

# Business structure and economic activities of Italian affiliates abroad

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*Istat disseminates the main findings of the survey on Italian affiliates abroad (Outward FATS). The data refer to 2008 for the business structure and economic activities carried out abroad by Italian-controlled enterprises, 2009-2010 for new foreign direct investments abroad with a majority share, including information on their geographical and business functions breakdowns, 2010-2011 for future perspectives on economic activities and employment of Italian-controlled multinational companies, both in Italy and abroad. New quantitative variables include exports of goods and services by Italian affiliates abroad and the geographical breakdown of R&D expenditure carried out abroad.*

## **Main results**

After the global crisis in 2009, Italian multinational enterprises (IMNEs) engaged in manufacturing forecast for 2010-2011 a substantial recovery in the level of economic activity carried out both domestically and internationally. However, the share of IMNEs forecasting a recovery abroad (almost 40%) is much larger than the share of IMNEs supporting a revitalisation of activities domestically (20%). Even the share of IMNEs highlighting a growth in employment is much stronger abroad as compared to resident activities.

About one out three of the largest IMNEs realise new foreign direct investments in 2009-2010, while the share decreases to one out of five for medium-large size IMNEs, and it is only one out of ten for small size IMNEs.

In 2008, there were about 21 thousands Italian affiliates abroad operating in more than 150 foreign countries. These firms employ 1,5 millions of persons employed, and generate a turnover of 386 billions of euros. The relevance of these firms, as compared to resident businesses, amount to 10% in terms of turnover, and 13,5% in terms of turnover excluding the purchase of goods and services, where this latter variable represents a rough proxy for value added.

Italian affiliates abroad in manufacturing account for almost 6.500 enterprises, representing slightly more than a half of Italian affiliates active in non financial services. However, their relevance as compared to resident businesses is four times more remarkable.

Industrial sectors, where the activity carried out abroad by IMNEs is more significant, are manufacture of machinery and equipment n.e.c. (1.133 Italian affiliates abroad employing more than 118 thousands of persons employed, and with 27,9 billions of euros of turnover, of which 9,1 billions net of the purchase of goods and services), manufacture of textiles and textile products (713 firms, employing more than 94 thousands of persons employed, 4,6 billions of turnover, of which 1,6 excluding the purchase of goods and services), and manufacture of transport equipment (202 units, more than 80 thousands of persons employed, 29,3 billions of euros in turnover, of which 4,6 excluding the purchase of goods and services).

Industrial activities carried out abroad by IMNEs are more remarkable in Romania (116 thousands of persons employed by Italian affiliates), Brazil (75 thousands) and China (66 thousands), while services activities carried out abroad by IMNEs are mainly located in the United States (106 thousands) and Germany (66 thousands).

Goods and services exported in other countries (including Italy) by Italian-controlled enterprises resident abroad and active in manufacturing approach 40% of their turnover. R&D expenditure realised abroad by IMNEs is mainly located in the European Union (EU27), South and North America. Finally, IMNEs highlight that access to new markets is the main advantage associated with their presence abroad, followed in manufacturing by the benefits connected to logistic facilities and labour costs.

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