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Monthly Brief on the Italian Political Economy

April 2025

Giulio Petrillo

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Every month, our Monthly Brief on the Italian Political Economy provides a bullet-point recap of the previous month's main events, followed by reasoned deep dives and/or interesting graphs and commentaries on topics of significance for economic policymaking in Italy.

[Giulio Petrillo](#)

LAST MONTH IN BRIEF

- 03/03** Following a public consultation, the Ministry for Enterprises and Made in Italy [publishes](#) the first [draft](#) of the Italian strategy for quantum technology
- 11/03** Italian Undersecretary of State Alfredo Mantovano [meets](#) with the Director General of the International Atomic Energy Agency (IAEA) Rafael Mariano Grossi, confirming Italy's new ambitions in nuclear energy ([see Deep Dive 1](#))
- 12/03** Minister for Enterprises and Made in Italy Adolfo Urso [joins](#) some of his European counterparts to launch the European Alliance for Chips, a coalition of the willing for semiconductors to strengthen the competitiveness of the sector across the EU
- 13/03** The Council of Ministers [declares](#) of strategic interest the project by the company [Novo Nordisk A/S](#) to expand the pharmaceutical industrial complex in Anagni, worth more than €2 bln
- 20/03** Minister of Foreign Affairs Antonio Tajani meets with EU Commissioner for Trade and Economic Security Maroš Šefčovič to discuss the issue of US tariffs ([see our Graph of the month](#))
- 20/03** PM Giorgia Meloni [meets](#) with President of the European Commission Ursula Von der Leyen to discuss how to strengthen EU defence in all areas ([see Deep Dive 2](#))
- 25/03** The Ministry for Enterprises and Made in Italy [allocates](#) around €500 mln in development contracts to strengthen the competitiveness and the innovation processes of industries in Southern Italy
- 27/03** The government unit for the Italian National Recovery and Resilience Plan [approves](#) the sixth report on the implementation progress which allowed Italy to receive the fifth and sixth instalments from the EU

DEEP DIVE 1

Italy moves towards nuclear energy: why and when?

Undersecretary Mantovano's meeting with Director General of the IAEA Rafael Mariano Grossi focused on proliferation. However, from a political standpoint, it was perceived as a further sign of Italy's shift toward nuclear energy. Indeed, in late February the Council of Ministers [approved](#) a bill to start the process for reintroducing nuclear energy in the country.

Commentary

Italy has a historically difficult relationship with nuclear power plants. In 1987, following the Chernobyl disaster, the Italian people rejected the nuclear option. Again, in 2011, another referendum [abrogated](#) a law passed by the then Berlusconi government to revitalise the nuclear programme. Against this background, it is interesting to look into the reasons and the timeline behind the Meloni government's decision.

The government has often [pointed](#) to economic savings for industries and households and to an easier path to meet the climate targets. The goal is, in fact, to [save](#) around €17 bln in meeting EU targets of decarbonisation by 2050, if nuclear power arrives at least 11% of the energy mix. Such scenarios for nuclear energy introduction were already included in the [National Integrated Plan for Energy and Climate](#), presented by Italy to the European Commission in July 2024. Confindustria, Italy's largest consortium of industrial firms, enthusiastically [welcomed](#) this shift towards nuclear energy. In an official hearing at the Parliament, Confindustria [defined](#) nuclear power as a key tool to strengthen the competitiveness of Italy's industrial base. The industrialists consider nuclear energy fundamental for better energy resilience and for helping companies [save on](#) electricity bills.

Regarding the timeline, the goal is to have the first functioning reactors by 2030, but this strong will must confront reality. The bill is merely an enabling law which, when approved by Parliament, probably by the end of 2025, will [give](#) the government twelve months to enact legislative decrees regulating the entire nuclear energy cycle. Besides this procedural matter, there are some key concrete [challenges](#), such as where to establish the plants and how to manage radioactive waste.

In conclusion, Italy's return to nuclear energy is strongly backed by the industrial base and by political will, but the 2030 goals might be too optimistic.

DEEP DIVE 2

European defence: what is Italy's position?

On 20-21 March, PM Meloni was in Brussels to attend the European Council meeting. In her private discussion with Ursula von der Leyen, the main topic was European defence. The entire month was bestrewed by announcements and declarations on defence, especially at the EU level (see [LUHNIP April 2025 brief on EU industrial policy](#)). The various discussions on the topic sparked a strong political debate in Italy.

Commentary

Concerning European defence, economically, Italy [holds](#) a strong industrial base in the sector, with some peaks of excellence such as aerospace, electronics, and shipbuilding. However, from a political standpoint, the government has been struggling to remain cohesive on the issue.

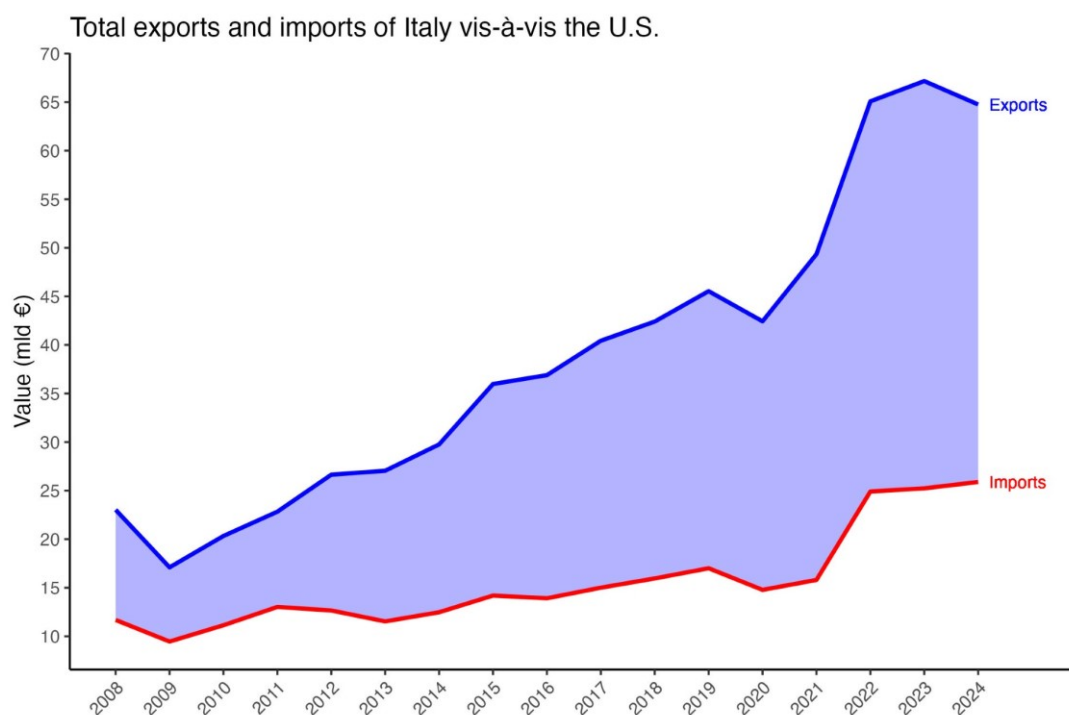
On the one hand, PM Meloni supported the European Commission's effort to strengthen European defence, but adopted a careful approach. She immediately [rejected](#) the idea of rearming, preferring to focus on broader concepts of security and defence. She [has never spoken](#) about a European army, preferring to talk about the strengthening of national armies instead. Along these lines, she agreed to a plan for defence investments, but pointed out the requirement of [suspending](#) the fiscal rules on these expenses and Italy's [refusal](#) to employ cohesion funds for security goals. In addition, regarding the EU-US relationship, Meloni [insisted](#) on the need to strengthen, not cut, ties with the Trump Administration. Minister of Defence Guido Crosetto, a member of Meloni's party, echoed her views, [rejecting](#) the idea of a European army and [calling](#) for stronger EU-US cooperation in defence.

On the other hand, the two junior partners of Italy's government coalition have not been faithfully [following](#) the PM's path. Minister Salvini, leader of the League, harshly [criticised](#) the EU's approach, accusing Brussels of forcing debt for arms and not allowing investments in healthcare and education. Minister Tajani, leader of Forza Italia, praised the EU plan for defence and some of his party's members even called for the creation of a European army.

In conclusion, the European debate on defence is making it harder for PM Meloni to avoid coming to a definite [decision](#) concerning Europe and the Trump administration and to keep her own government on the same political line.

GRAPH OF THE MONTH

Italy's exposure to US tariffs



Source: [Istat](#)

Sectors	IT - US Export (2024)	IT - US Import (2024)	Difference
<i>Machinery and Transport equipment</i>	€ 23.598.731.483	€ 4.295.820.211	€ 19.302.911.272
<i>Medicinal and pharmaceutical products</i>	€ 9.987.524.344	€ 7.223.371.509	€ 2.764.152.835
<i>Machinery specialized for particular industries</i>	€ 3.799.797.810	€ 366.877.543	€ 3.432.920.267
<i>Road vehicles</i>	€ 4.549.432.552	€ 231.352.350	€ 4.318.080.202
<i>Food and live animals</i>	€ 3.855.598.060	€ 894.793.458	€ 2.960.804.602
<i>Alcoholic beverages</i>	€ 2.351.181.599	€ 255.606.437	€ 2.095.575.162

Source: [Eurostat](#)

Italy and the US are exceptionally solid trade partners. Commercial relations between Rome and Washington have been solid for decades. As the graph shows, this relationship has created

a long-standing trade surplus with Italy, which consistently exports to the US more than what it imports. This trade surplus has grown significantly in the last fifteen years, [reaching](#) around €39 bln in 2024.

Against this background, Confindustria [expressed](#) concerns about the Trump administration's intentions to put tariffs on European goods across the board, underlining how the entire Italian industrial base risks a severe impact. Indeed, as the table above shows, not only do the prominent sectors of food and beverage bear significant exposure, but more technical segments such as machinery and pharmaceutical products can be highly endangered by US tariffs, too. Confindustria's economic office [published](#) a study outlining the extensive exposure of Italy's entire industrial base. On the other hand, the government does not seem cohesive. Deputy Prime Minister Matteo Salvini [praised](#) Trump's tariffs, defining them as an opportunity for the Italian economy and [criticising](#) the EU's approach. PM Meloni and Minister for Foreign Affairs Tajani seem more worried and are trying to [build](#) a strategy to [avoid](#) both a trade war between the EU and the US and significant economic damage for Italy.