

# Italy's exports should outperform GDP again this year, says ITA trade agency chief

by Jennifer Clark



Globally, trade is seen growing between 1.8% and 3.1% in 2017, according to figures from the World Trade Organization, less than the International Monetary Fund's estimated 3.4% for world economic growth. But Made in Italy exports should continue to outperform the country's slow economy, said [Michele Scannavini](#), 57, who took over at the state-controlled [Italian Trade Agency](#) last June after a 32-year experience in the private sector. The Agency has a budget of nearly €200 million this year that it will spend on cross promotion, road shows, Italian trade fairs, digitalization for Italy's SMEs, as Scannavini tells ItalyEurope24, with a focus on the US and China.

**CLARK:** Italian exports rose 1.1% in 2016, outstripping GDP growth which was 1%. The trade surplus was a record €51.56 billion. Do you think we will see exports outperform GDP again this year?

**SCANNAVINI:** It's not easy to say. There's been a slowdown in the commercial situation plus an increase of political uncertainty across the globe. But yes, the figures we are seeing for the start of the year are very strong. We're seeing signs that there's a lot of energy even in the US, despite the talk of protectionism in the air. I am optimistic that Italian exports will grow more this year than the 1%-1.2% forecast for GDP.

**CLARK:** Italy exports slightly less than France and Spain as a percentage of GDP. Do you think Italy can overtake those two countries?

**SCANNAVINI:** The thinking here is to turn a need into an opportunity. Italy needs to find growth outside its borders. We have a lot of SMEs that need to

grow. We have the same number of exporting companies as Germany and France, but the average value of exports per company is lower. I believe that if each company can increase its export volumes, then of course the overall amount will grow.

So right now Italy's exports total about 31% of GDP, compared to roughly the same as France and 32% for Spain. To get from 33% to 35% is feasible.

CLARK: ITA is investing 197 million euros this year on promotion, up 17 percent from last year's 168 million. Will investments grow at this rate every year?

SCANNAVINI: This year we are investing 60 million in the US, 20 million in China and 25 million for the digital economy. There is a very strong will on the part of government to boost exports. The idea is to keep investments around this level. Logic says that exports are important to Italy so I think it's unlikely we will see our investments reduced.

CLARK: Russia is a key market for Italy that in recent years has been decimated by sanctions imposed by the EU for its role in the Ukraine crisis. In the past few months, Italian exports to Russia have started to recover. What is ITA doing to support this recovery?

SCANNAVINI: We are helping SMEs take part in Russia's "import substitution" plan, which is the reindustrialization of the Russian economy. We are focusing on mechanics first and then on the other: fashion, food and wine, and furniture. I believe that if the market comes back we can get our market share back. In 2016, all the sectors except for mechanics and furniture were positive. Mechanics is 40% of our export there, so it's very important that this sector recovers too.

CLARK: Your biggest single investment area is the US. Can you tell us more about your plans?

SCANNAVINI: One of our priorities is food and wine. For example we have an agreement with H-E-B Grocery Stores, a supermarket chain of 170 stores in Texas, that includes an H-E-B branded website dedicated to Italian food, its quality, and how to prepare it. The goal is to reduce the loss of revenue due to the sale of "Italian sounding" products that are not Italian, by making sure the authentic version is available.

CLARK: Exports of pharmaceutical products is a strong area that is not always associated with Made in Italy. What is ITA doing to support pharma?

SCANNAVINI: We can organize business forums for SMEs to present themselves to potential partners or new markets. For example we took leading Italian pharma companies to the J.P. Morgan 34th Annual Healthcare Conference took place in January 2016. We aim to do more of this.