

Italy

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Unchanged
Question 2	In light of the legislative changes introduced and implemented by the European Commission, how would you evaluate the evolution of administrative burden compared to a year ago?	Unchanged
Question 3	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Slightly better
Question 4	What does your federation see as the three main challenges threatening the attractiveness of the EU as an investment environment vis-a-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Tax regime 3. Energy prices

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing the national recovery and resilience plan?	Satisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied
Question 10	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?	Somewhat confident

3. Assessment of Country Specific recommendations 2023 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1a	<p>Wind down the emergency energy support measures in force, using the related savings to reduce the government deficit, as soon as possible in 2023 and 2024. Should renewed energy price increases necessitate new or continued support measures, ensure that such support measures are targeted at protecting vulnerable households and firms, are fiscally affordable and preserve incentives for energy savings. Ensure prudent fiscal policy, in particular by limiting the nominal increase in nationally financed net primary expenditure in 2024 to not more than 1,3%. Preserve nationally financed public investment and ensure the effective absorption of grants under the Facility and of other Union funds, in particular to foster the green and digital transitions. For the period beyond 2024, continue to pursue a medium-term fiscal strategy of gradual and sustainable consolidation, combined with investments and reforms conducive to improved productivity and higher sustainable growth, in order to achieve a prudent medium-term fiscal position.</p>	Important	Satisfactory	<p>No new measures to safeguard the energy-intensive sectors are included in the Budget Law 2024-2026.</p> <p>Preliminary estimates on the impact of the public finance plan recently approved suggest that the government’s policy targets for 2024 imply a 0.3 percent growth in primary expenditure financed by domestic resources and net of discretionary revenue measures, below the 1.3 per cent ceiling recommended by the EU last July.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
<p>CSR 1b</p>	<p>Further reduce taxes on labour and make the tax system more efficient by adopting and duly implementing the enabling law on tax reform while preserving the progressivity of the tax system and improving fairness, in particular by streamlining and reducing tax expenditures, including VAT and environmentally harmful subsidies, and by reducing the complexity of the tax code. Align the cadastral values with current market values.</p>	<p>Important</p>	<p>Mixed</p>	<p>The public finance plan consists of a set of measures: the Budget Law for 2024-2026 and several legislative decrees implementing the enabling act on tax reform. In the Budget Law the social security contribution cut implemented in 2023 is confirmed for 2024 (contributions paid by employees reduced by 7% for incomes up to EUR 25,000 per year and by 6% for incomes up to EUR 35,000 per year). The legislative decrees implementing the tax reform have so far introduced only limited and temporary reductions on PIT (lower rates) and CIT (increased cost deduction for new hires). But all these measures are temporary.</p> <p>Instead, the procedural measures adopted are welcome because they introduce improvements in terms of simplification of tax obligations and in terms of the relationship between tax administration and taxpayers.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Ensure effective governance and strengthen administrative capacity, in particular at subnational level, in order to allow for the continued swift and steady implementation of the recovery and resilience plan. Swiftly finalise the REPowerEU chapter with a view to rapidly starting the implementation thereof. Proceed with the speedy implementation of cohesion policy programmes, in close complementarity and synergy with the recovery and resilience plan.</p>	Extremely important	Mixed	<p>The Government intervened on the governance of the NRRP (National Recovery and Resilience Plan), in order to take on a greater role of direction and control. Therefore, the management core of the Plan has been moved from the Ministry of Economy and Finance to the NRRP mission Structure (Struttura di Missione), established within the Council Presidency. To complete the Governance framework, both a specific control room - “Cabina di Regia”, which has replaced the functions of the “Tavolo Permanente per il partenariato economico, sociale e territoriale”, and the General Inspectorate of the PNRRP, in charge with coordination, control and reporting task on implementation, have been established. Further measures have been introduced, aimed at strengthening the capacity of the administrations and of all the implementing bodies responsible for the NRRP. The same measures pursue the acceleration and the reduction of the administrative procedures, with particular regard to the awarding of public contracts in the NRRP area. Anyway, the implementation of the Plan has faced critical issues in the recruitment of management and technical skills and also spending problems by municipal administrations, highlighting inefficiencies in planning and spending activities. The REPower EU addendum to the NRRP was approved in November. It contains many important measures for enterprises (such as “Transizione 5.0”), but none of these has been implemented yet.</p> <p>The concepts of "independence" and "energy security" should be placed at the center of European energy policies, aiming at solidarity between member states so as to encourage collaboration at a European level. Integrating these concepts into energy policies will favor infrastructural development, but also the technological and modernization of the European energy and industrial system.</p> <p>Regarding cohesion policy, 2014-2020 programming period expenses should be accelerated to match the certification requirements and, at the same time, it is crucial that 2021-2027 programmes start to be implemented effectively in all Regions. As concerns the complementarity and synergy between NRRP and cohesion policy, the Government has already modified the governance of national cohesion policy in this sense (with the “DL SUD”) and announced a new mission in NRRP, aimed at reforming the implementation of the European cohesion policy. If this reform won’t be shared and designed with the effective engagement of all relevant stakeholders and partners, it could undermine cohesion policy in its cornerstones: the bottom-up and place-based approach and the application of partnership principle.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	Reduce the reliance on fossil fuels. Streamline permitting procedures in order to accelerate the production of additional renewable energy, and develop electricity interconnections to absorb it. Increase the capacity for internal gas transmission in order to diversify energy imports and strengthen security of supply. Increase energy efficiency in the residential and corporate sectors, including through better targeted incentive schemes, addressing in particular the most vulnerable households and the worst-performing buildings. Promote sustainable mobility, including by removing environmentally harmful subsidies and speeding up the roll-out of charging stations. Step up policy efforts aimed at the provision and acquisition of skills and competences needed for the green transition.	Extremely important	Mixed	Need to build a single and integrated market for gas and hydrogen, to then arrive at a single and integrated energy market. Need for a reform of the European electricity market, capable of fully integrating renewable energy sources and promoting their development and cost-effectiveness. Promote as much as possible the development of a hydrogen market and a market for all other renewable gases, encouraging the construction of a European energy infrastructure network (TEN-E), capable of responding to market, safety and security needs European energy independence.

4. Reform Progress in your Member State in 2023

How would you assess reform progress in 2023, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2024 Reform Barometer?

1. On 30 December 2023, the Annual Market and Competition Law 2022 (Law No. 214/2023) entered into force. As last year, the Law represents a milestone for Italy in the implementation of the National Recovery and Resilience Plan (NRRP), which provides for the adoption of competition measures yearly; in addition, some provisions are a specific target of NRRP implementation. In particular, the Law contains provisions on energy, regarding the approval process for gas and electricity transmission network development plans, as well as consumer information campaigns on the potential of second-generation smart meters. Furthermore, it contains rules on transport, waste, and communications, as well as on retail trade, which includes, among others, a review of the legislation on concessions of public spaces for commercial purposes.

2. On 1 April 2023, the new Public Procurement Code (Legislative Decree no. 36/2013) became law; its provisions and the related annexes entered into force from 1 July 2023. The new Code seems to get back its original functions, such as those of making tenders and acquiring goods and services, going beyond the conception according to which it's up to it fighting corruption. Furthermore, the Code aligns several principles that can guide the right interpretation and contains many "self-executing" rules. Core elements are the push towards digitalization and the qualification of contracting authorities; critical aspects, among others, are: i) a legislative favor for the works segment (above services and supplies); ii) the stable increase of thresholds for direct award to € 140,000; iii) the 5% relevance threshold for price revision.

3. The Reform of Justice entered into force on 28 February 2023, instead of 30 June 2023 as initially planned; meanwhile, the implementing acts have all been approved. The Reform focuses on reducing the length of proceedings, about which the monitoring of the Ministry of Justice have already estimated a marked acceleration in June 2023 (- 19.2% in the civil sector; - 29.0% in the criminal sector) and the further expected results seem achievable (-40% in civil sector and -25% in criminal sector by June 2026 compared to 2019). Regarding the Office of the Trial, it emerges that of the 16.500 employees expected, 8.227 officials have already been hires, but in July 2023 the staff in service was 6.099 yet. However, there's no data on the results of the measures aimed at strengthening alternative forms of dispute resolution. Therefore, overall the rules introduced go in the right direction, although some difficulties remain.

4. With reference to the energy sector, in 2023 structural measures were implemented in Italy to deal with the energy crisis, contain energy prices and guarantee the security of supplies. Among these are the Energy Release and the Gas Release, measures necessary to guarantee the Italian energy and gas-intensive industrial system access to electricity and gas at controlled prices. The Gas Release measure also aims to relaunch national gas production, in line with what is required in the REPowerEU.

Also in 2023 in Italy, the Government guaranteed the amount of tax credits to the energy and gas-intensive industrial system, a measure also designed to address the effect of the 2022 energy crisis on electricity and gas prices.

Through the PNRR, important measures have also been implemented to encourage the development of the Italian hydrogen supply chain and market, so as to encourage the decarbonisation of the hard-to-abate gas industry and the liberation from ditch sources. With regard to hydrogen, a research and development (R&D) program on components for the supply chain was also launched.

5. The Legislative Decree no. 24/2023 has transposed into Italian Law the Directive 2019/1937 on Whistleblowing and the Italian Anticorruption Authority (ANAC) has adopted the Guidelines for the external reporting procedure, providing some useful indications also for the internal one. Overall, various input from companies have been embedded, aimed at ensuring a better balance between protection of the whistleblower and the person involved in the report, as well as clarifying the internal whistleblowing procedure and the responsibilities of whistleblowing manager. Some critical issues remain which we hope can be overcome by application practice, also thanks to the monitoring and supervision of ANAC.

6. On 23 August 2023, the Industrial Property Code (Legislative Decree no. 30/2005) entered into force, whose reform law is a Milestone of NRRP. The law introduces important rules in order to simplify and digitize the registration and management of industrial property rights as well as to strengthen anti-counterfeiting measures. The most relevant innovation is the review of article 65 of the Code, in order to simplify and strengthen public-private partnerships in research and innovation activities. On 26 September 2023, the reform was completed with the approval of the interministerial decree which contains the Guidelines for the regulation of contractual relationships between research structures and financing entities.

7. The introduction of an experimental technical-professional branch in Italian high schools will allow a better match between job supply and demand (the skill mismatch in Italy exceeds 45%). This result will also be achieved through a closer public-private collaboration, in particular recognizing the educational role of enterprises (both in teaching and governance). This experimentation - that is part of a broader school reform – could realize a more stable connection between the VET system and Higher-VET (represented by the ITS, Higher Technological Institutes).

5. Reform priorities for 2024

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Business Environment - Regulatory barriers to entrepreneurship	According to the NRRP, the new Annual Market and Competition Law should be approved by Dec. 31, 2024. It's expected that the Law will contain provisions at least on: i) highways (regulation on concessions, regulatory model of electric vehicle recharging stations, users' rights, outsourcing of construction works), cold ironing (provision of incentives), natural gas retailers (criteria and requirements for companies to enter and remain on the retail sellers' list), insurance (data portability for car black boxes), entrepreneurial initiatives (start-ups, innovative SMEs and venture capital). In addition, all secondary regulation should also be approved by the aforementioned date.	yes
Priority 2	Sector specific regulation (telecom, energy)	Promote new regulation of the European energy market, so as to encourage the creation of a single and integrated market for gas, hydrogen and all other low carbon emission gases (e.g. biomethane); promote the integration of renewables and the modernization of the European energy infrastructure network (TEN-E)	no
Priority 3	Active labour market policies And Labour market mismatch and labour mobility	Implement employment measures to support the transitions towards green and digital economy, for example by enhancing and making more effective existing tools (in particular the "Contratto di espansione" and the "Fondo Nuove Competenze"), as well as by strengthening active labour market policies. In this perspective, it would be also important to enhance the functioning and national implementation of EU tools such as the SURE programme.	yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 4	R&D and Innovation	Promote research, innovation and development (R&D) in the energy sector as much as possible, so as to develop increasingly efficient ways of generating and storing energy (e.g. R&D to improve the efficiency of the electrolysis process) and encourage technological modernization as well and modernization of the European energy and industrial system	yes
Priority 5	Pension and health care reforms	Health sector is strategic for social stability, demographic development and economic growth. It is necessary that public health policies, in Italy and also in EU, will be oriented to consider the entire Life Science industrial chain as a fundamental asset on which focus new 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.	no
Priority 6	Business Environment - Regulatory barriers to entrepreneurship	Approving a draft law the so-called “Ddl. Capitali”, which provides for a series of measures aimed at incentivizing and simplifying the listing of companies on the Italian Stock Exchange. In particular, strengthening the multiple voting right and loyalty share mechanisms, in order to make the Italian capital market more attractive at European level.	yes
Priority 7	ICT	Investing in ICT from an energy point of view means improving the efficiency and security of the entire European energy system, in particular for the network and infrastructure system, so as to guarantee the digitalisation of the networks and the integration of the different energy sources	yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 8	Pension and health care reforms	It is important to accelerate the approval of the European Health Data Space Regulation and, at the same time, to promote alignment of 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.	
