

# The Impact of Brexit on Italian Regions

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# Project background

- **UK in a Changing Europe Commissioning Fund**
  - Seminar series on the implication of Brexit on Northern England and Southern Scotland
  - Three events delivered between Jan 2016 and July 2017
- **Focus shifted to other EU regions**
  - Brexit for Pays-de-la-Loire (funded by Alliance of Europe)
  - Brexit and Southern Europe (ongoing)
    - Italy, Spain, Portugal, Greece, Malta, Cyprus

# The Impact of Brexit on Italian Regions

- UK ranked fifth as main export destination for Italian exports [5% of total]
- UK ranked tenth as country of origin for Italian imports [2.6% of total]
- Italian BoT with UK positive for ten years in a row (2008-2018)

*Source: Ministero dello Sviluppo Economico, Nov 2018*

# Italy-UK Trade

Export

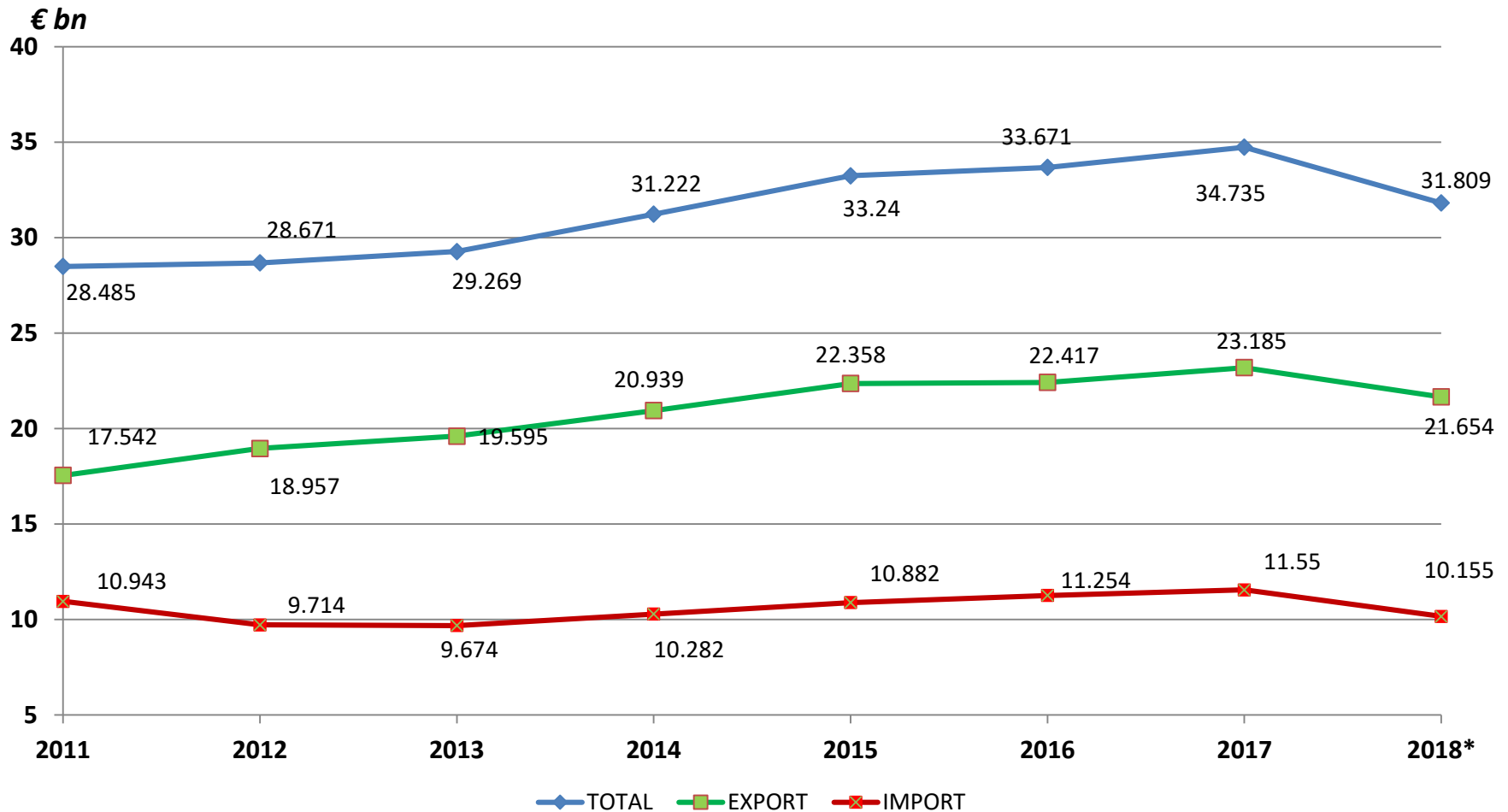
Graduatoria in base alle esportazioni						
Paesi	posizione 2016	valori 2017	variazioni 2017	Pesi		
				2012	2017	
1 Germania	1	55.877	6,0	12,5	12,5	
2 Francia	2	46.164	4,9	11,1	10,3	
3 Stati Uniti	3	40.496	9,8	6,8	9,0	
4 Spagna	5	23.194	10,2	4,7	5,2	
5 Regno Unito	4	23.130	3,2	4,9	5,2	
6 Svizzera	6	20.611	8,7	5,9	4,6	
7 Belgio	7	13.553	0,2	2,7	3,0	
8 Cina	9	13.514	22,2	2,3	3,0	
9 Polonia	8	12.592	12,0	2,4	2,8	
10 Paesi Bassi	10	10.455	7,7	2,4	2,3	
Somma del 10 paesi		259.586	7,5	55,5	57,9	
Mondo		448.107	7,4	100,0	100,0	

Import

Graduatoria in base alle importazioni						
Paesi	posizione 2016	valori 2017	variazioni 2017	Pesi		
				2012	2017	
1 Germania	1	65.347	9,0	14,5	16,3	
2 Francia	2	35.210	7,5	8,3	8,8	
3 Cina	3	28.430	4,0	6,6	7,1	
4 Paesi Bassi	4	22.504	11,5	5,4	5,6	
5 Spagna	5	21.175	6,8	4,5	5,3	
6 Belgio	6	17.968	1,2	3,8	4,5	
7 Stati Uniti	7	15.013	7,9	3,3	3,7	
8 Russia	9	12.309	15,7	4,8	3,1	
9 Regno Unito	8	11.404	1,3	2,6	2,8	
10 Svizzera	10	11.178	5,3	2,9	2,8	
Somma del 10 paesi		240.539	7,3	56,7	60,0	
Mondo		400.659	9,0	100,0	100,0	

Fonte: elaborazioni ICE su dati ISTAT

# Italy-UK: Import/Export Trends



Source: ICE/ISTAT, Jan 2019

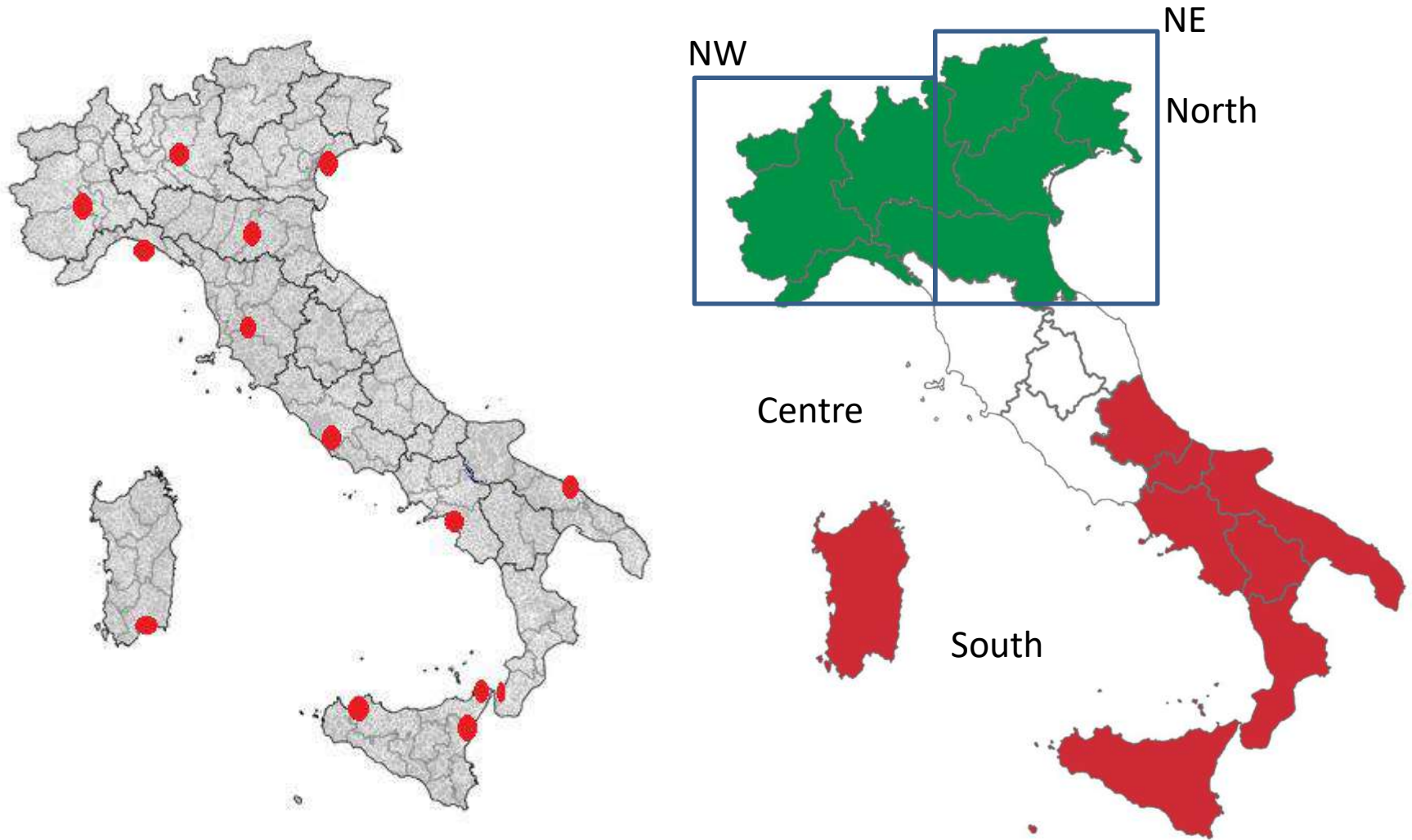
# Italy-UK: Import/Export per product

Export to UK		€ Mln	% on tot UK Exp	Import from UK		€ Mln	% on tot UK Exp
<i>Automotive</i>		1,207	6.2	<i>Automotive</i>		1,389	15.1
<i>Textile</i>		1,092	5.6	<i>Pharmaceutical</i>		848	9.2
<i>Automotive - components and accessories</i>		698	5.0	<i>Chemicals and synthetic material</i>		440	4.8
<i>Machinery e.g. productive processes</i>		945	4.9	<i>Machinery e.g. productive processes</i>		406	4.4
<i>Pharmaceutical</i>		905	4.6	<i>Raw metals</i>		311	3.4
<i>Beverages</i>		845	4.3	<i>General components</i>		307	3.3

ATECO Codes based on NACE 2

Source: ICE/ISTAT, Jan 2019

# Italy: administrative layers



7917 *Comuni* comprised in 93 *Provinces*  
14 *Citta' Metropolitane*

# Regional trends: PMIs

Micro imprese (<10 employees): N= 4.13 million

[95,4% of total enterprises]

7.5 million employed [46,0% of total private]

Piccole imprese (<50 employees): N= 4.31 million

[99,4% of total enterprises]

10.6 million employed [65,5% of total private]

UK Export; 2018 Total - Italian PMIs [*Piccole Medie Imprese*]:

**€7.87 bn** [+3.2% between July 2017 - July 2018]

Main sectors by UK export:

- Food&Beverages sector: €2,034 million (25.8%),
- Textile/Clothing: € 1,577 million (20.0%)
- Leather: €1,131 million (14.4%),
- Metals ex. Machineries: € 950 million (12,1%),
- Furniture: €890 million (11,3%),

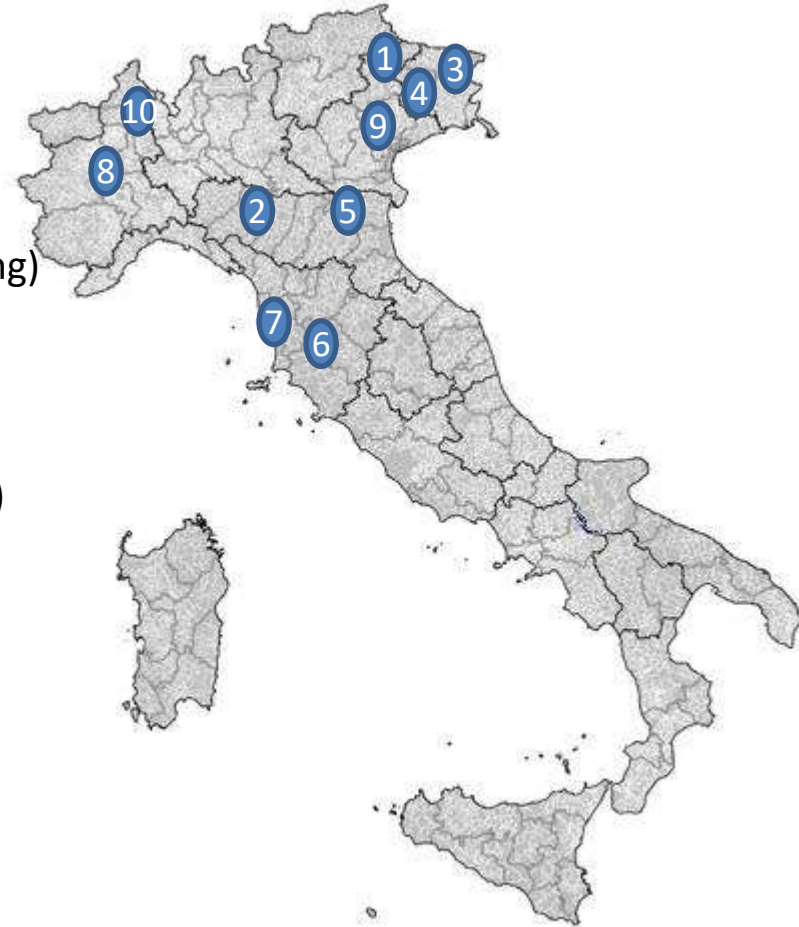




# Regional trends: PMIs UK export

## Most exposed provinces

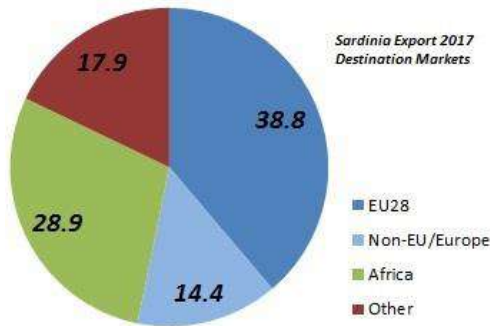
- 1) **Belluno:** 3.51% (spec. Glasses/Optical Lenses)
- 2) **Piacenza:** 2.95% (spec. Clothing/Leather; Manufacturing)
- 3) **Pordenone:** 2.56% (spec. Furniture)
- 4) **Gorizia:** 2.38% (spec. Furniture),
- 5) **Reggio Emilia:** 2.31% (spec. Agrifood,Clothing)
- 6) **Arezzo:** 2.30% (spec. Clothing/Leather; Manufacturing)
- 7) **Prato:** 2.18% (spec. Textile, Clothing)
- 8) **Vercelli:** 2.10% (spec. Agrifood; Clothing)
- 9) **Treviso:** 1.96% (spec. Leather; Furniture; Metal)
- 10) **Biella:** 1.90% (spec. Clothing/Leather; Manufacturing)



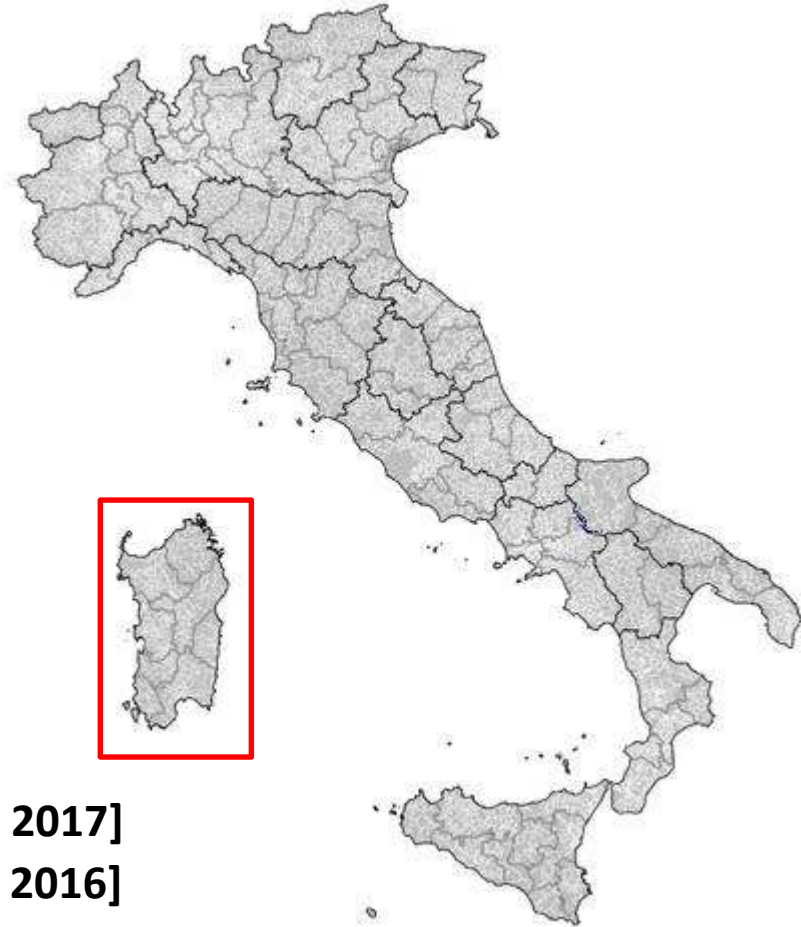
Source: *Confartigianato 2019*

# Regional trends: PMIs and UK export

Sardinia Total Export Value: **€5.4 Bn** [Nov 2017]  
[+27.8% since Nov 2016]



Export to UK:  
**+179% since  
Nov 2016**

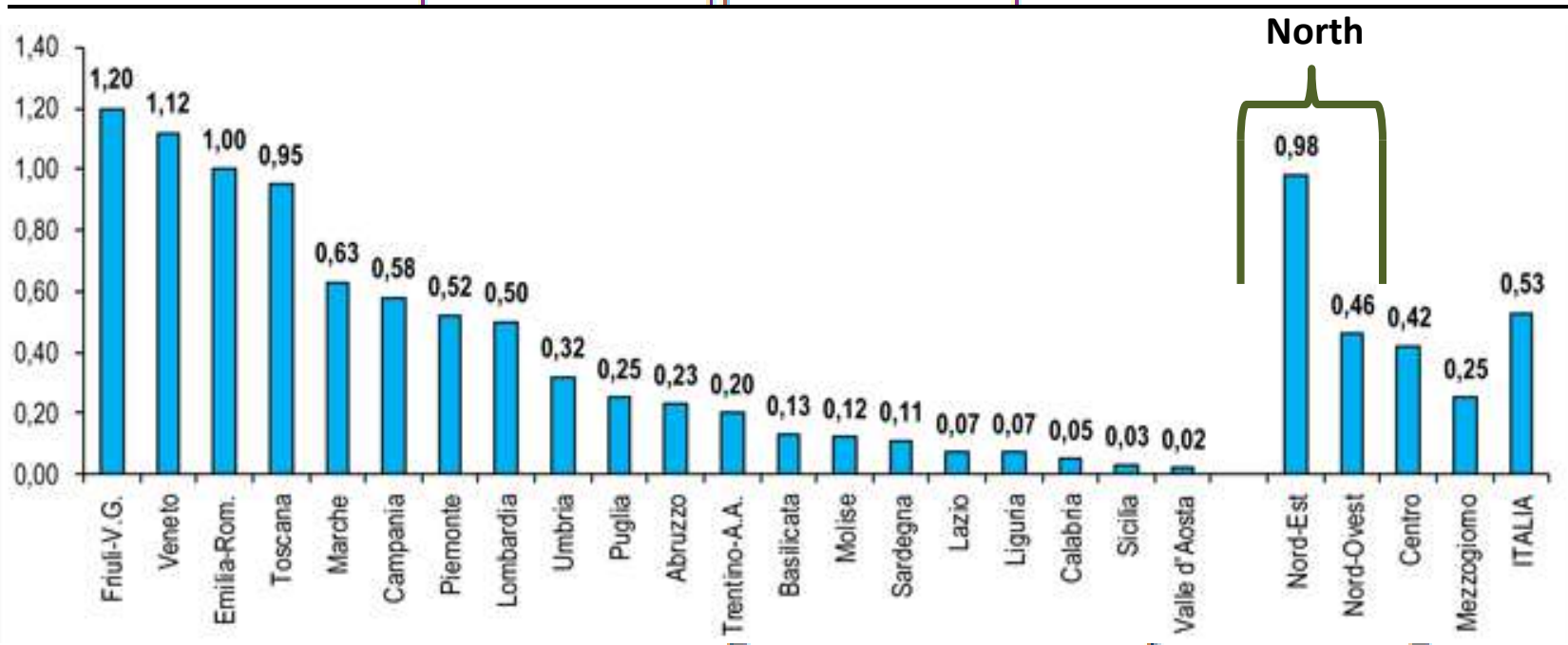


Sardinian PMIs export to UK: **€31 million** [Nov 2017]  
[+42% since 2016]

Source: Confartigianato 2019

# Regional trends and PMIs: Exposition to Brexit

Grado di esposizione verso il Regno Unito dei settori di MPI per regione  
Export anno 2017 su val. agg. anno 2015. Totale comprensivo di n.c.



\* Divisioni Ateco 2007: 10, 13, 14, 15, 16, 18, 25, 31 e 32 per cui % addetti di imprese -50 addetti su totale addetti di divisione -60% nel 2015 in Italia

Elaborazione Ufficio Studi Confartigianato su dati Istat

Source: Confartigianato 2019

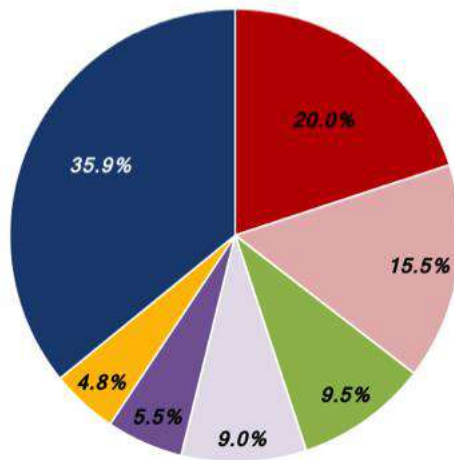
# Italian Regions: Exposition to Brexit

- Northern regions more exposed to Brexit effects compared to Centre and Southern regions
  - PMIs in the North likely to be heavily affected
  - Level of industrial specialisation in some Northern provinces positively correlated with level of exposure in terms of UK trade
  - Sectoral differences across provinces in Centre and Southern regions
- Estimated costs to Italian economy: **€23bn until 2030** (*wcs* – *Source: Confindustria*)
  - Import/export exchange heavily affected [in the order of €2-2.5 bn less year]
  - Automotive [and related], Textile/Clothing and Food&Beverages likely to be the most affected sectors

# Migration fluxes – Italy/UK

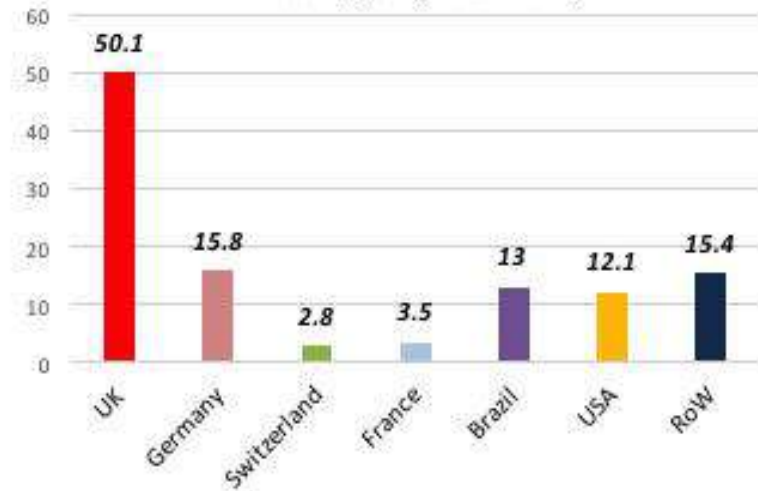
- Data provided by AIRE (*Anagrafe Italiani Residenti all'Estero* - Italian Expat Census Service)
- Number of Italian expats increased of 61% between 2006 and 2017; from 3.1 to 4.9 million
- +3.3% of departures since Brexit; AIRE new registrations amounted to 124,000 between Nov 2016 and Nov 2017
- About 24,500 Italians moved to the UK between Nov 2016 and Nov 2017

Countries of destinations



■ UK ■ Germany ■ Switzerland ■ France ■ Brazil ■ USA ■ RoW

Change % [2016-2017]



Source: *Fondazione Migrantes, 2017; Istat 2018*

# Migration fluxes – Italy/UK

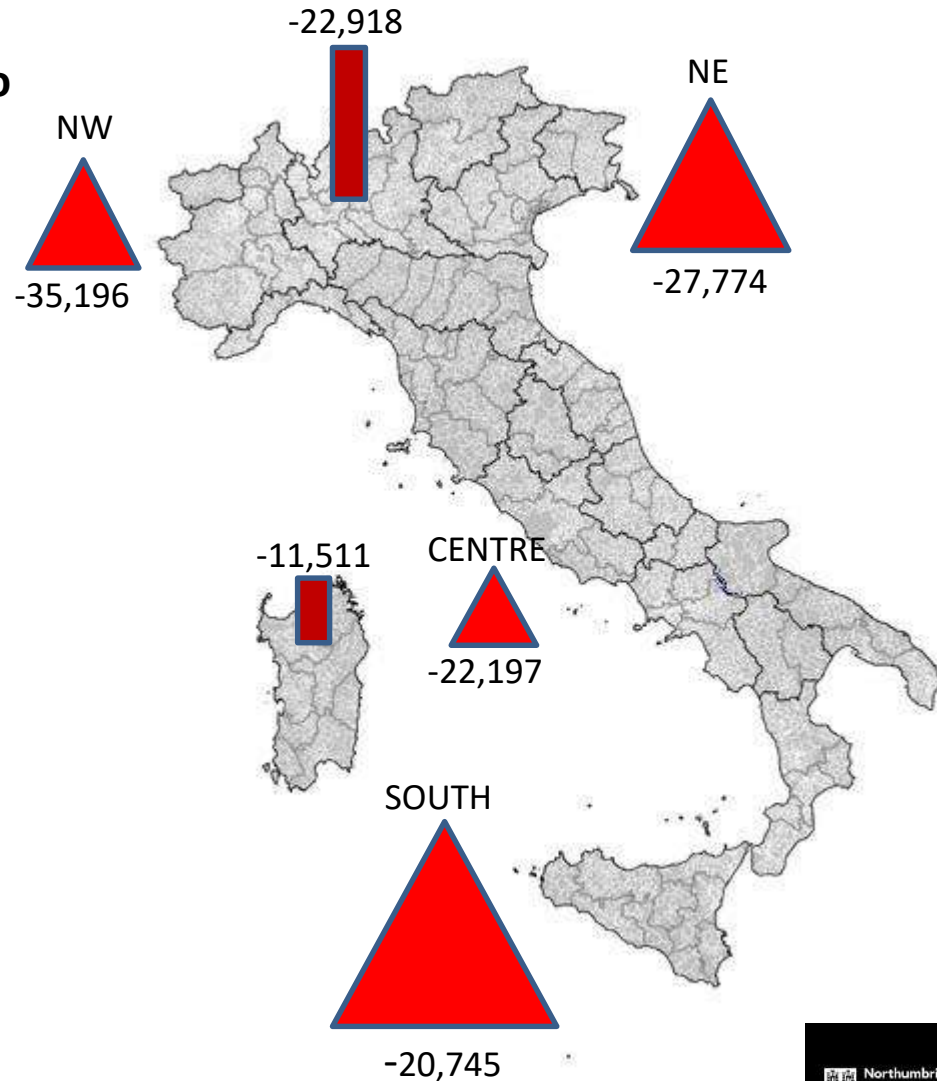
- AIRE total new registrations amounted to 124,000 between Nov 2016 and Nov 2017

## Italian Expat living in UK:

- ca. 700,00 (estimated total)
- 315,000 AIRE registered
- +60% registration since Brexit
- No pattern identified in terms of regions

## UK Expat living in Italy:

- ca. 58,000 (est.)
- No significant changes since Brexit
- No pattern identified in terms of regions



# Migration fluxes – Italy/UK

- Number of Italian expat registered at AIRE in the UK increased after Brexit
  - From an annual average of 1800 to >3000 in 2017 and 2018
  - Initial uncertainty regarding status of EU citizens in the UK served as incentive to register
- Migration fluxes from Italy towards UK continue
  - No changes in terms of relocations from UK to Italy, although fluctuations euro/pound are likely to have an impact

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