

Italy

1. Covid-19 Pandemic and National Recovery and Resilience Plans

Question 1	Based on early indications, how satisfied or dissatisfied are you with the way your country has started implementing the national recovery and resilience plan?	Satisfied
Question 2	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Neutral
Question 3	How confident are you that the European Commission will enforce strong implementation of the reforms in the national recovery and resilience plans across the EU?	Completely confident
Question 4	How do you judge the overall economic policy response in your country over the past 24 months to the COVID-19 recession? (e.g. furlough schemes, tax deferrals, state aid schemes)	Neutral
Question 5	How do you judge the overall economic policy response from the European Union over the past 24 months to the COVID-19 recession? (e.g. SURE, Recovery and Resilience Facility, single market)	Excellent
Question 6	To what extent has the COVID-19 pandemic and recession led to scarring i.e. permanent structural damage to your national economy?	To a small extent
Question 7	To what extent has the COVID-19 pandemic and recession led to scarring i.e. permanent structural damage to the EU27 economy?	To a small extent
Question 8	More specifically, how much lower do you expect GDP in your country to be in 2025 than would have been the case without the crisis?	GDP in 2025 expected to be 0,4% higher than what would have been the case without the pandemic

2. Assessment of Country Specific recommendations 2020-2021 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1a	In line with the general escape clause, take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment.	Extremely important	Mixed	<p>Last summer, the Italian Legislator adopted the Decree Law no. 118/2021, which: i) has postponed the entry in force of the Legislative Decree no. 14/2019, providing the Code of corporate crisis and insolvency, and, at the same time, has made certain its provisions already effective; ii) has introduced the so called "composizione negoziata per la soluzione della crisi d'impresa", instead of the so called "procedura di allerta e composizione assistita della crisi", laid down by the Code.</p> <p>The new tool is a confidential out-of-court mechanism, aimed at ensuring an earlier emergence of the distress situation of the company, as well as a quick adoption of the more suitable/appropriate remedies. It's focused on the role of an independent expert, who has the duty to manage the debtor situation and the creditors claims in order to: reach an agreement between them; or open the so called "concordato semplificato per la liquidazione del patrimonio" (it does not provide for the creditors approval but only the court homologation, on the circumstance that the expert has carried out all the necessary assessments); or adopt the more appropriate measures.</p> <p>Recently, the legislator has introduced other supplementary provision regarding the digitisation of the mechanism (e.g. use of a platform for exchanging data on the debtor or creditor situation, also accessible for the expert) and has followed the "procedura di allerta e composizione assistita della crisi" pattern, foreseeing the duty of qualified public creditors (e.g., Tax Agencies and Social Securities Authority) to send a notice to the debtor in the event of his exceeding certain indebtedness thresholds. The latter duty is in line with the Directive on preventive restructuring frameworks, second chance and measures to increase the efficiency of restructuring, insolvency and discharge procedures, (the "Restructuring Frameworks Directive");</p> <p>Confindustria has agreed with the Government decision to postpone the entry in force of the Code and, in the meantime, to introduce a simplified early warning tool, taking into account the economic crisis caused by pandemic. However, some critical aspects remain, such as the lack of a minimum threshold for the approval of the "concordato semplificato per la liquidazione" by creditors and the role conferred to qualified public creditors.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1b	Strengthen the resilience and capacity of the health system, in the areas of health workers, critical medical products and infrastructure. Enhance coordination between national and regional authorities.	Extremely important	Mixed	When on the 18th of March 2020 the Italian legislation adopted the Law Decree Cura Italia, a conspicuous amount of resources was allocated to the Italian healthcare system (NHS). Its measures have simplified the procedures of enlistment of new doctors and sanitary personnel, furthermore, there was a simplification of procedures to obtain medical equipment; as well as the reshaping or suspension, by the regions, of deferred and non-urgent hospitalization and outpatient activities, including those provided under the freelance intramural profession. Also, the Cura Italia, enabled the possibility - for subjects operating in the National Civil Protection Service, for the offices of the Ministry of Health, for the Higher Institute of Health and for public and private structures operating in the National Health Service - to carry out the processing of personal data , also relating to health, which are necessary for the performance of the functions in the context of the emergency. Furthermore, other measures which have been adopted are the Law Decree n. 34 of 19 May 2020 (so-called relaunch decree); Law Decree 14 August 2020 n. 104 (so-called August Decree). These measures also provide for actions to strengthen the NHS.
CSR 2	Provide adequate income replacement and access to social protection, notably for atypical workers. Mitigate the employment impact of the crisis, including through flexible working arrangements and active support to employment. Strengthen distance learning and skills, including digital ones.	Helpful (but not a priority)	Mixed	The recently enacted measures on social safety nets, on the whole, do not represent a structural reform of the system, but are just an extension of rules already in force.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3a	Ensure effective implementation of measures to provide liquidity to the real economy, including to small and medium-sized enterprises, innovative firms and the self-employed, and avoid late payments.	Extremely important	Mixed	Italy has adopted several measures to support the flow of liquidity to firms. In particular, public guarantee schemes have been successful in guaranteeing liquidity for companies and stability of the economic system. However, companies have increased debt levels by weakening their financial structure. To sustain recapitalization of companies, some measures have been introduced but did not have a significant effect. Concerning late payments, the reduction in average payment times and average delay times by public administrations continued in 2020
CSR 3b	Front-load mature public investment projects and promote private investment to foster the economic recovery. Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy, research and innovation, sustainable public transport, waste and water management as well as reinforced digital infrastructure to ensure the provision of essential services.	Extremely important	Satisfactory	<p>For the implementation of the NRRP, the Italian government has set up a Green Transition Fund which will be intended to stimulate the growth of the Italian innovative ecosystem, through direct and indirect venture capital investments, with particular regard to the ecological transition sector. Moreover the Budget Law for 2022 has set up a Fund for climate that will grant incentives to companies, with particular regard to those operating in energy-intensive sectors, for the realization of investments for energy efficiency, for the reuse for productive uses of raw materials and recycled materials.</p> <p>For the implementation of the NRRP, the Italian government has set up specific actions to strengthen R&D activities, promote the dissemination of innovative models for basic and applied research carried out in synergy between universities and companies and to support innovation and technology transfer processes (funding projects of Significant National Interest and presented by young researchers; partnerships extended to universities, research centres, companies and funding of basic research projects; Strengthening research structures and supporting the creation “national R&D leaders” on Key Enabling Technologies; R&D&I Tax credit; support to enterprises’ R&D projects and participation in European partnerships; Strengthening innovation ecosystems; research and innovation infrastructures; Financing Start-ups; Introduction of innovative doctorates that respond to the needs of innovation by enterprises and promote the hiring of researchers by companies). Moreover, the Budget Law for 2022 has set up a Fund for applied research and introduced a new R&D tax measure.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	Improve the efficiency of the judicial system and the effectiveness of public administration.	Extremely important	Satisfactory	<p>Public processes are crucial for the implementation of the PNRR, in particular efficient and effective administration as well as qualified personnel. The approved measures make it possible to accelerate the implementation times of the PNRR, also through substitute powers, and the recruitment of qualified personnel. In particular, the measures adopted favor the rapid definition of administrative procedures and the stability of their outcomes (for example, reduction of the terms for self-protection), promoting, enhancing the silent consent, the mechanism of the peremptory nature of terms and those of the substitute powers, encouraging dialogue between the administration and private sector (for example, interpello on environmental matters) and strengthen administrative capacity (for example, Special Superintendency for PNRR at the Ministry of culture).The enabling law on civil trial reform, whit the reduction of proceedings time and the mandatory use of telematic methods for communications, should stard a process of streamlining the judicial system. The use of alternative dispute resolution mechanisms, which are incentivized, and an effective monitoring system at court level will be useful to assess the evolution of the times of justice and to reduce the number of disputes.</p>

3. Reform Progress in your Member State in 2020 & 2021

How would you assess reform progress in 2020 & 2021, for the following broad areas:

Taxation and Public Finances	---
Business environment (regulation/access to markets)	Satisfactory
Labour market	Satisfactory
Innovation and skills	Satisfactory
Access to finance and Financial stability	Mixed

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2022 Reform Barometer?

As regards labour market, on the basis of the reforms provided by the National Recovery and Resilience Plan, some progress is being registered towards the creation of a stricter link between passive and active LMPs.

As far as innovation and skills are concerned, the reform of PhDs (voted at the end of December 2021) introduces more flexibility on PhDs and a stricter relationship and co-partnership with companies. Specifically, the reform introduces the reorganization of "industrial PHD" by providing the creation of networks and private/public partnerships aimed at promoting PhD paths inside companies. This initiative shall take as a reference the best practices already implemented through the agreement stipulated between the Centro Nazionale per le Ricerche (the National Research Institute) and Confindustria on industrial PhDs. Such reorganization is necessary to promote the role of "industrial researchers", strongly requested by companies.

The reform of ITS – Istituti Tecnici Superiori (Higher Vet Providers) provided by the National Recovery and Resilience Plan - will be enacted in a very short time. This reform aims to create a structural post-diploma professional system, higher-vet, to satisfy the demand of skills needed by the digital revolution. The reform provides the participation of more companies in the teaching activity and in the governance of ITS, stable forms of financing in the medium/long term as well as an active participation by universities.

4. Reform priorities for 2022

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Public sector efficiency	Application of simplification measures; hiring of public officials; strengthening the capacity for collaboration between the different levels of government	Yes
Priority 2	Making work-pay: interplay of tax and benefit system	A strong intervention is needed to reduce labour costs.	No
Priority 3	Competition policy framework	Strengthening of the annual law as an instrument of coordination and strengthening of pro-competitive measures, especially in some particularly sensitive sectors, such as in the case of local public services	Yes
Priority 4	Business Environment - Regulatory barriers to entrepreneurship	To implement the civil trial reform in a short time	Yes
Priority 5	Pension and health care reforms	Build resilient and sustainable Health Systems: Strengthen Healthcare Systems pandemic preparedness by promoting new partnerships, connecting health policies with industrial activities and production for sustainability, supporting the development of resilient health and life sciences supply chains and promoting a One Health approach.	Yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 6	Access to equity markets	The tax credit to alleviate listing costs for SMEs, introduced with Budget Law for 2018, is an important measure to incentive companies to go public. In fact, listing costs are among the main factors that discourage companies from listing. The tax credit would be extended to Midcaps (companies with more than 250 employees until 499), which have more propensity to go public but are similar to SMEs in terms of weaknesses to access to equity markets	No
Priority 7	Venture capital and SME financing instruments Long term investment instruments	The pandemic has increased corporate debt levels by weakening their financial structure. It is essential to sustain companies' recapitalization and their access to alternative financial instruments in the post COVID-19 economic recovery. To this end, it could be encouraged the development of long term investment instruments to facilitate private investments into equity, subordinated debt or other form of quasi-equity of SMEs and Midcaps, in line with the provisions of section 3.14 of the Temporary Framework	No

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 8	Sector specific regulation (telecom, energy)	<p>Following the transposition of the EU directives on waste and circular economy, the Italian legislator has introduced the National Waste Management Program into our system which will have the task of assessing the actual plant needs and increasing the country's plant capacity, guaranteeing at the same time a uniform distribution of the plants on the national territory.</p> <p>The recommendations are that the program definition process is characterized by the widest participation of industrial sectors, that the plants are identified in line with the principle of technological neutrality and in line with the waste hierarchy.</p>	Yes

I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<p>Priority 9</p>	<p>Sector specific regulation (telecom, energy)</p> <p>In December 2021, the two European directives RED II (2018/2001) and IEM (2019/944) were transposed into our legal system. The two decrees prepared in line with the objectives of the "Green New Deal", are part of the instruments outlined by the PNIEC ("Integrated National Plan for Energy and Climate") transmitted to the European Commission on 31 December 2019 and by the PNRR ("National Recovery and Resilience Plan") approved on 13 July 2021, and represent one of the key steps in the energy transition of our country and comes at a time of ferment and strong requests for incentives and new rules from all market participants and trade associations.</p> <p>Given the current phase of "high prices" of energy that Europe - and especially Italy - are going through, it is necessary to intervene with extraordinary measures to protect the manufacturing sectors avoiding employment, economic and social repercussions.</p> <p>Steps are needed to simplify and regulate the market. In particular, it is necessary to intervene both on the acceleration of the authorization process for the development of production technologies from renewable sources, with particular reference to the commitments of the Regions to identify the areas suitable for the construction of new generation capacity, and by rapidly proceeding to a reform of the electricity market able to promote renewable generation in market parity and transfer to the final consumer the trend of cost reduction of new technologies, in relation to their greater efficiency in terms of LCOE. In this way, a more efficient localization and penetration of RES could be achieved, transferring to consumers the benefits deriving from the reduction of installation costs.</p> <p>In this phase of "high prices" of energy, it should be noted that renewable sources can be a barrier to the increase in the cost of electricity, not being subject to the price volatility that characterizes fossil generation. The promotion of long-term contracts (PPPs) and the establishment of renewable energy communities in industrial districts are certainly one of the priorities to be pursued to protect the prices borne by consumers. The value of self-consumed kWh increases correspondingly to the avoided cost of purchasing that same kWh from the electricity grid.</p>	<p>Yes</p>

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 10	. Business Environment - Regulatory barriers to entrepreneurship	Transposition of the Directive on preventive restructuring frameworks, second chance and measures to increase the efficiency of restructuring, insolvency and discharge procedures, which is expected to be enacted by the end of July (the “Restructuring Frameworks Directive”)	Yes
Priority 11	Pension and health care reforms	Drive environmentally sustainable Health Systems: Adopt a broader perspective, while defining national health-related policies considering the nexus of population health and wellbeing, sustainable development, environmental conservation, climate change, disaster risk reduction, gender equality and poverty alleviation, targeting better worldwide socio-economic conditions.	Yes
Priority 12	Wage bargaining and wage-setting policies	It is necessary to provide measures for contrasting “fraudulent” collective bargaining and irregular work and, as a consequence, to implement a reform on the representation system (social partners) that shall promote high quality (more representative) collective bargaining.	No
Priority 13	Labour market mismatch and labour mobility	It is necessary to establish vocational training paths in secondary schools and to reinforce the link between education and work.	Yes
Priority 14	Bank lending conditions	Adoption of further measures to strengthen the guarantee instruments, such as the Guarantee Fund for SMEs, to encourage recovery and support businesses after the pandemic emergency and the expiry of the legislative moratoria	No
Priority 15	R&D and Innovation	Reintroduction of patent box and the improvement of R&D tax credit	No