

**Italy**

**1. National Recovery and Resilience Plans**

<b>Question 1</b>	How satisfied or dissatisfied are you with the way your country is implementing the national recovery and resilience plan?	Satisfied
<b>Question 2</b>	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
<b>Question 3</b>	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Completely confident

## 2. Assessment of Country Specific recommendations 2022 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1a	In 2023, ensure prudent fiscal policy, in particular by limiting the growth of nationally-financed current expenditure below medium-term potential output growth, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. Stand ready to adjust current spending to the evolving situation. Expand public investment for the green and digital transition and for energy security, including by making use of the RRF, RePowerEU and other EU funds. For the period beyond 2023, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring credible and gradual debt reduction and fiscal sustainability in the medium term through gradual consolidation, investment and reforms.	Important	Mixed	Prudent fiscal policy in the medium term is necessary in order to ensure the sustainability of Italy's high public debt. This is particularly relevant given the renewed enforcement of the EU fiscal rules in 2024. The revision of public expenditures, in particular in the area of public procurement, that is planned in the Italian Recovery and Resilience Plan, could increase the quality of public expenditure and allow to redirect resources to other priorities.
CSR 2a	In order to further reduce taxes on labour and increase the efficiency of the system, adopt and appropriately implement the enabling law on the tax reform, particularly by reviewing effective marginal tax rates, aligning the cadastral values to current market values, streamlining and reducing tax expenditures, also for VAT, and environmentally harmful subsidies while ensuring fairness, and by reducing the complexity of the tax code.	Extremely important	Unsatisfactory	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Proceed with the implementation of its recovery and resilience plan, in line with the milestones and targets included in the Council Implementing Decision of 13 July 2021. Swiftly finalise the negotiations with the Commission of the 2021-2027 cohesion policy programming documents with a view to starting their implementation.</p>	Important	Satisfactory	<p>Although the elections slowed down the process, the Government continued to implement the milestones and targets of the National Recovery and Resilience Plan. Some difficulties have caused delays in the reforms, especially for the implementation of the annual law on competition, but in December 2022 the Government approved the legislative decree on local public services. As for investments, concerns are for the increase in the prices of raw materials and energy, but this is relevant for the next few years and not for 2022.</p> <p>Regarding sectorial interventions, Italy has undertaken to reduce the average length of civil proceedings by 40% and by 25% for criminal proceedings, as well as the backlog of the judicial offices by 90%. Last year, the Parliament approved two enabling laws: one for the civil sector (Law no. 206 of 2021) and one for the criminal sector (Law no. 134 of 2021) which provided for a broad delegation to the Government for the reform of the civil and criminal trials. On 28 September 2022, the Council of Ministers approved three legislative decrees, which concern the office for the trial, the efficiency of the civil proceeding and the efficiency of the criminal proceeding.</p> <p>Many interventions have been taken to simplify and reduce the time to proceed at first and second instance, to consolidate the use of telematic means, as well as urgent measures to rationalise proceedings in the field of personal and family rights. In addition, alternative forms of dispute resolution, both in terms of mediation and assisted negotiation, are expected to be much more strengthened through tax incentives and the extension of these remedies to new matters. This strategy based both on ritual reform interventions and on the extra-procedural organizational level can make it possible to achieve the objective of an organic reform of justice capable of improving the system in terms of response times, quality of decisions and triggering a real organisational process.</p> <p>Finally, among the others essential milestones of the NRRP to promote collaborations between the public and private sector in R&amp;D activities and to innovate the management of IP rights, the Reform of the Intellectual Property Code (Legislative Decree no. 50/2003) need to be mentioned. The Reform Bill has been approved by the Council of Ministers and the incardination to the Parliament is now expected.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	Reduce the reliance on fossil fuels and diversify energy import. Overcome bottlenecks to increase the capacity of internal gas transmission, develop electricity interconnections, accelerate the deployment of additional renewable energy capacities and adopt measures to increase energy efficiency and to promote sustainable mobility.	Extremely important	Mixed	Many efforts have been made on the first point, pressed by problems on Russian gas in 2022 (we already have more diversified energy imports and progress in continuing), but much has still to be made on the other steps of the recommendation (in particular, renewables have a big share in Italy but must continue to grow by a large extent)

### 3. Reform Progress in your Member State in 2022

How would you assess reform progress in 2022, for the following broad areas:

Taxation and Public Finances	Mixed
Business environment (regulation/access to markets)	Satisfactory
Labour market	Mixed
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 2023 Reform Barometer?**

1. On 2 August 2022, the Senate definitively approved the Annual Law for the Market and Competition 2021 (Law no. 118 of 2022). The Law represents an important step for Italy in the implementation of the National Recovery and Resilience Plan (NRRP), which intends to ensure its annual frequency. The objectives of the Law are to: i) promote the development of competition and guarantee access to markets for smaller companies, taking into account the objectives of job protection, quality and efficiency of public services, protection of environment and citizens' right to health; ii) remove regulatory, legislative and administrative obstacles to the opening of markets; iii) ensure consumer protection. For the 2021, the NRRP provides that the Law intervenes on: antitrust rules, local public services, energy, transport, waste, starting a business, market surveillance. With the approval of the Law, a phase of intense work began for the Government, called to implement many of the legislative delegations envisaged by the end of 2022, to achieve the objectives of the NRRP. In particular, two legislative decrees have been adopted: Legislative Decree 12 October 2022, no. 157 regarding "Adaptation of national legislation to the provisions of regulation (EU) 2019/1020 of the European Parliament and of the Council, of 20 June 2019, and simplification and reorganization of the related market surveillance system", as well as the Legislative Decree on local public services, which was approved in the Council of Ministers of 16 December 2022.
2. The Parliament entrusted the Government for the Public Procurement Code (Codice dei Contratti Pubblici) Reform (Law no. 78/2022) which provides for an organic and overall reorganization of various dispositions. Even through complicated rules, the draft Code seems to restore the Code's original functions, such as those of making tenders and acquiring goods and services, going beyond the conception according to which it is the duty of the Code to fight corruption. The draft Code has the particular merit of lining up a series of principles that can guide the right interpretation.
3. On 15 July 2022, the new Insolvency Code (Legislative Decree no. 14/2019) entered into force, also transposing the Directive (UE) 1023/2019 on preventive restructuring frameworks. The most relevant innovation is the introduction of the so-called "composizione negoziata per la soluzione della crisi d'impresa" (already temporarily provided by the Decree-Law no. 118/2021, starting from November 2021), instead of the so called "procedura di allerta e composizione assistita della crisi", previously laid down by the first version of the Code. The new out-of-court mechanism - which is voluntary, confidential and focused on the role of an independent expert - aims to ensure an earlier emersion of the distress situation of the company, as well as a quick adoption of the more suitable/appropriate remedies. This innovation is expected to gradually accompany insolvent companies out of the market while the resilient ones towards the resolution of the crisis, taking into account the creditors' claims.
4. On 24 May 2022, the Government approved a bill to reform the incentive system in order to improve its efficiency. The provision will have to be implemented, within 12 months, by one or more decrees in order to define a organic system of rules for activating public support in favor of companies, also aimed at increasing access to credit. The reform provides for a survey of existing measures and is aimed at simplifying existing rules and adopting new ones , with particular regard to those intended for companies in the South.

#### **4. Reform priorities for 2023**

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Public sector efficiency	Completing the Public Procurement Code Reform. The deadline for the entry into force of the Legislative Decrees is 30 March 2023, while for the implementing acts (regulations, guidelines, etc.) additional 3 months are available (June 2023). The approval of all these acts is accompanied by NRRP milestones that set precise quantitative objectives (for example, the Plan envisages, by the end of 2023, the reduction of at least 15% of the average time between the award of the contract and the construction of the infrastructure). Since the procurement procedures have already changed very often in recent years, it is expected that it will take time for economic operators to get used to the new rules.	yes
<b>Priority 2</b>	Business Environment - Regulatory barriers to entrepreneurship	Approving the new Annual Law for the Market and Competition in 2023 (as provided by NRRP). The Law must contain provisions on electricity and promote the diffusion of second-generation smart electricity meters. The Bill has not been submitted by the Government to the Parliament yet. The NRRP also provides for the entry into force of all the eventual secondary legislation, including the regulations for an effective implementation and application of all the mentioned measures.	yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 3	Pension and health care reforms	The Covid-19 pandemic has shown that without health, there is no economic growth or social well-being. In this sense, it is necessary that public health policies will be oriented to consider this issue as a strategic industrial chain in which concentrate reforms and investments. To do this, it is necessary to promote actions also aimed at guaranteeing greater sustainability of the Italian health system which bring together - according to a logic of strategic partnership - public and private resources. Finally, it is necessary to align national and European policies on the issue of health digitalization in order to uniform and allow interoperability of platforms and to have a fully operational European health data space as soon as possible.	no
Priority 4	R&D and Innovation	Reforming the Intellectual Property Code (Legislative Decree no. 50/2003) since it is an important milestone of the PNRR for promoting investments in: innovation; partnerships between universities/research institutions and the private sector in R&D activity; digitisation procedures for registering and maintaining IP rights. The Council of Ministers approved the reform bill which must be submitted to the Parliament.	yes
Priority 5	Business Environment - Regulatory barriers to entrepreneurship	Reforming the regulatory framework on the administrative liability of entities pursuant to Legislative Decree no. 231/2001. In particular, among others, it is necessary to: increase the rewarding efficacy of organizational models; fill the gap on the indications relating to the contents of such models; review the procedural rules and the sanctioning provisions, especially with reference to precautionary measures.	no

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 6</b>	Business Environment - Regulatory barriers to entrepreneurship	Transposing the Directive no. 2019/1937 for the protection of persons who report violations of EU law (whistleblowing), with a balance between the protection of "whistleblowers" and the protection of the companies from abuse and disclosure of sensitive information, as well as a greater protection for the subjects involved in the report.	yes
<b>Priority 7</b>	Competition policy framework	Implementing - with no burdens and avoiding uncertainties - Law no. 118/2022 for the Market and Competition about the Italian Competition Authority (Autorità Garante della Concorrenza e del Mercato - AGCM) power to review businesses' concentrations operations below the provided thresholds, in case of concrete risks for competition in the national market, also due to particular innovative strategies.	yes
<b>Priority 8</b>	Business Environment - Regulatory barriers to entrepreneurship	Enhancing the multiple and the weighted voting shares mechanisms, in order to foster the competitiveness of the Italian stock market at European level.	yes
<b>Priority 9</b>	Bank lending conditions	Strengthen the system of public guarantees granted (through the Guarantee Fund for SMEs and SACE) on bank loans to enterprises.	yes
<b>Priority 10</b>	Access to bond markets	Activate and strengthen the guarantees provided by the Guarantee Fund for SMEs on basket bond issues, in order to encourage the issuance of bonds by smaller companies	yes