

Italy

Mar - 2017

Executive Summary

This country fact sheet provides key trade, investment and tourism related statistics for Italy. Specifically, it shows global trade and investment flows including an analysis of top markets and products for Italy in relation to South Africa and the Western Cape, highlighting the largest and fastest growing products and sub-sectors. It also analyses tourism trends between Italy and South Africa. The key highlights in the Italian fact sheet are provided below:

Trade

- Italy is a global net importer of services, consistently showing a trade deficit for the period under review from 2008 to 2015 (excluding the 2013 year).
- Italy's top exported service was travel services valued at USD39.55bn in 2015, followed by other business services valued at USD22.4bn.
- The top service imported in 2015 were travel services, valued at USD24.41bn.
- Italy is a global net exporter of goods with its top export product in 2016 being machinery, mechanical appliances, nuclear reactors, boilers; parts thereof to the value of USD92.36bn. The top import product for Italy globally in 2016 were vehicles and parts and accessories thereof at USD43.46bn.
- The top import markets for Italy in 2016 was Germany (USD65.78bn) followed by France (USD35.93bn) and China (USD30.16bn) in second and third place, respectively.
- The top export markets for Italy in 2016 was Germany (USD58.06bn), followed by the France (US48.34bn) and the United States (USD40.7bn) in second and third place respectively.
- South Africa has been a net importer of products from Italy for most of their trade relationship. The most recent trade deficit recorded in 2016 was valued at USD0.7bn.
- The top product imported from Italy in 2016 were medicaments (USD80.25m) accounting for 4.36% of total imports in 2016.
- The top product exported to Italy from South Africa was coal, briquettes, ovoids etc. valued at USD156.77m, accounting for 14.08% of total exports to Italy in 2016.
- The Western Cape is a net importer with respect to trade with Italy. The latest trade deficit was recorded at USD198.5m in 2016.
- Its top export product in 2016 was fish fillets and other fish meat exported to the value of USD31.99m, accounting for 22.52% of exports to Italy.
- The top import product from Italy to the Western Cape in 2016 were diodes, transistors and similar semiconductor devices valued at US24.39m, accounting for 7.16% of imports in 2016.

Investment

- Between January 2003 and June 2016 a total of 2,200 FDI projects were recorded into Italy from various global sources. These projects represent a total capital investment of USD95.62bn which is an average investment of USD43.50m per project.
- Between January 2003 and June 2016 a total of 5,517 FDI projects were recorded from Italy to various destinations globally. These projects represent a total capital investment of USD278.54bn which is an average investment of USD50.50m per project.

- Between January 2003 and June 2016 a total of 48 FDI projects were recorded from Italy to South Africa. These projects represent a total capital investment of USD3.91bn which is an average investment of USD81.50m per project.
- Between January 2003 and June 2016 a total of 2 FDI projects were recorded from South Africa to Italy. These projects represent a total capital investment of USD35.1m which is an average investment of USD17.6m per project.

Tourism

- In 2015, 57.3% of Italian visitors to South Africa visited the Western Cape.
- In 2015, an increase in both spend and length of stay was recorded, relative to 2014 figures.
- A steady increase of visitors from Italy to South Africa has also been recorded from 2013 to 2015.

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1. General Information

Italy is situated in Southern Europe, northeast of Tunisia.

It is a charter member of NATO and the European Economic Community (EEC) having been at the forefront of European economic and political unification, joining the Economic and Monetary Union in 1999.

Italy has a diversified economy, which is divided into a developed industrial north, dominated by private companies, and a less-developed, highly subsidized, agricultural south, where unemployment is higher. The Italian economy is driven in large part by the manufacture of high-quality consumer goods produced by small and medium-sized enterprises, many of them family-owned.



Source: CIA World Factbook, 2017

GENERAL INFORMATION - ITALY	
Capital	Rome
Major Cities (Population) (2015)	Rome (capital) 3.718 million; Milan 3.099 million; Naples 2.202 million; Turin 1.765 million; Palermo 853,000; Bergamo 840,000
Population (July 2016 est.)	62,007,540
Government type	Parliamentary republic
Head of Government	Prime Minister Paolo Gentiloni (since 12 December 2016); note - Prime Minister Matteo Renzi (since 22 February 2014) resigned 12 December 2016; the prime minister's official title is President of the Council of Ministers
Life expectancy (2016 est.)	82.2 years
Ethnic groups (2015)	Italian (includes small clusters of German-, French-, and Slovene-Italians in the north and Albanian-Italians and Greek-Italians in the south)
Religion(s) (2000 est.)	Christian 80% (overwhelmingly Roman Catholic with very small groups of Jehovah's Witnesses and Protestants), Muslim (about 800,000 to 1 million), atheist and agnostic 20%
Languages (2011)	Italian (official), German (parts of Trentino-Alto Adige region are predominantly German speaking), French (small French-speaking)

GENERAL INFORMATION - ITALY	
	minority in Valle d'Aosta region), Slovene (Slovene-speaking minority in the Trieste-Gorizia area)
Human Development Index (2014)	0.873

Sources: CIA World Factbook, 2017

2. Economic Overview

Italy is the third-largest economy in the EU, but its high levels of public debt and structural impediments to growth have rendered it vulnerable to scrutiny. Public debt has increased steadily since 2007, topping 135% of GDP in 2015. The government still faces pressure from investors and European partners to sustain its efforts to address Italy's longstanding structural impediments to growth, such as its labour market inefficiencies and tax evasion (CIA World Factbook, 2017).

Policies in Italy are mainly concerned with attempts to reduce its large public debt (which reached an estimated 132.5% of GDP in 2016), safeguarding the banking system and keeping Italy in the euro zone. In 2012 the government, led by Mario Monti, carried out a number of structural economic reforms to improve competitiveness. The process stalled in 2013, but it was revived under the Renzi government (The Economist, 2017).

ECONOMIC OUTLOOK SWOT ANALYSIS	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - Although Italy's real GDP growth will remain low by regional standards, per capita wealth remains high by European standards and household debt is relatively low by Eurozone standards. - Notwithstanding a poor competitiveness record, Italy remains the world's 7th largest economy, with a comparative advantage in a number of areas including industrial design, fashion and clothing. 	<ul style="list-style-type: none"> - Italy lags behind the 'de-industrialisation' curve, the process by which other OECD economies acknowledge that manufacturing is migrating to lower-cost economies in Asia and other regions, hence a need to build up a competitive advantage in alternative sectors. - Relatively high levels of corruption and cronyism in certain areas of the economy have led to inefficiency and insufficient allocation of resources. - Criminal syndicates remain powerful and widespread in many southern regions, holding back economic development. - Highly fragmented banking sector with large variability in asset quality and capital adequacy.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - Comprehensive reforms of the labour market, the education system, competition policy and a general simplification of bureaucracy could induce a reversal of trend in the brain drain that has characterised the country over the past 30 years. - Although Italy's manufacturing sector has suffered through competition from China and other low-cost centres, the country does have the human capital and capital resources to move higher up the value – added chain. Doing so would open up new markets, especially in emerging countries. 	<ul style="list-style-type: none"> - Fiscal consolidation and economic contraction could lead to an expansion of the grey economy (the part of a country's economic activity that is not accounted for in official statistics). - High public debt will remain a constant risk to macroeconomic stability in the case of economic or interest rate shocks. - A period of trade union unrest, following deep reforms of the social security system, could disrupt economic operations and weigh on Italy's attractiveness to foreign investors. - Additional bank failures could quickly destabilise the financial sector and government fiscal position.

Source: BMI International, 2017

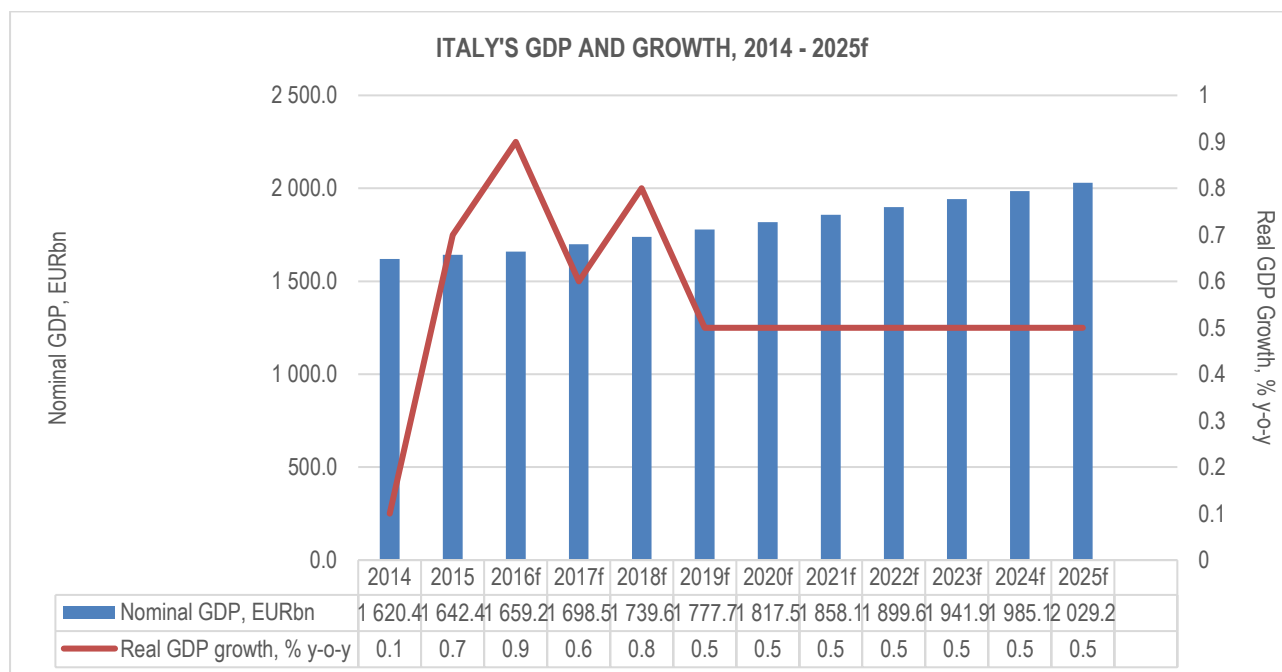
Below are key Italian economic indicators:

ECONOMIC INFORMATION	
Currency	Euro
GDP (PPP) - 2016 est.	USD2.221 tn
GDP real growth - 2016 est.	0.8%
GDP per capita - 2016 est.	USD36,300
Inflation – 2016	-0.2%
Commercial bank prime lending rate - 31 Dec 2013	3.8%
Unemployment rate – Jan 2016.	11.4%

Source: CIA World Factbook, 2017

According to BMI, Italy has been a chronic underperformer since the inception of the single currency, with real GDP 2.3% smaller in 2015 than in 2001. Without a more progressive approach to major structural initiatives, both on a domestic and Eurozone level, BMI expects a very subdued growth outlook over the coming decade. The public debt load will prove to be a major strain on the economy as a whole in the long term.

The graph below depicts Italy's Gross Domestic Product and its growth forecast.



Source: BMI, 2017

Household spending will be an important driver of real GDP growth over the coming years, although growth rates will remain subdued relative to eurozone peers as structural factors such as high youth unemployment and stark regional wealth divides act as constraints to growth. On a positive note, household debt ratios in Italy are closer to that of emerging as opposed to developed European peers, which implies that debt repayment burdens are low and that consumers have room to leverage up if incomes rise and labour market conditions improve (BMI, 2017).

Italy's public debt load will act as a long-term constraint on government spending. The government will have to continuously curb expenditure growth in order to fund tax cuts, which are badly needed to stimulate investment. Public consumption is expected to have a neutral contribution to headline growth over coming years, while declining gradually as a percent of GDP (BMI, 2017).

Italy has experienced a long slump in fixed investment spending, with contraction most prominent in the construction sector. With interest rates at all-time lows and property prices beginning to stabilise, construction activity will stage a very gradual

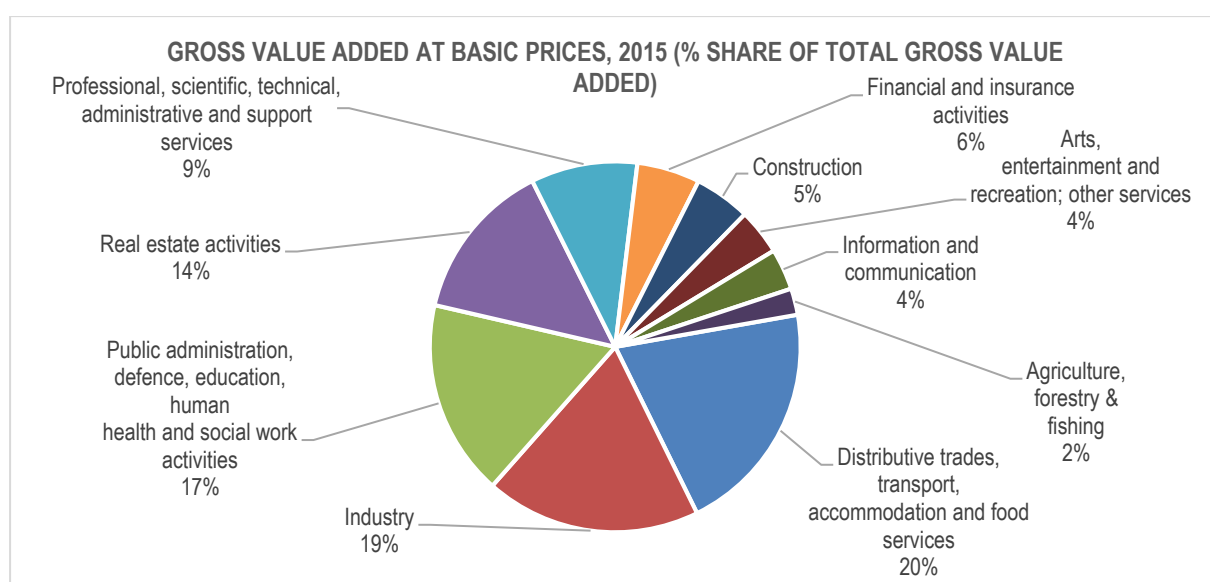
rebound in the coming years, although public investment will continue to be limited by fiscal constraints. Fixed investment activity will be encouraged by a recovering banking sector and gradually more receptive business environment and tax code (BMI, 2017).

Italy has seen a steady loss of global market share in the past decade which will be very difficult to get back amidst weak global trade volumes. The structural rigidities posed by being a eurozone member make downward wage adjustments the most viable way to quickly boost cost competitiveness. Italy's inflexible labour markets, strong union level bargaining powers and lack of political will to reform will not easily allow for this (BMI, 2017).

According to BMI (2017), stronger eurozone demand, particularly from Germany, will boost export growth over the coming years, but rising imports will neutralise any positive impact on headline growth rate.

The largest industry contributors are:

- Distributive trades, transport, accommodation and food services (20%)
- Industry (19%)
- Public administration, defence, education, human health and social work activities (17%)
- Real estate activities (14%)



Source: Eurostat, 2017

The Forbes Global 2000 is an annual list of the world's 2000 largest publicly listed corporations. Below is a list of some of the companies from Italy featured on the list in 2016.

ITALY'S LARGEST PUBLICLY LISTED COMPANIES, 2016					
GLOBAL RANK	COMPANY	SALES (USDbn)	PROFITS (USDbn)	ASSETS (USDbn)	MARKET VALUE (USDbn)
92	Intesa Sanpaolo	39.1	3.1	734.9	46.40
104	Enel	76.9	2.4	179.00	44.60
125	Generali Group	97.1	2.3	539.30	24.10
195	UniCredit Group	25.7	1.8	934.7	23.60
406	EXOR	156.9	0.580	174.7	9.10
409	Eni	87.2	-9.8	149.80	57.70

ITALY'S LARGEST PUBLICLY LISTED COMPANIES, 2016					
GLOBAL RANK	COMPANY	SALES (USDbn)	PROFITS (USDbn)	ASSETS (USDbn)	MARKET VALUE (USDbn)
431	Poste Italiane	34	0.612	191	9.60
610	Atlantia	5.8	0.946	37.7	22.20
628	Telecom Italia	21.9	-0.080	77.40	18.40
713	Snam	4.3	1.4	27.6	20.60

Source: Forbes Global 2000, Economy Watch, 2017

3. Doing Business in Italy

Economies are ranked on their ease of doing business, from 1–190, which is indicative of whether the regulatory environment is conducive to the starting and operation of a local firm. The World Bank Group in its annual *Doing Business* report ranked Italy 50th out of 190 countries monitored in terms of ease of doing business. Italy's relative strengths in terms of ease of doing business include trading across borders ranked 1st, registering property ranked 24th and resolving insolvency ranked 25th.

ITALY'S EASE OF DOING BUSINESS,	
SELECTED INDICATORS	RANKING OUT OF 190 COUNTRIES, 2016
Starting a Business	63
Dealing with Construction Permits	86
Getting Electricity	51
Registering Property	24
Getting Credit	101
Protecting Minority Investors	42
Paying Taxes	126
Trading across Borders	1
Enforcing Contracts	108
Resolving Insolvency	25
DOING BUSINESS RANKING 2016	50

Source: World Bank Group's *Doing Business*, 2016 Report

4. Italy's Sovereign Credit Ratings

"A sovereign credit rating is the credit rating of a country or sovereign entity. Sovereign credit ratings give investors insight into the level of risk associated with investing in a particular country and also include political risks. At the request of the country, a credit rating agency will evaluate the country's economic and political environment to determine a representative credit rating". Source: Investopedia

While a number of credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services and Standard & Poor's (S&P). Reasons for a country/sovereign to seek a credit rating from one of these three agencies include not only to access funding in international bond markets via the issuance of bonds in external debt markets, but it is a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating a means for the country to demonstrate financial transparency and credit standing.

Two key rating 'standards' exist, with the highest possible rating category being "AAA" according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below this, with the categories ranging all the way down to SD (i.e. defaulted), which means the rated country has failed to pay one or more of its financial obligations when it came due.

ITALY'S SOVEREIGN CREDIT RATINGS			
CREDIT RATING AGENCY	STANDARD & POORS	MOODY'S INVESTOR SERVICES	FITCH RATINGS
CREDIT RATING	BBB-	Baa2	BBB+
OUTLOOK	Stable	Negative	Negative
DATE OF LAST CHANGE	Dec - 2014	Dec - 2016	Oct - 2016

Sources: Standard & Poor's; Moody's Investors Services; & Fitch Ratings

A number of alternative measures and rating scales exist to assess risks posed to companies and banks, particularly those pertaining to political and commercial risks when undertaking international commercial transactions. One such company which offers these services is Belgium's Delcredereuroire, the country's official export credit agency and public credit insurer.

The table below shows Delcredereuroire's current risk assessment of Italy in terms of export transactions and direct investments. Ratings are between 1 and 7, and between A and C, with 7 and C being the maximum risk indicators.

ITALY'S RISK ASSESSMENT - DELCREDEREDUCROIRE		
EXPORT TRANSACTIONS (Scale 1 – 7)*		
Political Risks	Short Term	1
	Medium-Long term	1
	Special Transactions	1
Commercial Risk	B	
DIRECT INVESTMENTS		
War risk	1	
Risk of expropriation and government action	1	
Transfer risk	1	

Source: Credendo, 2017

* Where 1 is associated with the least risk and 7 the most.

** Where B is associated with mid risk; A is low risk and C is high risk.

5. Trade

5.1 Italy's Trade in Services

The graph below shows Italy's trade in services from 2008 to 2015. Italy has consistently been a net importer of services for the period 2008 to 2015, except in year 2013.



Source: TradeMap, 2017

The table below shows Italy's global trade in services in 2015. Travel services was the largest service export valued at USD39.55bn followed by other business services valued at USD22.40bn and in third transport services valued at USD14.44bn.

10

Travel services were the largest import service into Italy valued at USD24.41bn. Transport services (USD24.31bn) and other business services (USD23.28bn) were the second and third largest imports. Construction services showed the largest export growth for the period 2011 to 2015 at 97.01%. Financial services recorded the highest import growth at 4.87% for the period under review.

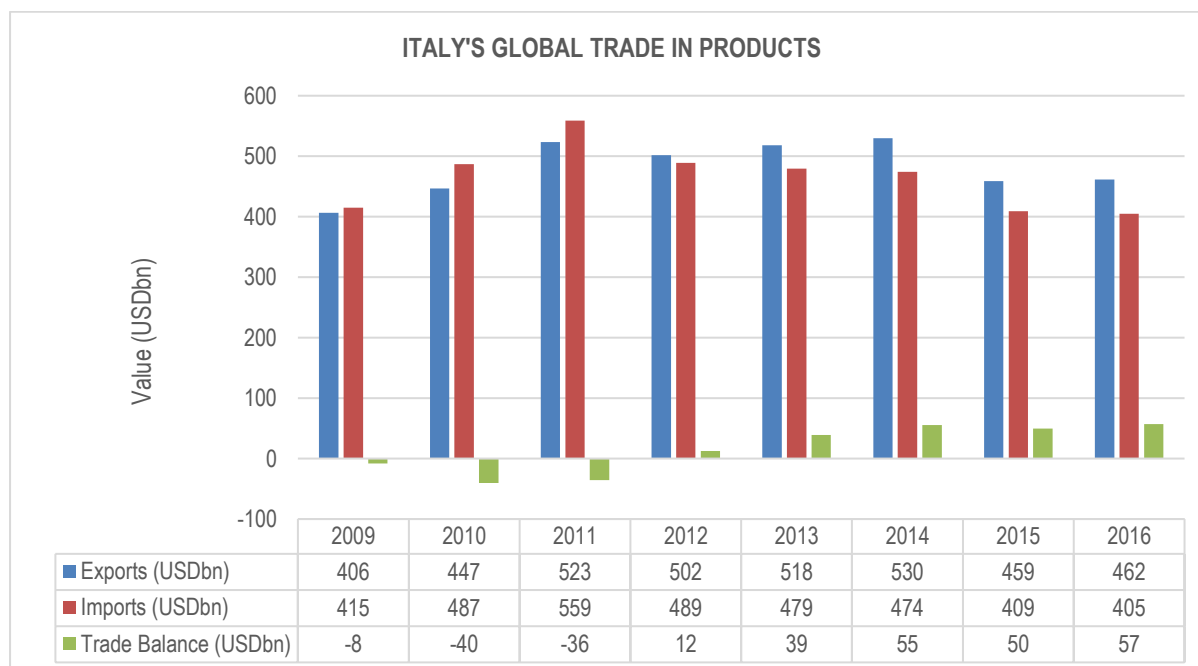
TOP 10 SERVICES EXPORTED BY ITALY, 2015				TOP 10 SERVICES IMPORTED BY ITALY, 2015			
CODE	SERVICE	VALUE 2015 (USDbn)	% GROWTH 2011 - 2015	CODE	SERVICE	VALUE 2015 (USDbn)	% GROWTH 2011 - 2015
4	Travel	39.55	0.77%	4	Travel	24.41	-1.64%
10	Other business services	22.40	0.28%	3	Transport	24.31	-1.27%
3	Transport	14.44	-0.45%	10	Other business services	23.28	-2.58%
9	Telecommunications, computer, and information services	7.75	-0.68%	9	Telecommunications, computer, and information services	9.07	-1.10%
7	Financial services	4.29	3.61%	7	Financial services	7.46	4.87%
1	Manufacturing services on physical inputs owned by others	4.09	-0.31%	8	Charges for the use of intellectual property	4.59	-6.45%

TOP 10 SERVICES EXPORTED BY ITALY, 2015				TOP 10 SERVICES IMPORTED BY ITALY, 2015			
CODE	SERVICE	VALUE 2015 (USDbn)	% GROWTH 2011 - 2015	CODE	SERVICE	VALUE 2015 (USDbn)	% GROWTH 2011 - 2015
8	Charges for the use of intellectual property	2.99	-3.51%	6	Insurance and pension services	2.72	-9.30%
6	Insurance and pension services	1.99	-3.38%	1	Manufacturing services on physical inputs owned by others	2.55	-2.55%
12	Government goods and services	1.10	0.53%	12	Government goods and services n.i.e.	1.62	-4.69%
5	Construction	0.54	97.01%	11	Personal, cultural, and recreational services	0.47	-5.38%
TOTAL EXPORTS		99.65	0.03%	TOTAL IMPORTS		100.88	-1.98%

Source: TradeMap, 2017

5.2. Italy's Global Trade

From 2012 to 2016, Italy has consistently shown a trade surplus in the trade of goods as shown in the graph below.



Source: TradeMap, 2017

Germany is the leading export market for Italy, followed closely by France and the United States in third position. The German export market was valued at USD58.06bn in 2016, the French export market at USD48.34bn, and the United States ranked third at a value of USD40.7bn. For the 5 year period from 2012 to 2016, the United States has shown the highest growth at 5.21%. In 2016, South Africa was Italy's 43rd largest export market valued at USD1.75bn

TOP 10 DESTINATION MARKETS FOR EXPORTS FROM ITALY, 2016				
RANK	COUNTRY	VALUE 2016 (USDbn)	% GROWTH 2012 - 2016	% SHARE IN 2016
1	Germany	58.06	-2.88%	12.58%
2	France	48.34	-4.06%	10.47%
3	United States	40.70	5.21%	8.82%
4	United Kingdom	24.68	0.62%	5.35%
5	Spain	23.11	-3.09%	5.01%
6	Switzerland	21.07	-5.80%	4.57%
7	Belgium	14.80	2.78%	3.21%
8	Poland	12.36	-0.56%	2.68%
9	China	12.22	-1.65%	2.65%
10	Netherlands	10.72	-2.94%	2.32%
TOTAL EXPORTS		461.60	-2.28%	100.00%

Source: TradeMap, 2017



Germany was ranked as the top source market for Italy with a 16.26% share of Italian imports valued at USD65.78bn. Second with a share of 8.88% was France (USD35.93bn), followed by China (USD30.16bn) in third position with a 7.46% share of all products imported into Italy in 2016. South Africa was Italy's 46th largest import market in 2016 valued at USD1.47bn.

TOP 10 SOURCE MARKETS FOR IMPORTS BY ITALY, 2016				
RANK	COUNTRY	VALUE 2016 (USDbn)	% GROWTH 2012 - 2016	% SHARE IN 2016
1	Germany	65.78	-4.95%	16.26%
2	France	35.93	-4.80%	8.88%
3	China	30.16	-5.50%	7.46%
4	Netherlands	22.29	-4.98%	5.51%
5	Spain	21.59	-2.68%	5.34%
6	Belgium	19.49	-0.63%	4.82%
7	United States	15.34	-3.07%	3.79%
8	United Kingdom	12.17	-3.80%	3.01%
9	Russian Federation	11.74	-11.45%	2.90%
10	Switzerland	11.74	-5.50%	2.90%
TOTAL IMPORTS		404.59	-6.08%	100.00%

Source: TradeMap, 2017



Italy's top export products in 2016 (shown below) has machinery, mechanical appliances, nuclear reactors, boilers; parts thereof as the top ranked export product (USD92.36bn), followed by vehicles and parts and accessories thereof (USD39.40bn) in second place. Electrical machinery and equipment and parts thereof were ranked third in 2016 and valued at USD27.67bn.

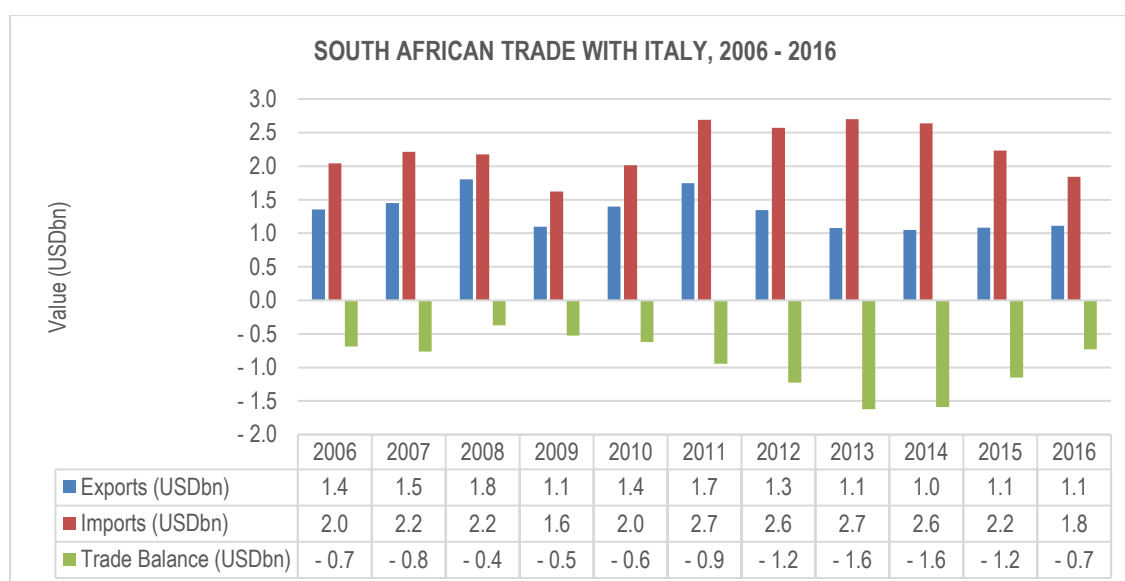
Key import products in 2016 were vehicles and parts and accessories thereof ranked first at USD134.28bn followed by mineral fuels, mineral oils and products of their distillation at USD41.42bn. Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof ranked third, valued at USD40.87bn.

TOP EXPORTS BY ITALY, 2016				TOP IMPORTS BY ITALY, 2016			
RANK	PRODUCT	VALUE 2016 (USDbn)	% GROWTH 2012 - 2016	RANK	PRODUCT	VALUE 2016 (USDbn)	% GROWTH 2012 - 2016
1	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	92.36	-2.13%	1	Vehicles and parts and accessories thereof	43.46	0.86%
2	Vehicles and parts and accessories thereof	39.40	1.02%	2	Mineral fuels, mineral oils and products of their distillation	41.52	-17.07%
3	Electrical machinery and equipment and parts thereof	27.67	-2.90%	3	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	40.87	-1.63%
4	Pharmaceutical products	21.22	2.87%	4	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	31.27	-7.01%
5	Plastics and articles thereof	18.95	-1.95%	5	Pharmaceutical products	21.30	-0.32%
6	Articles of iron or steel	16.18	-5.05%	6	Plastics and articles thereof	18.37	-3.31%
7	Furniture; bedding, mattresses etc.	13.01	-1.36%	7	Iron and steel	14.38	-9.76%
8	Mineral fuels, mineral oils and products of their distillation	12.64	-11.86%	8	Organic chemicals	14.17	-4.29%
9	Articles of apparel and clothing accessories (not knitted or crocheted)	12.12	-1.29%	9	Optical, photographic, cinematographic, measuring equipment etc.	11.35	-1.73%
10	Optical, photographic, cinematographic, measuring etc. equipment	11.84	0.22%	10	Natural or cultured pearls, precious or semi-precious stones etc.	9.63	-4.69%
TOTAL EXPORTS		461.60	-2.28%	TOTAL IMPORTS		404.59	-6.08%

Source: Trademap, 2017

5.3. South Africa's Trade with Italy

Trade between the two nations has been dominated by Italy with exports to South Africa exceeding the import of South African products, thereby making South Africa a net importer of products from Italy.



Source: Quantec, 2017

The leading export product to Italy from South Africa was coal; briquettes, ovoids etc. (USD156.77m) in 2016. Exports of this good accounted for 14.08% of all South African exports to Italy. Platinum was the second largest export (USD126.04m) followed by ferro-alloys (USD118.70m).

The leading import products into South Africa from Italy were medicaments at USD80.25m, accounting for 4.36% of total imports from Italy in 2016. Machinery used in cleaning bottles or other containers, machinery for filling, closing, sealing or labelling etc. was in second place (USD62.24m) and in third were motor vehicles principally designed for the transport of persons (USD47.77m).

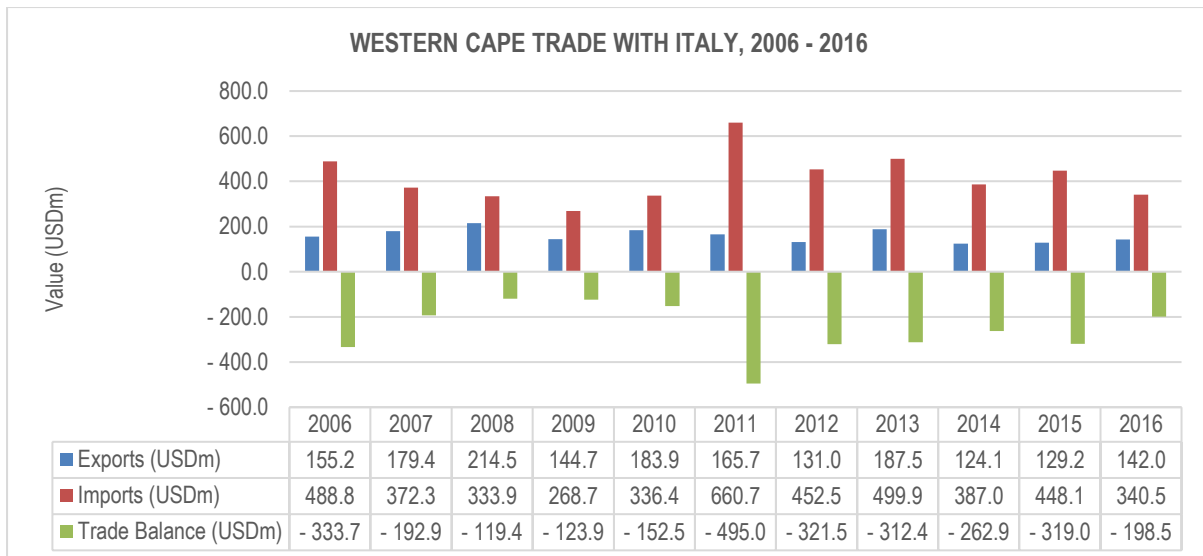
THE TOP 10 SOUTH AFRICAN EXPORTS TO ITALY, 2016					THE TOP 10 SOUTH AFRICAN IMPORTS FROM ITALY, 2016				
RANK	PRODUCT (HS4)	VALUE 2016 (USDm)	SHARE	% GROWTH 2012 - 2016	RANK	PRODUCT (HS4)	VALUE 2016 (USDm)	SHARE	% GROWTH 2012 - 2016
1	Coal; briquettes, ovoids etc.	156.77	14.08%	-3.88%	1	Medicaments	80.25	4.36%	-11.20%
2	Platinum	126.04	11.32%	55.08%	2	Machinery used in cleaning bottles or other containers, machinery for filling, closing, sealing or labelling etc.	62.24	3.38%	-3.39%
3	Ferro-alloys	118.70	10.66%	-15.33%	3	Motor vehicles principally designed for	47.77	2.59%	8.51%

THE TOP 10 SOUTH AFRICAN EXPORTS TO ITALY, 2016					THE TOP 10 SOUTH AFRICAN IMPORTS FROM ITALY, 2016				
RANK	PRODUCT (HS4)	VALUE 2016 (USDm)	SHARE	% GROWTH 2012 - 2016	RANK	PRODUCT (HS4)	VALUE 2016 (USDm)	SHARE	% GROWTH 2012 - 2016
						the transport of persons			
4	Iron ores and concentrates, including roasted iron pyrites	115.25	10.35%	-4.79%	4	Original equipment components	41.93	2.28%	37.10%
5	Flat-rolled products of stainless steel, of a width of 600 mm or more	80.82	7.26%	12.84%	5	Articles of jewellery and parts thereof	36.70	1.99%	32.58%
6	Molluscs	35.27	3.17%	8.15%	6	Pumps for liquids	35.28	1.92%	-4.90%
7	Fish fillets and other fish meat	32.13	2.89%	4.23%	7	Motor vehicle parts and accessories	33.87	1.84%	-2.66%
8	Citrus fruit	28.30	2.54%	1.73%	8	Footwear	31.99	1.74%	-0.37%
9	Wool and fine or coarse animal hair	27.81	2.50%	2.36%	9	Machinery for working rubber or plastics or for the manufacture of products from these materials	30.53	1.66%	4.47%
10	Motor vehicles for the transport of goods	27.19	2.44%	31.25%	10	Tractors	26.72	1.45%	-12.44%
TOTAL EXPORTS		1 113.18	100%	-7.89%	TOTAL IMPORTS		1 841.32	100%	-6.91%

Source: Quantec, 2017

5.4. Western Cape's Trade with Italy

For the period 2006 to 2016, the Western Cape has consistently recorded a trade deficit with Italy, with the largest recorded deficit recorded for this period, in 2011 (USD495m).



Source: Quantec; 2017

The table below shows the top 10 traded products between the Western Cape and Italy. Fish fillets and other fish meat was the Western Cape's largest export in 2016 accounting for 22.52% of the province's exports (valued at USD31.99m). In second position were molluscs valued at USD22.32m accounting for 15.71% of exports in 2016. Yachts and other vessels for pleasure or sports; rowing boats and canoes were ranked third in 2016 (USD15.26m), accounting for 10.75% of exports to Italy in 2016.

Diodes, transistors and similar semiconductor devices (USD24.39m) was the largest import from Italy in 2016 (accounting for 7.16% of total imports from Italy). Motor vehicles principally designed for the transport of persons (USD21.7m), and machinery used in cleaning bottles or other containers, machinery for filling, closing, sealing or labelling etc. (USD15.15m) ranked second and third respectively. The import of diodes, transistors and similar semiconductor devices from Italy recorded the largest growth for the period.

THE TOP 10 WESTERN CAPE EXPORTS TO ITALY, 2016					THE TOP 10 WESTERN CAPE IMPORTS FROM ITALY, 2016				
RANK	PRODUCT (HS4)	VALUE 2016 (USDm)	SHARE 2016	% GROWTH 2012 - 2016	RANK	PRODUCT (HS4)	VALUE 2016 (USDm)	SHARE 2016	% GROWTH 2012 - 2016
1	Fish fillets and other fish meat	31.99	22.52%	4.51%	1	Diodes, transistors and similar semiconductor devices	24.39	7.16%	5786.23%
2	Molluscs	22.32	15.71%	13.79%	2	Motor vehicles principally designed for the transport of persons	21.70	6.37%	-
3	Yachts and other vessels for pleasure or sports; rowing boats and canoes.	15.26	10.75%	26.61%	3	Machinery used in cleaning bottles or other containers, machinery for filling, closing, sealing or labelling etc.	15.15	4.45%	19.52%

THE TOP 10 WESTERN CAPE EXPORTS TO ITALY, 2016					THE TOP 10 WESTERN CAPE IMPORTS FROM ITALY, 2016				
RANK	PRODUCT (HS4)	VALUE 2016 (USDm)	SHARE 2016	% GROWTH 2012 - 2016	RANK	PRODUCT (HS4)	VALUE 2016 (USDm)	SHARE 2016	% GROWTH 2012 - 2016
4	Fish, frozen, excluding fish fillets	13.96	9.83%	2.50%	4	Spectacles, goggles etc.	9.59	2.82%	6.52%
5	Citrus fruit	12.02	8.46%	-5.74%	5	Articles for the conveyance or packing of goods	9.11	2.68%	21.30%
6	Apples, pears and quinces, fresh.	4.78	3.37%	8.05%	6	Machinery for working rubber or plastics or for the manufacture of products from these materials	8.72	2.56%	38.23%
7	Raw hides and skins of bovine (including buffalo) or equine animals	3.79	2.67%	266.06%	7	Pasta	8.61	2.53%	2.42%
8	Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs.	2.75	1.93%	-1.71%	8	Machinery for the industrial preparation or manufacture of food or drink	8.43	2.48%	66.28%
9	Other agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery	2.55	1.80%	40.70%	9	Paper and paperboard, coated on one or both sides with kaolin (China clay) or other inorganic substances	8.01	2.35%	19.31%
10	Raw skins of sheep or lambs	2.42	1.70%	70.09%	10	Refrigerators, freezers and other refrigerating or freezing equipment	7.91	2.32%	14.72%
TOTAL IMPORTS		142.04	100.00%	0.48%	TOTAL IMPORTS		340.53	100.00%	-10.37%

Source: Quantec; 2017

5.5. Trade regulations, Customs and Standards

Import Requirements and Documentation

- The official model for written declarations to customs is the Single Administrative Document (SAD).
- The SAD describes goods and their movement around the world and is essential for trade outside the EU, or of non-EU goods.
- Goods brought into the EU customs territory are, from the time of their entry, subject to customs supervision until customs formalities are completed.
- Goods are covered by a Summary Declaration which is filed once the items have been presented to customs officials. The Summary Declaration is filed by the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry or the person in whose name the person referred to above acted.
- The Summary Declaration can be made on a form provided by the customs authorities. However, customs authorities may also allow the use of any commercial or official document that contains the specific information required to identify the goods. The SAD serves as the EU importer's declaration. It encompasses both customs duties and VAT and is valid in all EU member states. The declaration is made by whoever is clearing the goods, normally the importer of record or his/her agent.
- Since July 1, 2009, all companies established outside of the EU are required to have an EORI number if they wish to lodge a customs declaration or an Entry/Exit Summary declaration. All U.S. companies should use this number for their customs clearances. An EORI number must be formally requested from the customs of the specific member state to which the company exports.
- Member state custom authorities may request additional documents to be submitted alongside a formal request for an EORI number.
- Once a company has received an EORI number, it can use it for exports to any of the 28 EU member states. There is no single format for the EORI number. Once an operator holds an EORI number s/he can request the Authorized Economic Operator status, which can give quicker access to certain simplified customs procedures.
- Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.
- Sanitary Certificates: For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country.
- This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research).
- According to a European Commission memo published in December 2012, around 98 percent of food legislation is harmonized at the EU level.

Labelling and Marking Requirements

- Some of the mandatory marks and labels that are required are with respect to: textiles; cosmetics; dangerous substances; explosive atmosphere; electrical & electronic equipment; household appliances; pricing; footwear; units of measurement; automotive; tyre labelling; maritime; materials in contact with food; noise emissions; wood packaging and energy efficiency.
- The most widely used and recognized marking required by the EU is the CE marking. Found in all "New Approach" legislation with a few exceptions, the CE marking demonstrates that a product meets all essential requirements (typically related to safety, health, energy efficiency and/or environmental concerns). CE marking is required for the some of the following products/product families: gas appliances; lifts; hot water boilers; machinery etc.

Prohibited and Restricted Imports

- Endangered species, some live animals and plants, as well as derived products may belong to endangered species. Those are protected by the CITES convention and subsequent European legislation (e.g. a parrot, or a wooden figure made out of *Dalbergia nigra*).
- The importer, when ordering online sensitive products should first be aware of these restrictions, so that required permits and/or notifications are issued before the product arrives.

- Dangerous chemicals - some dangerous chemicals are also strictly prohibited or restricted. Some examples are: mercury thermometers, pesticide DDT, pre-charged air conditioners containing HCFCs.
- Counterfeit or pirated goods - If customs officers suspect that goods bought on Internet and imported from third countries infringe an intellectual property right, they may detain the goods and inform the declarant or holder of the goods as well as the holder of an intellectual property right. The latter may decide to bring the case to the court.

5.6. Trade Agreements

The EU and South Africa signed a Trade, Development and Co-operation Agreement (TDCA) in October 1999. It aims to encourage the expansion and liberalisation of trade, and increased co-operation. Under TDCA, the EU provides duty-free access for about 99% of South African industrial products and around 75% of its agricultural products. The Agreement also contains provisions on services, government procurement, intellectual property and competition policies.

South Africa also signed an Economic Partnership Agreement with the European Union in 2014 together with other SACU member states as well as Mozambique and Angola. The benefits included improved market access for 32 agricultural products, with a significant improvement in access to the EU market for wine (110-million litres duty-free), sugar (150,000 tons duty-free) and ethanol (80,000 tons duty-free). There was also improved access to EU markets for South African exports of flowers, dairy, and fruit products. Geographic indicator status has also been given to rooibos, honey bush, Karoo lamb and certain wines.

In terms of trade, South Africa has been offered unilateral preferences under the GSP (Generalised System of Preferences) arrangements of the WTO. These preferential market access provisions apply to specified industrial and agricultural products (DTI, 2017).

5.7. Tariffs

Tariffs imposed by Italy on South African exports are listed below.

TARIFFS IMPOSED ON SOUTH AFRICAN IMPORTS BY ITALY, 2016					
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H01: Live animals	8.33%	H33: Essential oils, perfumes, cosmetics, toiletries	0.00%	H65: Headgear and parts thereof	0.00%
H02: Meat and edible meat offal	15.07%	H34: Soaps, lubricants, waxes, candles, modelling pastes	0.00%	H66: Umbrellas, walking-sticks, seat-sticks, whips	0.00%
H03: Fish, crustaceans, molluscs, aquatic invertebrates	5.68%	H35: Albuminoids, modified starches, glues, enzymes	1.35%	H67: Bird skin, feathers, artificial flowers, human hair	0.00%
H04: Dairy products, eggs, honey, edible animal product	15.16%	H36: Explosives, pyrotechnics, matches, pyrophorics	0.00%	H68: Stone, plaster, cement, asbestos, mica, articles	0.00%
H05: Products of animal origin	0.00%	H37: Photographic or cinematographic goods	0.00%	H69: Ceramic products	0.00%
H06: Live trees, plants, bulbs, roots, cut flowers	3.32%	H38: Miscellaneous chemical products	0.04%	H70: Glass and glassware	0.00%
H07: Edible vegetables and certain roots and tubers	1.57%	H39: Plastics and articles thereof	0.00%	H71: Pearls, precious stones, metals, coin	0.00%
H08: Edible fruit, nuts, peel of citrus fruit, melons	4.06%	H40: Rubber and articles thereof	0.00%	H72: Iron and steel	0.00%
H09: Coffee, tea, mate and spices	0.00%	H41: Raw hides and skins (other than furskins) and leather	0.00%	H73: Articles of iron or steel	0.00%

TARIFFS IMPOSED ON SOUTH AFRICAN IMPORTS BY ITALY, 2016					
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H10: Cereals	2.45%	H42: Articles of leather, animal gut, harness, travel goods	0.00%	H74: Copper and articles thereof	0.00%
H11: Milling products, malt, starches, inulin, wheat gluten	10.72%	H43: Furskins and artificial fur, manufactures thereof	0.00%	H75: Nickel and articles thereof	0.00%
H12: Oil seed, oleagic fruits, grain, seed, fruit,	0.00%	H44: Wood and articles of wood, wood charcoal	0.00%	H76: Aluminium and articles thereof	1.50%
H13: Lac, gums, resins, vegetable saps and extracts	1.10%	H45: Cork and articles of cork	0.00%	H78: Lead and articles thereof	0.00%
H14: Vegetable plaiting materials, vegetable products	0.00%	H46: Manufactures of plaiting material, basketwork, etc.	0.00%	H79: Zinc and articles thereof	0.00%
H15: Animal, vegetable fats and oils, cleavage products,	0.14%	H47: Pulp of wood, fibrous cellulosic material, waste	0.00%	H80: Tin and articles thereof	0.00%
H16: Meat, fish and seafood food preparations	7.18%	H48: Paper & paperboard, articles of pulp, paper and board	0.00%	H81: Other base metals, cermets, articles thereof	0.00%
H17: Sugars and sugar confectionery	28.78%	H49: Printed books, newspapers, pictures	0.00%	H82: Tools, implements, cutlery, of base metal	0.00%
H18: Cocoa and cocoa preparations	0.16%	H50: Silk	0.00%	H83: Miscellaneous articles of base metal	0.00%
H19: Cereal, flour, starch, milk preparations and products	12.62%	H51: Wool, animal hair, horsehair yarn and fabric thereof	0.00%	H84: Nuclear reactors, boilers, machinery	0.00%
H20: Vegetable, fruit, nut food preparations	4.88%	H52: Cotton	0.00%	H85: Electrical, electronic equipment	0.00%
H21: Miscellaneous edible preparations	3.88%	H53: Vegetable textile fibres paper yarn, woven fabric	0.00%	H86: Railway, tramway locomotives, rolling stock, equipment	0.00%
H22: Beverages, spirits and vinegar	2.37%	H54: Manmade filaments	0.00%	H87: Vehicles other than railway, tramway	0.00%
H23: Residues, wastes of food industry, animal fodder	0.33%	H55: Manmade staple fibres	0.00%	H88: Aircraft, spacecraft, and parts thereof	0.00%
H24: Tobacco and manufactured tobacco substitutes	0.00%	H56: Wadding, felt, nonwovens, yarns, twine, cordage	0.00%	H89: Ships, boats and other floating structures	0.00%
H25: Salt, sulphur, earth, stone, plaster, lime and cement	0.00%	H57: Carpets and other textile floor coverings	0.00%	H90: Optical, photo, technical, medical apparatus	0.00%
H26: Ores, slag and ash	0.00%	H58: Special woven or tufted fabric, lace, tapestry	0.00%	H91: Clocks and watches and parts thereof	0.00%
H27: Mineral fuels, oils, distillation products,	0.00%	H59: Impregnated, coated or laminated textile fabric	0.00%	H92: Musical instruments, parts and accessories	0.00%
H28: Inorganic chemicals, precious metal compound, isotopes	0.00%	H60: Knitted or crocheted fabric	0.00%	H93: Arms and ammunition, parts and accessories thereof	0.00%
H29: Organic chemicals	0.03%	H61: Articles of apparel, accessories, knit or crochet	0.00%	H94: Furniture, lighting, signs, prefabricated buildings	0.00%

TARIFFS IMPOSED ON SOUTH AFRICAN IMPORTS BY ITALY, 2016					
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H30: Pharmaceutical products	0.00%	H62: Articles of apparel, accessories, not knit or crochet	0.00%	H95: Toys, games, sports requisites	0.00%
H31: Fertilizers	0.00%	H63: Other made textile articles, sets, worn clothing	0.00%	H96: Miscellaneous manufactured articles	0.00%
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	0.00%	H64: Footwear, gaiters and the like, parts thereof	0.00%	H97: Works of art, collectors pieces and antiques	0.00%

Source: TradeMap, 2017

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit www.macmap.org to determine the exact tariff applicable to the product at HS6

5.8. Port to Port

The major sea ports in Italy are shown below, key sea ports are: Augusta, Cagliari, Genoa, Livorno, Taranto, Trieste, Venice).

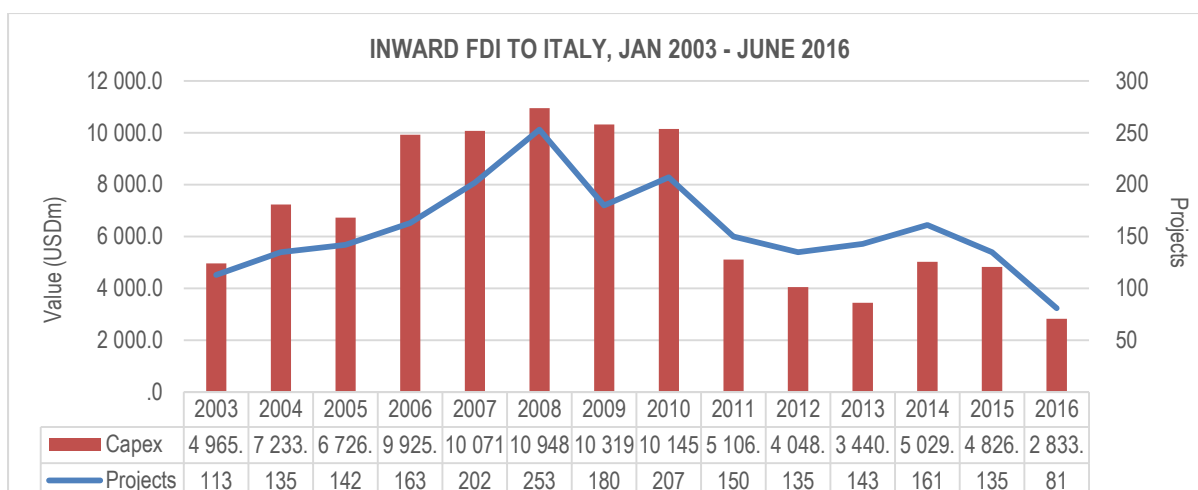
CAPE TOWN PORT TERMINAL TO MAJOR SEA PORT TERMINALS IN ITALY		
MAJOR PORTS	DISTANCE	TRANSIT TIME
Cagliari	10,797.90km	25 days
Augusta	11,381.35 km	One month
Genoa	11,012.86 km	One month
Livorno	11,081.33 km	One month
Taranto	11,745.16 km	One month
Trieste	12,413.53 km	One month
Venice	12,427.57km	One month

Source: Sea-Rates, 2017

6. Foreign Direct Investment

6.1 Global FDI into Italy

Between January 2003 and June 2016 a total of 2,200 FDI projects were recorded into Italy. These projects represent a total capital investment of USD95.62bn which is an average investment of USD43.50m per project. During the period, a total of 179,694 jobs were created.



Source: FDI Intelligence, 2017

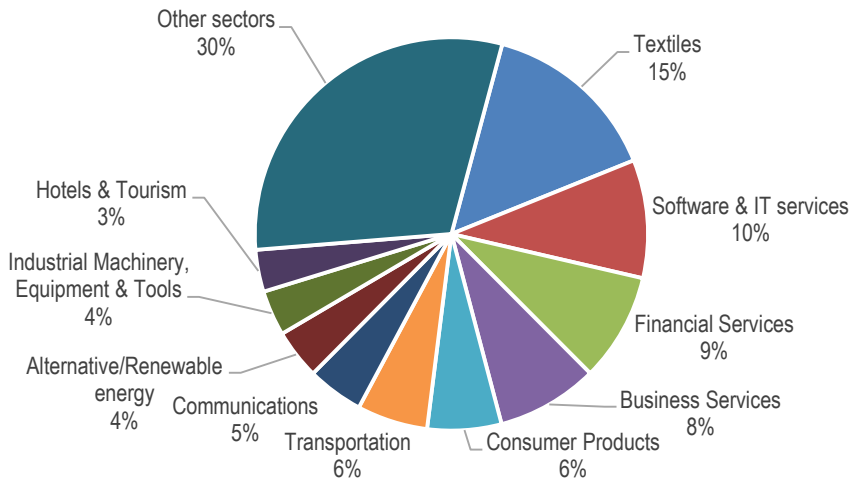
The United States was the leading source market for FDI to Italy, in terms of both capex and projects for the period January 2003 to June 2016 (USD20,813.40m). Second position is held by France in terms of projects (USD9,415m) and Spain in third position (USD10,491.40m) as shown in the table below. European countries are the top source markets for investment in Italy – of the top 10 countries listed below, 7 countries are European.

TOP 10 SOURCE MARKETS FOR FDI INTO ITALY JAN 2003 - JUNE 2016						
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES
1	United States	496	22.55%	20 813.40	21.77%	379
2	France	252	11.45%	9 415.00	9.85%	183
3	Spain	242	11.00%	10 491.40	10.97%	135
4	UK	236	10.73%	10 798.30	11.29%	177
5	Germany	227	10.32%	8 542.10	8.93%	186
6	Switzerland	127	5.77%	7 210.80	7.54%	86
7	Japan	64	2.91%	2 118.20	2.22%	57
8	Sweden	56	2.55%	2 559.70	2.68%	27
9	Netherlands	55	2.50%	2 674.90	2.80%	45
10	China	49	2.23%	965.80	1.01%	36
Other countries		396	18.00%	20 029.90	20.95%	295
TOTAL		2 200	100.00%	95 619.50	100.00%	1 606

Source: FDI Intelligence, 2017

The two diagrams below depict which sectors in Italy have been invested in from a projects and capex perspective. The highest number of investments (based on projects), has been in the textiles sector (15%) followed by investments in the software and IT services sector (10%) and the financial services sector (9%) in second and third place respectively.

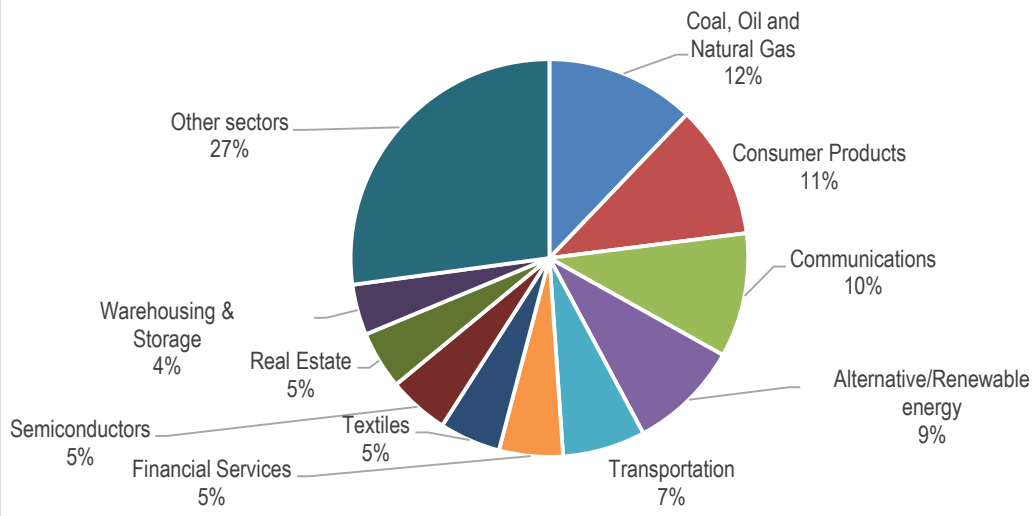
INWARD FDI INTO ITALY BY SECTOR (PROJECTS), JAN 2003 - JUNE 2016



Source: FDI Intelligence, 2017

In terms of capital expenditure, the coal, oil and natural gas sector was the top sector (12%) followed by the consumer products sector (11%) and the communications sector (10%) in second and third place respectively.

INWARD FDI INTO ITALY BY SECTOR (CAPEX), JAN 2003 - JUNE 2016



Source: FDI Intelligence, 2017

The table below shows the largest companies investing in Italy.

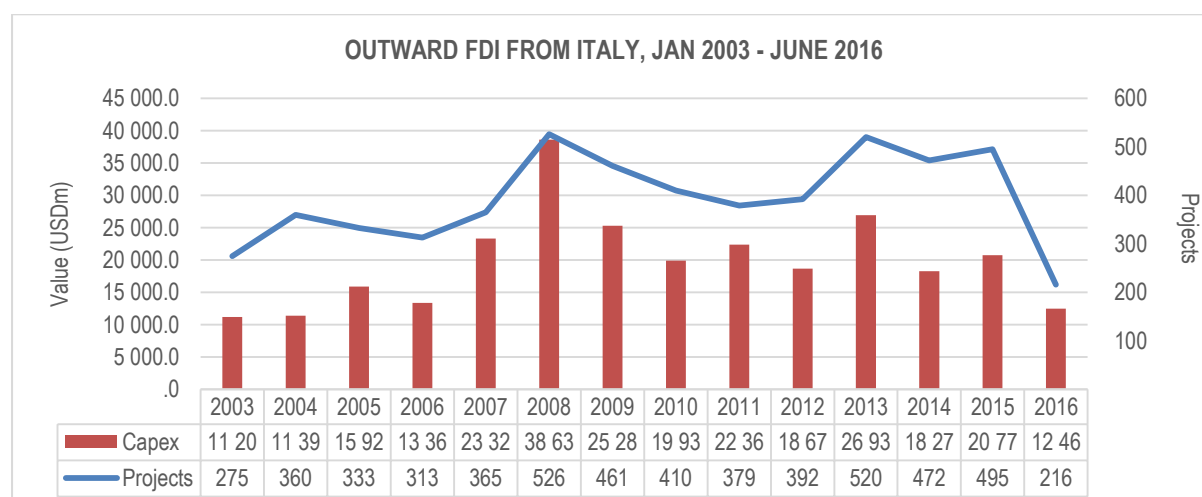
THE TOP COMPANIES INVESTING IN ITALY, JAN 2003 - JUNE 2016					
RANK	INVESTING COMPANY	SOURCE COUNTRY	PRIMARY SECTOR	PROJECTS	CAPEX (USDm)
1	Hennes & Mauritz (H&M)	Sweden	Textiles	15	232.50
2	Ryanair	Ireland	Transportation	14	1 292.90
3	Apple Inc	United States	Business Machines & Equipment	13	75.60
4	Mango	Spain	Textiles	12	186.00

THE TOP COMPANIES INVESTING IN ITALY, JAN 2003 - JUNE 2016					
RANK	INVESTING COMPANY	SOURCE COUNTRY	PRIMARY SECTOR	PROJECTS	CAPEX (USDm)
5	OPDE	Spain	Alternative/Renewable energy	12	942.00
6	IKEA	Sweden	Consumer Products	11	1 727.00
7	Zara	Spain	Textiles	11	170.50
8	NH Hotels (NH Hoteles)	Spain	Hotels & Tourism	10	313.80
9	Burberry	United Kingdom	Textiles	8	124.00
10	Huawei Technologies	China	Communications	8	291.50
Other Companies				2 086	90 263.70
TOTAL				2 200	95 619.50

Source: FDI Intelligence, 2017

6.2. Global FDI from Italy

Between January 2003 and June 2016 a total of 5,517 FDI projects were recorded. These projects represent a total capital investment of USD278.54bn which is an average investment of USD50.50 m per project. During the period, a total of 792,516 jobs were created.



Source: FDI Intelligence, 2017

The top destination markets for foreign direct investment from Italy are shown in the table below. The United States is the top destination country (USD33,412.1m) followed by the China (USD20,603.5m) and France (USD6,729m) in second and third place respectively.

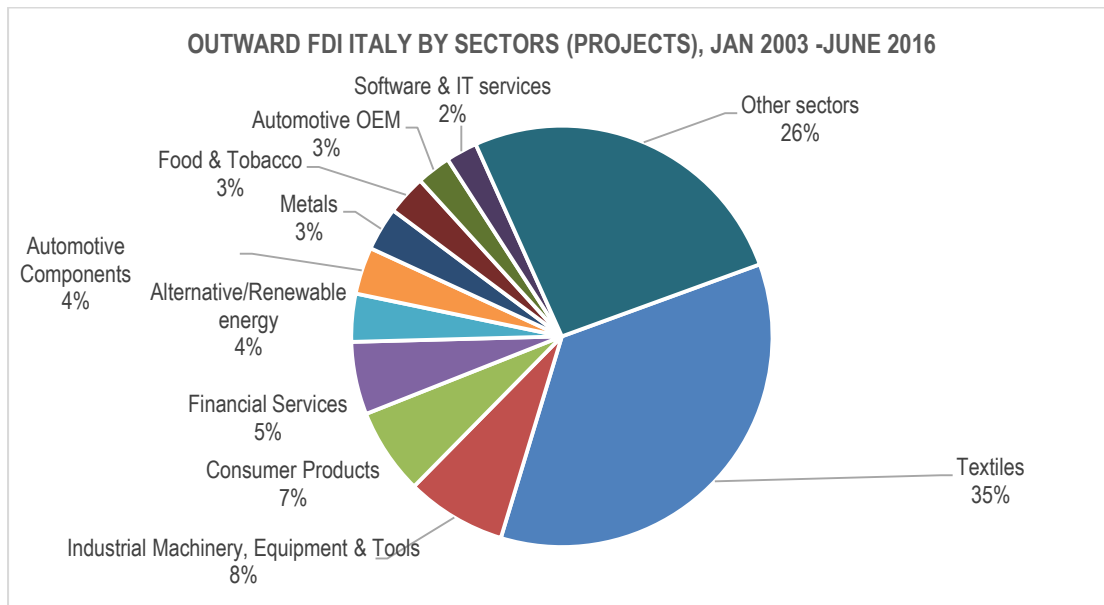
TOP 10 DESTINATION MARKETS FOR FDI FROM ITALY JAN 2003 - JUNE 2016						
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES
1	United States	637	11.55%	33 412.10	12.00%	395
2	China	433	7.85%	20 603.50	7.40%	249
3	France	349	6.33%	6 729.00	2.42%	254
4	UK	311	5.64%	6 285.00	2.26%	226
5	Spain	290	5.26%	6 710.30	2.41%	182

TOP 10 DESTINATION MARKETS FOR FDI FROM ITALY JAN 2003 - JUNE 2016						
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES
6	Germany	268	4.86%	3 266.50	1.17%	215
7	Russia	228	4.13%	14 023.10	5.03%	173
8	India	202	3.66%	7 406.90	2.66%	137
9	Brazil	170	3.08%	22 929.40	8.23%	118
10	Romania	149	2.70%	9 503.10	3.41%	88
Other countries		2 480	44.95%	147 672.10	53.02%	
TOTAL		5 517	100.00%	278 541.00	100.00%	2 037

Source: FDI Intelligence, 2017

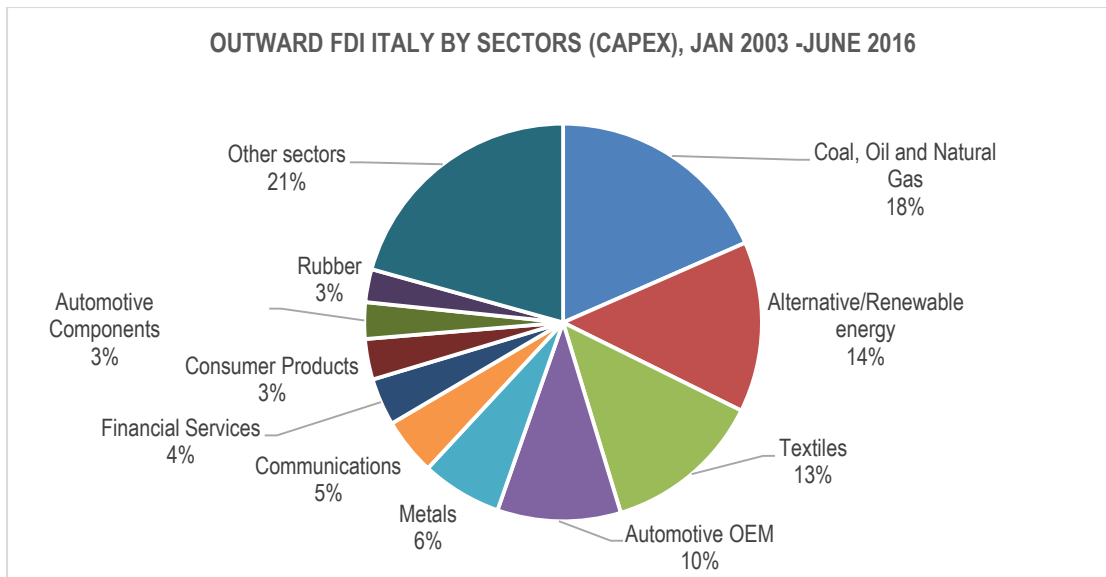
The two diagrams below depict which sectors Italy has invested in from a projects and capex perspective.

The highest number of foreign direct investments (based on projects), has been the textiles sector (35%) followed by investments in the industrial machinery, equipment & tools sector (8%) and consumer products sector (7%) in second and third place respectively.



Source: FDI Intelligence, 2017

The highest number of foreign direct investment (based on capital expenditure), has been in the coal, oil and natural gas sector (18%) followed by investments in the alternative/renewable energy sector (14%) and the textiles sector (13%) in second and third place respectively.



Source: FDi Intelligence, 2017

The table below shows the top companies from Italy investing globally for the period January 2003 to June 2016.

TOP 10 COMPANIES INVESTING FROM ITALY, JAN 2003 - JUNE 2016				
RANK	INVESTING COMPANY	PRIMARY SECTOR	PROJECTS	CAPEX (USDm)
1	Prada	Textiles	123	2 330.20
2	Geox	Textiles	76	1 391.50
3	Ermenegildo Zegna	Textiles	75	1 437.20
4	Versace	Textiles	61	1 593.10
5	Enel Green Power	Alternative/Renewable energy	57	10 817.90
6	Miu Miu	Textiles	55	1 221.50
7	Dolce & Gabbana	Textiles	54	949.70
8	Salvatore Ferragamo	Textiles	53	923.00
9	Pirelli	Rubber	48	4 520.80
10	Benetton	Textiles	46	439.40
Other Companies			4 869	252 916.70
TOTAL			5 517	278 541.00

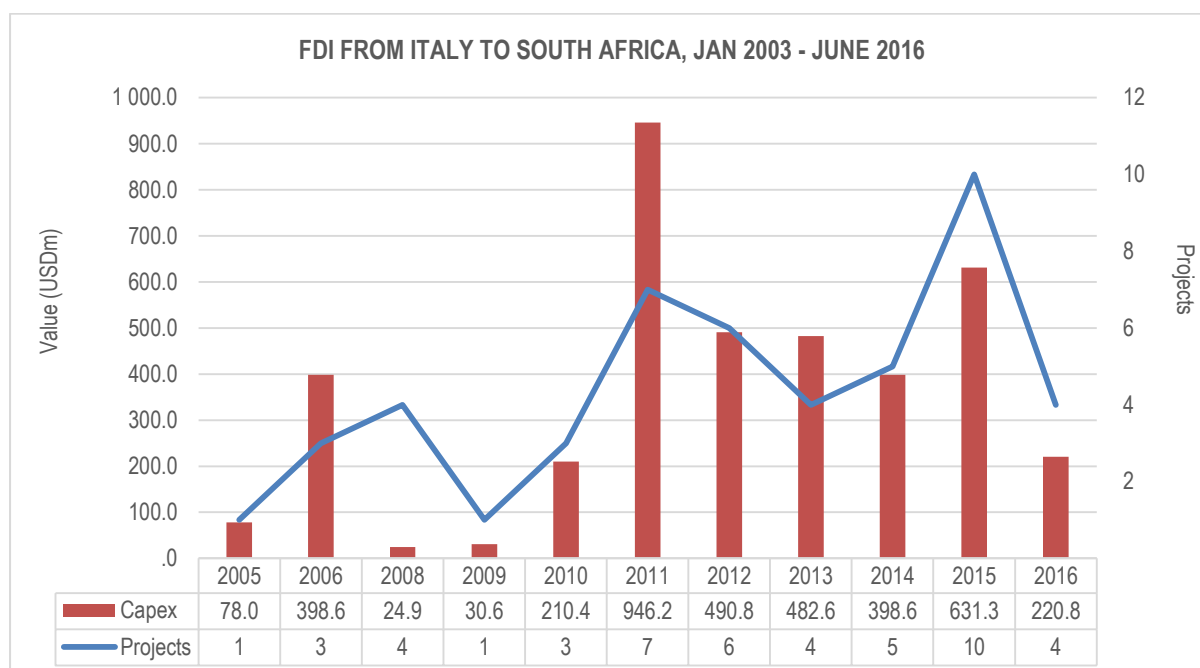
Source: FDi Intelligence, 2017

6.3. FDI Relations with Italy

6.3.1 Foreign Direct Investment from Italy to South Africa

Between January 2003 and June 2016 a total of 48 FDI projects were recorded. These projects represent a total capital investment of USD3.91bn which is an average investment of USD81.50m per project. During the period, a total of 4,723 jobs were created.

Foreign direct investments in 2011 (the highest capex for the period shown in the graph above), were mainly investments in the alternative/renewable energy sector, totalling USD931m.



Source: FDI Intelligence, 2017

The table below shows the most recent investments into South Africa by Italy for the period January 2003 to June 2016.

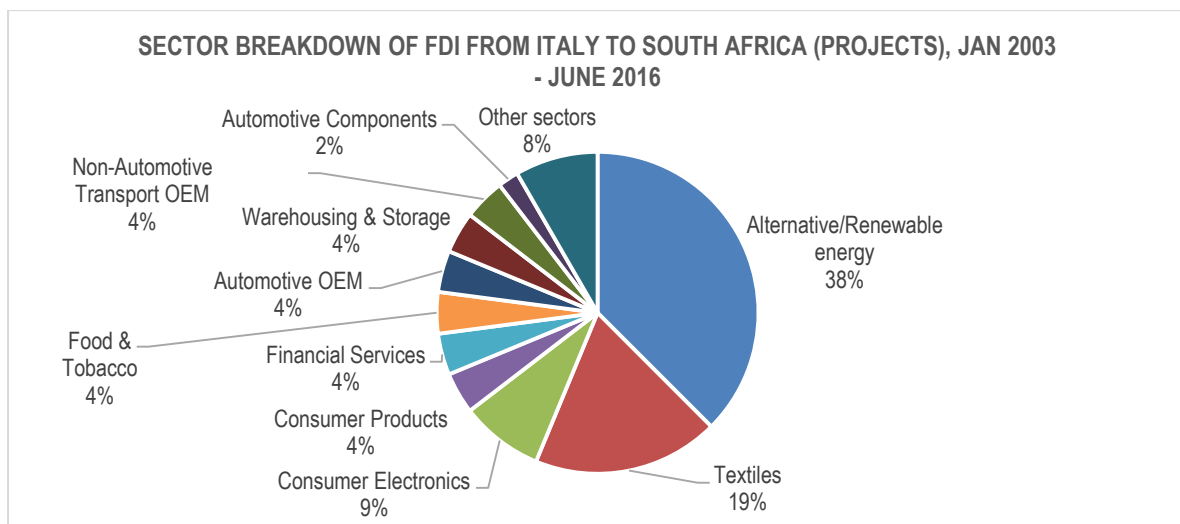
MOST RECENT ITALIAN FDI INTO SOUTH AFRICA, JAN 2003 - JUNE 2016								
DATE	INVESTING COMPANY	SOURCE CITY	DESTINATION STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPITAL (USDm)	JOBS
May-16	TerniEnergia	Terni	Western Cape	Alternative/Renewable energy	Solar electric power	Electricity	98.5	19
May-16	TerniEnergia	Terni	Limpopo	Alternative/Renewable energy	Solar electric power	Electricity	98.5	19
Apr-16	Luisa Spagnoli	Perugia	Gauteng	Textiles	Clothing & clothing accessories	Retail	11.9	86
Apr-16	Diesel	Not Specified	Gauteng	Textiles	Clothing & clothing accessories	Retail	11.9	86
Dec-15	Datalogic	Genova	Western Cape	Business Machines & Equipment	Computer & peripheral equipment	Sales, Marketing & Support	1.3	29
Jun-15	Sedicisei SRL (Save My Bag)	Milan	Western Cape	Textiles	Apparel accessories & other apparel	Retail	11.9	86
May-15	Prada	Milan	Gauteng	Textiles	Clothing & clothing accessories	Retail	11.9	86
Mar-15	Billionaire	Milan	Gauteng	Textiles	Clothing & clothing accessories	Retail	11.9	86

MOST RECENT ITALIAN FDI INTO SOUTH AFRICA, JAN 2003 - JUNE 2016								
DATE	INVESTING COMPANY	SOURCE CITY	DESTINATION STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPITAL (USDm)	JOBS
Mar-15	Dolce & Gabbana	Milan	Gauteng	Textiles	Clothing & clothing accessories	Retail	11.9	86
Mar-15	Enel Green Power	Rome	Western Cape	Alternative/Renewable energy	Solar electric power	Electricity	186.2	41
Mar-15	Enel Green Power	Rome	Limpopo	Alternative/Renewable energy	Solar electric power	Electricity	186.2	41
Mar-15	Enel Green Power	Rome	Northern Cape	Alternative/Renewable energy	Solar electric power	Electricity	186.2	41
Mar-15	Giorgio Armani	Milan	Gauteng	Textiles	Clothing & clothing accessories	Retail	11.9	86
Mar-15	Tods	Sant'Elpidio a Mare	Gauteng	Textiles	Footwear	Retail	11.9	86
Jan 03 - Feb 15	Various						3 060.70	3 845
TOTAL							3 912.80	4 723

Source: FDI Intelligence, 2017

The two diagrams below depict which sectors Italy has invested in, within South Africa in terms of both number of projects and value of capex expended.

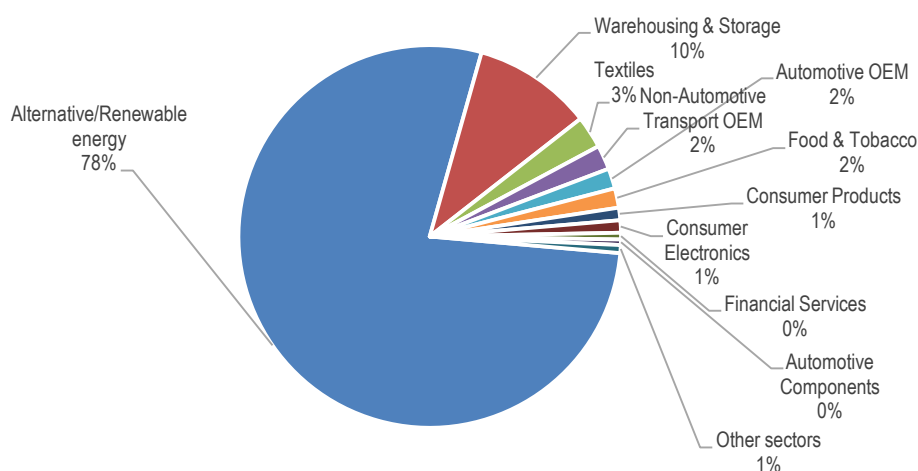
The highest number of investments (based on projects), has been in the alternative/renewable energy sector (38%) followed by investments in the textiles sector (19%) and the consumer electronics sector (9%) in second and third place respectively



Source: FDI Intelligence, 2017

The highest number of foreign direct investment (based on capital expenditure), has been in the alternative/renewable energy sector (78%) followed by investments in the warehousing & storage sector (10%) and the textiles sector (3%) in second and third place respectively.

**SECTOR BREAKDOWN OF FDI FROM ITALY TO SOUTH AFRICA (CAPEX), JAN 2003
- JUNE 2016**



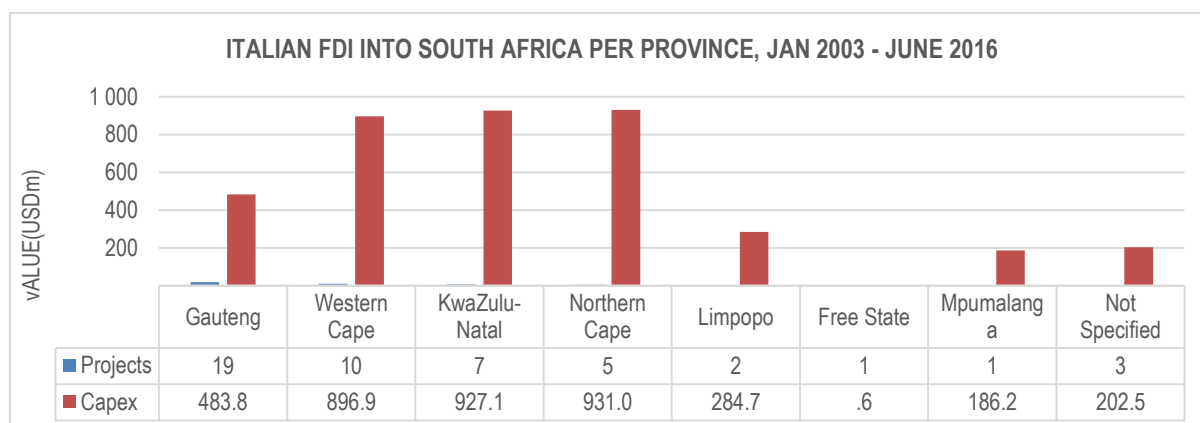
Source: FDI Intelligence, 2017

The table below lists the top companies from Italy investing in South Africa for the period January 2003 to June 2016 in terms of projects.

TOP COMPANIES INVESTING FROM ITALY TO SOUTH AFRICA, JAN 2003 - JUNE 2016				
RANK	INVESTING COMPANY	PRIMARY SECTOR	PROJECTS	CAPEX (USDm)
1	Building Energy	Alternative/Renewable energy	10	1 767.80
2	Enel Green Power	Alternative/Renewable energy	4	744.80
3	Smeg South Africa	Consumer Electronics	3	36.90
4	TerniEnergia	Alternative/Renewable energy	3	352.50
5	Ferrero	Food & Tobacco	2	64.30
6	JAS Forwarding	Transportation	2	394.20
7	Ansaldo STS	Non-Automotive Transport OEM	1	2.50
8	ATR	Business Services	1	14.60
9	Billionaire	Textiles	1	11.90
10	Datalogic	Business Machines & Equipment	1	1.30
Other Companies			20	522.00
TOTAL			48	3 912.80

Source: FDI Intelligence, 2017

Of the Italian FDI investment made for the period January 2003 to June 2016, 10 projects were recorded in the Western Cape, to the value of USD896.9m (shown in the graph below). The Western Cape received the highest number of investments in terms of projects.



Source: FDI Intelligence, 2017

Below is a table showing the most recent recorded investments into the Western Cape.

ITALIAN FDI INTO THE WESTERN CAPE, JAN 2003 - JUNE 2016								
DATE	INVESTING COMPANY	SOURCE CITY	DESTINATION STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPITAL (USDm)	JOBS
May-16	TerniEnergia	Terni	Western Cape	Alternative/Renewable energy	Solar electric power	Electricity	98.5	19
Dec-15	Datalogic	Genova	Western Cape	Business Machines & Equipment	Computer & peripheral equipment	Sales, Marketing & Support	1.3	29
Jun-15	Sedicisei SRL (Save My Bag)	Milan	Western Cape	Textiles	Apparel accessories & other apparel	Retail	11.9	86
Mar-15	Enel Green Power	Rome	Western Cape	Alternative/Renewable energy	Solar electric power	Electricity	186.2	41
May-14	Smeg South Africa	Not Specified	Western Cape	Consumer Electronics	Household appliances	Retail	12.3	97
Jan-14	U-Start	Milan	Western Cape	Financial Services	Investment management	Business Services	11	21
Oct-12	TerniEnergia	Terni	Western Cape	Alternative/Renewable energy	Solar electric power	Sales, Marketing & Support	155.5	22
Mar-12	Poltrona Frau	Tolentino	Western Cape	Consumer Products	Furniture, homeware & related products (Consumer Products)	Retail	36.9	179
Dec-10	Building Energy	Milan	Western Cape	Alternative/Renewable energy	Solar electric power	Electricity	186.2	41

ITALIAN FDI INTO THE WESTERN CAPE, JAN 2003 - JUNE 2016								
DATE	INVESTING COMPANY	SOURCE CITY	DESTINATION STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPITAL (USDm)	JOBS
Aug-06	JAS Forwarding	Milan	Western Cape	Warehousing & Storage	Warehousing & storage	Logistics, Distribution & Transportation	197.1	122
TOTAL							896.90	657

Source: FDI Intelligence, 2017

6.3.2 Foreign Direct Investment from South Africa to Italy

Between January 2003 and June 2016 a total of 2 FDI projects were recorded from South Africa to Italy. These projects represent a total capital investment of USD35.1m which is an average investment of USD17.6m per project. During the period, a total of 14 jobs were created.

The table below shows the most recent investments made from South Africa to Italy.

SOUTH AFRICAN FDI INTO ITALY, JAN 2003 - JUNE 2016								
DATE	INVESTING COMPANY	SOURCE CITY	DESTINATION STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPITAL (USDm)	JOBS
Mar 2014	Investec	Johannesburg	Not Specified	Financial Services	Investment management	Business Services	30.7	6
Dec 2003	Bridge People and Technology	Cape Town	Lombardia	Software & IT services	Custom computer programming services	Sales, Marketing & Support	4.4	8
TOTAL							35.1	14.0

Source: FDI Intelligence, 2017

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7. Tourism

The latest tourism information is shown below. Of the total visitors to South Africa from Italy 57.3% visit the Western Cape. Both spend and length of stay of these visitors has increased since 2014 showing an increased interest in visiting the Western Cape.

WESTERN CAPE ARRIVALS						
YEAR	SHARE OF SA ARRIVALS	WESTERN CAPE ARRIVALS	GROWTH	SPEND (ZARm)	LENGTH OF STAY	BED NIGHTS
2013	48.8%	26 654	n/a	R 233 233 816.30	10.2	249 409
2014	56.9%	33 332	25.05%	R 264 898 241.31	9.8	294 940
2015	57.3%	30 007	-9.98%	R 315 791 310.63	10.3	282 550

Source: SATourism, 2016

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