



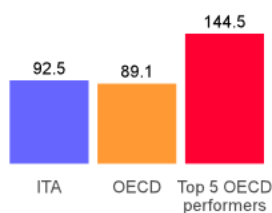
Performance gaps

Recommendations

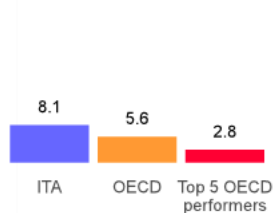
Product and labour markets functioning

- Outdated laws impairing competition in some sectors, a pervasive informal economy and disincentives for micro firms to grow hamper productivity growth. Reforms are needed to unlock the economy's potential.
- Italy's participation and employment rates remain low compared to OECD peers, particularly in the country's South and among women.
- Foster competition, especially in services, by ensuring full and speedy implementation of the competition reform approved in 2022.
- Reduce the labour tax wedge by shifting taxation away from labour towards immovable property.
- Increase employment and competitiveness of lagging regions by allowing wages to be negotiated at the regional rather than the national level.
- Tighten requirements for early retirement to boost labour force participation and improve the financial sustainability of the pension system.
- Reduce second-earner marginal tax rates and boost public childcare provision to foster women's labour market participation.

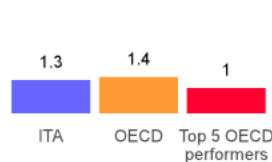
Labour productivity
GDP per employee, USD
2022



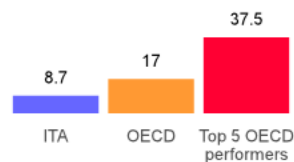
Unemployment rate
%, 2022



Product Market Regulation
Economy-wide
From least to most restrictive
Index of 0-6, 2018



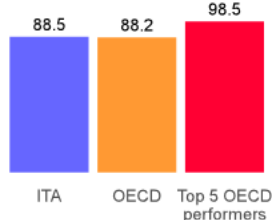
Active labour market policies
expenditure per unemployed
% of GDP per capita
2020 or latest available



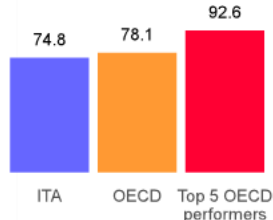
Digital transition

- Digital literacy, broadband penetration and the take-up of digital services are low.
- The digitalisation and exchange of data across government bodies is limited, hampering the capacity to monitor and evaluate public.
- Support quicker rollout of fast broadband by simplifying infrastructure authorisation processes and designating ultra-high-speed infrastructures as strategic.
- Standardise and simplify applications and approval processes for courses provided by training funds to increase take-up among SMEs.
- Continue the digitalisation of the public administration, allow exchange of data according to GDPR, and further promote the usage of digital government services.

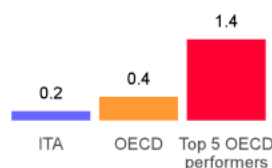
Households with broadband
Internet access at home
%, 2021 or latest available



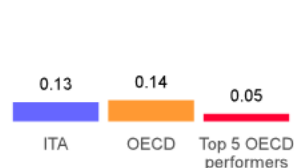
Businesses with a website
or home page
%, 2021 or latest available



Business R&D expenditure
in information industries
% of GDP, 2019 or latest available



OECD Digital Services Trade
Restrictiveness Index
From least to most restrictive
Index of 0-1, 2022

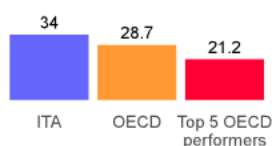


Inclusiveness, social protection, and ageing

- Notwithstanding high redistribution achieved through the tax and benefit system, the share of people living in poverty is increasing and the depth of poverty, measured as the distance from the poverty line, is high.
- To reach those most in need, a review of the requirements to access social protection programs and the simplification of access procedures is warranted.
- Reduce coverage gaps of social protection programmes by reviewing residency-based eligibility conditions.
- Reduce gaps in take-up by simplifying and standardising application procedures across different programmes.
- Promote labour market participation among recipients of social benefits, including the citizens' income by making benefit withdrawal more gradual.

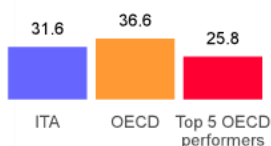
Mean poverty gap after taxes and transfers

Line at 60% of median disposable income
2021 or latest available



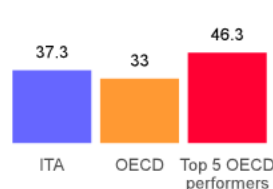
Impact of socioeconomic background in PISA reading score

%, 2018



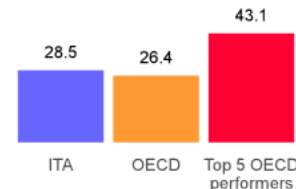
Strength of redistribution

Differences in Gini coefficients between market & disposable income relative to coef. on disposable income
%, 2021 or latest available



Income levels provided by cash minimum-income benefits

% of median disposable income, 2021 or latest available

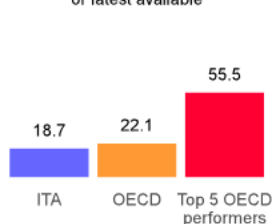


Climate transition

- Despite being highly exposed to climate change, Italy is lagging behind other countries in terms of emission reductions, renewable energy diffusion and environmentally related R&D spending as a share of GDP.
- Air pollution, particularly in the North's industrial heartland, is high.
- Streamline and simplify authorisation procedures and ease general administrative burdens for renewable energy projects.
- Encourage low-carbon technology innovation by increasing public R&D investment and expanding tax credits for private R&D.
- Promote the take-up of electric mobility by accelerating the rollout of charging stations and phasing out subsidies for the purchase of cars with internal combustion engines.
- Adopt and implement the National Plan for Climate Change Adaptation to protect communities exposed to natural disasters.

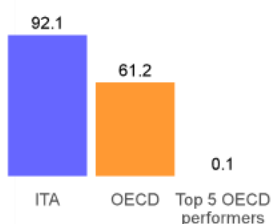
Share of renewables in the energy mix

%, Average over 2019-21 or latest available



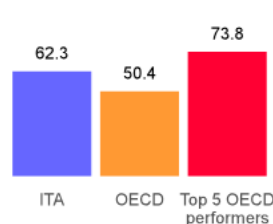
Share of population exposed to more than 10 µg/m3 of PM2.5

%, Average over 2017-19



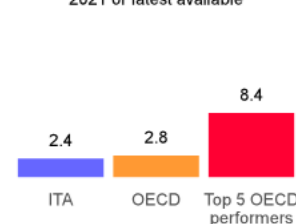
Carbon pricing score

%, at EUR 30 per tonne CO2, 2018



Environmentally-related government R&D budget

% of total government R&D 2021 or latest available

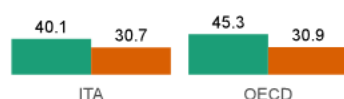


Overall performance

Economy

Thousands USD per capita
2022 or latest available

Gross Domestic Product
Household gross adjusted disposable income



Inequality and poverty

2021 or latest available

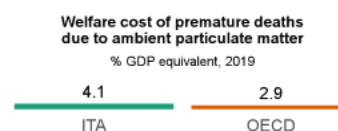
Gini coefficient after taxes and transfers (index of 0-100)
Poverty rate, line at 60% of median disposable income (%)



Environment and climate

1 unit of GDP, 2021

0.18 GHG emissions
0.24 (OECD)





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