

## Vital Statistics 1988

GDP: \$436.0 billion CDN

Population: 57.44 million

Per Capita GDP: \$7,593 CDN

Unemployment rate: 11.3%

Inflation rate: 5.0%

6th largest importer of Canadian exports to EC countries

## Merchandise Imports

	Total Imports from Canada (millions, CDN \$)	Total Imports	Canada's Import Share %
1980	1,189	116,283	1.0
1981	1,046	109,231	1.0
1982	919	106,396	0.9
1983	646	99,033	0.7
1984	755	109,043	0.7
1985	721	124,288	0.6
1986	800	138,836	0.6
1987	1,101	165,786	0.7
1988	1,200	n/a	n/a

Note: import figures reported c.i.f. (i.e.: including cost, insurance, freight)

Source: International Monetary Fund

## Top Ten Canadian Merchandise Exports into Italy (1988)

(thousands, CDN \$)

1. Wood pulp	337,648
2. Nuclear reactors, boilers, machinery, mech. appliances	100,230
3. Ores, slag, ash	94,296
4. Cereals	86,202
5. Wood and wooden articles; charcoal	49,110
6. Iron and steel	41,574
7. Electrical machinery, equipment, parts	37,814
8. Fish and crustacean, mollusc, aquatic invertebrate	27,556
9. Salt, sulphur, earth, stone, plastering mat, lime, cement	25,111
10. Aircraft, spacecraft, parts	22,868

Source: Statistics Canada, Exports by Country, January-December 1988



## The effect of 1992 on Italian Industry

Sector	High Impact	Medium Impact	Low Impact
Machinery	✓		
Automobile and parts	✓		
Chemical products	✓		
Food and drink	✓		
Electrical machinery	✓		
Financial services	✓		
Construction	✓		
Consumer durables	✓		
Mineral fuels		✓	
Metals		✓	
Transport equipment		✓	
Tires and rubber		✓	
Paper and publishing			✓
Textiles and clothing			✓
Iron and steel			✓

## Trade Outlook

Italy has earned a solid reputation as a producer of consumer goods: clothing, shoes, furniture, domestic appliances; chemicals, steel, sophisticated electronic goods and machinery. However because it is resource-poor, Italy must import most of the raw materials required by industry and a large portion of the foodstuffs it requires, especially cereals and meat.

The most important barriers to trade with Italy are physical: customs procedures involving frontier stops, border delays and related administrative costs, including extremely high agent fees. The removal of customs barriers will, of course, result in a significant reduction in the cost of getting Canadian goods to Italian markets.

Public procurement accounts for up to 8.3% of the GDP in Italy and represents a significant part of the total market in construction, electrical goods, chemical goods, telecommunications and industrial machinery sectors, areas which will prove to be the most promising for Canadian firms.

Fiscal barriers to trade include Italy's four VAT rates – a standard rate of 18%, reduced rates of 2% and 9%, and a so-called luxury rate of 38% – will be extensively altered under the EC Commission's proposals. The 2% rate will be replaced by a rate of 4 to 9% and a standard rate of 14 to 20%, depending on the product, while the luxury rate will disappear completely.