

Business Insights from Italy

A Letter to International Investors

Business Insights from Italy is a publication by **The European House - Ambrosetti**, produced in collaboration with leading Italian institutions. The publication provides updates on the Italian macroeconomic scenario, on Italy's industrial sectors and on policies directed to foreign investors.

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Italy's Macroeconomic Outlook

In the fourth quarter of 2025, Italy's GDP grew by 0.3% compared with the previous quarter and by **0.8% on a year-on-year basis**, a value higher than the previous estimates and higher than the value forecasted by the main international Institutions.

The quarter-on-quarter increase reflects an expansion in value added across all main sectors, with particularly strong growth in agriculture, forestry and fishing, as well as in industry.

From the demand side, domestic demand (net of inventories) made a positive contribution, while net external demand had a negative impact.

In 2025, GDP increased by 0.7% compared with 2024. This outcome was driven by a positive contribution from domestic demand (net of inventories) and a negative

contribution from net external demand, which was adversely affected by international trade tensions.

Italy enters 2026 with a carry-over growth rate—i.e. the projected annual growth assuming zero quarter-on-quarter growth for the remainder of the year—of 0.3%.

As for inflation, in January 2026 the national consumer price index for the whole population recorded a slight increase, amounting to +0.4% on a month-on-month basis and +1.0% year on year (down from +1.2% in December).

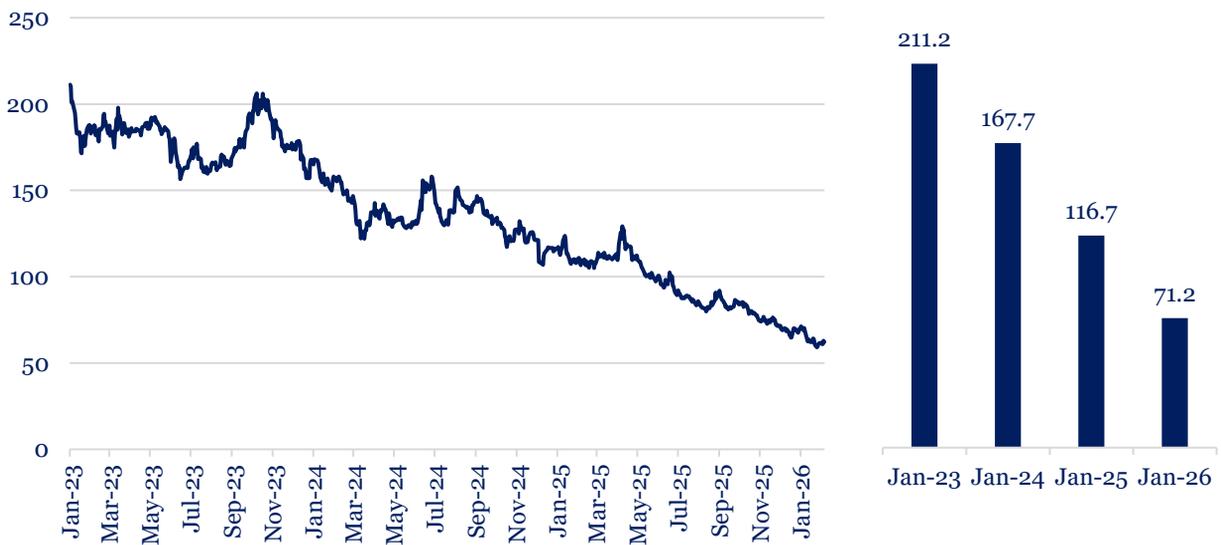
This rise is mainly due to higher prices for food products, both unprocessed (+2.5%) and processed (+2.2%), housing-related services (+4.4%), tobacco products (+3.3%), and recreational, cultural and personal care services (+3.0%).

In January, so-called “core inflation”, excluding energy and fresh food, **stood at +1.8%**, while inflation excluding energy goods alone was +1.9%. The easing of inflation emerges when comparing January 2026 with the same month of the previous year: in January 2026, goods prices recorded a change of -0.2% compared with January 2025. An opposite trend is observed in the services sector, which increased by +2.5% on a year-on-year basis.

Overall, the month-on-month change in the headline index (+0.4%) is mainly driven by

higher prices for regulated energy products (+8.7%), housing-related services (+1.9%), unprocessed (+1.2%) and processed food products (+0.9%), non-regulated energy products (+0.8%), and recreational, cultural and personal care services (+0.7%). The only month-on-month decline was recorded in transport services (-3.7%).

The carry-over inflation rate **for 2026 stands at +0.4%** for the headline index (it was zero in December) and at +0.5% for the core component (up from +0.2% in December).



Spread between German Bund and Italian BTP (basis points)

The **decline in the spread** between German and Italian ten-year government bonds continues. Over the past four years, the perceived risk differential has fallen sharply **from over 200 basis points in 2023 to around 70** at present, underscoring the consolidated confidence that markets place in the sustainability of the Italian economy.

This confidence is also reflected in the **strong demand recorded at each new issuance of government debt**. In the most recent auction (3 February), the new fifteen-year bond attracted approximately €157 billion in orders, corresponding to demand equal to 11.2 times the amount issued (€14 billion).

FINISHING TOUCHES ON ITALY'S NATIONAL RECOVERY AND RESILIENCE PLAN

Eight months ahead of the conclusion of the Next Generation EU programme, the Italian Government has approved a decree-law introducing additional urgent provisions for the implementation of the National Recovery and Resilience Plan (NRRP). The measure is designed to facilitate the execution of NRRP projects

and provides for a comprehensive review of more than 400 administrative requirements affecting citizens, households and businesses, with a strong focus on digitalisation, the shortening of procedural timelines and the interoperability of public databases.

Firm

Digital and green transition

For tax credits under the “Transition 4.0” scheme, the certification process for investments is being streamlined through enhanced integration between the databases of the Ministry of Enterprises and Made in Italy (MIMIT) and the Revenue Agency (AdE).

Infrastructure and telecommunications

The use of the Certified Notification of Commencement of Activity (SCIA) for the installation of ultra-broadband networks is being expanded, facilitating operators’ activities and accelerating the country’s digital coverage.

Support for micro-enterprises

A reduction in administrative burdens for small businesses, alongside the simplification of reporting and disclosure obligations related to State aid.

Citizens

Digital voter card

A service will be introduced enabling citizens to consult their electoral records and to request electronically certificates of registration on the electoral roll, thereby reducing the need to attend municipal offices in person.

Disability and vulnerability

The implementation of the disability reform is being accelerated through the activation of the Single Platform managed by INPS. For the definition of the individual “life project”, subsidiarity mechanisms are introduced to prevent procedural deadlocks.

Student housing

Procedures for changing the permitted use of properties intended for student residences are being streamlined, with the aim of rapidly increasing the supply of accommodation.



EU Customs and Carbon Rules: What Changes from 2026

In 2026, the European Union will implement a **coordinated set of reforms** that substantially **reshape customs procedures, import duties, enforcement mechanisms and environmental border measures**.

The changes reflect a broader shift in EU trade governance, driven by the rapid expansion of e-commerce, the increasing geopolitical fragmentation and the need to reinforce the integrity, security and fairness of the Single Market. Rather than addressing individual distortions in isolation, the reform package combines **fiscal, regulatory and environmental instruments within a single operational framework**.

As for Italy, one of the Union's largest trading economies and a central gateway for goods entering and leaving the EU, the reforms will directly affect import costs, compliance requirements and supply-chain organisation. Customs administration, taxation and climate-related obligations will increasingly be governed by harmonised EU-level systems, reducing national discretion while raising the importance of data quality, traceability and prior controls.

Custom

A central element of the 2026 changes concerns **customs duties on low-value imports**.

- From 1 July 2026, the long-standing **exemption** from customs duties for **consignments valued at up to €150 will be abolished**. These goods will instead be subject to a **fixed customs duty of €3 per item category**.

The measure is explicitly **temporary** and will apply ahead of the broader **EU Customs Reform planned for 2028**, which foresees a fully digitalised and centralised customs framework. The European Commission has justified the reform by pointing to the scale of the distortion created by the exemption regime.

In 2024, more than **4.6 billion low-value parcels entered the EU**, with over **90% originating from non-EU countries** and a strong concentration in East Asian supply chains. The duty-free treatment increasingly favoured business models based on fragmented, high-volume shipments, undermining fair competition with EU-based producers and retailers, eroding fiscal revenues and placing growing pressure on customs authorities.

Beyond revenue considerations, **the new duty regime is closely linked to regulatory and environmental concerns**. Low-value consignments have systematically shown higher rates of non-compliance with EU product safety and consumer protection standards. At the same time, the multiplication of small shipments has contributed to higher transport-related emissions and enforcement gaps.

In this context, the €3 duty is designed as a corrective mechanism to rebalance regulatory conditions between EU and non-EU operators, particularly in fast-growing e-commerce segments.

Enforcement mechanisms

The introduction of the new duty is accompanied by a broader strengthening of customs controls.

From 2026, the **Import Control System 2 (ICS2)**⁽¹⁾ becomes fully operational across all modes of transport, including maritime, air and road freight. Under ICS2, economic operators are required to submit detailed electronic data on consignments before their arrival in the EU, enabling customs authorities to carry out risk analysis upstream. This shift reduces reliance on ex post checks, enhances traceability and improves coordination among Member States, while increasing compliance obligations for importers, logistics providers and platforms.

This integration reflects a broader **redefinition of customs as a strategic function**, extending beyond tariff collection to include security, sustainability and market surveillance objectives.

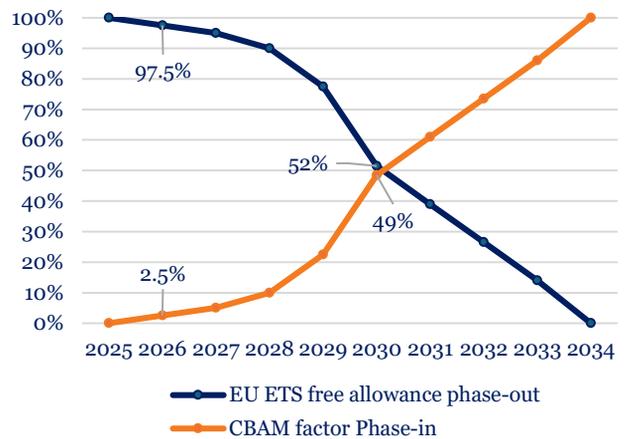
Environmental border measures

Within this evolving framework, the **Carbon Border Adjustment Mechanism (CBAM)** enters its definitive operational phase. After a transitional period centred on emissions reporting, **CBAM became fully effective on 1 January 2026**, requiring importers of selected carbon-intensive goods to purchase CBAM certificates corresponding to the embedded greenhouse gas emissions of their imports, priced in line with the *EU Emissions Trading System*.

The adjustment mirrors the ETS^{E.U.} logic: the number of certificates is calculated on the basis of the verified emissions intensity of the foreign installation, net of any emissions covered by free allocations under the ETS^{E.U.} benchmark, multiplied by the volume of goods imported and valued at the prevailing ETS^{E.U.} carbon price. Any explicit

carbon price already paid in the exporting country is deducted, ensuring equivalence rather than double charging.

A key element of CBAM is its direct link to the **gradual phase-out of free emission allowances within the EU ETS**. As free allocations to EU producers are progressively reduced, the CBAM adjustment increases in parallel, maintaining competitive neutrality between domestic and imported products throughout the transition.



ETS allowances phase-out and CBAM phase-in, for sectors covered by CBAM (%), 2026-2034. Own elaboration

CBAM thus operates as a complementary mechanism, replacing free allowances as the primary tool to address carbon leakage.

The mechanism initially applies to **cement, iron and steel, aluminium, fertilisers, electricity and hydrogen**, sectors with high emissions intensity and exposure to international competition. Importers must submit verified emissions data; where data are missing or unreliable, conservative default values apply, strengthening enforcement and incentivising transparency along global supply chains.

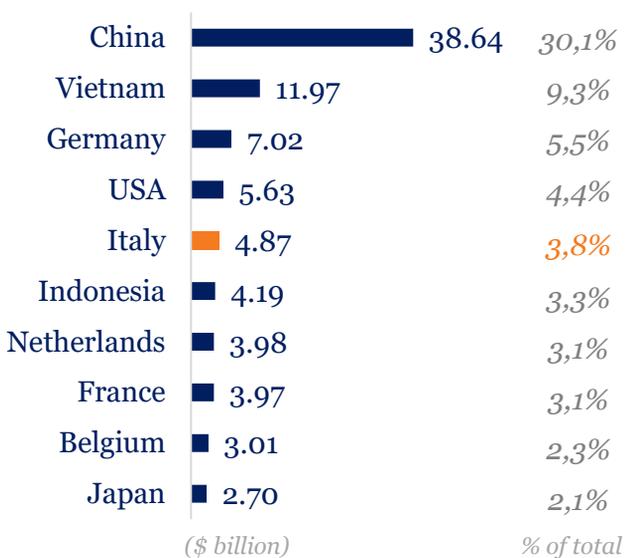
⁽¹⁾ Electronic system developed by the E.U. to enhance security and risk management for goods entering the customs territory. Source: TEHA Group elaboration on European Commission, IlSole24ore and Reuters data

Focus on a sector: Sports manufacturing in Italy

In this section, we examine each month a strategic sector of the Italian economy, providing an overview of the sector's main innovations and most interesting data. In this edition, we focus on the sports manufacturing Sector.

Sporting goods manufacturing represents a **distinctive** and **high value-added component of Italy's broader sports economy**. Embedded within the extended sports value chain, the sector includes apparel, footwear, technical equipment, transport means and related manufactured products, combining industrial tradition, specialised know how and export orientation.

In 2023, Italian **exports of sporting goods** reached approximately **€4.7 billion** (~\$4.87), confirming the sector as a structurally relevant niche within national manufacturing. Italy ranks **5th globally** and **2nd in Europe** among exporters of sporting goods, rising to first place in Europe when considering exports outside the European Union alone.



Top 10 countries globally for exports in the sports manufacturing sector (\$ billion), 2023.

Although the sector accounts for less than 1% of total national exports, **its international positioning and trade balance give it strategic relevance**.

Export performance has strengthened markedly in recent years. Between 2020 and 2023, **exports grew by +26%**, peaking in 2022 and demonstrating resilience despite global economic volatility. In 2023, sporting goods manufacturing accounted for **0.79% of Italian manufacturing exports** and **0.75% of total exports**.

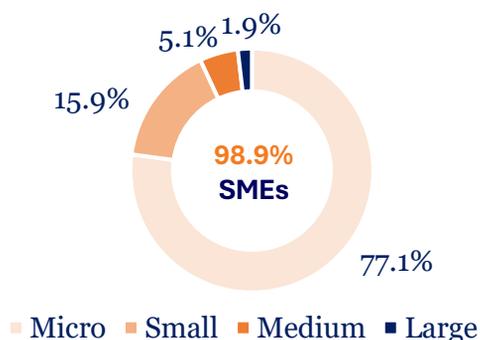
Italy's competitive strength is also reflected in its **trade balance**. In 2023, the sector recorded a **surplus** exceeding **€540 million**, placing Italy **6th worldwide** and **2nd in Europe** for **positive trade balance** in sporting goods manufacturing. This confirms the country as one of the few European economies able to sustain a structurally positive balance in this segment.

From a territorial perspective, production and exports are concentrated in **Northern Italy**, particularly in the Northeast. Provinces such as Treviso and Forli-Cesena emerge as leading exporters, while Veneto and Lombardy account for the largest shares of sector turnover. This concentration reflects the role of specialised industrial districts and integrated supply chains.

Economic performance has accelerated in recent years. Between 2020 and 2023, **sector revenues grew by over +30%**, more than double the growth recorded in the 2015–2019 period.

The manufacturing of sporting articles alone generated around **€1.8 billion in revenues** in 2023, up more than **+40%** compared with 2020.

In this category, Italy ranks **1st in Europe**, accounting for **22% of total European revenues**. The sector is structurally dominated by small and medium sized enterprises. In 2023, **SMEs represented nearly 99% of firms** and generated around 46% of total revenues, highlighting a production system that is territorially rooted, flexible and highly specialized.



Companies in the sports manufacturing sector in Italy by size (% of total), 2023.

Source: TEHA Group elaboration on "Osservatorio Valore Sport" data

A dedicated tutor for international investors

Investors interested in Italy can rely on tailor-made services offered by the *Invest in Italy* team. The Ministry of Enterprise and Made in Italy (MIMIT) provides potential investors with a **dedicated tutor** that supports the entire investment process.

In particular, tutors:

- support investors in identifying suitable greenfield and brownfield sites;
- facilitate contacts with central/local administrations to obtain the necessary authorizations and permits;
- facilitate contacts with the Italian supply chain, research centres, universities and technical colleges;
- identify the most suitable incentive schemes to support investments;
- facilitate the search for personnel through partnerships with regional employment centres and local employment agencies;
- follow the process of obtaining visas, authorisations and work permits for the staff of non-EU foreign investors.

For more information and to get in touch with a dedicated tutor, please visit: www.investitaly.gov.it website.

Employment trends mirror economic growth. Between 2020 and 2023, **employment** in sporting goods manufacturing **increased by over 8%**, outperforming both the wider manufacturing sector and the national average. In 2023, the sporting articles segment alone employed approximately **5,000 workers**, positioning Italy as the **2nd largest employer in Europe** in this category, with a **12% share of total European employment**. Rising value added and productivity per employee further indicate improving efficiency and economic sustainability.

Internationally, the sector remains **strongly export oriented**. The United States is the leading destination for Italian sporting goods, followed by major European markets, confirming both geographic diversification and **integration into global value chains**.

For further information: [Osservatorio Valore Sport](#)



Favourable tax regime for new residents

New fiscal residents in Italy have the opportunity to apply for a **special tax scheme**, that lasts for **15 years**:

- Foreign-source income will not be taxed at ordinary rates, but at a yearly substitutive **lump-sum tax of 300,000 euros**.
- All foreign assets will be **exempted from Italian inheritance taxes**.
- No reporting obligations to Italian tax authorities on assets held abroad.
- No wealth taxes on assets held abroad.
- Exemption from Italian CFC rules on foreign companies.

The flat taxation on foreign-source income can also be extended to family members, for 25,000 euros per year per each additional family member.

Should new residents decide to work in Italy, they could apply for a reduction of 50% over their Italian taxable income from employment or self-employment (within an annual limit of EUR 600,000).

Such reduction is granted for a period of 5 years and can be increased to 60% if moving with a minor. Applicants should commit to maintain their fiscal residence in Italy for at least 5 years and should get minimum educational requirements.

Where to find the right opportunities? www.investinitaly.gov.it

The Italian Government has recently launched the official www.investinitaly.gov.it website.

The platform is designed to provide foreign investors with comprehensive information on the main investment opportunities in Italy. It presents investors with detailed information on the main strategic sectors, incentives, taxation, labour law and immigration.

Moreover, it showcases more than **300 greenfield** and **brownfield public sites** that are immediately available for industrial and logistic projects.

USEFUL TO KNOW:

The **Ministry of Foreign Affairs and International Cooperation** and the **Italian Trade Agency (ITA)** are the first point of contact for all potential investors.

Italian Embassies and Consulates abroad, together with dedicated ITA'S FDI offices, provide information and facilitate any needed dialogue with other Italian institutions.

Please click on the following links to find updated contact details of:

- **Italy's diplomatic-consular network:** [Italian Missions Abroad - Ministry of Foreign Affairs and International Cooperation](#);
- **ITA's FDI offices:** [Invest in Italy | Italian Trade Agency \(ice.it\)](#);
- **Italy's Ministry of Foreign Affairs and International Cooperation** is also available at the following email address: dgsp-03@esteri.it.

All previous editions of the Business Insight from Italy newsletter are available on the website ambrosetti.eu