DISCUSSION OF:

COMPETITIVENESS AND EXPORT PERFORMANCE
OF ITALY by Marco Fortis

Stefano Manzocchi
Professor of Economics
Director - LUISS Lab

LUISS Guido Carli University

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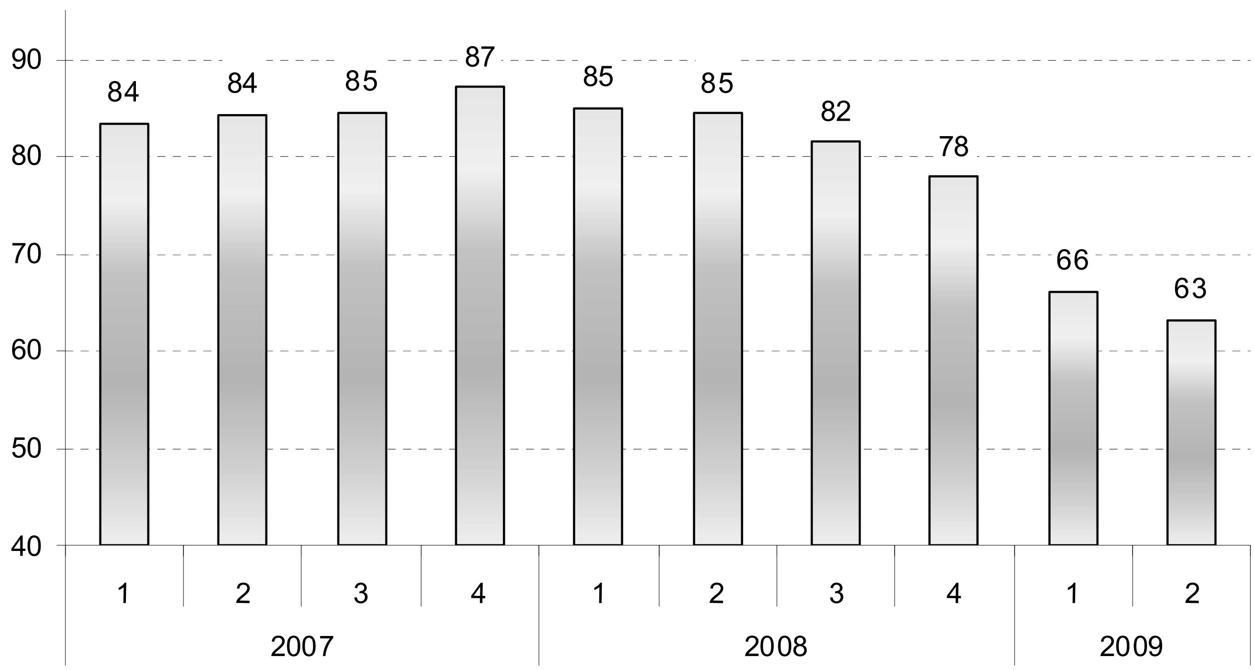
Marco Fortis' paper deals with one aspect of the Italian "economic decline" debate, which includes others (ageing of population, quality of the education system, low productivity dynamics, etc.). The author has a clear "anti-declinist" view; and his argument is well resumed by Table 3 of his paper, i.e. the Italian "Four F" sectors were very relevant in an international comparison of exporting sectors before 2008.

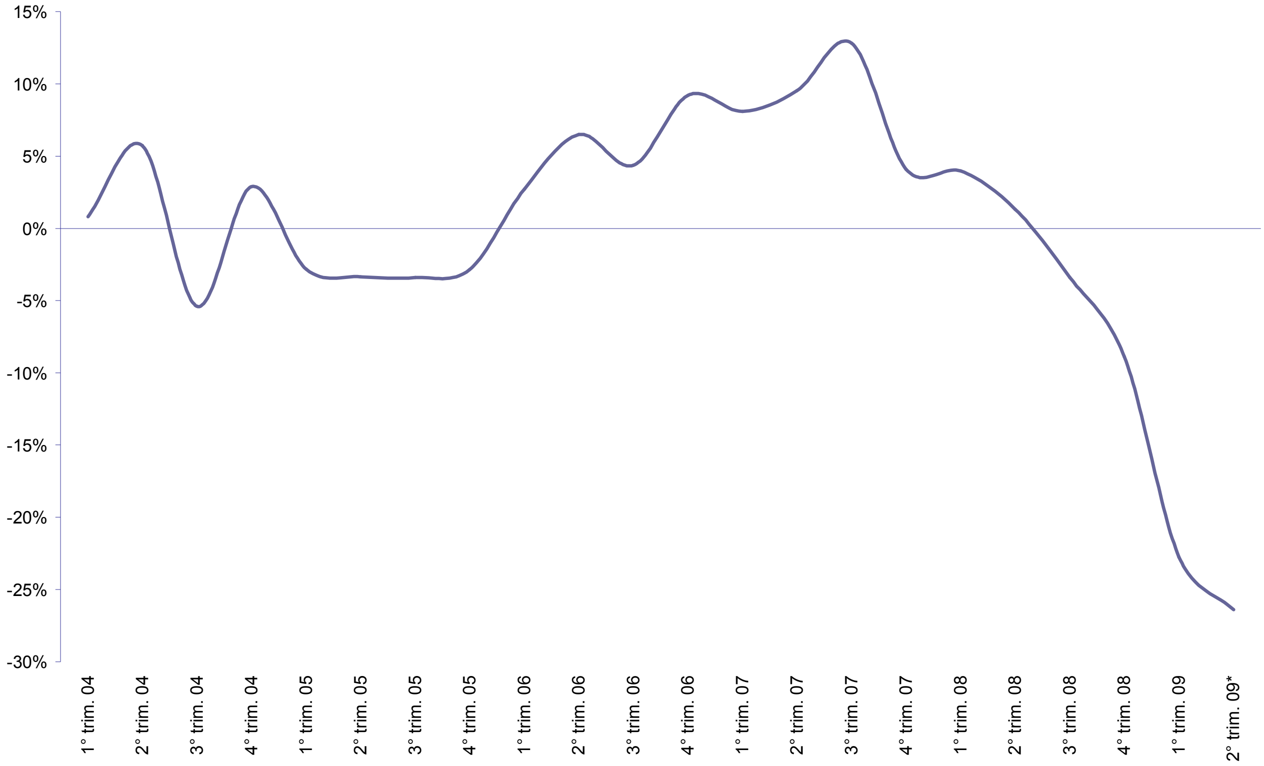
However, the 2009 crisis has heavily affected Italian export-oriented sectors, as shown by graphs 1 and 2 below, so we do not know how the Italian four F's will perform in the next future.

Graph 1 - Industrial machinery in Italy, capacity utilization (in %)



Source: Ucimu

Graph 2 - Italian export of wood and furniture (% change quarter over quarter)



Source: FederLegnoArredo

So the true question is "What next?", and how to look into the future of Italian manufacturing. The debate on "how bad is our trade specialization?" is a long lasting one: in 2005 Riccardo Faini, who did not believe in the "decline hypothesis", wrote that: "Il vero punto debole dell'economia italiana sembra essere il suo modello di specializzazione a livello internazionale". However, the Italian industrial system has shown a remarkable resilience over time, and the Italian entrepreneurs have been able to upgrade and to some extent renew their business.

Why then should we be worried about our trade specialization? There are at least two reasons. The first one emerges from a glance at table 1: Italy's comparative advantages are partly in industries whose role in international trade is declining (apparel, leather, furniture). The second one, as Faini argued, is that Italy is less and less able to "produce" high-skill scientific and technical workers, and less and less able to employ them in its economy. Food for thought for all of us, and good reasons to be at least concerned about our future.

Stefano Manzocchi

Table 1

World import

	1980	**1990**	**2007**
Clothing	4,9	5,6	3,6
Textiles	5,8	4,9	2,3
Chemicals	11,5	13,9	15,4
Iron and steel	7,3	4,9	4,8
Machinery and transport equipment	35,3	53,5	51,2
of which			
Electronic data processing and office equipment	*0,8*	*2,5*	*5,8*
Integrated circuits and electronic components	*0,7*	*1,9*	*5,4*
Automotive products	*11,1*	*14,1*	*11,7*
Office and telecom equipment	*8,0*	*13,7*	*17,6*
Telecommunications equipment	*1,2*	*2,4*	*6,4*
Manufactures	100,0	100,0	100,0

Source: WTO