely unchanged. Compared to the current EU average, more Italian firms are finance constrained (9.7% versus 6.1%) and fewer are happy to rely on internal finance (16% versus 25%).
- In Italy, the level of financially constrained firms is similar in all sectors. However, a larger proportion of service sector firms than infrastructure businesses is happy to rely on internal finance (22% versus 10%). Meanwhile, 17% of manufacturers and 14% of construction firms are happy to rely on internal finance (or did not require any).
- Italy's SMEs are as likely as its large firms to be financially constrained (9.6.% versus 10.0%), while a similar proportion of both is content to rely on internal finance (17% versus 15%).

EIBIS 2023 – 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
	(12030)	(802)	(600)	(189)	(145)	(135)	(127)	(475)	(125)	(12030 vs 600)	(189 vs 145)	(475 vs 125)
10% or 90%	1.1%	3.9%	2.3%	3.8%	4.2%	4.5%	4.7%	2.5%	4.5%	2.6%	5.7%	5.1%
30% or 70%	1.8%	6.0%	3.6%	5.8%	6.4%	6.9%	7.1%	3.8%	6.9%	4.0%	8.7%	7.8%
50%	1.9%	6.5%	3.9%	6.3%	7.0%	7.5%	7.8%	4.2%	7.5%	4.3%	9.4%	8.6%

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 2023 country overview refers interchangeably to 'the past/last financial year' or to '2022'. Both refer to results collected in EIBIS 2023, where the question is referring to the past financial year, with the majority of the financial year in 2022 in case the financial year is not overlapping with the calendar year 2022.

EIBIS 2023 – Country technical details

The country overview presents selected findings based on telephone interviews with 600 firms in Italy (carried out between April and July 2023).

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

Base definition and page reference	EU 2023/2022	US 2023	Italy 2023/2022	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 5 (bottom left), p. 8 (top), p. 8 (bottom), p. 16 (top)	12030/12021	802	600/600	189	145	135	127	475	125
All firms (excluding don't know/refused responses), p. 5 (bottom right)	11624/11682	776	590/595	186	145	130	125	468	122
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 6 (top)	10147/9704	692	505/528	163	124	102	112	386	119
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 6 (bottom)	9948/9501	704	482/536	151	128	99	100	379	103
All firms (excluding 'Company didn't exist three years ago' responses), p. 7 (top)	12015/12005	802	600/600	189	145	135	127	475	125
All firms (excluding don't know/refused responses), p. 7 (bottom)	11880/11814	794	599/597	189	144	135	127	474	125
All firms (excluding don't know/refused responses), p. 9 (top)	11812/NA	782	593/NA	187	144	135	123	472	121
All firms (data not shown for those that said not an obstacle at all/don't know/refused), p. 9 (bottom)	12030/NA	802	600/NA	189	145	135	127	475	125
All firms (excluding don't know/refused responses), p. 10 (top)	11739/NA	786	592/NA	188	141	132	125	467	123
All firms (excluding don't know/refused responses), p. 10 (bottom)	11739/NA	786	592/NA	188	141	132	125	467	123
All firms (excluding don't know/refused responses) p. 11 (top)	11978/11975	800	600/600	189	145	135	127	475	125
All firms (excluding don't know/refused/not applicable responses), p. 11 (bottom)	6692/NA	284	264/NA	137	22	61	42	173	91
All firms (excluding Don't know/refused responses), p. 12 (top left)	11918/NA	797	592/NA	187	143	133	125	469	123
All firms that import (excluding don't know/refused responses), p. 12 (top right)	6151/NA	240	204/NA	108	13	51	30	125	79
All firms (excluding don't know/refused responses), p. 12 (bottom)	10139/NA	717	526/NA	174	131	113	104	409	117
All firms (excluding Don't know / refused responses) p. 13 (top)	11930/11911	797	596/596	188	144	135	125	472	124
All firms (excluding Don't know / refused responses), p. 13 (bottom)	11944/11909	789	594/597	188	142	135	125	471	123
All firms (excluding don't know/refused responses), p. 14 (top)	11433/11172	771	570/568	181	140	128	117	451	119
All firms (excluding don't know/refused responses), p. 14 (bottom)	11956/11964	800	597/600	188	144	135	126	472	125
All firms (excluding don't know/refused responses), p. 15 (top)	11549/NA	766	580/NA	179	142	132	123	468	112
All firms (excluding don't know/refused responses), p. 15 (bottom)	11836/11712	791	590/586	185	142	134	125	471	119
All firms that have invested in the last financial year (excluding don't know/refused responses), p. 16 (bottom)	10210/9752	707	521/530	167	127	113	110	404	117
All firms (excluding don't know/refused responses), p. 17	11721/11685	770	593/592	188	143	134	124	470	123
All firms (excluding don't know/refused responses), p. 18	11738/11735	780	598/599	187	145	135	127	474	124
All firms (excluding don't know/refused responses), p. 19 (top)	12009/11980	801	598/599	189	143	135	127	473	125
All firms (excluding don't know/refused responses), p. 19 (bottom)	11916/11844	800	590/597	184	143	134	125	470	120
All firms (data not shown for those who said not an obstacle at all/don't know/refused), p. 20 (top)	12030/12021	802	600/600	189	145	135	127	475	125
All firms (data not shown for those who said not an obstacle at all/don't know/refused), p. 20 (bottom)	12030/12021	802	600/600	189	145	135	127	475	125
All firms who invested in the last financial year (excluding don't know/refused responses), p. 21 (top)	10517/10051	697	524/540	170	128	109	113	404	120
All firms who invested in the last financial year (excluding don't know/refused responses), p. 21 (bottom)	10517/10051	697	524/540	170	128	109	113	404	120
All firms using external finance (excluding don't know/refused responses), p. 22 (top)	4269/4107	265	275/306	84	82	42	65	219	56
All firms that used external finance in the last financial year (excluding don't know/refused responses), p. 22 (bottom)	4184/3988	264	272/293	81	80	42	67	215	57
All firms (excluding don't know/refused responses), p. 23 (top)	11544/11504	729	576/596	184	139	126	123	456	120
All firms (excluding don't know/refused responses), p. 23 (bottom)	11544/11504	729	576/596	184	139	126	123	456	120
All firms (excluding don't know/refused responses), p. 24	11544/11473	729	576/596	184	139	126	123	456	120

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PDF: ISBN 978-92-861-5670-0

Italy
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