



# ITALY

## State of Play – Winter 2018



### MACROECONOMIC SITUATION

- Growth strengthened in 2017 and is set to remain steady in 2018 before easing slightly in 2019

#### Excessive imbalances (in-depth review):

- High level of public debt
- Low productivity growth and weak external competitiveness
- Acute banking problems tackled; despite a decrease, stock of NPLs remains high
- Employment growing but high unemployment decreasing only slowly, in particular long-term and youth unemployment



### PROGRESS ON COUNTRY-SPECIFIC RECOMMENDATIONS

#### Substantial progress

- in the fight against corruption
- in broadening the compulsory use of electronic invoicing

#### Some progress

- in reforming public administration and publicly owned enterprises
- in removing restrictions to competition
- in addressing non-performing loans
- in improving social spending to fight poverty

#### Limited progress

- in the implementation of the privatisation programme
- in improving the efficiency of the tax system
- in reducing trial length in civil justice
- in improving the insolvency framework
- in increasing the efficiency of labour market institutions



### FISCAL SITUATION

- No excessive deficit
- Public debt, at 132.1% in 2017, stands significantly above the 60% of GDP reference value
- Draft Budgetary Plan 2018 at risk of non-compliance with the rules of the Stability and Growth Pact



### SOCIAL SITUATION

- Job growth is driven by temporary contracts and the numbers of people not in education, employment or training remains high
- A comprehensive strategy to tackle the low labour market participation of women is missing
- Paternity leave has been extended but remains among the shortest in the EU
- Tertiary educational attainment is among the lowest in the EU
- The share of people at risk of poverty or social exclusion is high and rising



### POLICY HIGHLIGHT

A sustainable development evaluation is now included in the budgetary process (Equitable and Sustainable Wellbeing indicator system) to improve the design and enlarge the scope of economic policies.