DOI: https://doi.org/10.36059/978-966-397-308-1-2

RECENT INDICATORS OF THE INVESTMENT ENVIRONMENT OF ITALY

Bulkot Oksana
PhD (International Economics), Associate Professor
Taras Shevchenko National University of Kyiv

To make a decision about investing in any market, it is extremely important to know about the investment attractiveness of the country where these investments are to be made. In turn, the up-to-date data obtained by the investor allow to make decisions not only about returns on investments, but also about their effectiveness and riskiness. Before carrying out a detailed analysis of the market environment, any business should first of all to study the conditions of the investment climate of the chosen country. The aim of this thesis is to find out and highlight modern key indicators that characterize the investment environment of Italy to provide with relevant comparable information stakeholders and investors.

Materials and methods. This analysis is based on the methodology applied to estimation of attractiveness of investment environment of a country [1], as well approaches of the PEST and SWOT analyses were used. The informational basis for this research became official publications of leading international rating services, agencies, and the reports of international organizations.

Results and discussion. Italy's relatively affluent domestic market, access to the European Common Market, proximity to emerging economies in North Africa and the Middle East, and assorted centers of excellence in scientific and information technology research, remain attractive to many investors. Tourism is an important source of external revenue, generating approximately €70 billion a year, as are exports of pharmaceutical products, furniture, industrial machinery and machine tools, electrical appliances, automobiles and auto parts, food and wine, as well as textiles/fashion [2].

But after a sharp rise of 6.6% in 2021, Italy's GDP growth will decline under the influence of the war in Ukraine. Growth is expected to be 2.5% in 2022 and 1.2% in 2023. Persistent inflationary pressures and war-related uncertainty will hold back household consumption, slowing the recovery of the services sector [2–5].

Italy welcomes foreign direct investment (FDI). In 2020, the volume of foreign direct investment in Italy amounted to 469.29 billion USD, compared to 443.53 billion USD in the previous year. Compared to 2012, the volume of invested FDI in Italy increased by approximately 104.3 billion USD [4; 6]. The Italian government welcomes foreign portfolio investments, which are generally subject to the same reporting and disclosure requirements as domestic transactions. Italy neither promotes, restricts, nor incentivizes outward investment, nor restricts domestic investors from investing abroad.

Italy has signed bilateral investment treaties (BIT) with 102 countries (not all in force). [2; 5; 7].

The political environment in Italy is characterized now as rather stable: the latest value of the political stability index is 0.58 points (2021). Corruption and organized crime continue to be significant obstacles to investment and economic growth in certain regions of Italy, despite successive governments' efforts to reduce the risks. Italian law provides for criminal punishment for the corrupt actions of officials.

Table 1

Selected international ratings of Italy

Measure	**Year**	**Index/rank**
Corruption Perceptions Index	2022	56 of 100
Doing Business	2019	58 of 190
Global Innovation Index	2022	28 of 132
World Competitiveness Index	2022	41 of 63
Investment Freedom Index	2022	80 of 175

Source: combined by author on the basis of [4; 8–11]

The main outcomes from above analysis are:

– investment rates in Italy are amongst the lowest in the OECD, held back by uncertainty, high leverage and a lack of access to equity finance;

– higher public investment funded by Next Generation EU and generous fiscal incentives can crowd in private investment, provided leverage levels do not reduce firm risk-taking;

– improving the quality of public administration and actions to reduce perceptions of corruption would lower the need for fiscal incentives and also support investment;

– faster rollout of broadband would support private sector digitization and greater take-up of the expanding range of public services available online.

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