Italy
Federazione Nazionale dell’ Industria Chimica (Federchimica)

<table>
<thead>
<tr>
<th>Number of companies</th>
<th>Turnover</th>
<th>National contact</th>
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<tbody>
<tr>
<td>2,800</td>
<td>€56 billion</td>
<td>Claudio Benedetti, Director General, <a href="mailto:c.benedetti@federchimica.it">c.benedetti@federchimica.it</a></td>
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<tr>
<td>Capital spending</td>
<td>Direct employees</td>
<td></td>
</tr>
<tr>
<td>€1.7 billion</td>
<td>109,600</td>
<td></td>
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<tr>
<td>R&amp;D investment</td>
<td>€559 million</td>
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CHEMICAL INDUSTRY SNAPSHOT
An important industry providing high qualified jobs

In 2018, the chemical industry’s sales (excluding pharmaceuticals) amounted to €56 billion, generated by 2,800 companies. Together chemical companies achieve 6% of Italy’s manufacturing sales, making chemicals the country’s fourth largest manufacturing sector in terms of production value and the third in terms of exports. The chemical sector employs about 109,600 high qualified workers but generates an even greater number of indirect jobs, about twice as much as through direct employment.

Strong and growing specialization in downstream chemicals

Italy maintains a significant and strategic presence in basic chemicals but is relatively more specialized in specialties and consumer chemicals, accounting for 58% of total production value, compared to 47% of European average and realizing an export surplus of more than €3.7 billion in 2018. Chemical firms in Italy focus on chemical sub-sectors where the average size is lower because scale economies are not so relevant and the key to success often consists in offering to customers tailor made products: specialty chemicals, detergents and cosmetics and active pharmaceutical ingredients.
A science-based industry operating in partnership with Italian Districts

The Italian chemical industry is a science-based industry that supports the sustainability and competitiveness of virtually all other industrial sectors through its innovative products and solutions. Chemical companies have been strengthening their commitment to research in Italy: R&D personnel has increased by 86% over the last decade and exceeds 8,000 employees. Being a country with a strong and diversified industrial basis, Italy represents a large market for chemicals accounting for about €60 billion. In particular, there are about 150 Industrial Districts – including so-called traditional sectors but also medium-high technology ones – which are known around the world for their high quality and innovative products: their success very often relies on sophisticated chemical intermediates made in Italy and responding to specific requirements.

A balanced industry structure

The chemical industry in Italy is characterized by the well balanced presence of three different actors, all of them playing a very important role: Italian SMEs (38% of total chemical production value), medium-large Italian groups (24%) and foreign capital companies (38%).
Chemical SMEs represent a significant reality in Italy and suffer particularly from regulatory burden. Main Italian chemical groups include some big players of basic chemicals but also several dynamic specialized players leading in their specific niche at European or world level. Most of them are active in foreign markets also with production units. Foreign capital companies have chosen Italian location not only to produce for domestic market, but also to export and for R&D.

**HOW ARE WE DOING?**

**An increasing international attitude**

Italian chemical companies are taking advantage of globalization by providing their international customers the same solutions developed for the domestic market: high innovation, customization, flexibility, just-in-time and fulfilment to very specific and tailor-made requirements, even in small quantities of products.

Exports to turnover ratio has reached 55% and has been increasing by 14 percentage points in the last 10 years. Moreover, in recent years, export performance has proved to be one of the most successful among European producers (+39% in 2010-2018).

Not only large firms, but also SMEs are strongly oriented to international markets.

**Lombardy: a real vocation for chemicals**

Italian chemical industry is concentrated in Northern Italy (78% of chemicals employment), close to downstream European markets and local customer companies. In particular, Lombardy has a real vocation for chemicals: not only it is home to 31% of Italy’s chemical firms and 41% of jobs, but it is among the top five chemical regions in Europe (in terms of employees and number of companies) and the first non-German. Chemical industry in Lombardy has different features from other European regions with strong chemicals presence: production is not concentrated in a handful of highly integrated sites, but across a network of foreign multinationals, Italian medium and large groups and local SMEs. These companies can benefit from the presence of major universities and research centers, able to develop research and put scientists at work on industry-oriented projects.

Elsewhere: Emilia-Romagna accounts for 13% of chemical jobs employment, Veneto for 10% of jobs, Piedmont for 10% of jobs.

**PREPARING THE FUTURE**

**Strengths**

- **Strong interaction with Industrial Districts**, i.e. SMEs belonging to the traditional and medium-high tech sectors of Made in Italy which are world trend setters, wide open to innovation and always ready to test and develop new products.
- **Talent**: large pool of able and motivated Italian chemists with particular skills in areas including fluorine chemicals, woven and non-woven polyester, polyurethanes, special polymers, leather chemicals, adhesives, pharmaceuticals active ingredients and cleaning additives.
- **Widespread research-based innovation**: with about 800 chemical companies active in R&D, both
national and foreign-owned, Italy is second only to Germany for number of companies engaged in R&D in Europe. 50% of chemical companies in Italy have in-house R&D, more than twice the manufacturing average.

- **Remarkably constructive industrial relations:** Italy’s chemical sector has a participatory and pragmatic industrial relations culture that supports renovation and often anticipates changes in regulation. The national collective labour contract aims to improve productivity also through organisational and working hours flexibility. It favours company-level bargaining and enables temporary agreements amending national rules. It also favours employability, training and youth employment. The chemical and pharmaceutical industry has been the first sector in Italy to adopt a supplementary pension and healthcare funds. According to a recent survey involving foreign capital companies’ top management, in a rapid moving environment flexibility of the organization is the most important Italian strength.

**Weaknesses**

- **Electricity costs** 20% above the European average, largely because of taxes and incentives for renewables.
- **Logistics costs** higher than in some other European countries.
- **Lack of industrial culture and lack of confidence in new technologies** in some parts of Society and Institutions.

**OUR CONTRIBUTION TO EUROPEAN COMPETITIVENESS**

Even if Italy did not formulate an explicit sectoral industrial policy, a set of novel incentive schemes and mechanism has been recently defined and launched in order to support innovative investments by the manufacturing sector, and which positively affects the chemical sector, a science-based industry.

**Backing sustainability and market-led innovation**

The Ministry of Economic Development’s *Fund for Sustainable Growth* is still available and ongoing with regard to the support of projects promoting green chemistry which includes and encompasses sustainable growth, circular economy and bioeconomy.

The horizontal measure promoting energy efficiency within the Industry has been renewed, addressing the energy performance of the manufacturing sector through the direct involvement of electricity distributors which, being the obliged subjects within the so-called scheme “White Certificate”, must partner with companies to define, present and implement investments aiming to obtain significant targets of energy savings with respect to the previously monitored baseline.

**Strengthening partnership with Education and Public Research system**

Universities offer a large pool of excellent chemists in specific areas and actions are on track to build strong and scientific skills on formulation chemistry. Dual education has been reinforced in upper secondary schools, especially in technical institutes.

**Encouraging R&D and the new technical wave**
Fiscal incentives apply to intellectual property assets. Significant resources have been channelled to support the digital transformation and implementation of Industry 4.0, which strongly impacts also process industries and not only discrete manufacturing.

Chemical companies in Italy nowadays are able to exploit fiscal tax-breaks both for R&D investments and activities, and for training their employees, aiming to at a multidisciplinary workforce.

During 2019 a new instrument was launched: the Voucher for Innovation Manager. The Voucher aims to create an easy access and entry points for professionals (whose cost will be partly funded by MiSE), allowing the manufacturing industries to implement innovative investments.

Italy is recognized as one of the most interesting country in EU as it offers fiscal incentives to companies investing in innovation.

Finally, tax-breaks have been launched during 2019 aiming to increase risk capital and investments in innovative start-ups by private investors and Companies too.

Landscape of the European Chemical Industry Website: 
http://www.chemlandscape.cefic.org/country/italy/