The European House Ambrosetti

Business Insights from Italy

A Letter to International Investors

Business Insights from Italy is a publication by **The European House - Ambrosetti**, produced in collaboration with leading Italian institutions. The publication provides updates on the Italian macroeconomic scenario, on Italy's industrial sectors and on policies directed to foreign investors.

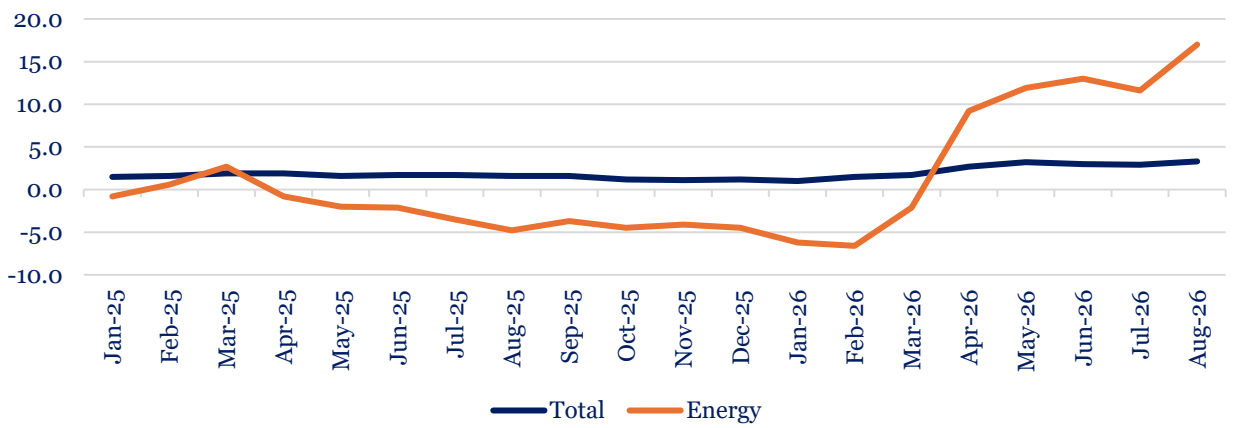
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Italy's Macroeconomic Outlook

In August 2026, Italy's headline inflation rate rose to 3.3% year-on-year, up from 2.9% in July, **mainly reflecting renewed pressures from energy prices**. Energy inflation accelerated sharply, from 11.6% to 17.0%, amid persistent tensions in international energy markets. This development was broad-based across the energy component, with prices for non-regulated energy products rising by 16.9% year-on-year and regulated energy prices by 18.8%.

Importantly, however, the increase in headline inflation **does not appear to reflect a broader resurgence in domestic price pressures**. Core inflation, excluding energy and fresh food, **edged down from 1.6% to 1.5%**, while inflation excluding energy alone also declined, from 1.8% to 1.7%.



Monthly inflation (percentage change compared to same period in previous year)

Source: TEHA Group elaboration on Eurostat and Istat data

Price pressures in services likewise moderated, with services inflation slowing from 2.7% to 2.4%, including a marked deceleration in transport services and in recreational, cultural and personal care services.

The divergence between headline and underlying inflation therefore widened further in August. While the prices of goods accelerated from 3.2% to 4.1%, largely as a result of the energy shock, underlying price dynamics remained comparatively subdued.

Food inflation also remained moderate at 1.1%, while the inflation rate for the so-called "shopping basket" was stable at 1.0%.

Overall, the latest figures suggest that the current rise in Italian inflation remains predominantly energy-driven rather than the result of broad-based inflationary pressures across the economy. This distinction is also reflected in the inflation carry-over for 2026, which stands at 2.9% for the overall index but only 1.9% for core inflation.

The Italian National Institute of Statistics (Istat) confirmed its preliminary estimate for GDP growth in the second quarter of 2026. In seasonally and calendar-adjusted terms, **Italy's GDP increased by 0.2% compared with the previous quarter and by 1.0% compared with the second quarter of 2025**. As a result, the **carry-over growth for 2026, adjusted for calendar effects, was confirmed at 0.8%**.

Italy's export performance remained positive in the first half of 2026, confirming the resilience and competitiveness of the country's external sector despite a challenging international environment. In June, exports increased by **1.6% month-on-month and by 9.8% year-on-year in value, corresponding to a 5.1% increase in volume**. Growth was particularly strong towards EU markets, where exports rose by 15.1% year-on-year, compared with 4.1% towards non-EU destinations.

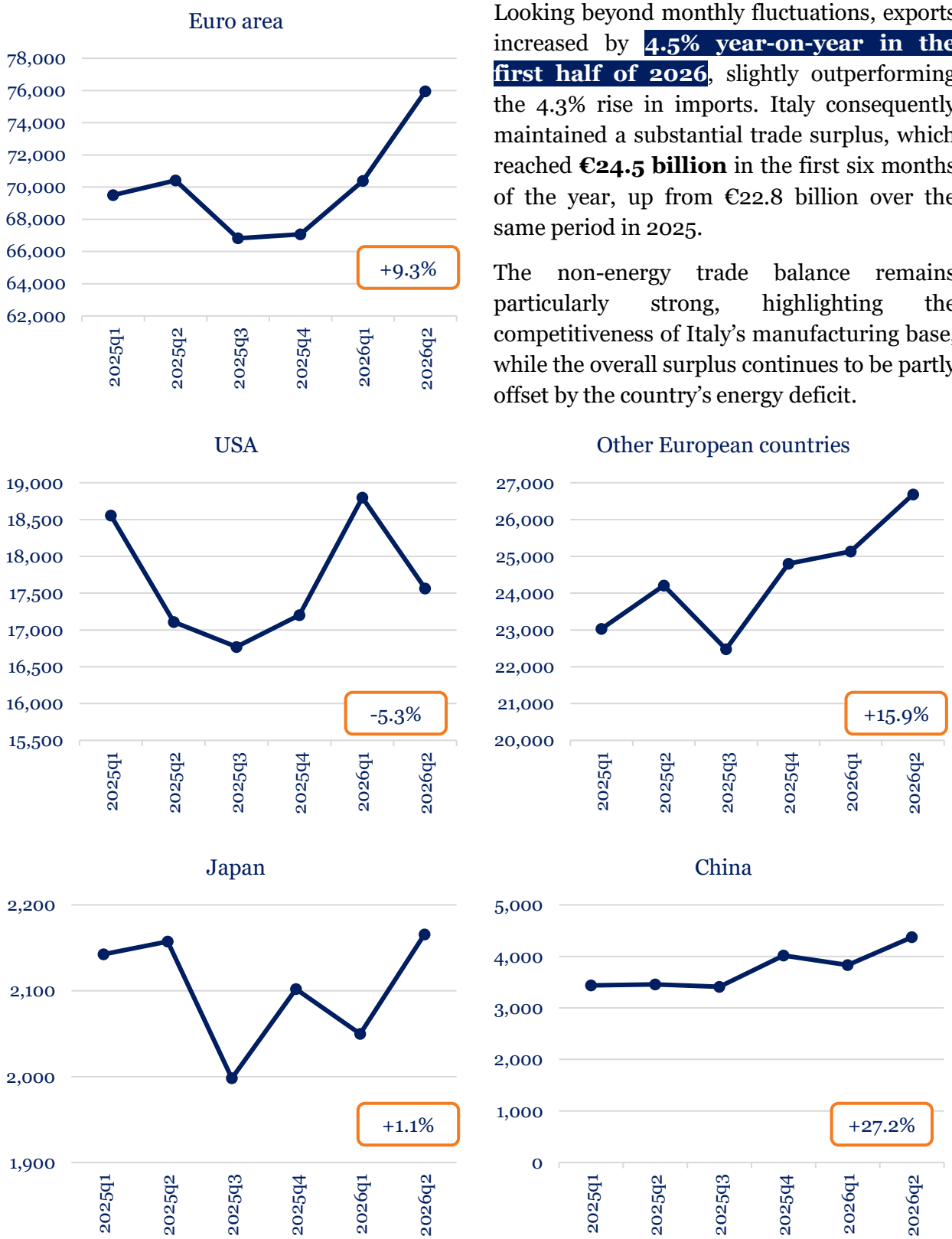
A particularly significant contribution came from the shipbuilding industry, where a number of high-value transactions had a material impact on the overall export performance. Rather than representing a purely statistical effect, this reflects Italy's strong competitive positioning in a high-value-added industry in which the country is one of the leading global players, particularly in technologically advanced and specialised vessels. Shipbuilding exports also played a major role in the exceptionally strong increase in exports to Germany, which rose by 22.9% year-on-year.

At the same time, export growth extended well beyond shipbuilding and was broadly distributed across the Italian productive system. **Almost all sectors recorded year-on-year increases**, with particularly strong performances in basic metals and fabricated metal products (+25.8%), coke and refined petroleum products (+45.1%), transport equipment excluding motor vehicles (+13.3%), and motor vehicles (+17.0%).

Source: TEHA Group elaboration on Istat data

Looking beyond monthly fluctuations, exports increased by **4.5% year-on-year in the first half of 2026**, slightly outperforming the 4.3% rise in imports. Italy consequently maintained a substantial trade surplus, which reached **€24.5 billion** in the first six months of the year, up from €22.8 billion over the same period in 2025.

The non-energy trade balance remains particularly strong, highlighting the competitiveness of Italy's manufacturing base, while the overall surplus continues to be partly offset by the country's energy deficit.



Italian export by destination (mln € and % growth)

Source: TEHA Group elaboration on Eurostat and Istat data

The EU's Alternative Fuels Infrastructure Regulation (AFIR): a new phase for electric vehicle charging from 2027

Among the European regulatory measures set to reshape the electromobility landscape, a central role is played by the **Alternative Fuels Infrastructure Regulation** (***AFIR***), Regulation (EU) 2023/1804, which entered into force in April 2023 and became directly applicable across all Member States from 13 April 2024.

The regulation represents the main horizontal **instrument for the deployment of charging and refuelling infrastructure in the European Union**, and is designed to address two of the main barriers that have so far limited the uptake of electric vehicles:

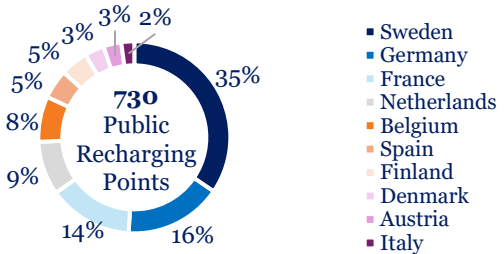
- the **availability of infrastructure** on long-distance journeys and
- the **fragmentation of payment** systems between operators.

Unlike incentives limited to specific sectors or geographical areas, *AFIR* applies to virtually all public charging point operators across the Union, and its obligations are phased in over a multi-year horizon running from 2024 through to 2030.

The regulation operates through binding technical and commercial requirements rather than financial incentives. It is therefore neither a grant nor a tax credit; instead, **operators are required to bring existing and new infrastructure up to common standards of power, accessibility, interoperability and price transparency**, with the underlying cost of compliance borne by the charging industry itself, supported in part by national and European infrastructure funding.

The intensity of the obligations is structured through progressive milestones.

- **Since 13 April 2024**, **public charging points** rated at 50 kW or above must allow ad-hoc charging without a subscription or dedicated app, accepting widely used electronic payment methods such as card readers and contactless systems; points below this threshold may instead rely on secure online solutions such as QR codes.
- **By 31 December 2025**, fast-charging hubs of at least 150 kW had to be installed at **intervals of no more than 60 kilometres in each direction** along the EU's core **TEN-T road network**, alongside a parallel requirement linking available public charging power to the number of registered electric vehicles in each Member State.
- A further milestone, covering **heavy-duty vehicles**, is set for **31 December 2030**, requiring 350 kW charging stations at the same 60-kilometre intervals (currently, there are only 730 charging points across the entire EU), together with publicly accessible hydrogen refuelling infrastructure.



Public Recharging Points for Heavy-duty vehicles (HDV) in the EU, by country (% on total), 2026. Source: European Alternative Fuels Observatory

Source: TEHA Group elaboration on European Commission data

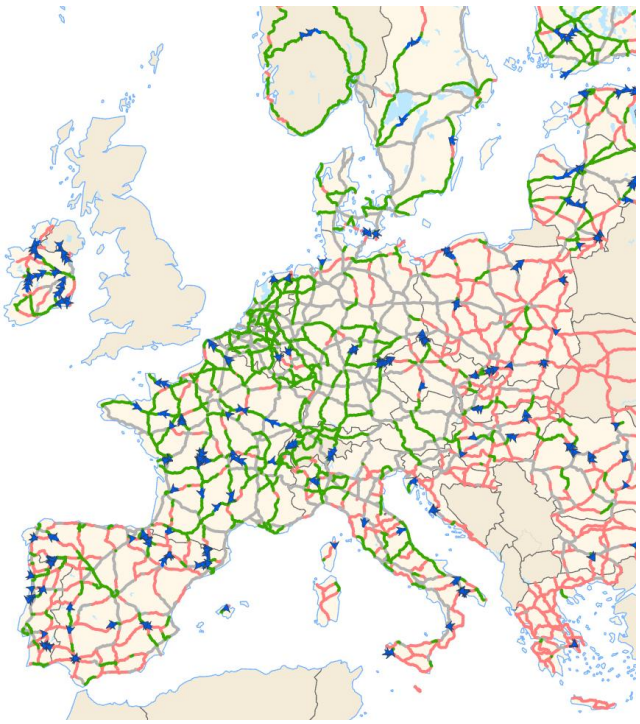
The regulation addresses two main categories of requirement. The first concerns **physical infrastructure density and power** along strategic transport corridors, covered by the TEN-T deployment targets described above.

The second concerns the **user experience at individual charging points**, and is the focus of the phase becoming fully applicable on **1 January 2027**: from that date, price transparency requirements are generalised, with operators required to display clear, comparable tariffs expressed per kWh, per minute or per session, visible before charging begins; card and contactless payment become mandatory for a broader range of charging points, including older installations previously exempt from the 2024 requirement; and every public charging point must be digitally interconnected, sharing real-time data on availability and operational status through national access points.

In terms of scope, AFIR is highly cross-cutting: it applies to all charge point operators active in the EU, irrespective of company size, ownership structure or business model, and covers charging infrastructure serving passenger cars, vans and, progressively, heavy-duty vehicles.

Monitoring of compliance is carried out at national level, with Member States required to report progress to the European Commission; in Italy, implementation is jointly followed by the Ministry of Infrastructure and Transport (MIT) and the Ministry of Environment and Energy Security (MASE).

As of June 2026, **79% of the EU's core road network already met the 60-kilometre requirement, with compliance above 99% across most of Western Europe**, while gaps remained more pronounced in Southern and Eastern Europe, including parts of Southern Italy.



Light-duty vehicle recharging infrastructure coverage on the TEN-T comprehensive network, by corridor status, EU27 (Illustrative), 2026. *Source: European Alternative Fuels Observatory (EAFO)*
Categories: Double-direction coverage (green), single-direction coverage (blue), no coverage (red).

In Italy, around **60% of charging points are concentrated in just five regions**: Lombardy, Piedmont, Lazio, Veneto and Emilia-Romagna.

With the 2027 deadline approaching, the remaining gap is expected to translate into continued investment in charging infrastructure, digital interconnection platforms and payment technology across the Italian market.

Source: TEHA Group elaboration on European Commission and Transport & Environment Italy data

Focus on a sector: Energy storage & batteries in Italy

In this section, we examine each month a strategic sector of the Italian economy, providing an overview of the sector's main innovations and most interesting data. In this edition, we focus on the energy storage & batteries sector.

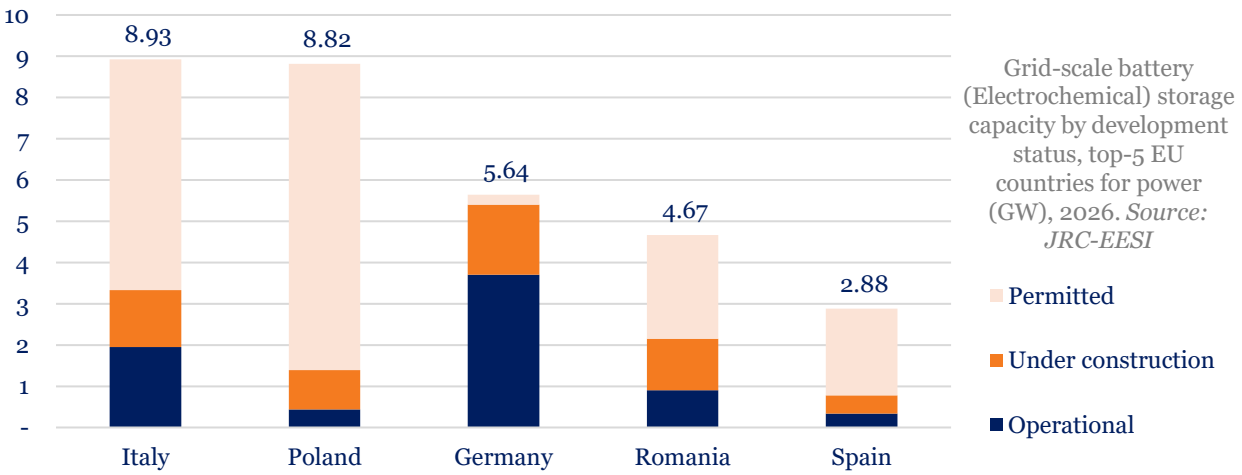
Energy storage has rapidly become one of the most dynamic segments of Italy's energy transition, evolving from a niche technology into critical infrastructure for the electricity system. As the share of variable renewable generation increases, **battery energy storage systems** (***BESS***) are increasingly required to absorb surplus solar and wind output, support grid balancing and ensure system adequacy.

Italy's storage market spans a wide technological and dimensional range, from small residential battery packs paired with rooftop photovoltaic installations (around 80% of new rooftop solar in Italy is now installed together with a battery) to large utility-scale systems connected directly to the transmission grid.

Italy has emerged as one of Europe's leading storage markets. Operating **large-scale battery capacity currently stands at 1.9 GW**, around **20% of the total capacity in operation across the European Union**, and together with Germany, Italy accounts for close to half of all large-scale battery capacity currently operating in the EU.

Italy also leads Europe's **development pipeline**: including projects under construction and permitted, total **large-scale battery capacity reaches nearly 9 GW,** the highest figure among the leading EU markets, and almost **five times the capacity already operational,** pointing to a further multi-fold increase in installed capacity over the coming years.

This growth is increasingly drawing international capital, with **foreign investors** already accounting for **41% of investment** in stand-alone storage projects, reflecting rising confidence in the long-term prospects of the Italian electricity system.



Grid-scale battery (Electrochemical) storage capacity by development status, top-5 EU countries for power (GW), 2026. *Source: JRC-EESI*

Source: TEHA Group elaboration on on IEA, Batteries and Secure Energy Transitions; JRC, European Energy Storage Inventory; Althesys (TEHA Group), IREX Annual Report 2026.

A central pillar of Italy's storage policy is the **Mechanism for the Procurement of Electricity Storage Capacity** (***MACSE***), through which the transmission system operator *Terna* contracts new utility-scale storage years ahead of operation.

- The first auction, held in September 2025, fully allocated its **10 GWh target for 2028 delivery**; a second auction for 2029 delivery, covering part of the additional 32 GWh of storage capacity Terna estimates is needed by 2030, is scheduled for the last quarter of 2026.

The economics are favourable: shifting solar and wind power to the evening costs an estimated €64/MWh, competitive against the roughly €111/MWh average cost of gas-fired generation that typically sets Italian power prices.

Looking ahead, the *Integrated National Plan for Energy and Climate* (*PNIEC*) targets around 50 GWh (6-8 GW) of new utility-scale storage by 2030.

The manufacturing value chain is also developing: alongside Seri Industrial's FIB plant at Teverola (IT), a new Eni-FAAM/Seri Industrial gigafactory in Brindisi (IT) is planned to reach 16 GWh/year by 2030.

This industrial growth is complemented by an **active R&D ecosystem**, with institutions such as the Politecnico di Torino, ENEA, CNR and RSE working on battery materials, safety and recycling.

As a whole, Italy's energy storage combines a rapidly expanding installed base, a structured procurement framework, an emerging domestic manufacturing system and a solid research base, thus offering to investors a market central to Europe's decarbonisation strategy.

Source: TEHA Group elaboration on Terna, MACSE auction results and Capacity Market data; Ember, European Electricity Review 2026; MASE, PNIEC; Seri Industrial S.p.A.; Infobuildenergia.it. 2026.

A dedicated tutor for international investors

Investors interested in Italy can rely on tailor-made services offered by the *Invest in Italy* team. The Ministry of Enterprise and Made in Italy (MIMIT) provides potential investors with a **dedicated tutor** that supports the entire investment process.

In particular, tutors:

- support investors in identifying suitable greenfield and brownfield sites;
- facilitate contacts with central/local administrations to obtain the necessary authorizations and permits;
- facilitate contacts with the Italian supply chain, research centres, universities and technical colleges;
- identify the most suitable incentive schemes to support investments;
- facilitate the search for personnel through partnerships with regional employment centres and local employment agencies;
- follow the process of obtaining visas, authorisations and work permits for the staff of non-EU foreign investors.

For more information and to get in touch with a dedicated tutor, please visit: www.investinitaly.gov.it website.

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Favourable tax regime for new residents

New fiscal residents in Italy have the opportunity to apply for a **special tax scheme**, that lasts **for 15 years**:

- Foreign-source income will not be taxed at ordinary rates, but at a yearly substitutive **lump-sum tax of 300,000 euros**.
- All foreign assets will be **exempted from Italian inheritance taxes**.
- No reporting obligations to Italian tax authorities on assets held abroad.
- No wealth taxes on assets held abroad.
- Exemption from Italian CFC rules on foreign companies.

The flat taxation on foreign-source income can also be extended to family members, for 25,000 euros per year per each additional family member.

Should new residents decide to work in Italy, they could apply for a reduction of 50% over their Italian taxable income from employment or self-employment (within an annual limit of EUR 600,000).

Such reduction is granted for a period of 5 years and can be increased to 60% if moving with a minor. Applicants should commit to maintain their fiscal residence in Italy for at least 5 years and should get minimum educational requirements.

Where to find the right opportunities? *www.investinitaly.gov.it*

The Italian Government has recently launched the official www.investinitaly.gov.it website.

The platform is designed to provide foreign investors with comprehensive information on the main investment opportunities in Italy. It presents investors with detailed information on the main strategic sectors, incentives, taxation, labour law and immigration.

Moreover, it showcases more than **300 greenfield** and **brownfield public sites** that are immediately available for industrial and logistic projects.

USEFUL TO KNOW:

The **Ministry of Foreign Affairs and International Cooperation** and the **Italian Trade Agency (ITA)** are the first point of contact for all potential investors.

Italian Embassies and Consulates abroad, together with dedicated ITA'S FDI offices, provide information and facilitate any needed dialogue with other Italian institutions.

Please click on the following links to find updated contact details of:

- **Italy's diplomatic-consular network**: Italian Missions Abroad - Ministry of Foreign Affairs and International Cooperation;
- **ITA's FDI offices**: Invest in Italy | Italian Trade Agency (ice.it);
- **Italy's Ministry of Foreign Affairs and International Cooperation** is also available at the following email address: dgce02@esteri.it.

All previous editions of the Business Insight from Italy newsletter are available on the website ambrosetti.eu