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Industrial policy in Italy

Centro Studi Confindustria

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The “White Book”, i.e. the Italian industry plan

- Recent release of the first industry plan in 30 years to provide a comprehensive and strategic vision.
- **It remains more of a policy framework than a concrete operational plan**, focusing on strengthening governance tools.
- Most important policy last 10 years: **Industria 4.0**

- **2024** - Green Book: an extensive consultation (~ 300 public and private stakeholders)
- **2025** – White Book "Made in Italy 2030": the Ministry of Enterprises and Made in Italy (MIMIT) long-term strategic vision for Italian manufacturing. **Strong on diagnosis and weak on prescription.**

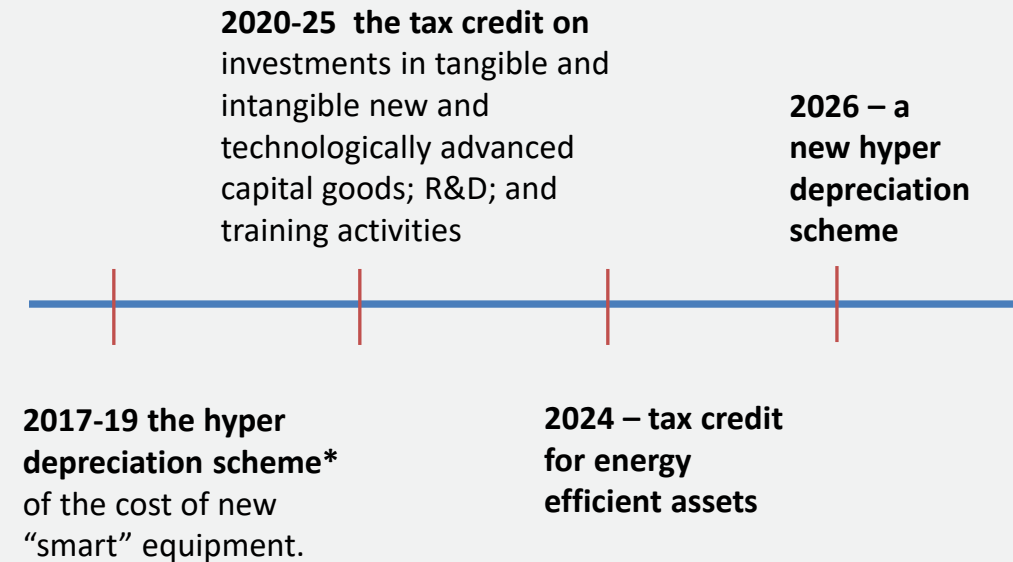
Map of 18 industrial supply chains and ~ 160 districts, distinguishing traditional, new Made in Italy, and enabling sectors.

Strategic objectives formulated without:

- priorities and quantitative targets;
- instruments and financial resources;
- implementation timelines remains limited;
- the monitoring and evaluation architecture is left undefined.

Industry 4.0

- **Piano Nazionale Industria 4.0 (2017)**: a universal, supply-side horizontal policy intervention with multiple fiscal measures to support business investments in capital goods—especially high-tech “Industry 4.0” tangible and intangible assets and R&D activities.
- Up to fiscal year 2022: **€62.7 billion** (68% directed to the super- and hyper-depreciation schemes, 32% allocated through tax credit programs).



Many changes over time => increased uncertainty for firms and reduced the predictability of the incentive framework.

Ex-post evaluations commissioned by the government:

The 4.0 **tax credits** (2020 – 2022) => +0.5-3.7 p.p. in firms’ investment rates (stronger effects for smaller firms); i.e.

- >+100% for micro,
- ~ +100% for small,
- + 35–45% for medium,
- + 20–25% for large,

considering the average investment rate before the policy.

Additional analyses show that **tax credits were more effective than the earlier hyper-depreciation scheme**, mainly because tax credits provided larger and more certain fiscal benefits (more attractive for financially constrained firms, but there is a risk of subsidizing “zombie” firms).

Key Feature of the Italian industrial policy

How to assess and compare industrial policies across countries?

Preview of results

Available datasets for European economy:

- **OECD QuIS dataset:** only supply-side instruments, i.e. public expenditures aimed at promoting investment & competitiveness;
- **NIPO dataset:** tools also on the demand side, i.e. regulations that can help shape markets;
- **State Aid scoreboard:** state aid only.

POLICY TYPE

Italy's recent policy mix has been characterized by an almost complete reliance on **domestic subsidies** and on loans, tax incentives, and direct grants as instruments

SELECTIVENESS

The policy mix is predominantly **horizontal** rather than sector-specific. Expenditure is largely **non-discretionary and allocated on a "first come, first served" basis**, with support available continuously until resources are exhausted.

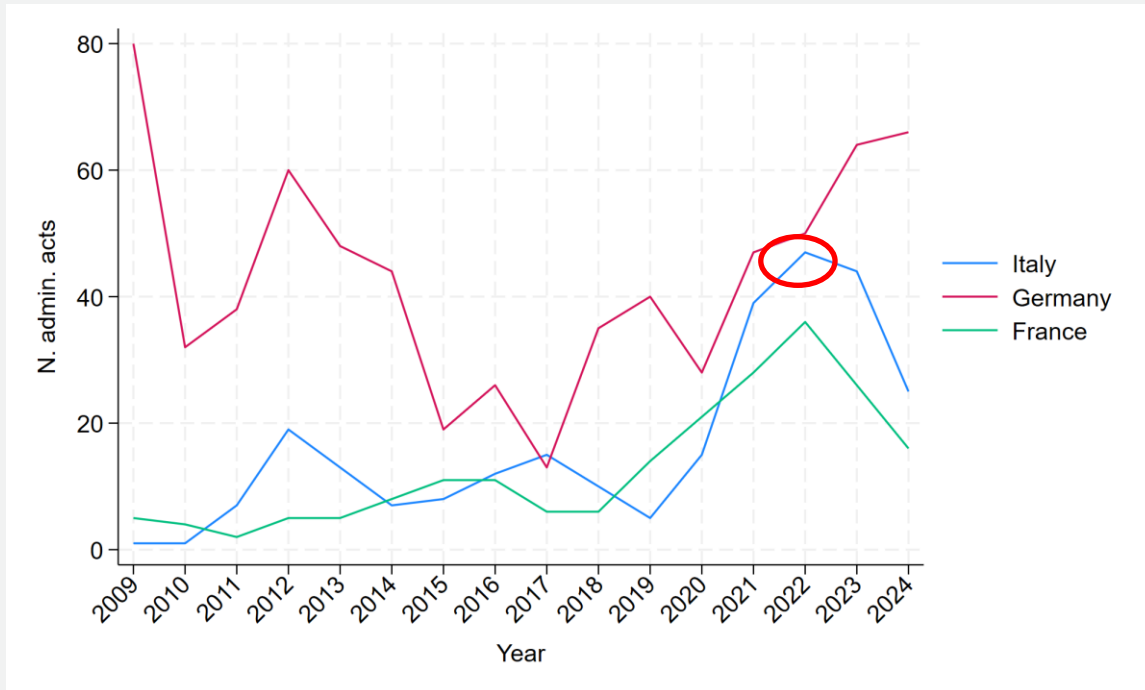
OBJECTIVE

Italy stands out for the persistent dominance of "Strategic Competitiveness" objectives, while **"Climate Change Mitigation" remains comparatively underrepresented.**

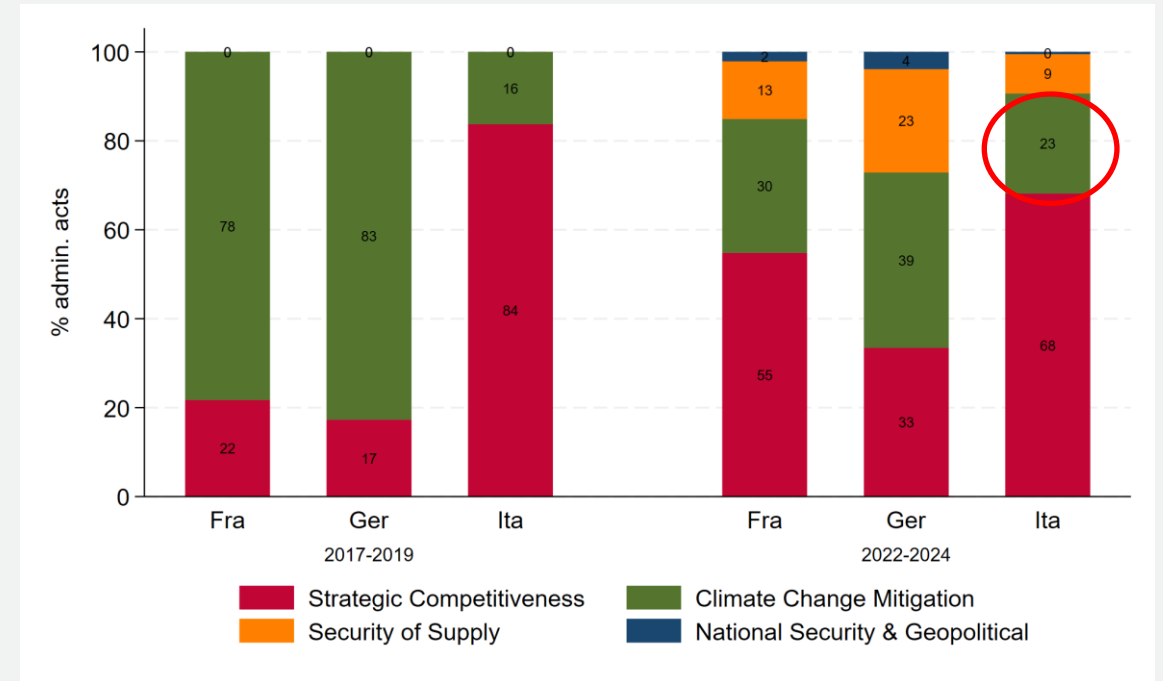
The NIPO data

- Italy's intervention count surged in 2022; Germany consistently produces the highest volume of administrative acts.
- "Security of Supply" has emerged as a notable objective across all 3, reflecting geopolitical reorientation post-2022.
- Italy stands out for the persistent dominance of "Strategic Competitiveness" while "Climate Change Mitigation" objectives remain well below France and Germany.

Nr of admin. acts, selected EU countries, 2009-24



Nr of admin. acts, by policies objectives, pre/post covid

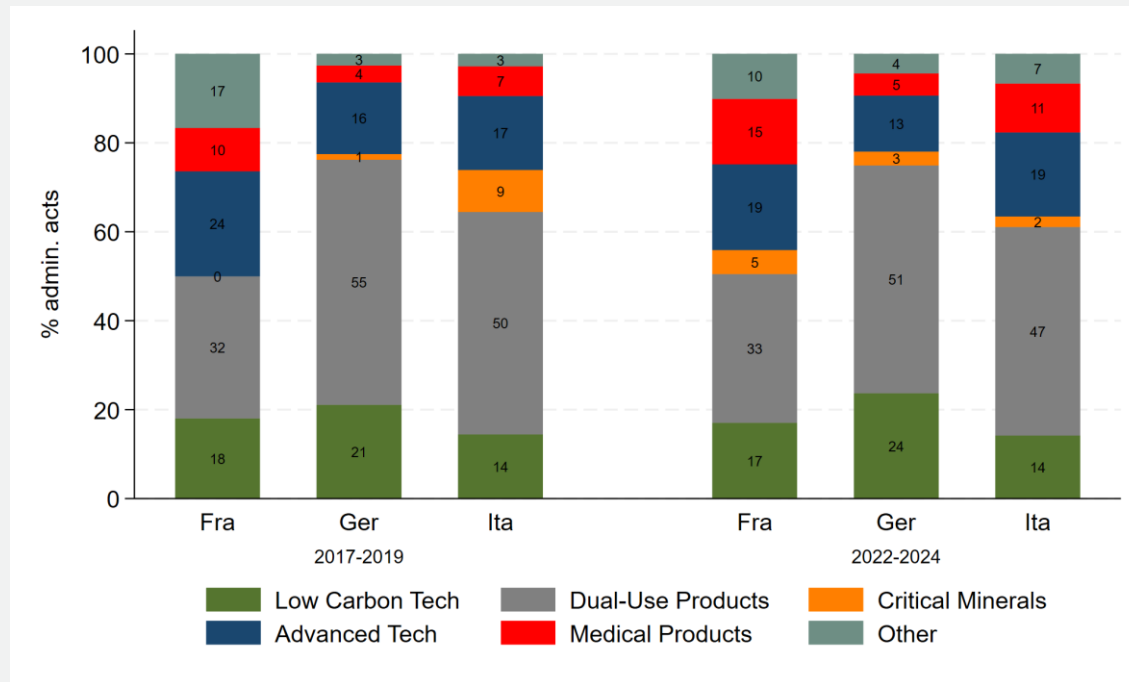


Source: Elaboration by the Centro Studi Confindustria based on NIPO data.

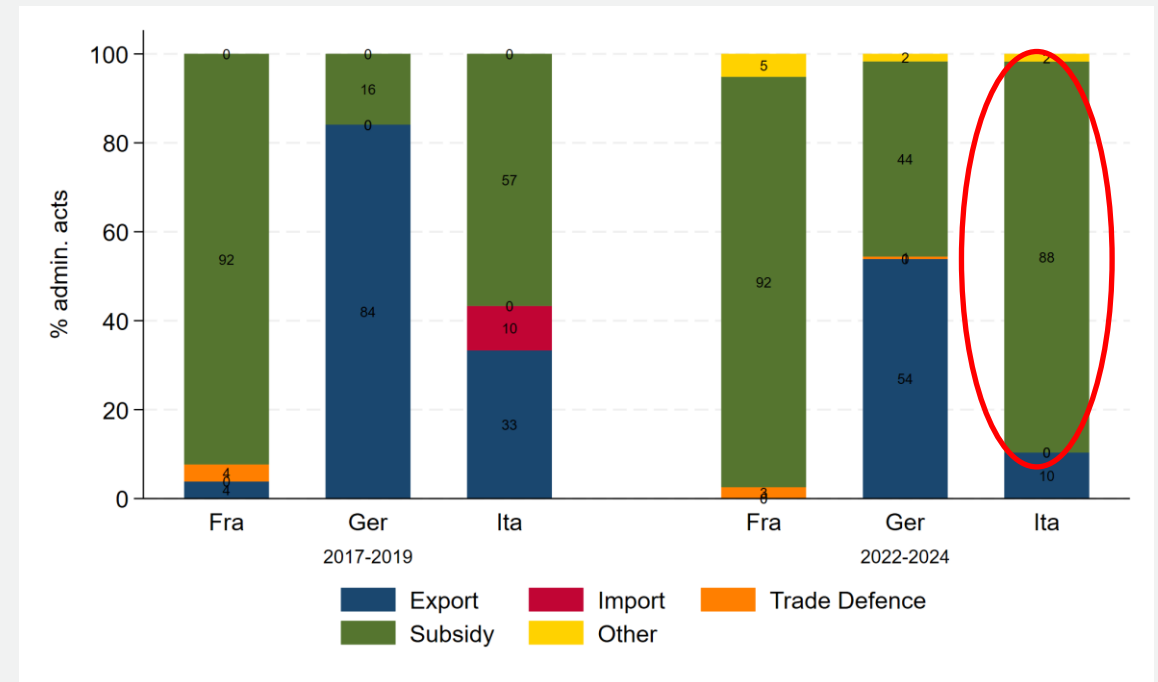
The NIPO data

- Across sectors countries show similar shares: mostly dual-use products
- General strong reliance on subsidy instruments; Germany and Italy pre-covid also manifest a strong reliance on trade-related instruments
- Italy's recent near-total subsidy orientation is consistent with the tax credit instrument of Industria 4.0 (domestic investment subsidy)

Nr of admin. acts, by sectors, pre/post covid



Nr of admin. acts, by policy types, pre/post covid

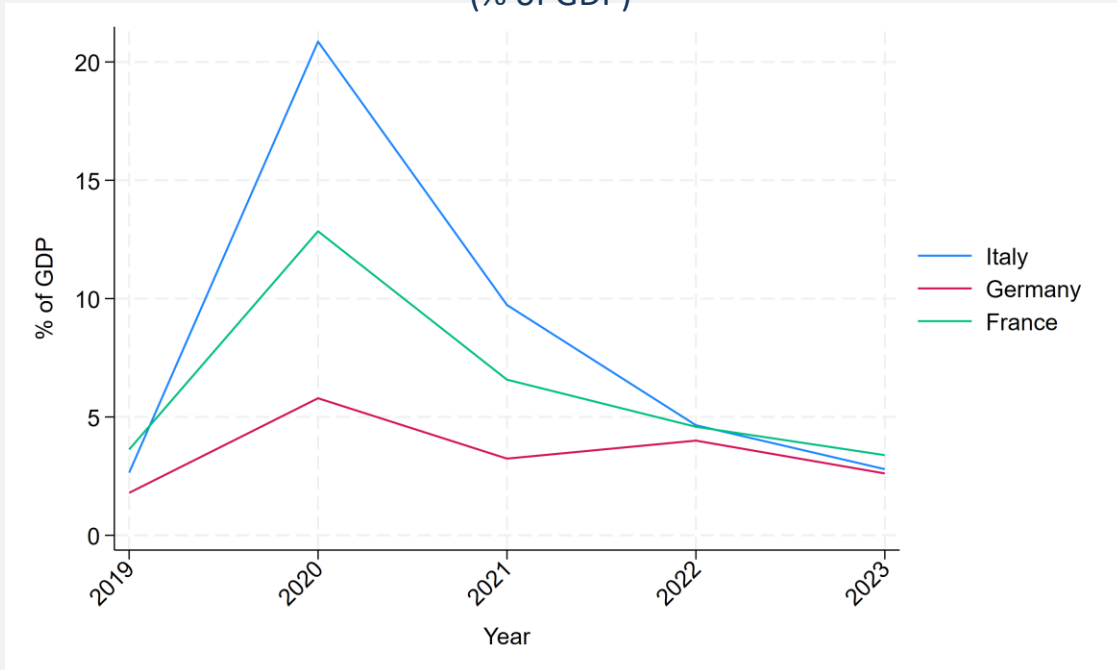


Source: Elaboration by the Centro Studi Confindustria based on NIPO data.

The QulS data

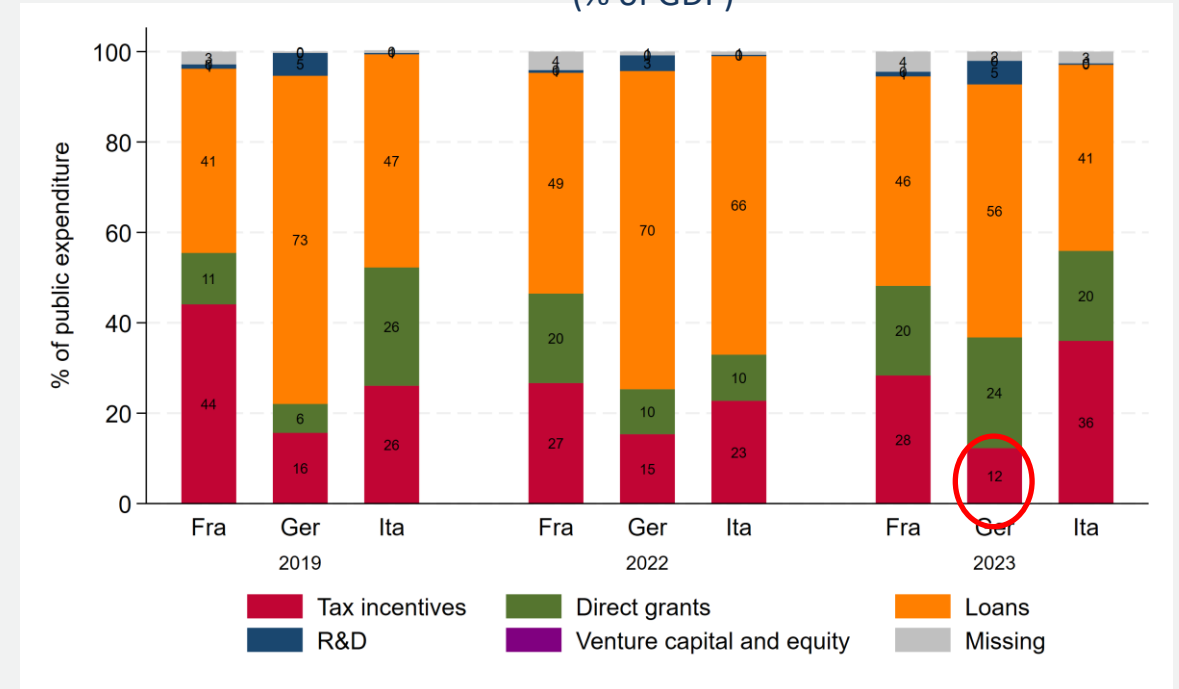
- **Italy's spending in 2020 surged to approximately 21% of GDP**, +3 times France's (13%) and vastly exceeding Germany (-6%).
- General reliance primarily on **loans, tax incentives and direct grants**
- **Germany more limited reliance on Tax credits:** those are non-discretionary and broadly accessible, which means low administrative burden but also limited government steering capacity.

Public expenditure for industrial policies, 2019-23
(% of GDP)



Note: the 2020 Italian spike is due to mainly COVID-related liquidity measures channeled through state-backed loan guarantees. Loan guarantees and concessional loans (rather than outright grants) are instruments that appear large on a gross basis but whose net fiscal cost is considerably lower.

Public expenditure by instruments, 2019-23
(% of GDP)

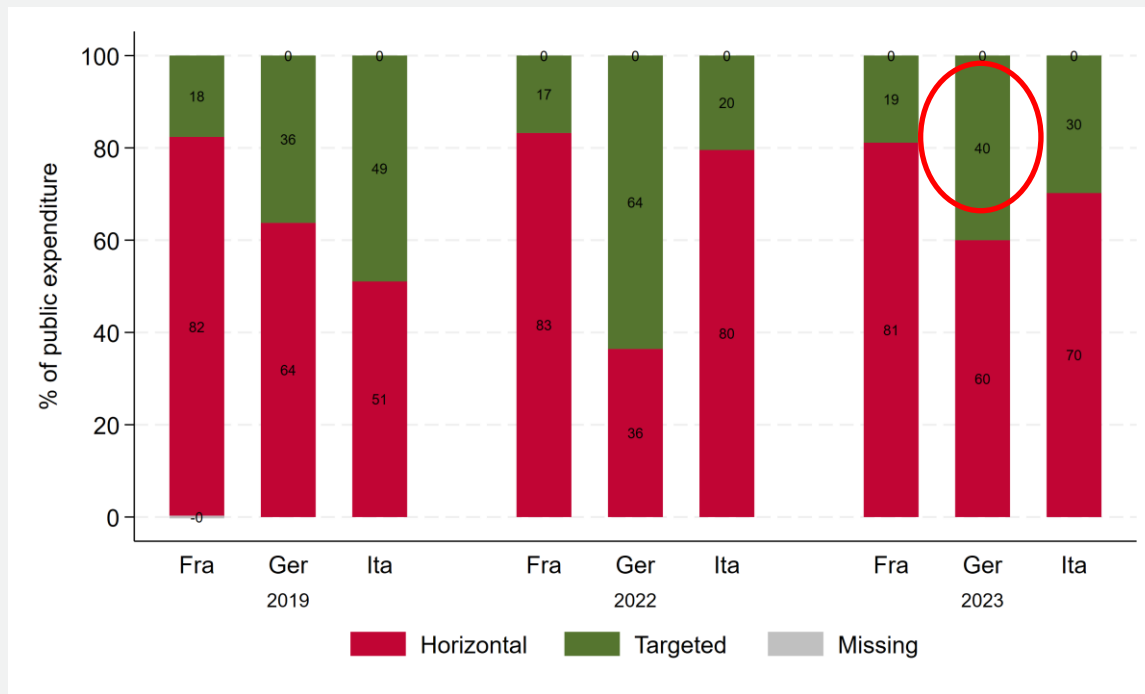


Source: Elaboration by the Centro Studi Confindustria based on QuiS data.

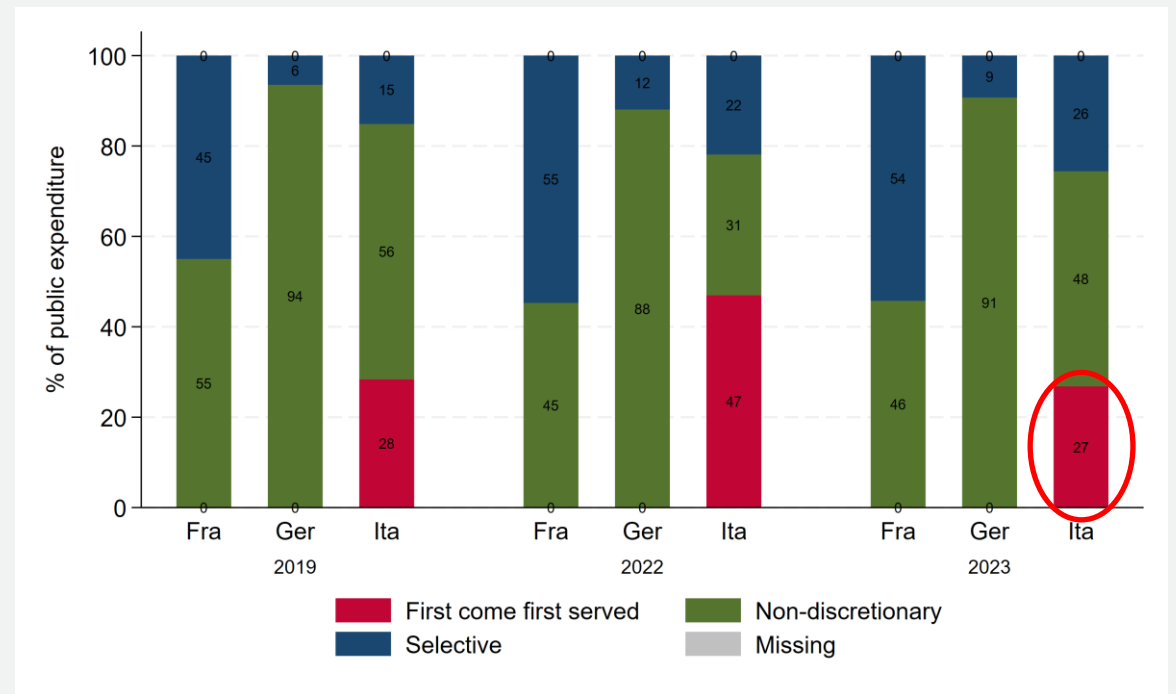
The QulS data

- Similar share of horizontal policies, Germany greater reliance on targeted public expenditure.
- Italian high share of "first come first served" expenditure (support is available on a continuous basis until budget is exhausted) virtually does not exist in France or Germany.
- Germany rely primarily on "non-discretionary" (rule-based but not queue-based), France mixed "non-discretionary" and "selective" (merit-assessed) instruments.

Public expenditure by scope, 2019-23
(% of GDP)



Public expenditure by selectiveness, 2019-23
(% of GDP)

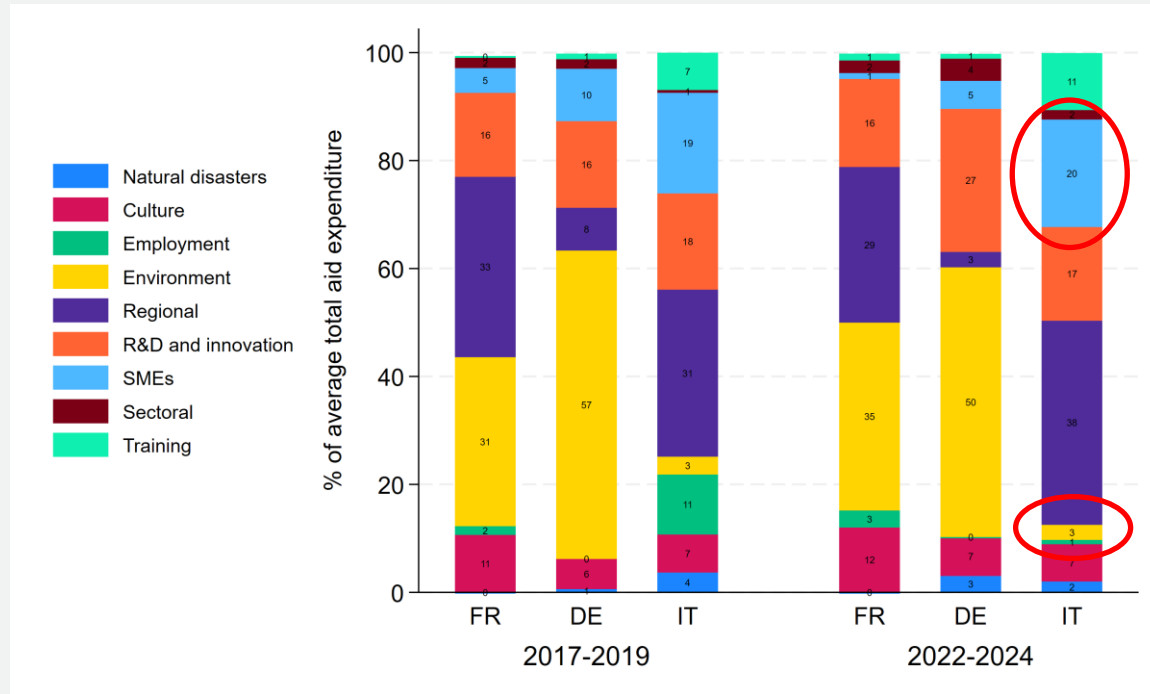


Source: Elaboration by the Centro Studi Confindustria based on QulS data.

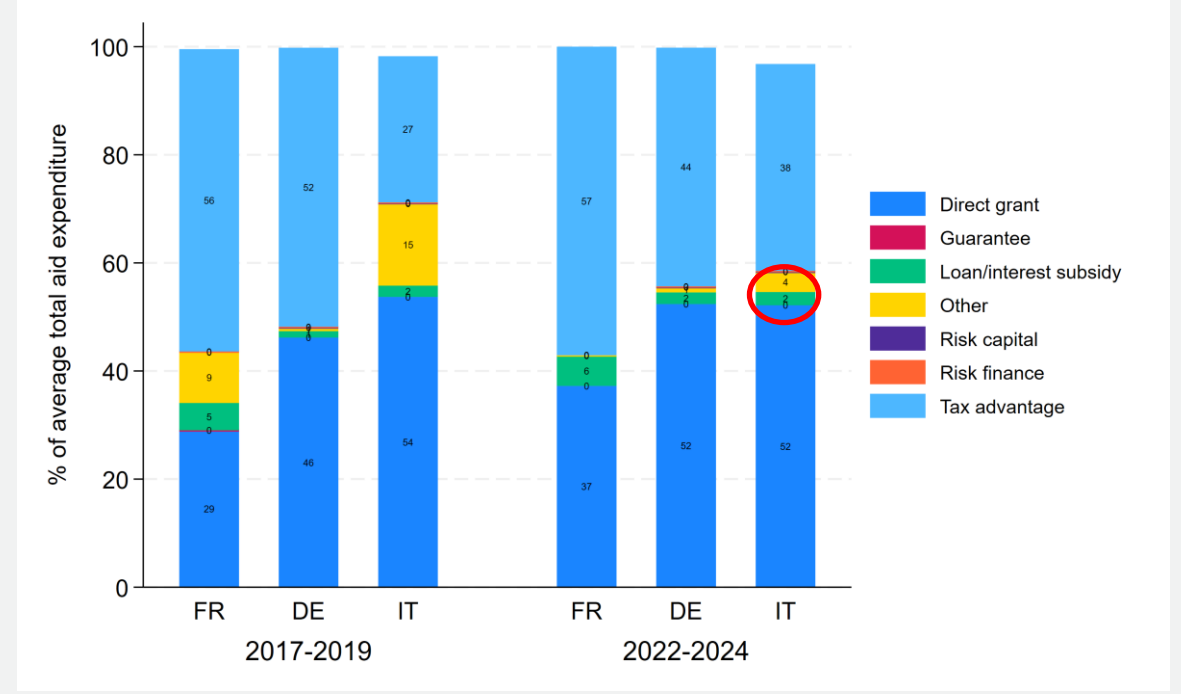
State Aid

- Similar % of GDP (about 0.01%-0.02%).
- France focuses on Environment, Regional and R&D: Germany on Environment and R&D, **Italy on Regional, SMEs and R&D.**
- **Non-repayable instruments, such as grants and tax advantages, are the most used instruments**

Public expenditure by objective, 2017-24
(% of GDP)



Public expenditure by instrument, 2017-24
(% of GDP)



Source: Elaboration by the Centro Studi Confindustria based on Aid Scoreboard data.

THANK YOU

c.puccioni@confindustria.it
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