

Italy More Than *Dolce Vita*

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capabilities and style.

Canada — without the often overwhelming presence of large U.S. companies — offers them access to very high technology niche sectors and new production methods.

Relationships can work both ways, as Italian SMEs want to do business on an equal footing by developing initiatives that are mutually profitable, both in North America and in Europe.

Moreover, Italian companies are excellent partners in third country markets where they are established in Western Europe, Eastern Europe, the Middle East, Latin America and China.

Trade officers in Rome and Milan can help identify and evaluate potential Italian partners with complementary technologies and marketing aspirations, especially for companies whose future depends on developing new product lines or smarter, faster production.

Financially Stable

Italy has the fifth-largest economy in the world. It is a country of 58 million wealthy consumers with a national per capita Gross Domestic Product (GDP) at the same level as in Canada; per capita incomes in the industrial heartland of Northern Italy are the highest of any region in Europe.

On the surface, Italy's public finances — the second-largest national debt of the EU (127 per cent of GDP) and a public account deficit of 9 per cent — seem to be precarious.

The *Financial Post* 500 (1995, p. 88) recently commented that "... Italians have enjoyed one of the highest

rates of per-capita-income growth in Western Europe in the last two decades because Italy has a vigorous, entrepreneurial private sector — especially among small and medium-sized business."

The debt cycle has been stabilized over the past two years through energetic government action and is declining in real terms. The deficit, as a proportion of GDP, has fallen from over 11 per cent and is targeted to reach 7 per cent by next year. Inflation has also peaked just short of 6 per cent, and should be close to 4 per cent by 1996.

In spite of this large debt load, Italy enjoys considerable financial stability, mainly because over 90 per cent of the national debt is held by Italy's own citizens, in the form of government securities; it is, therefore, not subject to international currency fluctuations or foreign speculation.

Italy has one of the highest rates of personal savings in the

world, with Italian citizens setting aside, on average, 18 per cent of their income.

Despite leaving the European Monetary System in 1992, the lira has since recovered much of its strength and Italy is contemplating a re-entry to the system in the near future.

GDP growth is forecast at 3.2 per cent for 1995 and around 4 per cent for 1996, the highest among industrialized countries.

As in many industrialized and developing countries, the Italian government is privatizing its very large stake in the economy — everything from telephone and energy monopolies to manufacturing, banking and insurance.

The government's progress in this area will affect the way the markets judge Italy's economic performance.

Acquisition of privatized operations also present good opportunities for foreign firms to enter the Italian market.

Milan On-Line

The Consulate General in Milan is on-line at:
<http://www.agora.stm.it/canada/homepage.html>.

Its www pages provide market profiles for many Italian sectors in a newsletter called "Italnews," as well as access links to the main Italian sites.

Personnel constantly are expanding the pages and updating the information to create an up-to-date tool for Canadians interested in doing business in Italy.

Let the Consulate General know what other on-line information would be useful!