

Italy

Political stability leads to strong economic growth

In the early days of the pandemic Italy was one of the hardest-hit countries, but since last year the European Union nation has been firmly looking to its future, while aiming to put behind it decades of slow growth and perceived economic stagnation.

Mario Draghi, the country's prime minister, pointed to the fact that Italy's economic growth was expected to hit roughly 6% in 2021, following a drop of almost 9% in 2020. "Employment has also begun to grow again: in the third quarter of this year, there were 500,000 more people in work, and 308,000 less unemployed people compared with the same period in 2020," he said.

A former head of the European Central Bank, Draghi became Italy's prime minister in February 2021, and has guided the country through the latter part of the pandemic with a steadfastness and competent manner that has been appreciated both at home and abroad. Draghi is now being touted as a potential replacement for Sergio Mattarella, Italy's outgoing president, though many in Italy would prefer to see him stay in his current more day-to-day role.

Italy is currently the world's eighth largest economy, with a GDP of \$1.85 trillion in 2020, and GDP per capita reaching \$31,360. The country has a strong manufacturing sector, the second-largest in Europe, operating in sectors as varied as industrial equipment, fashion, pharmaceuticals and automotive manufacturing.

In November 2021 Italy's manufacturing sector recorded its strongest growth for more than 24 years, with the IHS Markit Purchasing Managers' Index (PMI) for Italian manufacturing rising to 62.8, its highest level on record. It is estimated that manufacturing revenue in Italy will reach more than \$140 billion by 2025.

The country also has a strong and internationalized financial services sector, as well as strong export-driven industries. According to the United Nations Conference on Trade and Development (UNCTD), Italian merchandise exports rose by more than 30% between 2005 and 2020, hitting \$496 billion in 2020, despite the effects of the global pandemic.



Mario Draghi
Prime Minister of Italy

"It's important to consider that in the Emilia-Romagna region - and Bologna in particular - the tradition of creating and designing automatic machines has been consolidated for centuries," says Alberto Vacchi, chairman and CEO of IMA, a world leader in high-tech packaging "In general, our area in Italy and Europe is called the 'Packaging Valley'; it is a great location for production, process and packaging in different commercial sectors."

In late December, Italy's parliament formally approved a €32 billion budget for 2022, aimed at boosting economic growth. The country expects to see a strong coronavirus recovery, aided by around €200 billion in EU funds, with economic growth for 2022 expected to be 4.7%, according to Italy's national statistics bureau ISTAT. Significant investment is expected to flow into infrastructure, energy transition and digitalisation of the economy.

That same month, Fitch Ratings upgraded Italy's sovereign rating to BBB, two months after S&P

improved its outlook for the country from stable to positive, linked to the government's ongoing reform agenda.

Giulio Pedrollo, CEO of Pedrollo SpA and Pedrollo Group, one of the global leaders in water pump technology and production, stresses the importance of governmental policies in Italy aligning closely with the interests of Italian businesses. "If our values are connected with right policies and the government, the country will start to fly," he says. "Italian politics must guarantee greater continuity of action in its choices, for example ensuring structural modernisation of the fiscal policies linked to investment in modernisation, Industry 4.0 etc, in such a way as to permit entrepreneurs to model a cycle of investment and returns on long-term invested capital."

In recent years Italian manufacturers have invested strongly in advanced manufacturing activities. In 2019, advanced manufacturing solutions in Italy, otherwise known as Industry 4.0,

grew by 22% year on year, to reach €3.9 billion, according to the International Trade Administration, almost tripling in value over the four years previous.

"In Italy we have a very efficient system. It costs less, and we produce a lot," says Fausto Manzana, chairman and CEO of GPI, a leading Italian provider of ICT solutions, administrative and social healthcare services for public and private healthcare providers. "Italy has some advantages: average life expectancy, life quality at old age. The cost of our system is lower than average in the EU or the USA, and virtual care remains the key element," he adds.

As well as managing the pandemic response, a top priority for Draghi and his government has been economic reforms to attract foreign direct investment and to prove to the international community that Italy is and can be a European economic powerhouse.

While Italy's public debt remains the second-highest in the eurozone, after Greece, it is expected to drop to 149% of GDP this year, from more than 153% in 2021, with the deficit predicted to fall from 9.4% to 5.6% year on year.

"The recovery has also allowed us to improve public finances," Draghi added.

"We are expecting the public debt to GDP ratio to begin dropping already from this year. The Government stands ready to support the economy in the event of a slowdown...the main challenge remains that of increasing the long-term growth rate and resolving our economy's structural weaknesses, starting with geographical, gender and generational inequalities."

Some are now pointing to the ability of Italy to take a leading role in areas like sustainability. "Today, recycling is needed to take care of the environment and to provide advantages of using plastics without disadvantages. Thanks to our know-how, it is possible to have high-performance post-consumer materials that can be used in even the most demanding sectors and applications," says Massimo Pavin, president of Sirmax, a global leader in thermoplastic compounds.

"For us sustainability means helping people maintain and grow," says Pedrollo. "We helped people during the pandemic, and now it pays back. Being a social company is one of the reasons why we are a reliable partner. Also, there are a lot of good engineers in Italy, and our engineers are one of [our] main assets."

Still, in order to truly thrive Italian businesses need to be able to rely

on a stable political landscape back home, which hasn't always been possible in recent years. Many business leaders are hopeful that this situation has now changed for the good.

"It is really important that we create a different image of Italy, and Mario Draghi is creating that now," says IMA's Vacchi. "During these months many companies have decided to invest in our region because the image of Italy has completely changed, and this is very important for all the businesses - not only consumer brands but for all business brands that produce high-technology in Italy."

Discussions with the country's international partners are also going well under the current government, with a strong sense that the country is looking towards the future.

This December, Draghi highlighted his country's National Recovery and Resilience Plan as a key aspect to improving Italy's long-term growth rate and resolving structural weaknesses. "Today, I can tell you that we have achieved all 51 of our objectives. The signing of the so-called 'operational arrangement' is now being discussed at the European Commission, which is the next step after completion of these 51 objectives."

BCUBE - Italian integrated logistics company growing in strategic sectors

As global industrial supply chains become longer and more complicated, the role of integrated logistics operators is only going to rise; in 2020, the global logistics market was worth almost \$8.6tr, according to market and consumer data company Statista.

At the same time, the sector is increasingly being led by companies like Casale Monferrato-headquartered BCUBE, which focuses on end-to-end integrated logistics-related service activities and has more than 4,000 employees in over 100 operational sites worldwide.

"BCUBE has strong experience, with more than 70 years within the sector. We come from the industry so we do understand our partners and we speak the same language. We also understand the logistics chain and thanks to our know-how-driven approach based on cross-sectorial experience we are able to bring solutions with high added value by redesigning the production flows of our customer's and realizing them," says Piero Carlo Bonzano, BCUBE's president.

Founded in 1952, BCUBE began operating in the wood sector, before moving into the integrated logistics sector, where it has since become one of the global leaders. Over the years it has established operations across different countries and economic sectors, including energy, industrial, automotive, consumer, global transport services, thermo-



Piero Carlo Bonzano
President - BCUBE

packaging and air cargo, which remains one of the most strategic areas of the business.

Still, Bonzano believes that BCUBE has strong growth potential, with opportunities to expand in every sector it operates in, as well as four or five new ones. "We can change a lot of things in key sectors such as pharmaceutical, healthcare, or naval ones for example, within a short period of time, and bring value and significant advantages to the sector," he says.

Meanwhile, BCUBE was able to transform the pandemic momentum into opportunity, focusing on reorganization and development of strategic goals for the next 5 years. "It was an important

moment to evolve our ideas for the future," says Bonzano. "During the pandemic we worked a lot in particular in our air cargo facilities, handling pharmaceuticals and medical protection devices . We're proud to have contributed to life-saving missions in Italy and in Ostend (Belgium) where our dedicated team and air cargo facilities - including pharma centers - played crucial role. It also let us see the opportunities in e-commerce, which keeps on growing significantly" he adds.

BCUBE now plans to further expand geographically. "In particular we are going to expand in automotive in Germany and across different sectors in Poland," says Bonzano. "We are also considering going to new countries and are focusing on strategic partnerships with our customers globally, as part of our 5PL approach. Our strategy is strongly international but our heart remains Italian. Italy is still our main focus and the entire expansion and development starts from here."

Bonzano also sees strong potential, and opportunities for outside investors. "Italian companies are used to stronger competition," he says. "I believe this is a good moment for investors to come in. The country is strong in every area, including in the logistics ."

