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The European House
Ambrosetti

Business Insights from Italy

A Letter to International Investors

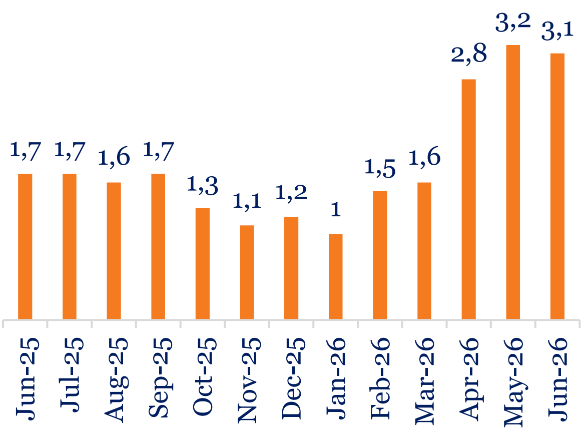
Business Insights from Italy is a publication by **The European House - Ambrosetti**, produced in collaboration with leading Italian institutions. The publication provides updates on the Italian macroeconomic scenario, on Italy's industrial sectors and on policies directed to foreign investors.

In this edition:

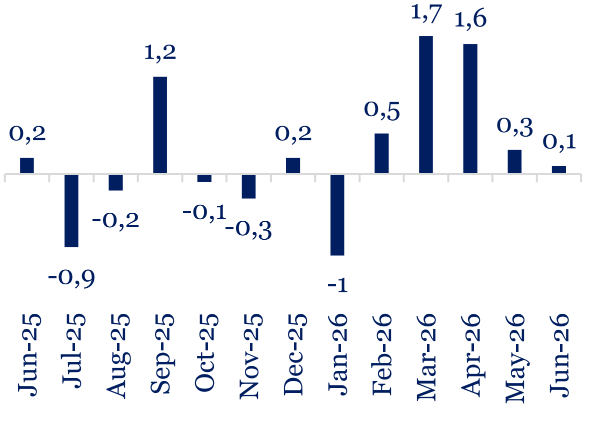
Italy's Macroeconomic Outlook

In June 2026, preliminary estimates indicate that Italy's consumer price index remained **almost unchanged on a monthly basis**, while annual inflation **eased** to 3.1%, down from 3.2% in May. The slowdown was mainly driven by softer price growth for unprocessed food, recreational and personal care services, and transport services. By contrast, energy prices continued to accelerate, particularly regulated energy goods. **Core inflation also edged down, from 1.7% to 1.6%**, signalling a moderate easing of underlying price pressures. Goods prices remained stable at 3.4% year-on-year, while services inflation slowed to 2.6%. Inflation already acquired for 2026 stands at 2.6% for the overall index and 1.7% for the core component.

Year-on-year change



Month-on-month change



Inflation

Source: TEHA Group elaboration on Eurostat and Istat data

The latest inflation figures suggest that the transmission of energy-price pressures, linked to the war in Iran and the related slowdown in oil and gas exports, **has so far remained contained**. While energy prices have accelerated, this has not translated into a broad-based resurgence of inflation across the wider economy. Core inflation has continued to ease slightly, and price dynamics in services and frequently purchased goods have moderated.

This points to a more resilient economic environment than in previous energy shocks. In particular, Italy's manufacturing system has shown a significant capacity to absorb external pressures, supported by diversified supply chains, efficiency gains and a progressive adaptation to a more volatile international energy landscape.

In May 2026, Italy's trade with non-EU27 countries recorded **a month-on-month increase in both flows**, with imports growing more strongly (+3.4%) than exports (+0.4%). The increase in exports was mainly driven by higher sales of energy products (+21.1%) and intermediate goods (+2.0%), while exports of durable consumer goods (-4.4%), capital goods (-1.1%) and non-durable consumer goods (-0.8%) declined. On the import side, the monthly increase was mainly attributable to higher purchases of energy products (+11.5%) and capital goods (+5.6%).

Over the March–May 2026 period, compared with the previous three-month period, **exports increased by 5.0%, supported by growth across all main product categories except durable consumer goods** (-2.7%). Imports rose by 10.9%, largely due to higher energy purchases (+53.3%), while only imports of non-durable consumer goods declined (-8.5%).

On a yearly basis, **exports to non-EU27 markets increased by 6.3% in May 2026**, following growth of 12.0% in April. The annual increase was mainly driven by higher exports of energy products (+125.3%), intermediate goods (+22.9%) and capital goods (+4.8%), partially offset by lower sales of durable consumer goods (-21.4%) and non-durable consumer goods (-5.4%).

Imports recorded a stronger annual increase of 15.4%, primarily reflecting higher energy purchases (+63.6%). **Italy recorded a trade surplus with non-EU27 countries of €3.8 billion in May 2026**, down from €5.4 billion in the same month of 2025. The energy balance remained negative, with a deficit of €5.7 billion, higher than the €3.7 billion recorded one year earlier. Conversely, **the surplus in non-energy goods trade increased to €9.6 billion, compared with €9.1 billion in May 2025**.

At country level, exports recorded significant annual increases towards Switzerland (+57.9%), China (+24.1%) and MERCOSUR countries (+21.3%), while sales declined towards Türkiye (-23.0%), the United States (-3.6%) and the United Kingdom (-3.5%). On the import side, purchases from OPEC countries (+68.3%) and the United States (+26.1%) recorded the strongest increases, followed by MERCOSUR countries (+22.3%) and Switzerland (+9.0%).

Source: TEHA Group elaboration on Bank of Italy and Istat data

In the second quarter of 2026, the Italian Business Register recorded a positive business formation balance, with a **net increase of 33,709 companies** (net of closures), representing a quarterly increase of 0.56% and bringing the total number of active businesses nationwide to 5,019,166 (5,823,863 registered).

While this expansion affected the entire country, it was driven in absolute numbers by the Southern Italy and Islands, with a net increase of 11,129 companies. Meanwhile, Central Italy recorded the highest quarterly growth rate, at +0.64%, followed by the South and the Islands (+0.56%), the North-East (+0.53%), and the North-West (+0.53%).

The primary driver of this growth was capital companies (limited liability and joint-stock companies), **which registered a +1.00% net increase, equivalent to a net gain of 19,861 entities**. Notably, the number of new registrations was nearly three times higher than the number of business closures. This performance brought the total number of active corporations in Italy to 1,509,138.

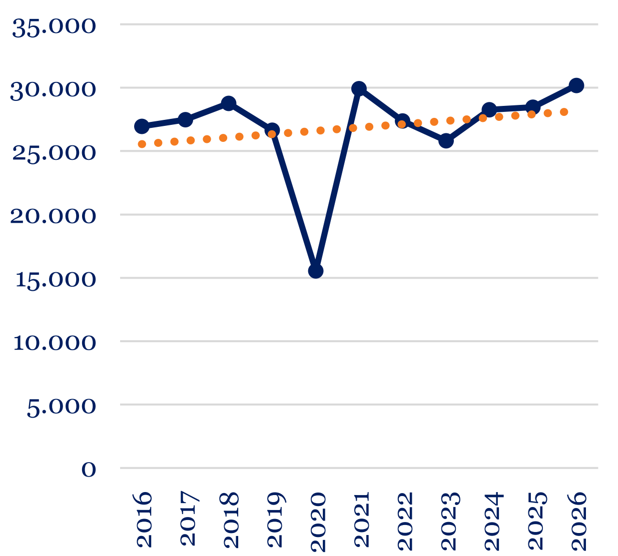
This is not an isolated event; rather, the number of newly registered capital companies has been steadily increasing since 2023.

The dominant role of capital companies in new business formation is further confirmed by the fact that, in absolute terms, registrations of businesses under other legal forms recorded only a modest increase compared with the previous year and remain below their 2023 levels.

In particular, partnerships continued to record a negative net balance in the second quarter of 2026, with a net decrease of 611 businesses (-0.08%): they were the only legal form to experience a contraction during the quarter.

Compared with other legal forms, capital companies generally have greater access to finance, stronger growth potential, and a higher capacity to invest, innovate, and compete in both domestic and international markets.

In percentage terms, the fastest-growing sectors during the quarter were services, **particularly financial and insurance activities** (+1.91%, +2,868 businesses), professional, scientific and technical activities (+1.59%, +4,059 businesses), and administrative and support service activities (+1.13%, +2,577 businesses). In absolute terms, however, the construction sector recorded the largest net increase, with 5,369 additional businesses.



Number of newly registered capital companies

Source: TEHA Group elaboration on Italian Business Register data

The new single authorisation procedure for data centres: a reform to accelerate the development of digital infrastructure in Italy

The data centre sector is undergoing a phase of **rapid growth in Italy**, driven by the acceleration of digital transformation, the widespread adoption of cloud computing and the expansion of artificial intelligence. Computing and data storage infrastructures are becoming increasingly strategic for advanced economies, enabling new digital services, business competitiveness and technological autonomy.

In recent years, Italy has reached a significant scale within the European digital infrastructure landscape. In 2024, the country reached approximately **513 MW of installed IT capacity**, considering data centre IT capacity only, with annual growth of around 17%. The market is supported by an ecosystem of around 140 commercial data centres, alongside private corporate and public infrastructures, bringing total national installed capacity above 800 MW of IT power. The sector has experienced strong acceleration over the last five years, with the Italian commercial data centre market **more than tripling in size**. While still below the largest European hubs such as Frankfurt, London, Amsterdam, Paris and Dublin, Italy has emerged as one of the continent's fastest-growing markets. Milan represents the leading national cluster, supported by a highly digitalised industrial and financial ecosystem, the presence of multinational companies and its strategic position in international connectivity networks, with approximately 414 MW of installed IT capacity. The outlook for the coming years remains highly positive, with **new developments expected to bring Italy's market close to 1 GW of installed IT capacity**. After approximately €7.1 billion invested between 2023 and 2025, **further investments of up to €25 billion by 2028 are expected** to support the expansion of data centre infrastructure across the country.

This growth reflects structural changes in the digital economy such as the increasing adoption of cloud services, the digitalisation of industrial processes, the expansion of the Internet of Things and the development of artificial intelligence are driving demand for greater computing capacity and advanced data processing capabilities. Data centres are therefore becoming a critical infrastructure for innovation and industrial competitiveness.

The expansion of the sector is also generating significant economic opportunities across the entire value chain, including infrastructure development, engineering services, hardware and software technologies, cybersecurity, specialised maintenance and advanced digital skills. The growth of the market contributes to strengthening Italy's digital capabilities while creating new industrial opportunities and high-skilled employment. Italy's strategic geographical position in the Mediterranean, growing international connectivity, strong industrial base and increasing demand for digital services provide favourable conditions to consolidate its role as a European digital hub. Strengthening data centre infrastructure can therefore represent a key lever to attract investment, develop technology supply chains and enhance national competitiveness.

Source: TEHA Group elaboration on Agid, Eurostat and MIMIT data

The growth of the data centre sector in Italy requires an **authorisation framework capable of supporting the rapid expansion of the market and the growing demand for computing capacity**.

In this context, **a single authorisation procedure for the construction, expansion and operation of data centres has been introduced**, with the objective of simplifying and making approval timelines for new digital infrastructures more predictable.

The new framework overcomes a fragmented approach based on the need to obtain multiple permits from different public administrations, introducing a coordinated procedure that brings together all the main authorisations required for the development of the infrastructure and related connection works. **The approval is granted through a single process managed by the competent authority responsible for issuing the Integrated Environmental Authorisation (AIA)**, thereby integrating the different assessments required within one coordinated pathway.

The reform also introduces greater certainty regarding the duration of the approval process. **The authorisation procedure must be completed within a maximum timeframe of 10 months from the verification of the completeness of the documentation**, with extensions allowed only in exceptional circumstances related to the complexity of the project. The streamlining of environmental assessment procedures further contributes to accelerating the approval pathway for new investments.

A key element of the reform is the recognition of data centres as strategic infrastructures for Italy's digital transformation. The new framework acknowledges the role of data centres as enabling assets for the development of artificial intelligence, cloud computing, advanced digital services and the competitiveness of the productive system, creating a more attractive environment for both domestic and international investments.

The procedure also introduces a distinction based on project size: larger data centres are subject to approval at national level, while smaller facilities fall under the responsibility of the relevant territorial authorities. This approach ensures national coordination for the most significant investments while maintaining the involvement of local administrations in projects with greater territorial relevance.

The introduction of a single authorisation procedure therefore represents an important step in strengthening Italy's competitiveness in the European data centre market. By reducing administrative complexity and increasing certainty over approval timelines, the reform can accelerate the development of new infrastructures, support private investment and consolidate Italy's role as a digital hub in the Mediterranean and European context.

Focus on a sector: the packaging sector in Italy

In this section, we examine each month a strategic sector of the Italian economy, providing an overview of the sector's main innovations and most interesting data. In this edition, we focus on the packaging sector.

The **packaging sector** represents one of the strengths of Italy's manufacturing system, with a leading position at European level thanks to a complete, highly specialised and strongly interconnected value chain. The industry is closely integrated with several key productive sectors, including food and beverages, pharmaceuticals, cosmetics, consumer goods and manufacturing industries more broadly. Its competitiveness is based on the ability to **combine consolidated industrial expertise, technological innovation and a strong international orientation**. Italy stands out for the presence of a diversified ecosystem encompassing materials producers, packaging manufacturers, converters, end-users and, above all, a highly competitive technology supply chain dedicated to the design and production of packaging machinery. This segment represents one of the most successful areas of Italian capital goods manufacturing, supported by a business model based on high levels of specialisation, customised solutions and a strong presence in international markets.

€38 bln	Revenue of the Italian packaging industry
€10 bln	Revenue of automatic packaging machinery
40,500	Employees in packaging machinery sector
77%	Packaging recycling rate
17.3 mln ton	Italian packaging production
79%	Export share of automatic packaging machinery
10.7 mln ton	Packaging recycled
20%	Italy's share of the global packaging machinery market

The strength of the sector lies in its ability to **innovate across the entire value chain**. Packaging companies are progressively evolving from suppliers of products focused mainly on containment and protection towards technology partners capable of supporting customers through advanced automation, process digitalisation, improved operational efficiency and the development of new materials. The integration of mechanical, electronic and digital capabilities is further strengthening the international competitiveness of the Italian industry.

Source: TEHA Group elaboration on Istat, Eurostat, Italian Packaging Institut and UCIMU data

A distinctive feature of the sector is its close connection with the major transformation trends shaping the global economy. Growing attention to sustainability, resource efficiency and circular economy principles is accelerating the development of innovative solutions in packaging design, material optimisation and recyclability.

In this area, the Italian value chain has developed significant expertise, supported by collaboration between companies, associations and organisations involved in packaging recovery and recycling.

The sector also benefits from the presence of **highly specialised industrial clusters, particularly in packaging technologies**, where the concentration of manufacturing capabilities, qualified suppliers and research centres fosters continuous innovation.

This model represents an example of Italy's ability to create competitive advantages through territorially embedded industrial ecosystems.

Looking ahead, packaging will play an increasingly strategic role in supporting the evolution of production and consumption models. The transition towards more digitalised, flexible and sustainable systems represents a significant growth opportunity for Italian companies, which can leverage their industrial capabilities and technological expertise to further consolidate the country's role as a European benchmark in the sector.

A dedicated tutor for international investors

Investors interested in Italy can rely on tailor-made services offered by the *Invest in Italy* team. The Ministry of Enterprise and Made in Italy (MIMIT) provides potential investors with a **dedicated tutor** that supports the entire investment process.

In particular, tutors:

- support investors in identifying suitable greenfield and brownfield sites;
- facilitate contacts with central/local administrations to obtain the necessary authorizations and permits;
- facilitate contacts with the Italian supply chain, research centres, universities and technical colleges;
- identify the most suitable incentive schemes to support investments;
- facilitate the search for personnel through partnerships with regional employment centres and local employment agencies;
- follow the process of obtaining visas, authorisations and work permits for the staff of non-EU foreign investors.

For more information and to get in touch with a dedicated tutor, please visit: www.investinitaly.gov.it website.

Favourable tax regime for new residents

New fiscal residents in Italy have the opportunity to apply for a **special tax scheme**, that lasts **for 15 years**:

- Foreign-source income will not be taxed at ordinary rates, but at a yearly substitutive **lump-sum tax of 300,000 euros**.
- All foreign assets will be **exempted from Italian inheritance taxes**.
- No reporting obligations to Italian tax authorities on assets held abroad.
- No wealth taxes on assets held abroad.
- Exemption from Italian CFC rules on foreign companies.

The flat taxation on foreign-source income can also be extended to family members, for 25,000 euros per year per each additional family member.

Should new residents decide to work in Italy, they could apply for a reduction of 50% over their Italian taxable income from employment or self-employment (within an annual limit of EUR 600,000).

Such reduction is granted for a period of 5 years and can be increased to 60% if moving with a minor. Applicants should commit to maintain their fiscal residence in Italy for at least 5 years and should get minimum educational requirements.

Where to find the right opportunities? *www.investinitaly.gov.it*

The Italian Government has recently launched the official www.investinitaly.gov.it website.

The platform is designed to provide foreign investors with comprehensive information on the main investment opportunities in Italy. It presents investors with detailed information on the main strategic sectors, incentives, taxation, labour law and immigration.

Moreover, it showcases more than **300 greenfield** and **brownfield public sites** that are immediately available for industrial and logistic projects.

USEFUL TO KNOW:

The **Ministry of Foreign Affairs and International Cooperation** and the **Italian Trade Agency (ITA)** are the first point of contact for all potential investors.

Italian Embassies and Consulates abroad, together with dedicated ITA'S FDI offices, provide information and facilitate any needed dialogue with other Italian institutions.

Please click on the following links to find updated contact details of:

- **Italy's diplomatic-consular network**: Italian Missions Abroad - Ministry of Foreign Affairs and International Cooperation;
- **ITA's FDI offices**: Invest in Italy | Italian Trade Agency (ice.it);
- **Italy's Ministry of Foreign Affairs and International Cooperation** is also available at the following email address: dgce02@esteri.it.

All previous editions of the Business Insight from Italy newsletter are available on the website ambrosetti.eu