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 Paye-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

<table>
<thead>
<tr>
<th>Paesi</th>
<th>posizione 2016</th>
<th>valori 2017</th>
<th>variazioni 2017</th>
<th>2012</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germania</td>
<td>1</td>
<td>55.877</td>
<td>6,0</td>
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<td>12,5</td>
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<tr>
<td>Francia</td>
<td>2</td>
<td>46.164</td>
<td>4,9</td>
<td>11,1</td>
<td>10,3</td>
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<tr>
<td>Stati Uniti</td>
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<td>40.496</td>
<td>9,8</td>
<td>6,8</td>
<td>9,0</td>
</tr>
<tr>
<td>Spagna</td>
<td>4</td>
<td>23.194</td>
<td>10,2</td>
<td>4,7</td>
<td>5,2</td>
</tr>
<tr>
<td>Regno Unito</td>
<td>5</td>
<td>23.130</td>
<td>3,2</td>
<td>4,9</td>
<td>5,2</td>
</tr>
<tr>
<td>Svizzera</td>
<td>6</td>
<td>20.611</td>
<td>8,7</td>
<td>5,9</td>
<td>4,6</td>
</tr>
<tr>
<td>Belgio</td>
<td>7</td>
<td>13.553</td>
<td>0,2</td>
<td>2,7</td>
<td>3,0</td>
</tr>
<tr>
<td>Cina</td>
<td>8</td>
<td>13.514</td>
<td>22,2</td>
<td>2,3</td>
<td>3,0</td>
</tr>
<tr>
<td>Polonia</td>
<td>9</td>
<td>12.592</td>
<td>12,0</td>
<td>2,4</td>
<td>2,8</td>
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<tr>
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<td>10.455</td>
<td>7,7</td>
<td>2,4</td>
<td>2,3</td>
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<tr>
<td>Somma dei 10 paesi</td>
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<td>259.586</td>
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</tbody>
</table>

### Import

<table>
<thead>
<tr>
<th>Paesi</th>
<th>posizione 2016</th>
<th>valori 2017</th>
<th>variazioni 2017</th>
<th>2012</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
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<td>65.347</td>
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<td>35.210</td>
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<tr>
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<td>28.430</td>
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<tr>
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<td>22.504</td>
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<td>5,6</td>
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<tr>
<td>Spagna</td>
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<td>21.175</td>
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<td>4,5</td>
<td>5,3</td>
</tr>
<tr>
<td>Belgio</td>
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<td>17.968</td>
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<td>3,8</td>
<td>4,5</td>
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<tr>
<td>Stati Uniti</td>
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<td>15.013</td>
<td>7,9</td>
<td>3,3</td>
<td>3,7</td>
</tr>
<tr>
<td>Russia</td>
<td>9</td>
<td>12.309</td>
<td>15,7</td>
<td>4,8</td>
<td>3,1</td>
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<tr>
<td>Regno Unito</td>
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<td>11.404</td>
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<td>2,8</td>
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<td>Svizzera</td>
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<td>11.178</td>
<td>5,3</td>
<td>2,9</td>
<td>2,8</td>
</tr>
<tr>
<td>Somma dei 10 paesi</td>
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<td>240.539</td>
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<tr>
<td>Mondo</td>
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<td>400.659</td>
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<td>100,0</td>
<td>100,0</td>
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</tbody>
</table>

Fonte: elaborazioni ICE su dati ISTAT
Italy-UK: Import/Export Trends

Source: ICE/ISTAT, Jan 2019
# Italy-UK: Import/Export per product

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

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%),

Source: Confartigianato 2019
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

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 or 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

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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