



INNOVATING TO COMPETE - OPPORTUNITIES FOR ITALY AND JAPAN - "2009 Edition"

Presentation of the 2009 IJBG Report "Industrial Relations and Bilateral Collaborations between Italy and Japan"

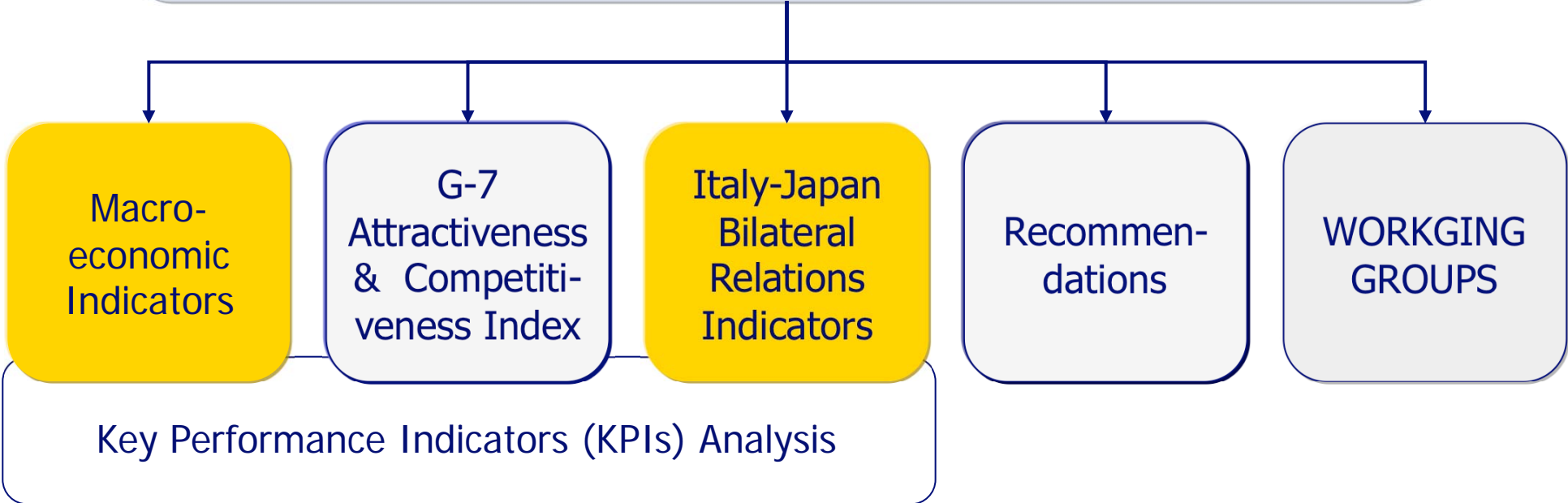
Key Performance Indicators Analysis

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Managing Partner

The European House-Ambrosetti

- **Introduction**
- Evaluation of the current economic crisis: Macroeconomic Indicators
- Italy-Japan Bilateral Relations Indicators
- Final Considerations

INNOVATING TO COMPETE – OPPORTUNITIES FOR ITALY AND JAPAN



Key Performance Indicators (KPIs) Analysis – Structure and Aims

Macroeconomic Indicators	Provide an updated outlook of Italy's and Japan's economic situation in the current global economic and financial crisis context
G-7 Attractiveness & Competitiveness Index	Estimate the current level of global attractiveness and competitiveness of Italy and Japan compared to the other G-7 Countries
Italy-Japan Bilateral Relations Indicators	Evaluate the current level of bilateral relations between Italy and Japan and its evolution over time, including trade in goods and services, exchange of human resources, investment flows, etc.

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Macroeconomic Indicators – Select KPIs

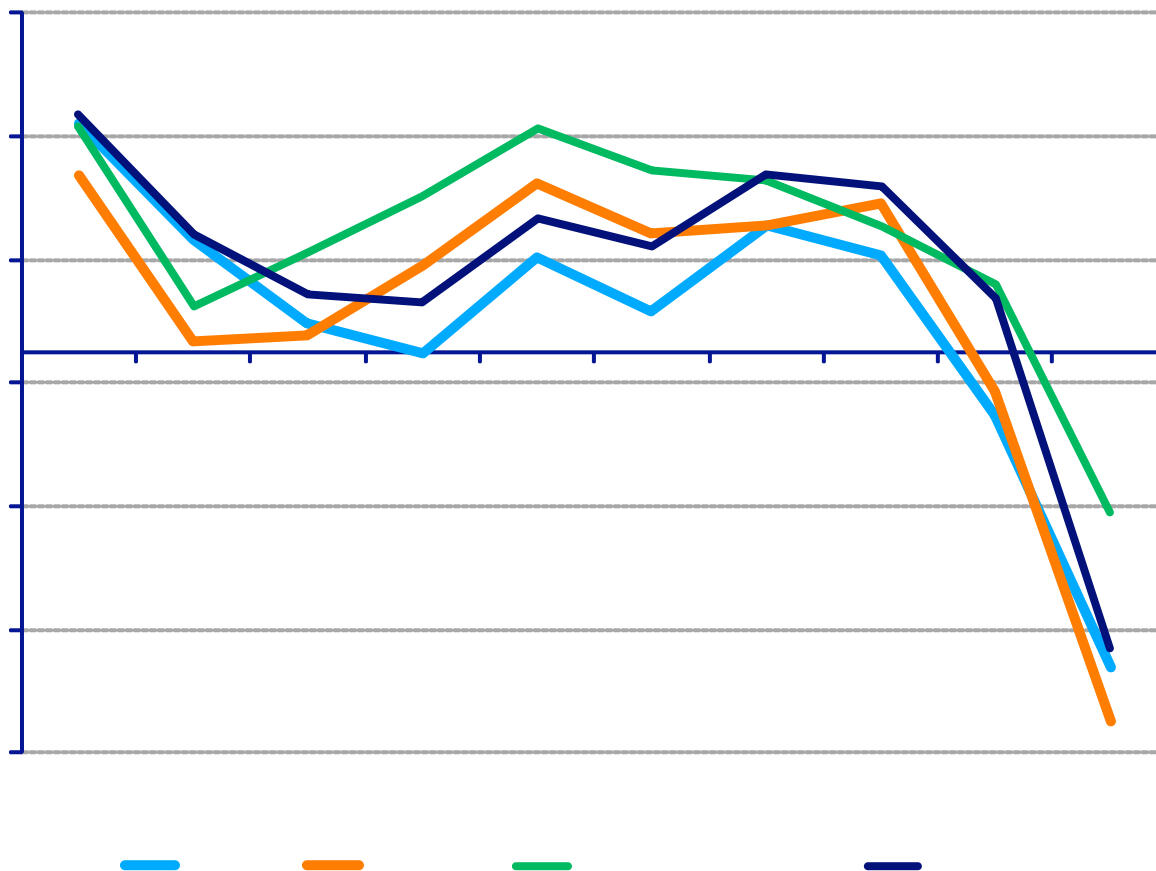
- The analysis includes the following **set of KPIs**:

AREA	KPI	Years	Source
Macro-economic Indicators	1. GDP Growth Rate	2000-2009e	IMF
	2. GDP <i>per capita</i>	2000-2009e	IMF
	3. Production in Total Industry	2000-2009e	IMF
	4. Investments	2000-2009e	IMF
	5. Exports of Goods and Services	2000-2009e	Eurostat
	6. Inflation Rate	2000-July 2009	ISTAT and others
	7. Government Balance	2000-2009e	IMF
	8. Government Debt	2000-2009e	IMF
	9. Unemployment Rate	2000-July 2009	ISTAT and others
	10. Confidence Indicators	Feb. 2007-May 2009	OECD

Italy and Japan are compared with the US and the Eurozone

GDP Growth Rate, trend 2000-2009e (Annual percentage change)

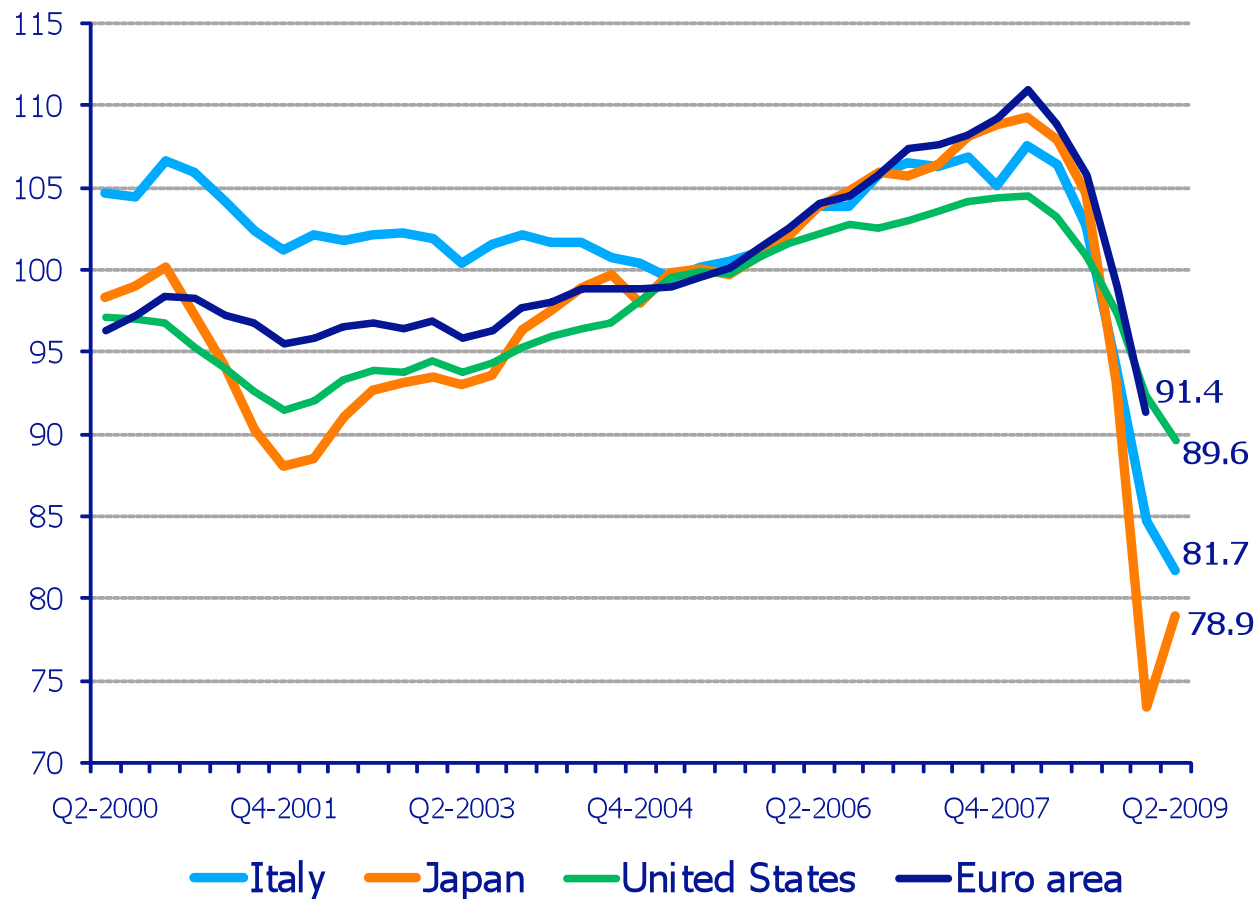
KPI
1



Source: The European House-Ambrosetti re-elaboration of IMF data, July 2009

Production of Total Industry, trend, 2000-2009* (Index 2005=100)

KPI
3



(*) Q2 2009; Q2 = second quarter
Euro area latest data: Q1 2009

Source: The European House-Ambrosetti re-elaboration of OECD data, September 2009



The Italian Industrial Production is expected to reach the levels registered in 2007 **not before 2018**, under the assumption of an average annual growth of 2.7% starting from 2010, i.e. one % point more than the 2004-2007 average growth (1.7%)

In the last 12 months Italy lost about a quarter of its Industrial Production

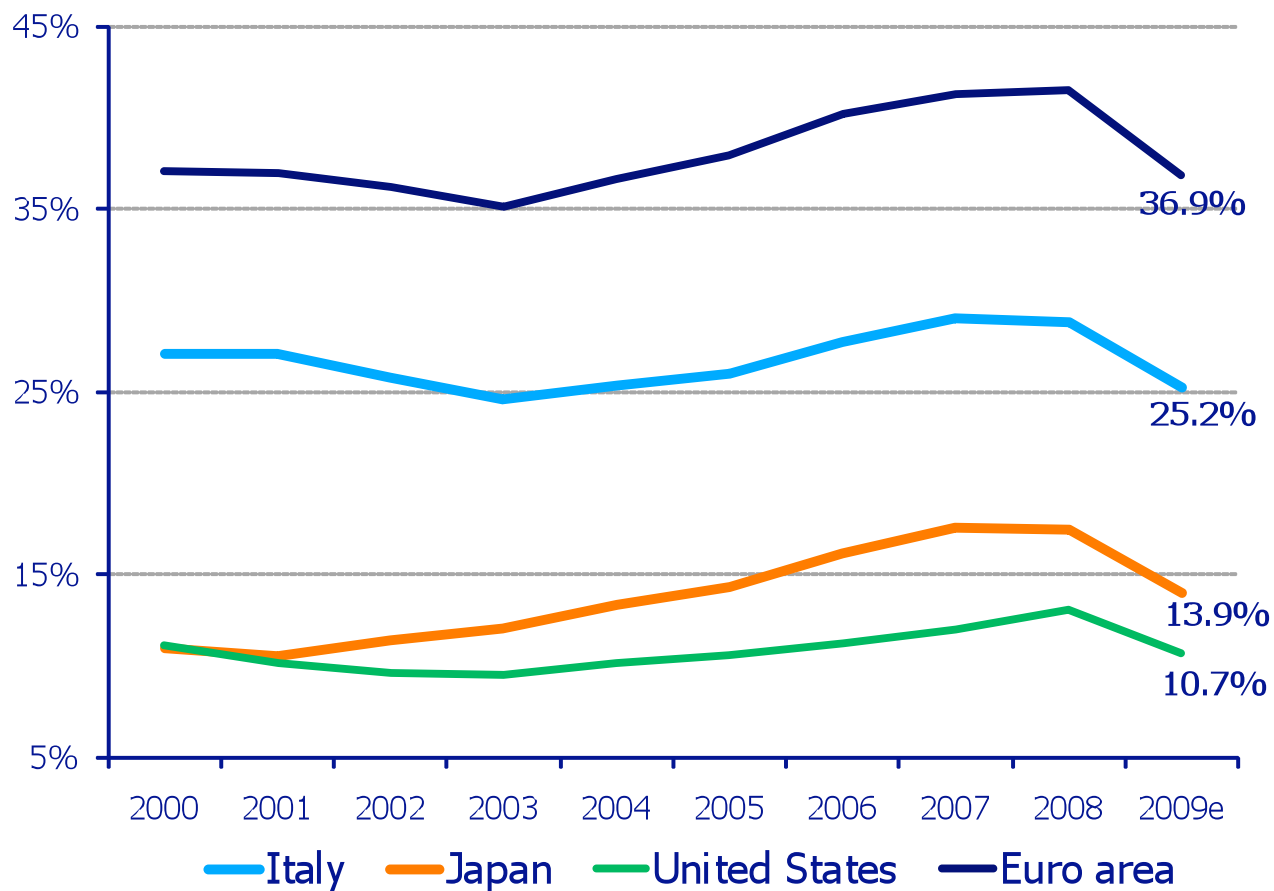


The Japanese Industrial Production is expected to reach the levels registered in 2007 **not before 2020**. The underlying assumption is an average annual growth of 3.5% starting from 2010 (one % point more than the 2004-2007 average growth, equal to 2.5%)

In the last 12 months Japan lost more than a quarter of its Industrial Production

Exports of goods and services, trend 2000-2009e (as % of GDP)

KPI
5

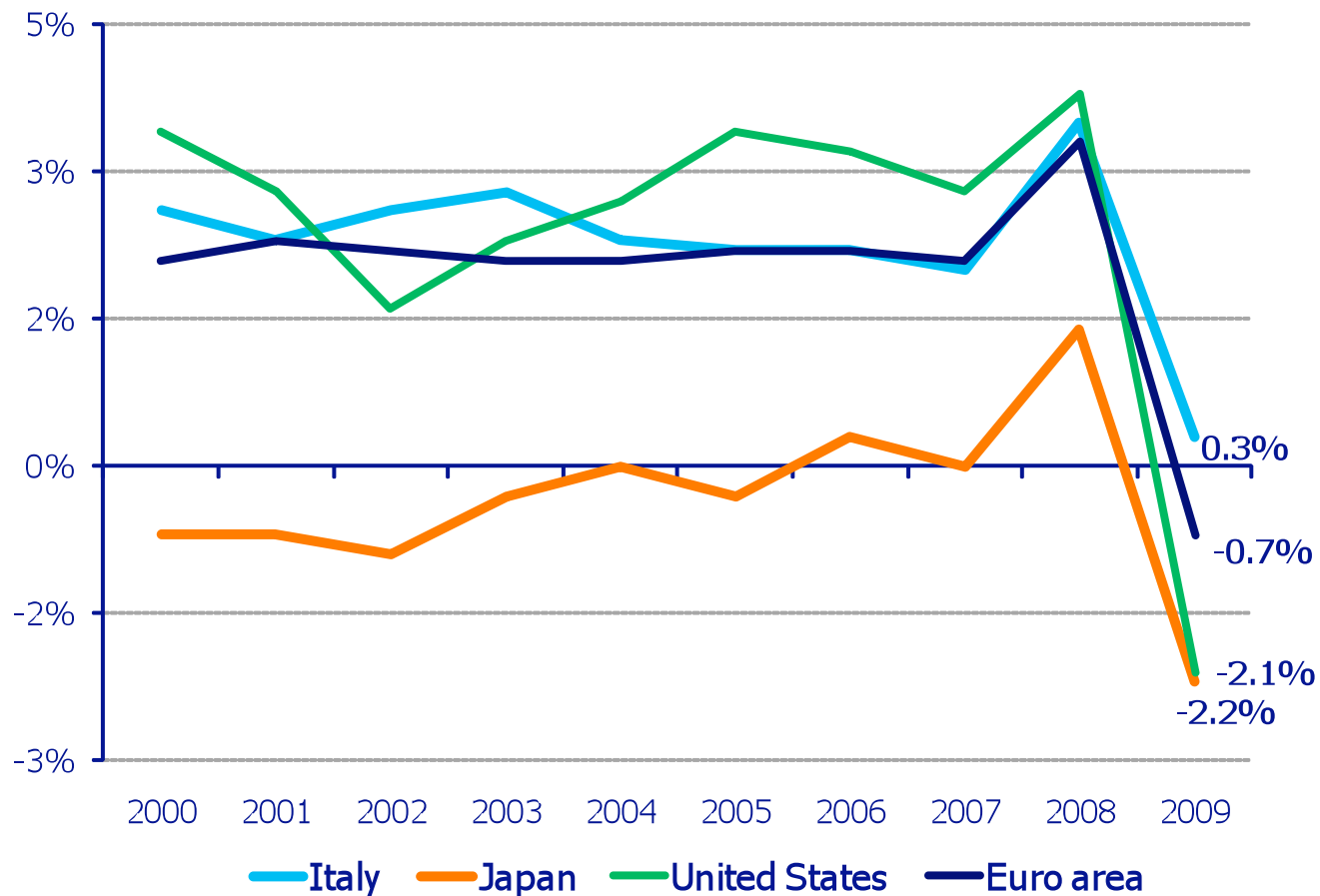


Source: The European House-Ambrosetti re-elaboration of Eurostat data, April 2009

Inflation Rate, trend 2000-July 2009* (percentage change on the same period of the previous year)

KPI

6

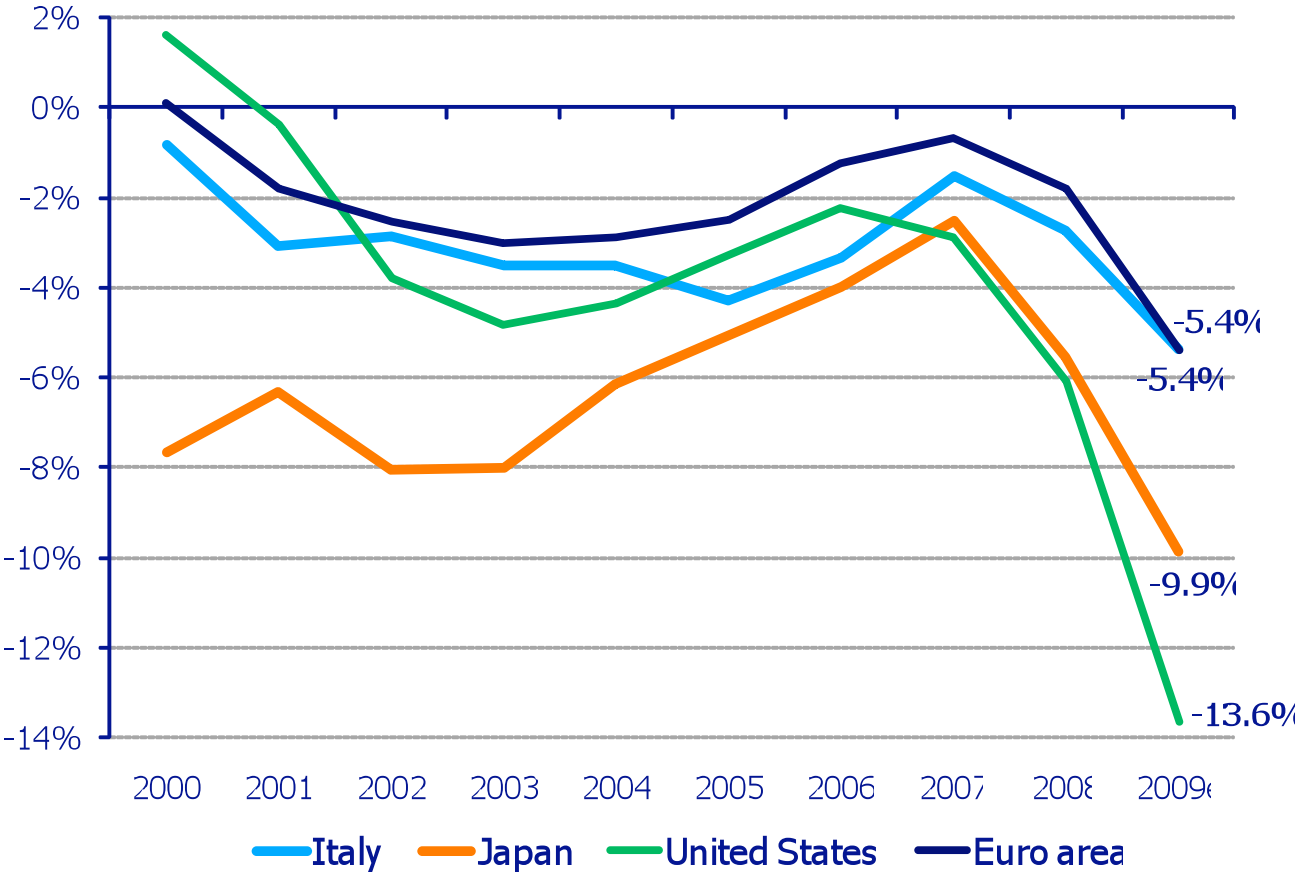


(*) Italy latest data: August 2009

Source: The European House-Ambrosetti re-elaboration of ISTAT, Japan Statistics Bureau, US Bureau of Labour Statistics and European Commission data, September 2009

Government Balance, trend 2000-2009e
(as % of GDP)

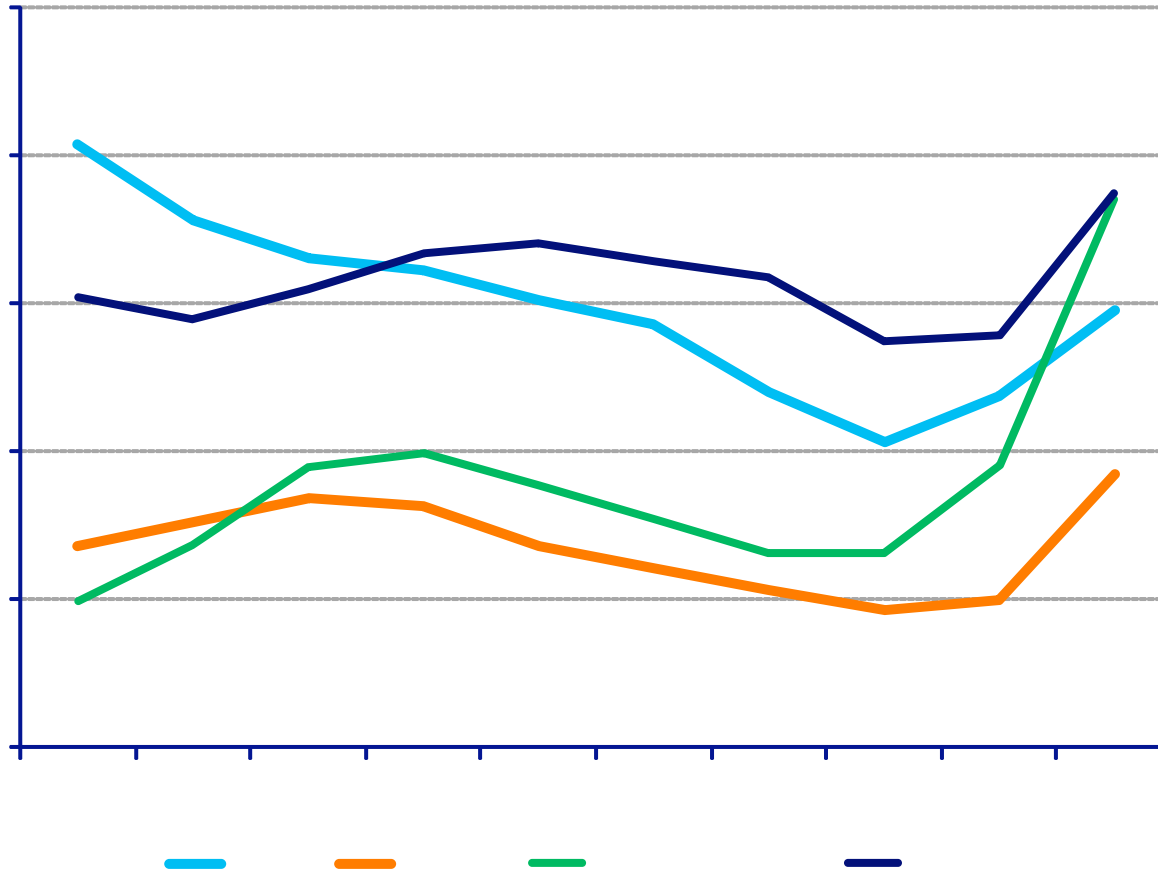
KPI
7



Source: The European House-Ambrosetti re-elaboration of IMF data, April 2009

Unemployment Rate, trend 2000-July 2009 (May for Italy)
(as % of total labour force)

KPI
9



Source: The European House-Ambrosetti re-elaboration of ISTAT, Japan Statistics Bureau, US Bureau of Labour Statistics and European Commission data, September 2009

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- **Italy-Japan Bilateral Relations Indicators**
- Recommendations

Italy-Japan Bilateral Relations Indicators – Select KPIs

AREA	KPI	Years	Source
Global FDI	1. Italy's FDI Global Inward and Outward Flows	2000-2007	UNCTAD
	2. Japan's FDI Global Inward and Outward Flows	2000-2007	UNCTAD
	3. Italy's FDI Inward and Outward Stocks	2000-2007	UNCTAD
	4. Japan's FDI Inward and Outward Stocks	2000-2007	UNCTAD
Italy-Japan FDI	5. FDI Flows from Italy to Japan	2000-2008	JETRO
	6. FDI Flows from Japan to Italy	2000-2008	JETRO
	7. FDI Stocks from Italy to Japan	2000-2008	JETRO
	8. FDI Stocks from Japan to Italy	2000-2008	JETRO
	9. Italian stakes in Japanese companies	2001-2006	ICE
	10. Japanese stakes in Italian companies	2001-2007	ICE
Trade	11. Italy's Global Export, Import and Trade Balance	2000-2008	IMF
	12. Japan's Global Export, Import and Trade Balance	2000-2007	IMF
	13. Trade Balance between Italy and Japan	2000-2008	Istat

For FDI Stocks and Trade relationships main partner countries have been added to the analysis

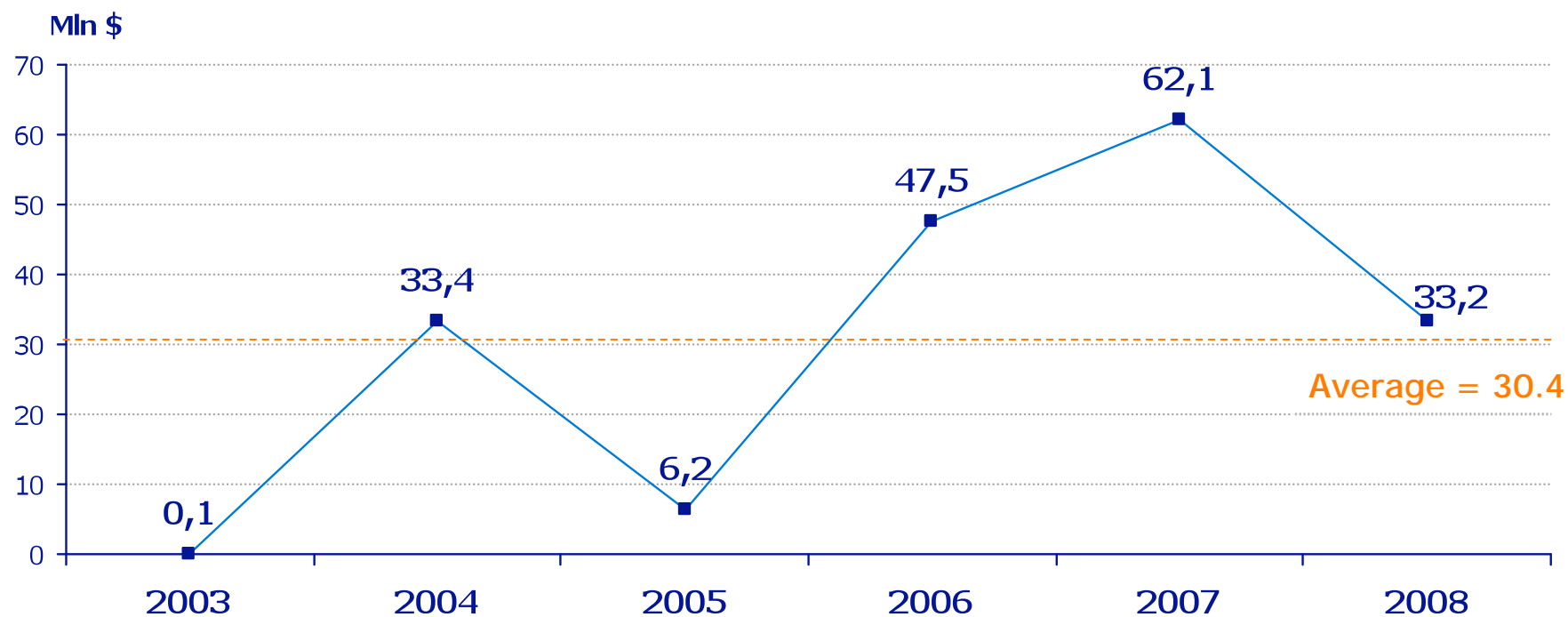
Bilateral Relations between Italy and Japan – FDI Analysis



FDI Flows from Italy to Japan, 2003-2008

(Mln \$)

KPI
5



Source: The European House-Ambrosetti re-elaboration on UNCTAD data, 2009

Bilateral Relations between Italy and Japan – FDI Analysis

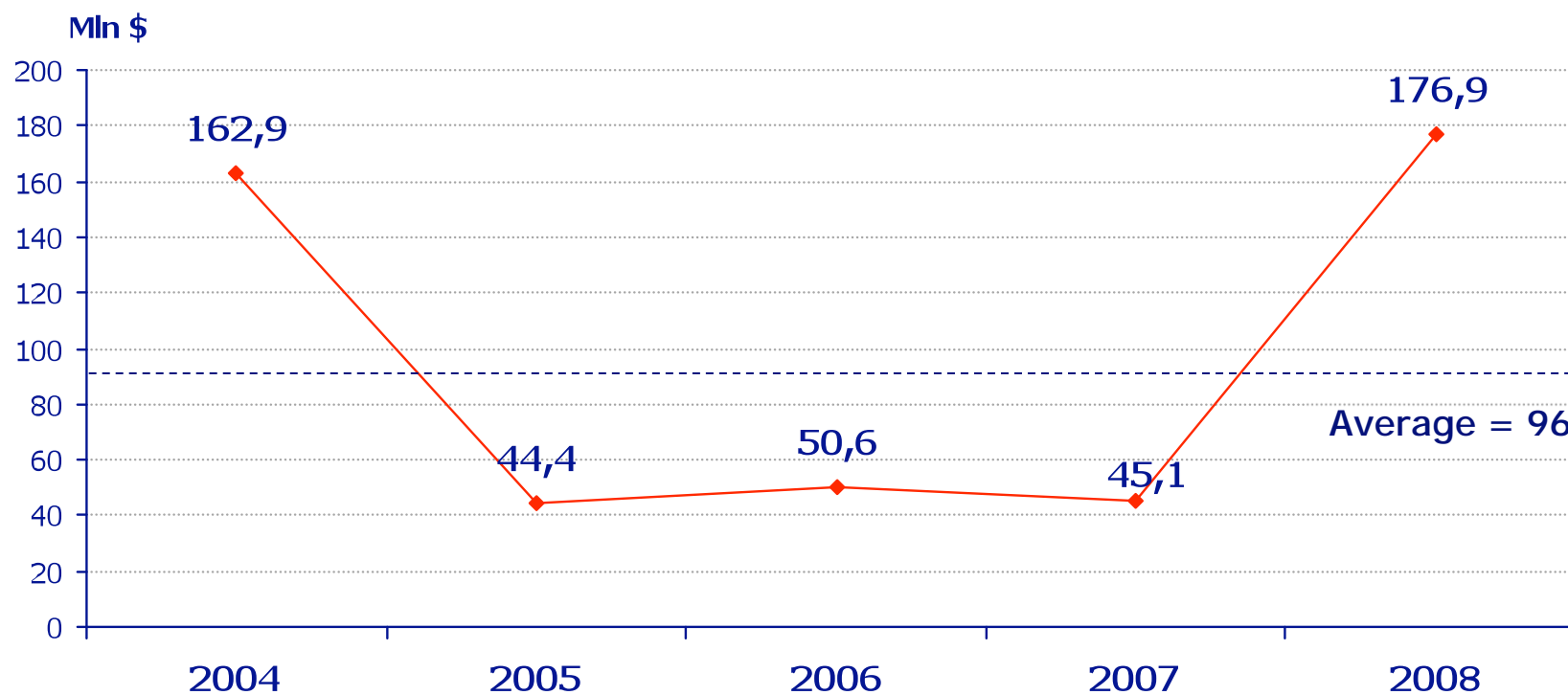


FDI Flows from Japan to Italy, 2004-2008

(Mln \$)

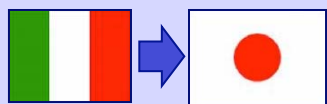
KPI

6



Source: The European House-Ambrosetti re-elaboration on JETRO data, 2009

Bilateral Relations between Italy and Japan – FDI Analysis



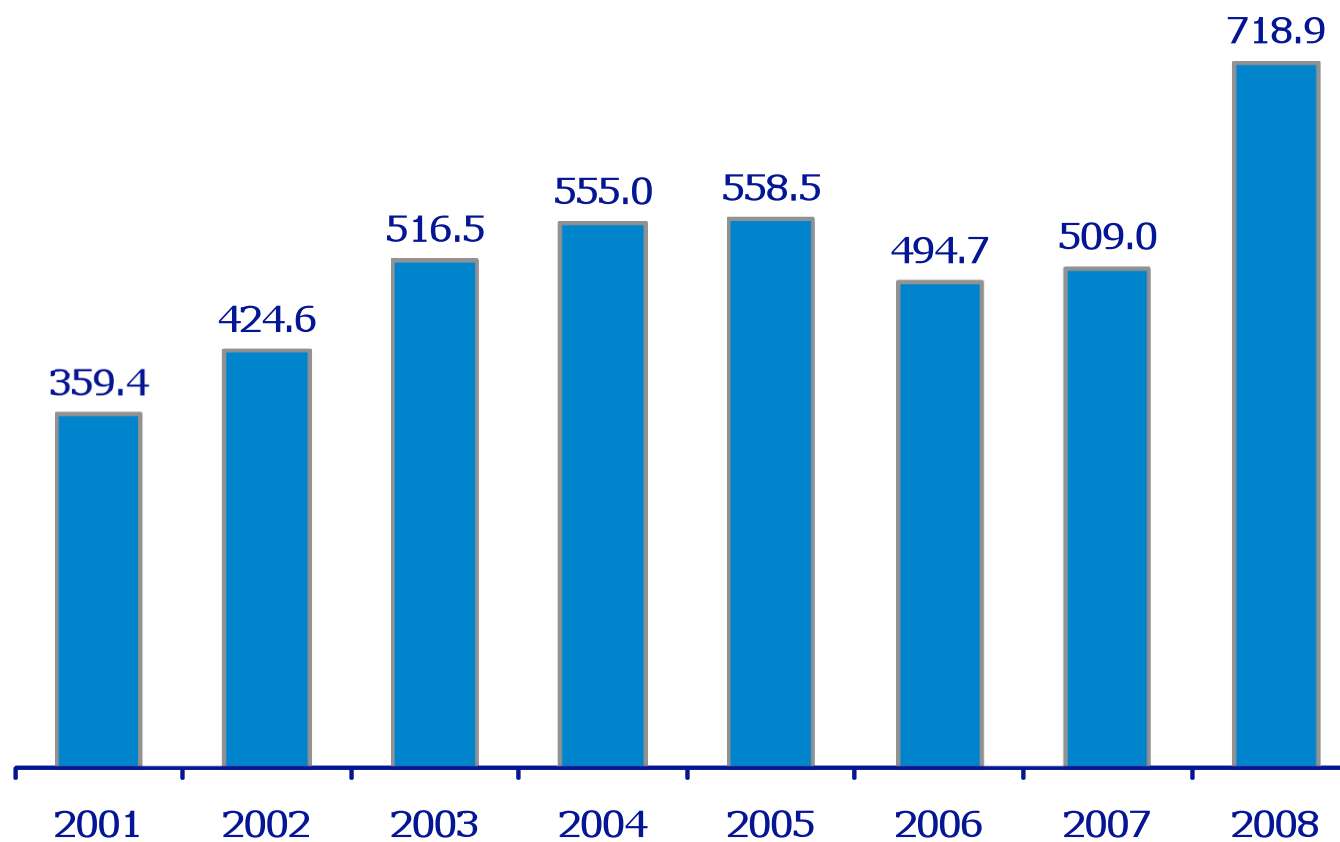
FDI Stocks from Italy to Japan, 2001-2008

(Mln \$)

KPI

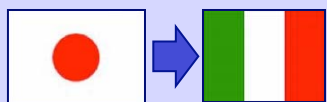
7

CAGR '01-'08: 10.4%



Source: The European House-Ambrosetti re-elaboration on JETRO data 2009

Bilateral Relations between Italy and Japan – FDI Analysis

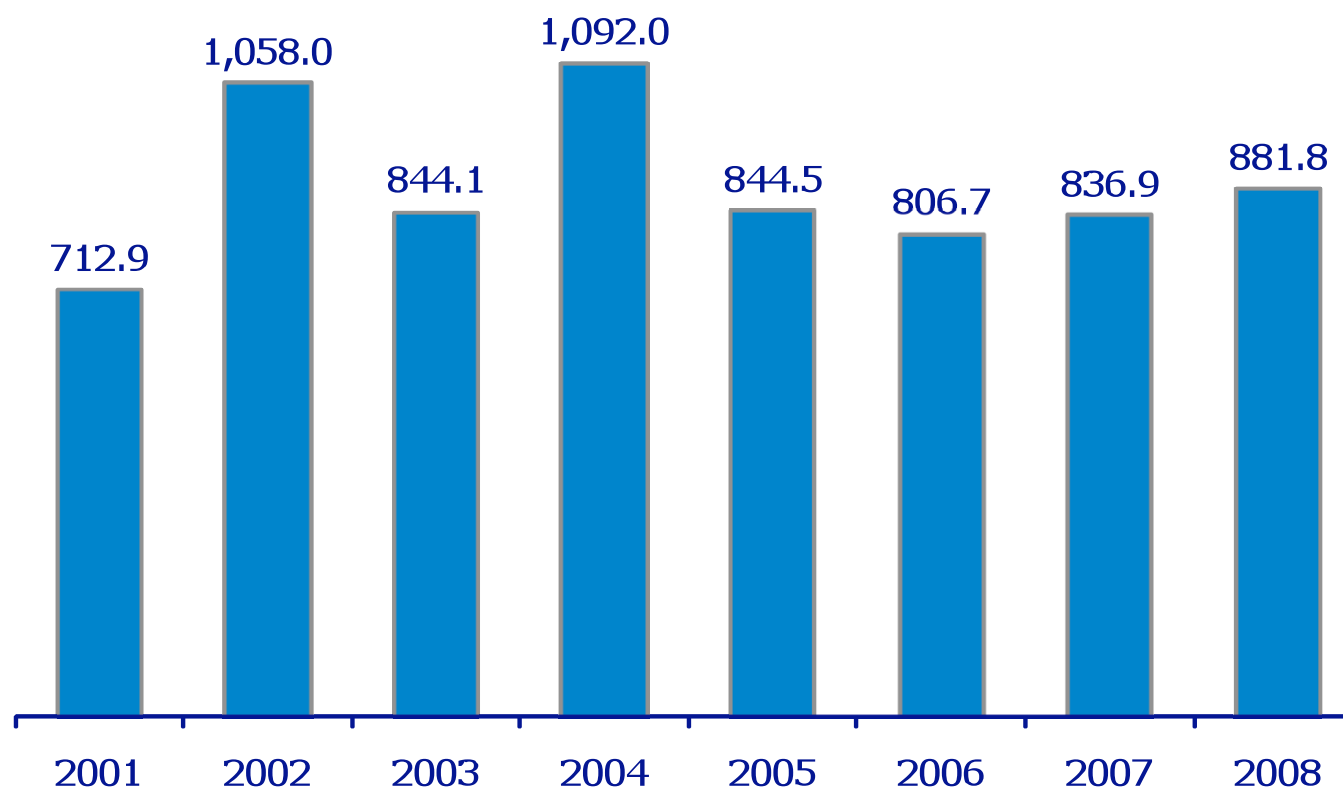


FDI Stocks from Japan to Italy, 2001-2008

(Mln \$)

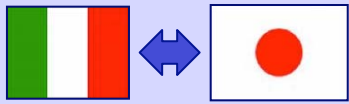
KPI
8

CAGR '01-'08: 3.1%



Source: The European House-Ambrosetti re-elaboration on JETRO data 2009

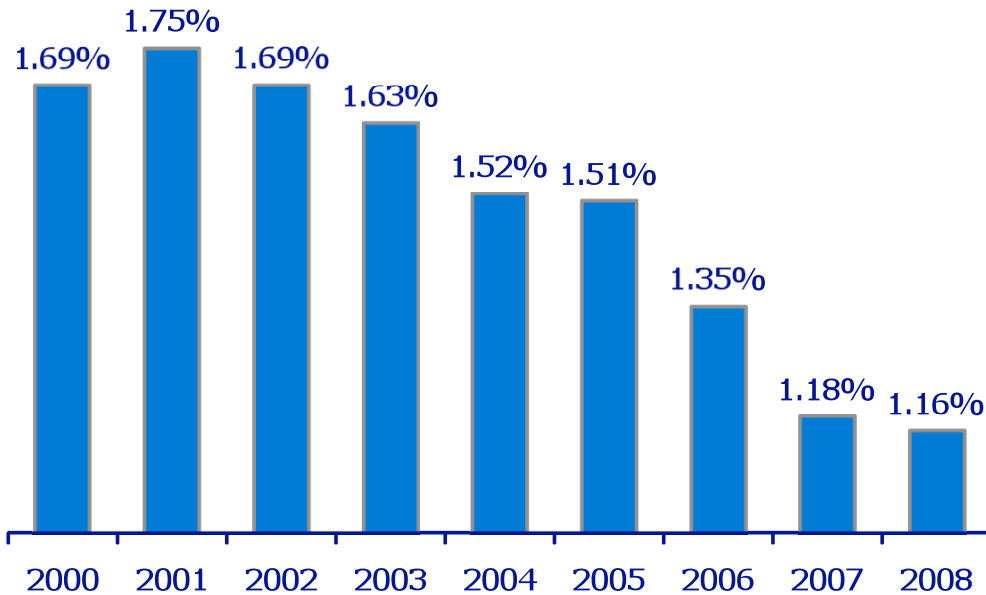
Foreign Trade between Italy and Japan



Exports and Imports market shares, 2000-2008
(%)

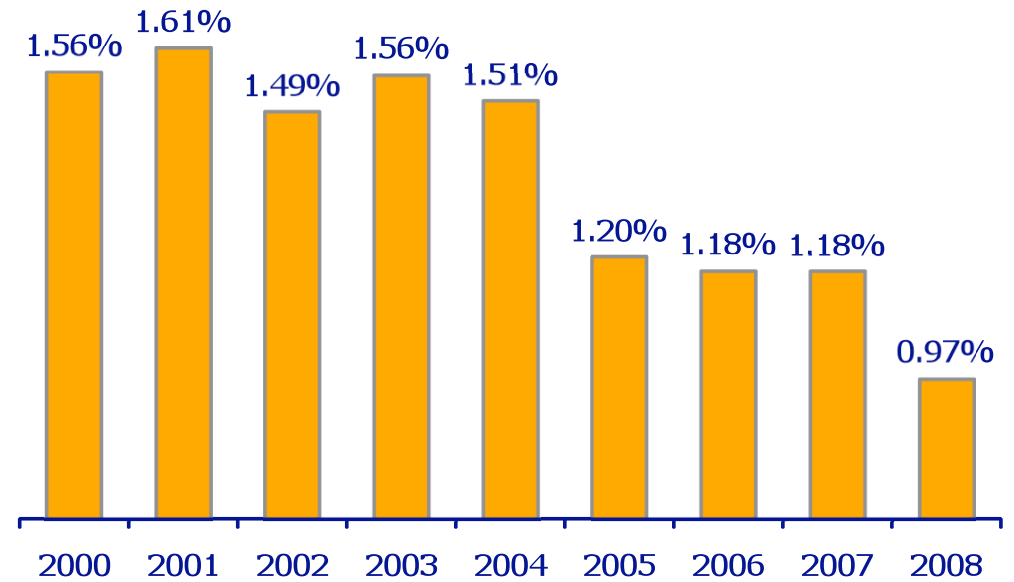
KPI
13

*Italian exports to Japan
(as % of total exports)*



Japan ranks 18° among
Partner Countries (2008)

*Italian imports from Japan
(as % of total imports)*



Japan ranks 18° among
Partner Countries (2008)

Source: The European House-Ambrosetti re-elaboration on IMF data, 2009

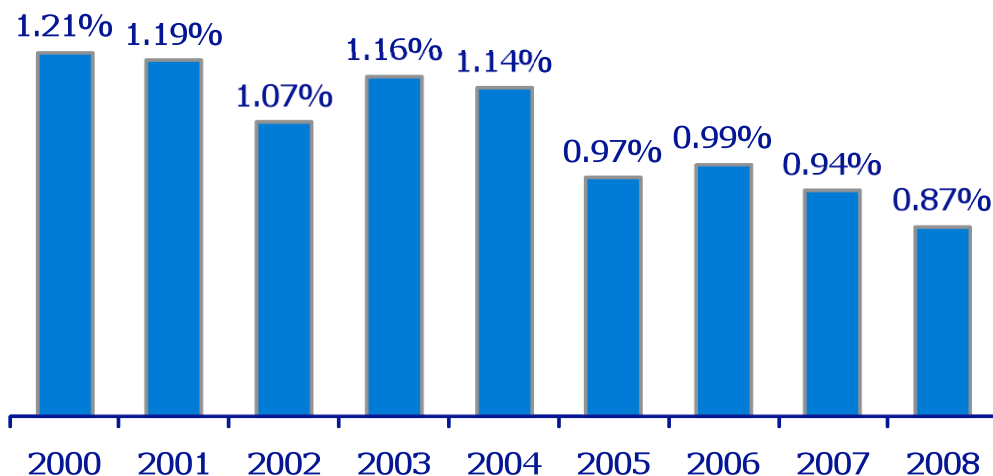
Foreign Trade between Italy and Japan



Exports and Imports market shares, 2000-2008
(%)

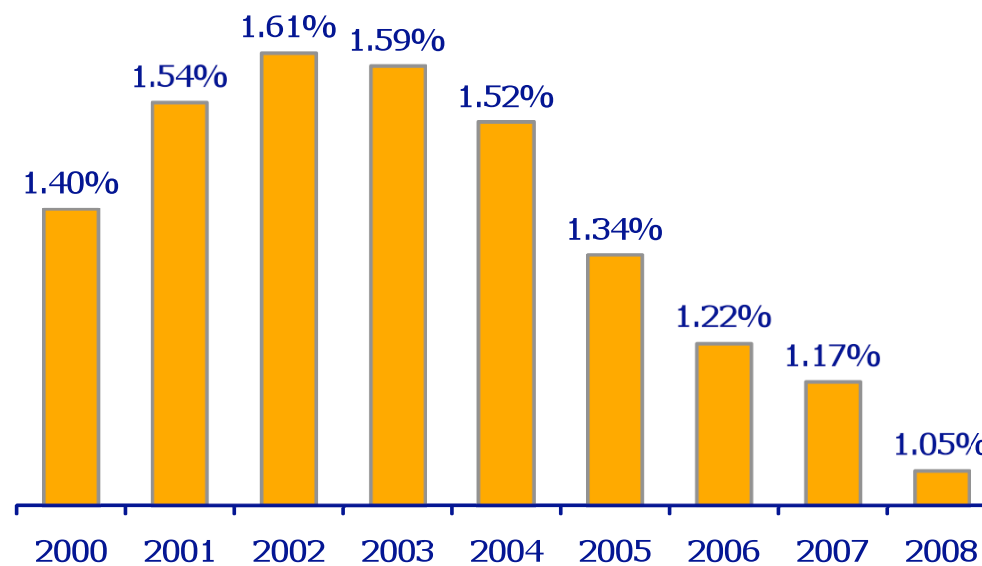
KPI
13

*Japan exports to Italy
(as % of total exports)*



**Italy ranks 26° among
Partner Countries (2008)**

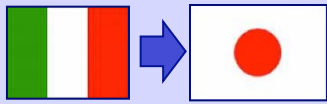
*Japan imports from Italy
(as % of total imports)*



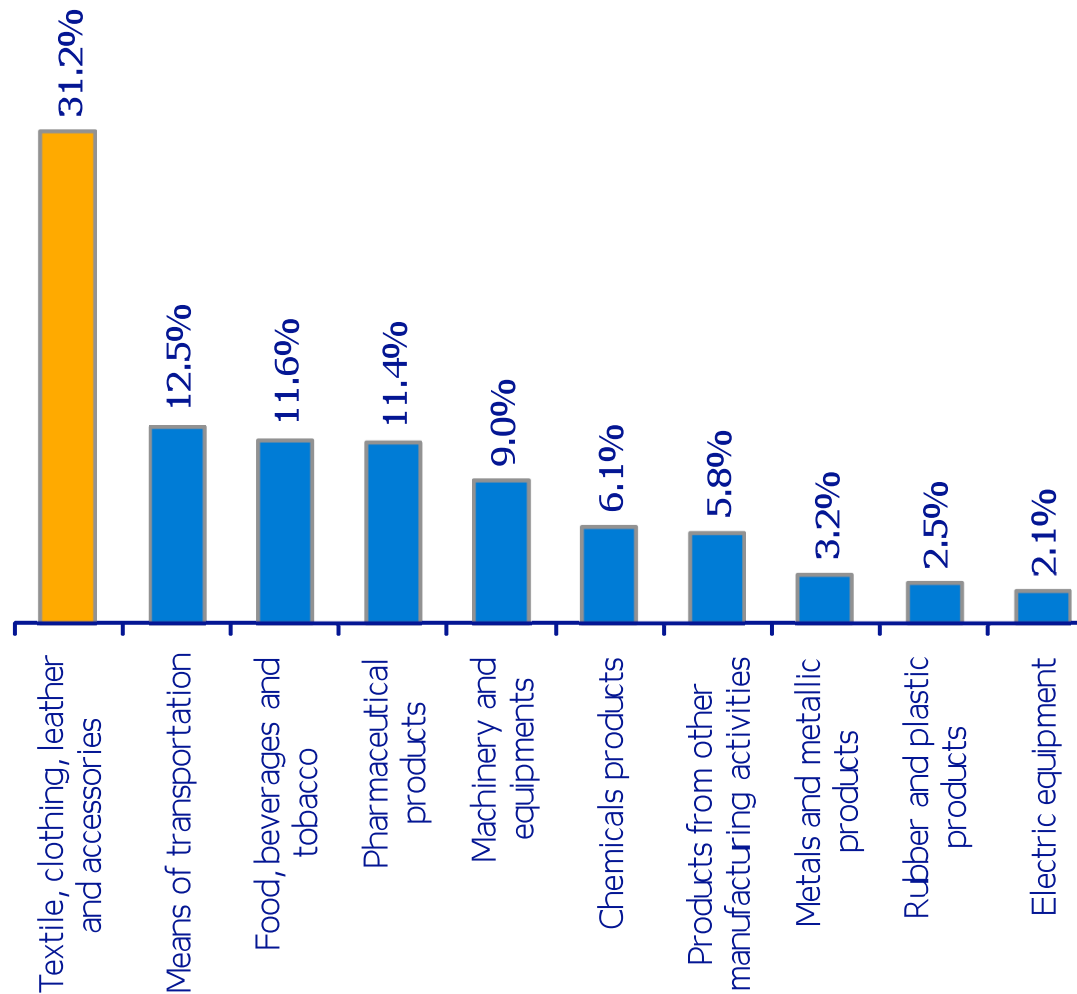
**Italy ranks 23° among
Partner Countries (2008)**

Source: The European House-Ambrosetti re-elaboration on IMF data, 2009

Trade Balance between Italy and Japan

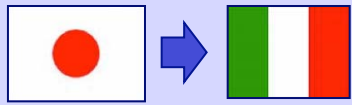


Export from Italy to Japan, 2008 (%) – Top 10 products

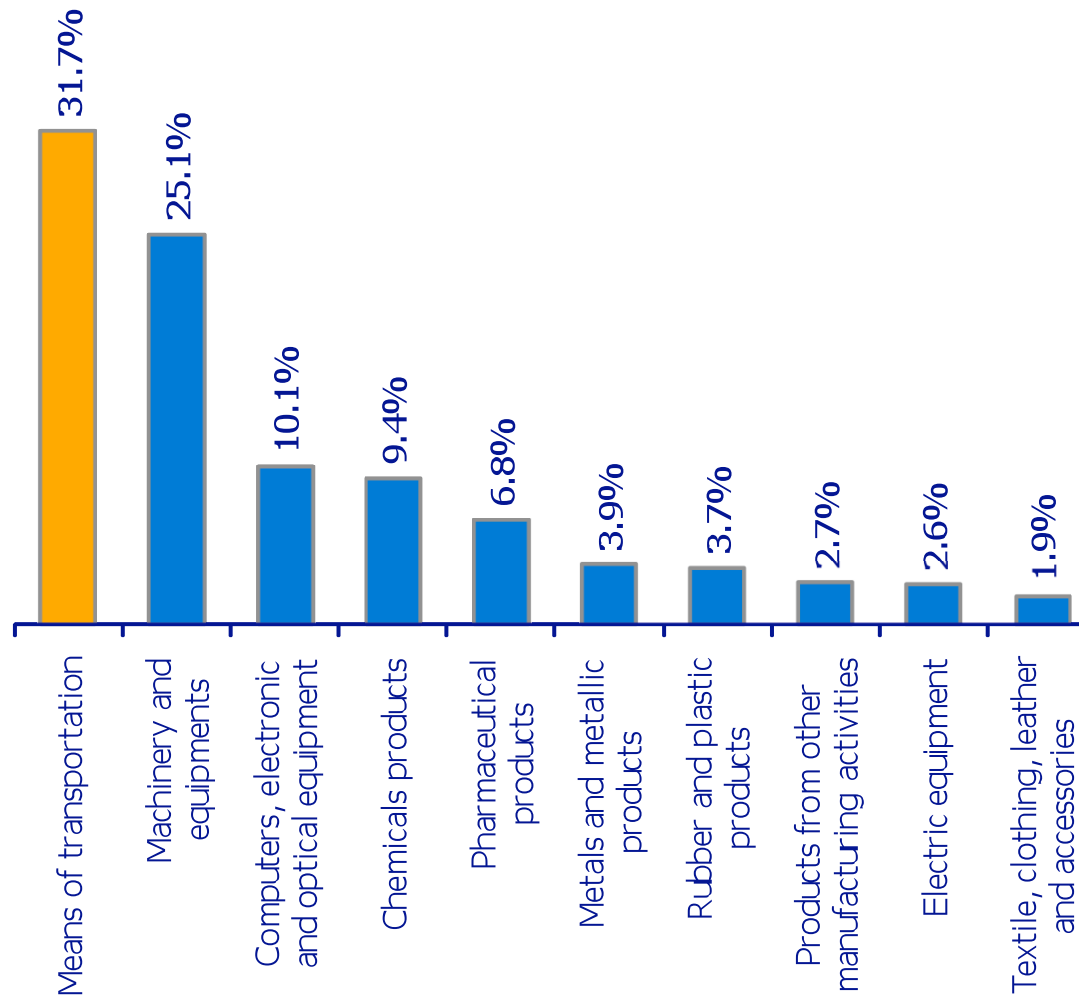


Source: The European House-Ambrosetti re-elaboration on Istat data, 2009

Trade Balance between Italy and Japan



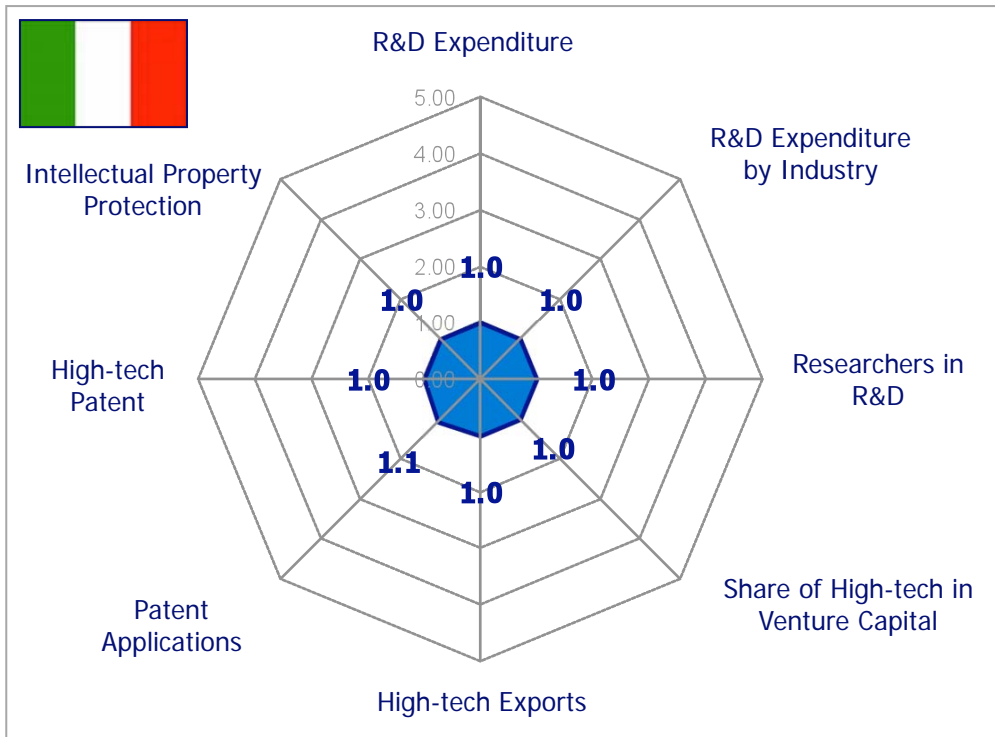
Import from Japan to Italy, 2008 (%) – Top 10 products



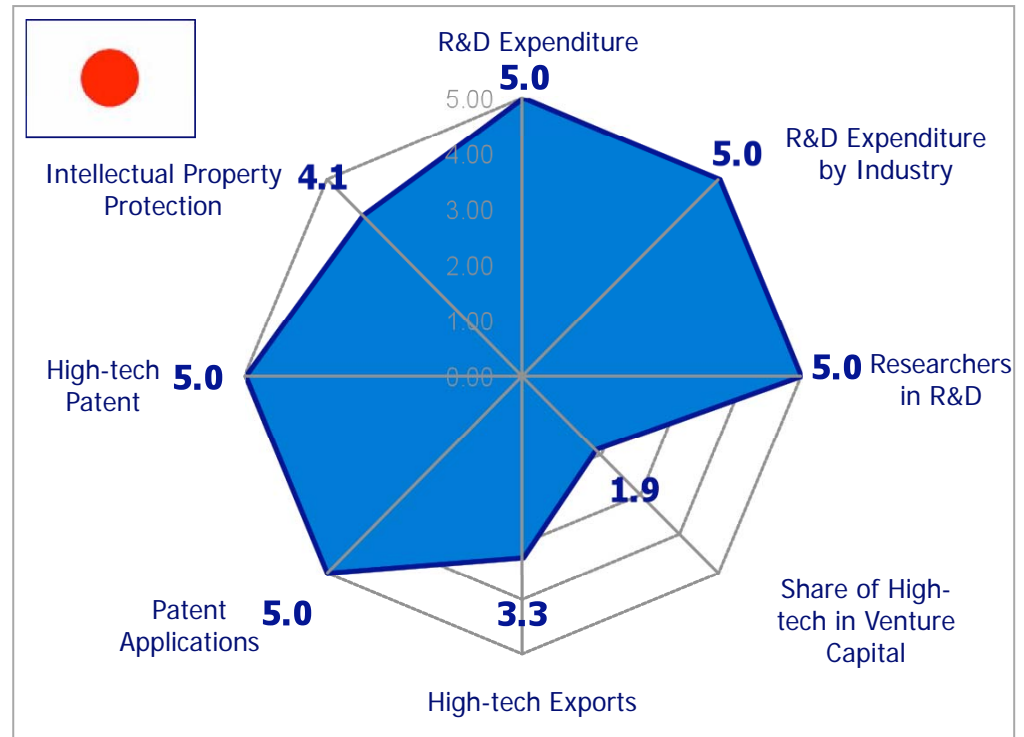
Source: The European House-Ambrosetti re-elaboration on Istat data, 2009

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Innovation & Technology – Italy and Japan Comparison



Average score: 1.0



Average score: 4.3



Source: The European House-Ambrosetti re-elaboration

Great potential for synergies and further cooperation among the two countries, particularly in such innovative sectors as energy, aerospace, ICT, biotech and nanotech, and technologies for disaster management.

Furthermore, it is necessary to promote bilateral relations and human capital exchanges, also by removing economic, regulatory and cultural hurdles



Working Group "*Energy! Challenges for the XXI century*":
identification of **14 project proposals**

Working Group "*Contingency Planning and Natural Disaster Management: perspectives and shared projects*":
identification of **11 project proposals**

Disclosure:
Forecasts – sometimes they can be right

