PRESENTATION OF THE 2009 IJBG REPORT “INDUSTRIAL RELATIONS AND BILATERAL COLLABORATIONS BETWEEN ITALY AND JAPAN”

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The European House-Ambrosetti

INNOVATING TO COMPETE - OPPORTUNITIES FOR ITALY AND JAPAN - “2009 Edition”

Key Performance Indicators Analysis
Agenda

- Introduction
  - Evaluation of the current economic crisis: Macroeconomic Indicators
  - Italy-Japan Bilateral Relations Indicators
  - Final Considerations
INNOVATING TO COMPETE – OPPORTUNITIES FOR ITALY AND JAPAN

- Macroeconomic Indicators
- G-7 Attractiveness & Competitiveness Index
- Italy-Japan Bilateral Relations Indicators
- Recommendations
- WORKING GROUPS

Key Performance Indicators (KPIs) Analysis
<table>
<thead>
<tr>
<th>Key Performance Indicators (KPIs) Analysis – Structure and Aims</th>
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<tbody>
<tr>
<td><strong>Macroeconomic Indicators</strong></td>
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<tr>
<td>Provide an updated outlook of Italy’s and Japan’s economic situation in the current global economic and financial crisis context</td>
</tr>
<tr>
<td><strong>G-7 Attractiveness &amp; Competitiveness Index</strong></td>
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<tr>
<td>Estimate the current level of global attractiveness and competitiveness of Italy and Japan compared to the other G-7 Countries</td>
</tr>
<tr>
<td><strong>Italy-Japan Bilateral Relations Indicators</strong></td>
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<tr>
<td>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.</td>
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Macroeconomic Indicators – Select KPIs

The analysis includes the following set of KPIs:

<table>
<thead>
<tr>
<th>AREA</th>
<th>KPI</th>
<th>Years</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.</td>
<td>GDP Growth Rate</td>
<td>2000-2009e</td>
</tr>
<tr>
<td></td>
<td>2.</td>
<td>GDP per capita</td>
<td>2000-2009e</td>
</tr>
<tr>
<td></td>
<td>3.</td>
<td>Production in Total Industry</td>
<td>2000-2009e</td>
</tr>
<tr>
<td></td>
<td>4.</td>
<td>Investments</td>
<td>2000-2009e</td>
</tr>
<tr>
<td></td>
<td>5.</td>
<td>Exports of Goods and Services</td>
<td>2000-2009e</td>
</tr>
<tr>
<td></td>
<td>6.</td>
<td>Inflation Rate</td>
<td>2000-July 2009</td>
</tr>
<tr>
<td></td>
<td>9.</td>
<td>Unemployment Rate</td>
<td>2000-July 2009</td>
</tr>
</tbody>
</table>

Italy and Japan are compared with the US and the Eurozone.
GDP Growth Rate, trend 2000-2009e

(Annual percentage change)

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

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

(*) 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**
Macroeconomic Indicators

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

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)


(*) Italy latest data: August 2009
Government Balance, trend 2000-2009e
(as % of GDP)

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)

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<th>AREA</th>
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<tbody>
<tr>
<td>Global FDI</td>
<td>1. Italy’s FDI Global Inward and Outward Flows</td>
<td>2000-2007</td>
<td>UNCTAD</td>
</tr>
<tr>
<td></td>
<td>3. Italy’s FDI Inward and Outward Stocks</td>
<td>2000-2007</td>
<td>UNCTAD</td>
</tr>
<tr>
<td></td>
<td>4. Japan’s FDI Inward and Outward Stocks</td>
<td>2000-2007</td>
<td>UNCTAD</td>
</tr>
<tr>
<td>Italy-Japan FDI</td>
<td>5. FDI Flows from Italy to Japan</td>
<td>2000-2008</td>
<td>JETRO</td>
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<tr>
<td></td>
<td>6. FDI Flows from Japan to Italy</td>
<td>2000-2008</td>
<td>JETRO</td>
</tr>
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<td></td>
<td>7. FDI Stocks from Italy to Japan</td>
<td>2000-2008</td>
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<td></td>
<td>8. FDI Stocks from Japan to Italy</td>
<td>2000-2008</td>
<td>JETRO</td>
</tr>
<tr>
<td></td>
<td>9. Italian stakes in Japanese companies</td>
<td>2001-2006</td>
<td>ICE</td>
</tr>
<tr>
<td>Trade</td>
<td>11. Italy’s Global Export, Import and Trade Balance</td>
<td>2000-2008</td>
<td>IMF</td>
</tr>
<tr>
<td></td>
<td>13. Trade Balance between Italy and Japan</td>
<td>2000-2008</td>
<td>Istat</td>
</tr>
</tbody>
</table>

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 $)

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

Average = 30.4
Bilateral Relations between Italy and Japan – FDI Analysis

FDI Flows from Japan to Italy, 2004-2008

(Mln $)

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 $)

CAGR ‘01-’08: 10.4%

Source: The European House-Ambrosetti re-elaboration on JETRO data 2009
FDI Stocks from Japan to Italy, 2001-2008 (Mln $)

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)

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 (%)

Japan exports to Italy (as % of total exports)

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1.21%</td>
<td>1.19%</td>
<td>1.07%</td>
<td>1.16%</td>
<td>1.14%</td>
<td>0.97%</td>
<td>0.99%</td>
<td>0.94%</td>
<td>0.87%</td>
</tr>
</tbody>
</table>

Italy ranks 26° among Partner Countries (2008)

Japan imports from Italy (as % of total imports)

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1.60%</td>
<td>1.54%</td>
<td>1.61%</td>
<td>1.59%</td>
<td>1.52%</td>
<td>1.34%</td>
<td>1.22%</td>
<td>1.17%</td>
<td>1.05%</td>
</tr>
</tbody>
</table>

Italy ranks 23° among Partner Countries (2008)

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

KPI 13
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
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*
Final Considerations

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