



Italy

Federazione Nazionale dell' Industria Chimica (Federchimica)

Number of companies

2,800

Capital spending

€1.6 billion

R&D investment

€520 million

Turnover

€52 billion

Direct employees

108,100

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CHEMICAL INDUSTRY SNAPSHOT

An important industry providing high qualified jobs

The chemical industry in Italy had 2016 sales of €52 billion, generated by 2,800 companies. Together they achieve 6% of Italy's manufacturing sales, making chemicals the country's sixth-largest manufacturing sector in terms of production value and the third in terms of exports. It employs about 108,100 high qualified workers but the sector generates an even greater number of indirect jobs, about twice than 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 57% of total production value, compared to 45% of European average and realising an export surplus of more than €3 billion in 2016. 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 of success often consists in offering to customers tailor made products: detergents and cosmetics, speciality chemicals and active pharmaceutical ingredients.

A science-based industry operating in partnership with Italian Districts

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, created with significant strong efforts in R&D activity and about 6,000 employees dedicated to it.

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

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 53% 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 (+22% in 2010-2016).

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 is it home to 31% of Italy's chemical firms, 41% of jobs and 45% of chemicals turnover, 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 centres, able to develop research and put scientists at work on industry-oriented projects.

Elsewhere:

- Emilia-Romagna accounts for 13% of chemical jobs employment and 12% of turnover;
- Veneto for 10% of jobs and 8% of turnover;
- Piedmont for 10% of jobs and 10% of turnover, with a significant specialisation in bio-based chemicals.

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 700 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. 42% 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. 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** 30% above the European average, largely because of taxes and incentives for renewables.
- **Logistics costs** in Italy 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

Italy does not follow an explicit sectoral industrial policy, but some horizontal measures are particularly relevant for the chemical industry.

Backing sustainability and market-led innovation

The Ministry of Economic Development's *Fund for Sustainable Growth* is available to support projects enhancing sustainable growth, including Green Chemistry.

The Ministry of Research supports clusters, including two dedicated to bio-based chemicals for biotechnologies.

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 incentives for implementation of Industry 4.0 involve also chemical processes.

Landscape of the European Chemical Industry Website:

<http://www.chemlandscape.cefic.org/country/italy/>