# Economic Scenarios for Italy and the Euro Area

## Background slides

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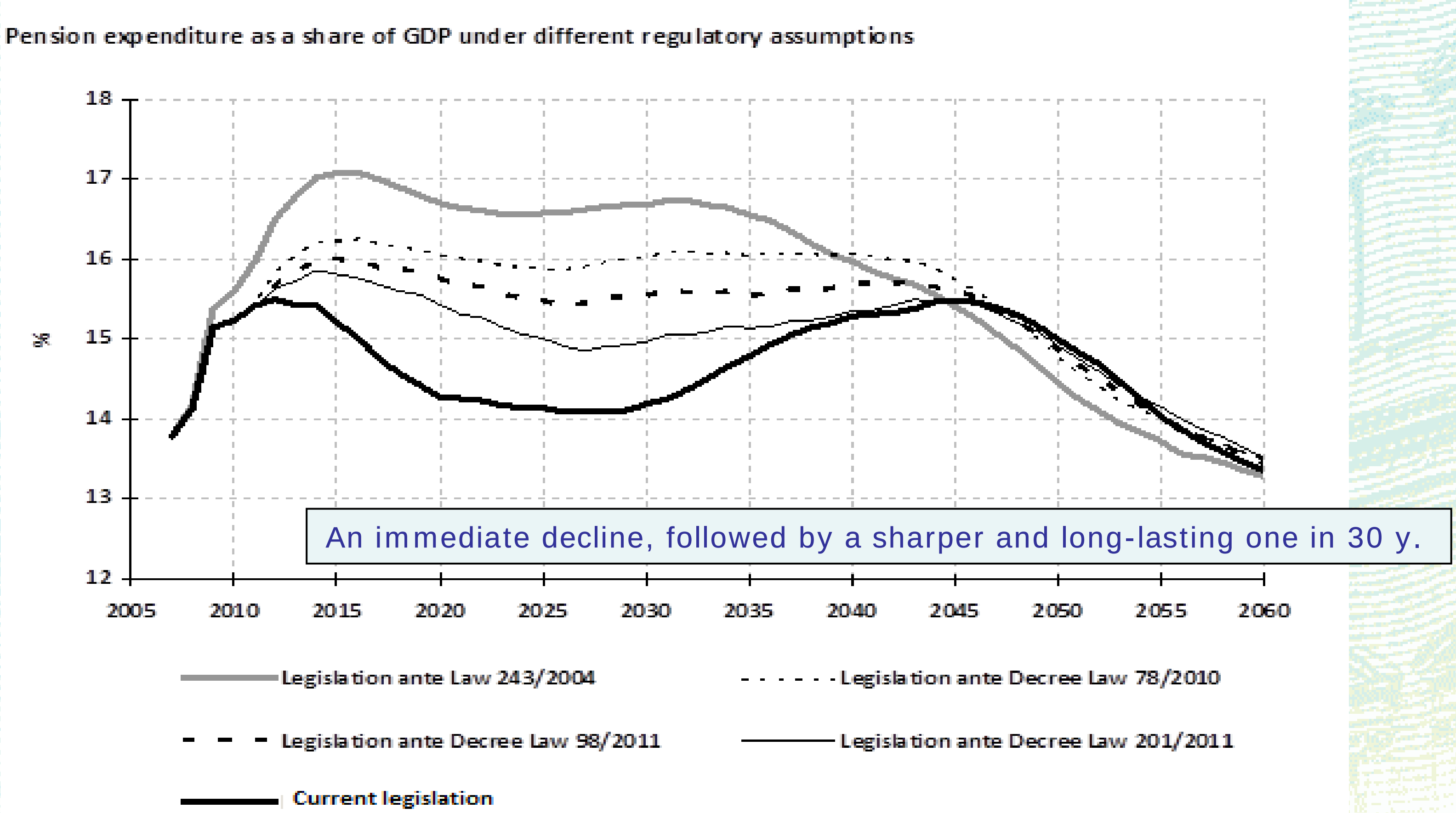
# Pension expenditure in Italy

- Contribution system extended to all workers
- Statutory retirement age: 66y (from 65y). Women: 62y (from 60y; 66y by 2018)
- Seniority retirement age: with 62y (m) and 61 (w) years of contribution (an penalty below 62y of age)
- From 2013, pension requirements will change with life expectancy; + 3 mo. in 2013; at least 67y in 2021

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# Retirement age: International comparison

| | Old-age | Seniority |
|---|---|---|
| Germany | 65 | 63 (and 35 years of contribution) |
| France | 65 | 60 (and 40 years of contribution) |
| Italy | 66 | 42 years + 1 month of contribution |
| Spain | 65 | 61 (and 30 years of contribution) |
| United Kingdom | 65 | Not applicable |

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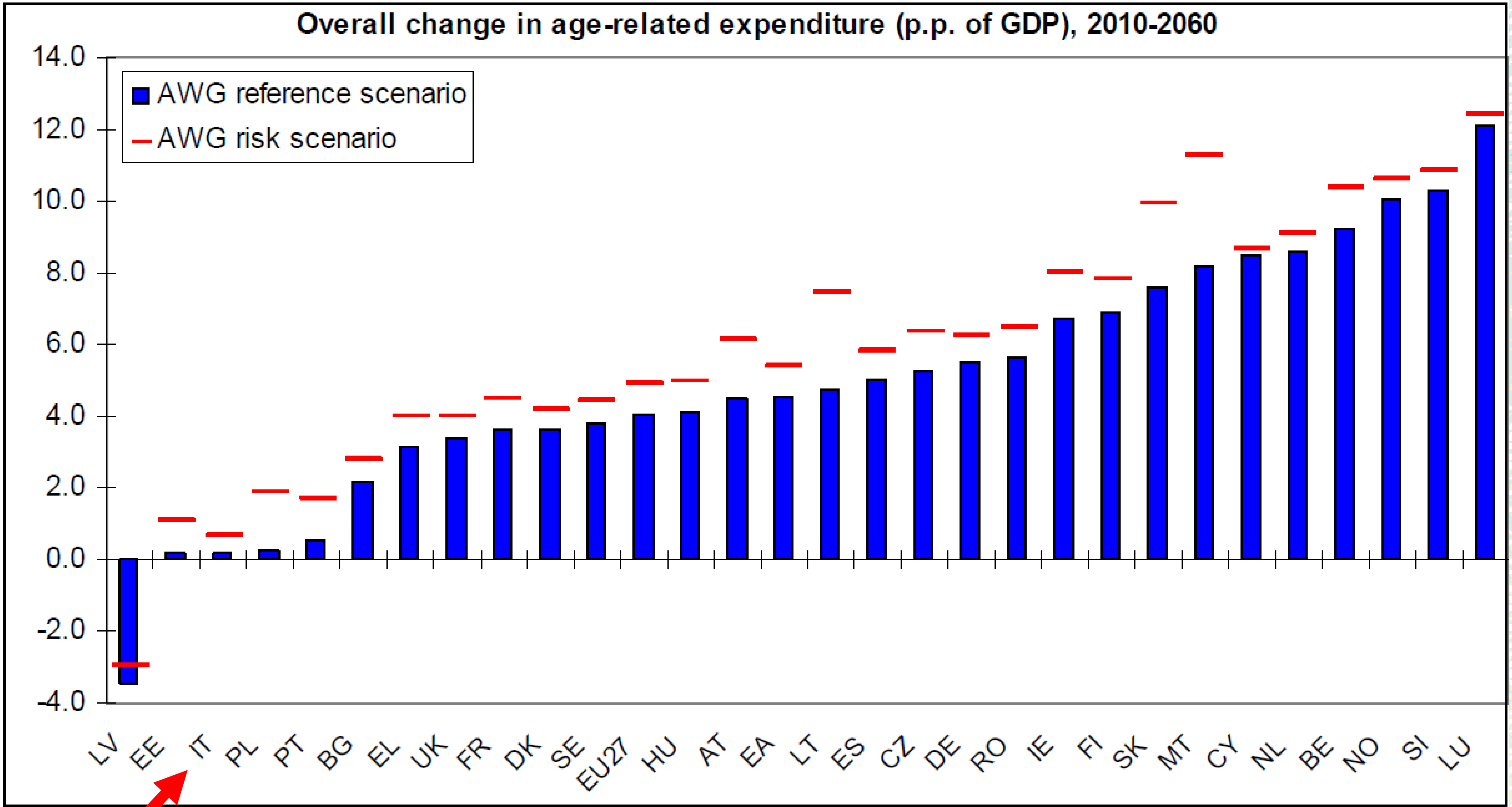
# Age-related expenditure: projected change 2011-2060

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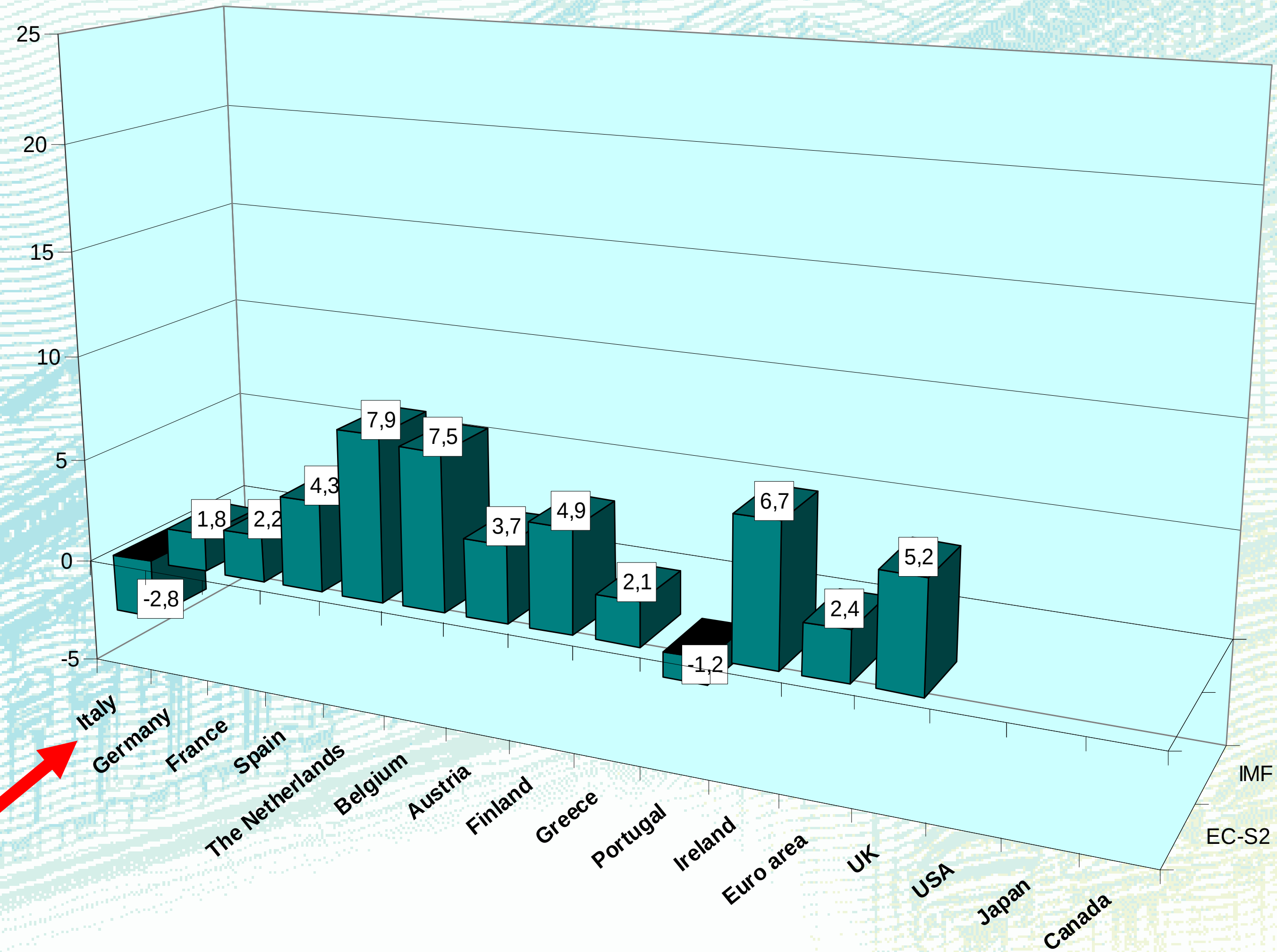
# Sustainability indicators, 1 / 2

**EC-S2**
**Increase in the primary surplus/GDP ratio (wrt 2011) needed to satisfy the general government intertemporal budget constraint, given demographic and macroeconomic projections. The estimate takes account of the level of the debt, the outlook for economic growth, changes in interest rates and future primary surpluses, which are affected by the trend of age-related expenditure.**

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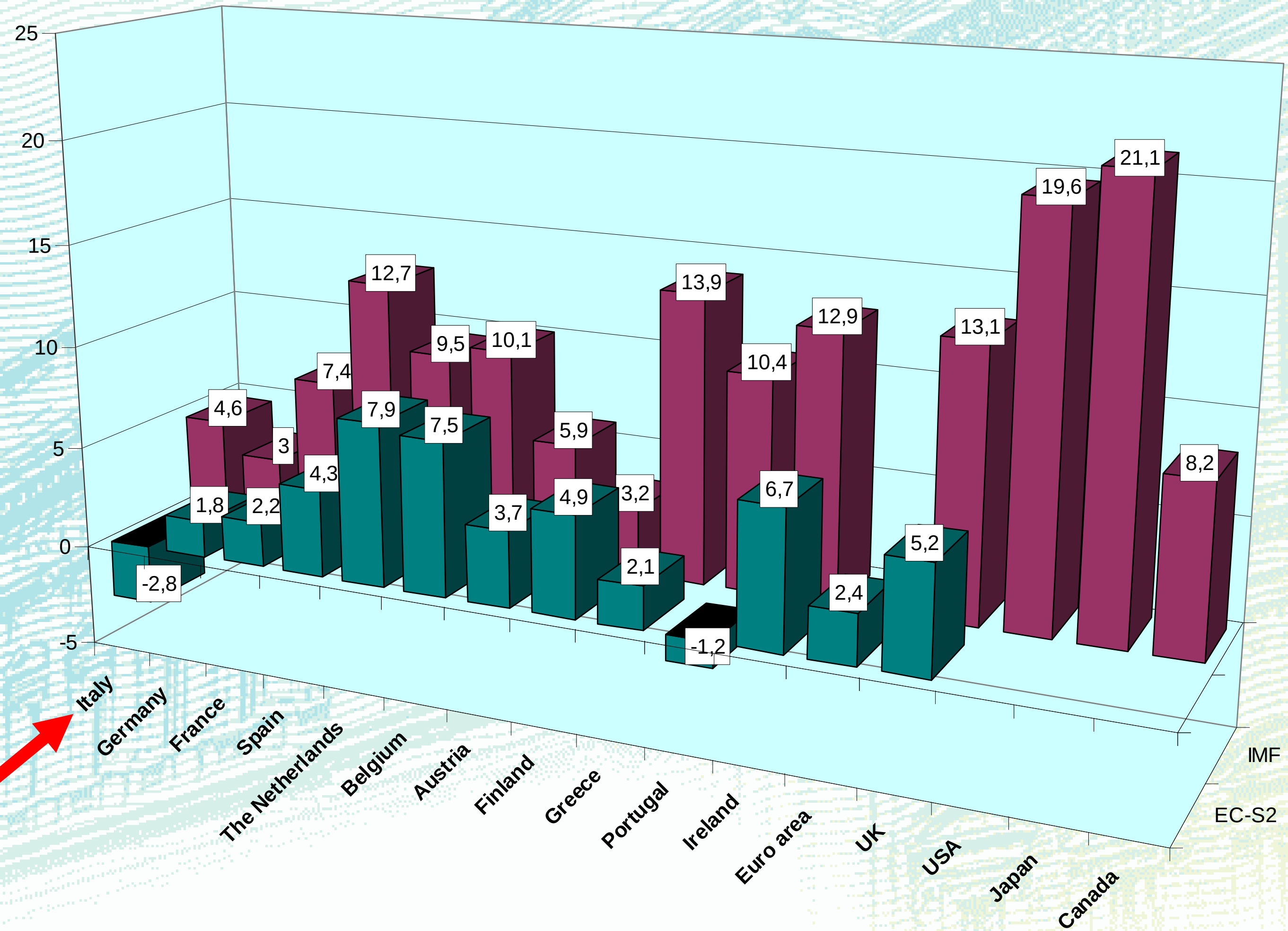
# Sustainability indicators, 2 / 2

**IMF**
**Increase in the primary surplus / GDP ratio that would need to be achieved by 2020 (and maintained for a further decade) in order to bring the debt / GDP ratio down to 60 per cent by 2030. The value includes the projected increase in health and pension expenditure between 2011 and 2030.**

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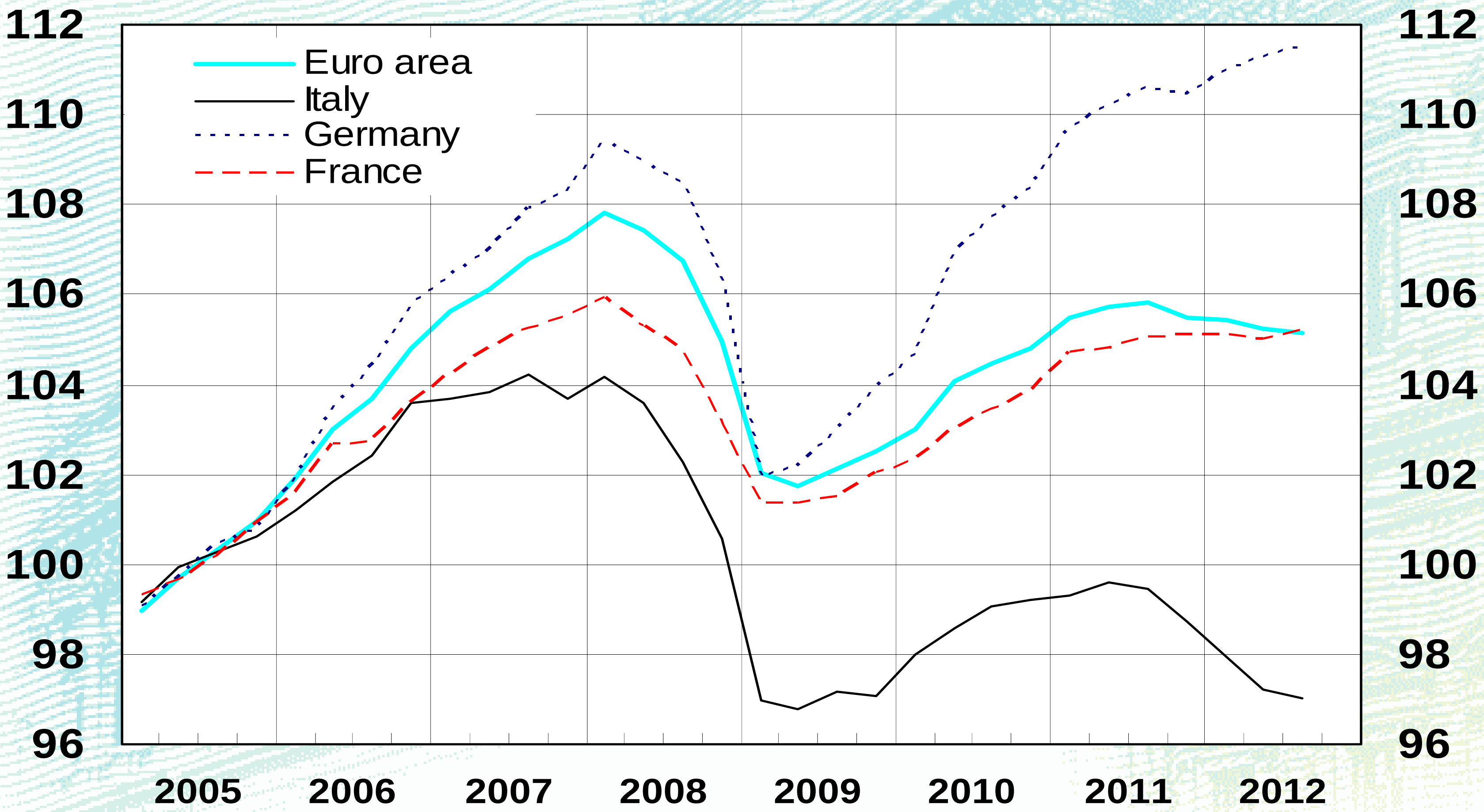
# Cyclical conditions in Italy remain more difficult than elsewhere

**GDP in the euro area and its three largest economies (2005=100)**

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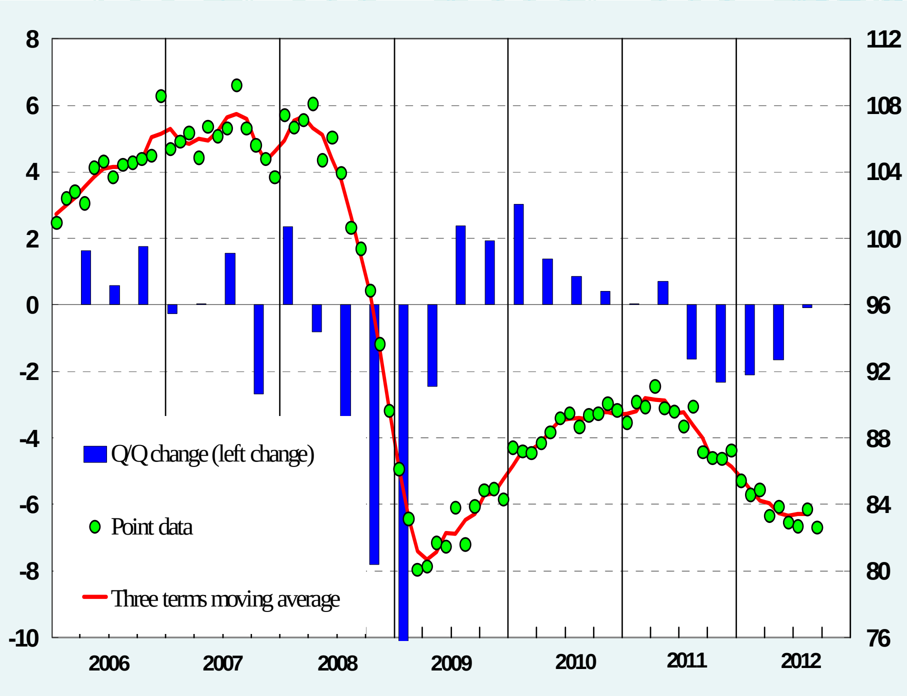
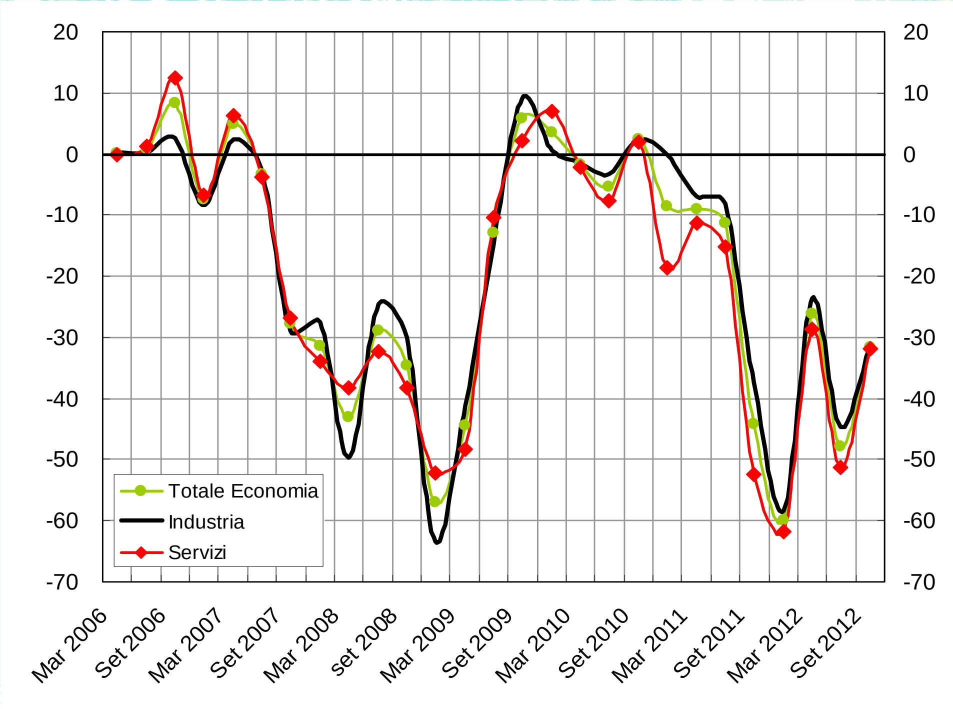
# The business cycle deterioration eased during the summer

**Italian industrial production**
*(index 2005=100)*




**Bank of Italy-Sole24Ore Survey: conditions for investment**
*(balance of opinions: improvement less worsening)*

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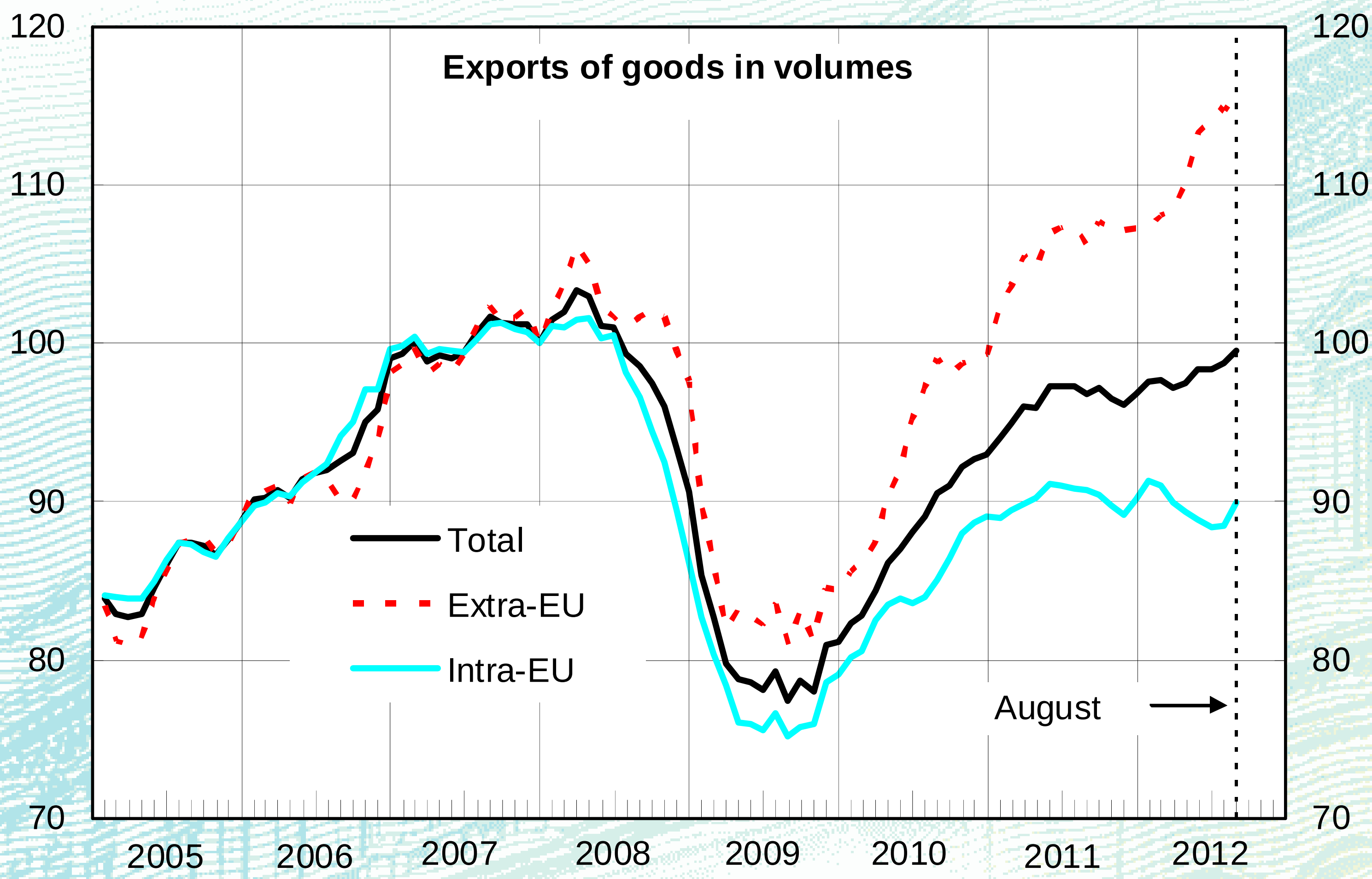
# Exports keep contributing positively to GDP growth




- Exports growth mainly involves markets outside the European Union
- Imports are falling. The current account balance improves: in the first seven months of 2012 the balance on merchandise trade moved into surplus

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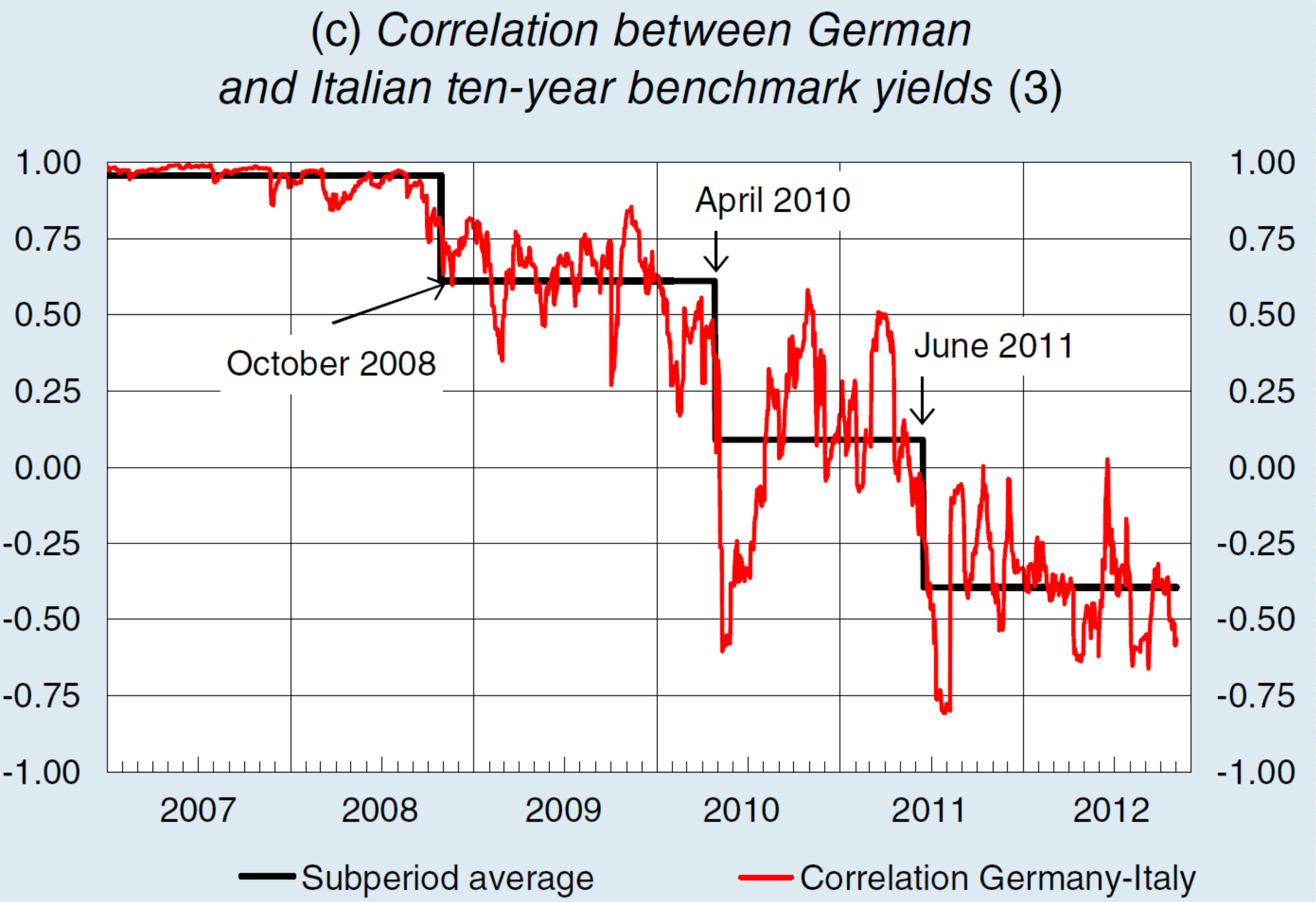
# Signals of fears of euro reversibility

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*Thanks for your attention*