

Italian exports one year after the start of the pandemic and their future.

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This week marked the first grim anniversary of the pandemic's arrival in Italy. After a long year fraught with economic uncertainty and timid attempts to go back to normal, we can finally look at the country's foreign trade balance and gauge what we can expect going forward.

According to the latest ISTAT report, published on 16 February, outgoing flows dropped by -3.8% and incoming ones by -1.1% on a yearly basis. Given how the pandemic affected the global economy, such results should not be surprising. Quite more noteworthy are the results recorded over the last quarter of 2020.

Compared to the previous three months, exports rose by 3.3% and imports by 4.3%. Encouraging figures when compared to those logged during the first wave of the pandemic, when international trade was brought to a grinding halt. In December 2020, compared with the same month of 2019, exports increased (+3.3%) while imports fell. The overall trade balance for the last month of 2020 is thus a net positive of 6,844 million euros, a figure owing in large part to the surge (+4.1%) in outgoing flows directed towards non-EU countries.

Such late resurgence of Italian trade over the latter part of the year helped stave off the large drop suffered during the first half and maintain a healthy trade surplus. Even if in 2020, compared to 2019, exports decreased by -9.7%, the yearly trade surplus still exceeded that of 2019: 63,577 million euros instead of 56,116.

This bounce-back was also due to a strong commitment on the government's behalf to the Pact for Export, a comprehensive plan to boost Italy's exports. One of the latest measures launched under this banner is the "digital TEM voucher" programme aimed at improving small businesses' chances in the global market. Thanks to this programme, small Italian enterprises will be able to employ digital experts to assist and support their internationalization efforts. Manufacturing companies with less than fifty employees can request a voucher worth up to 30,000 euros if exports turnover would increase.

What can we expect from Italy's exports in the near future? The new and stronger government led by Mario Draghi was sworn in, and he pledged to strengthen and expand the previous programmes aimed at supporting Italian businesses abroad. The vaccination effort is slowly proceeding, and it will be crucial in the relaunch of the Italian economy as a whole. As the data show, we can be cautiously optimistic about the future of Italy and bet on its ability to go back to normal.

Sources: ISTAT, Ministero degli esteri

