



Associazione
per lo sviluppo
dell'industria
nel Mezzogiorno

Executive summary

SVIMEZ REPORT 20**25**

THE ECONOMY AND SOCIETY IN SOUTHERN ITALY

Freedom to move, right to stay



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Svimez, chaired by Adriano Giannola, has published the Report on the Economy and Society of the Mezzogiorno every year since 1974. Over time, the Report has become the leading reference for territorial analysis of economic and social trends and of development policies in Italy.

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“Freedom to move, right to stay”

“Freedom of movement” is one of the pillars of European citizenship. Combining it with the “right to stay” is essential to reconcile the relaunch of the principles of integration and strategic cooperation with the reduction of territorial inequalities, thereby countering depopulation and mobility driven by necessity rather than choice.

Making the “right to stay” effective requires strengthening territorial cohesion and investing in the places from which young people and skills are currently departing. It means expanding economic and social infrastructure; enhancing education, training, and local innovation ecosystems; aligning with Europe’s priorities for innovation-driven industrial growth; and consolidating the administrative improvements initiated with the NRRP.

By doing so, freedom of movement will cease to fuel growing polarisation and will instead become a lever for balanced development across all European territories—helping to rebuild trust and reduce the “geography of discontent” that runs through many of Europe’s most fragile regions.

This issue, now central to the European debate, sheds light on the contradictions of the current economic and social phase, marked by signs of recovery in the Italian Mezzogiorno that have not yet been sufficient to alter migration patterns or improve young people’s life prospects.

“Freedom to move” and “right to stay” therefore become key lenses for interpreting the new demographic, social, and productive divides in Italy, and for designing policies capable of bringing together competitiveness and cohesion, development and inclusion, the global dimension and local territories.

Executive Summary

Rapporto Svimez 2025



The employment boom fails to stop the outflow of young people from the South

Between 2021 and 2024, the Mezzogiorno displayed an unprecedented capacity to drive national employment growth: **employment in the South increased by 8%, 2.6 percentage points more than in the rest of the country.** Overall, employment grew by almost 1.4 million nationwide, of which about 900,000 in the Centre-North and nearly 500,000 in the Mezzogiorno: the South accounted for more than one third of Italy's total employment increase.

The employment boom in Southern Italy

Public policies played a significant role in sustaining employment and shaping the sectoral composition of job growth. Although with some delay, public-administration hiring programmes contributed to the expansion; private-investment incentives in the construction sector initially, and later the launch of public works financed by the NRRP, supported labour demand in construction, professional and consultancy services, and related manufacturing activities.

Employment is rising, yet young people keep leaving. Behind the positive headline figures lies a deep contradiction: between the two three-year periods 2017–2019 and 2022–2024, the average annual number of 25–34-year-olds leaving the country increased by more than 10%, from around 126,000 to about 140,000. In the South the employment boom has not halted the rise in internal and international youth migration. In 2022–2024, each year 106,000 young Southerners left their area of residence for the Centre-North or abroad, 3,000 more than in 2017–2019. **A true employment paradox:** the Mezzogiorno is experiencing job growth unmatched in recent cyclical recoveries, yet the employment boom has failed to stop young people from moving away, both within Italy and abroad.

In 2022–2024, each year 106,000 under-35s left the South

| The Italian human capital trap |

The share of graduates among young people migrating to the North and abroad is increasing

In recent years, the selective nature of youth migration from the South to the North has become increasingly pronounced: **among 25–34-year-olds, graduates account for 50% of male migrants and 70% of female migrants. Each year, around 40,000 graduates from the Mezzogiorno move to the Centre-North. A similar selective pattern characterises the migration of Italian graduates abroad**, which reached an all-time high in 2023 (about 37,000), with a sharp rise after 2012 from both the Centre-North (28,000) and the Mezzogiorno (9,000).

When graduates leave, a portion of the public investment made in their education effectively leaves with them. **Skilled emigration generates a net loss for the region of origin**: the territory has already borne the cost of training those individuals, but it will no longer benefit – over the medium and long term – from the positive externalities that educated human capital would have produced locally.

The cost of migration is extremely high for the Mezzogiorno, which shows a negative balance of €132 billion over the period 2000–2024

Svimez has estimated the monetary value associated with the outflow of graduate human capital from the Mezzogiorno to the Centre-North, using the net migration balance of graduates.

The cumulative net loss for the Mezzogiorno – measured as the public cost of training graduates who obtained their education in the South and then moved away – amounts, between 2020 and 2024, to roughly €6.7 billion per year for those relocating to the Centre-North, plus an additional €1.2 billion for those moving abroad. The Centre-North, although gaining from the inflow of graduates trained in the South, also incurs a net loss due to its own graduates emigrating abroad, estimated at about €3 billion annually.

The long-term trend is one of slow but persistent polarisation: international hubs attracting highly educated young Italians; the Centre-North offsetting its losses abroad thanks to inflows of Southern graduates; and the Mezzogiorno continuing to train young people who then build their careers elsewhere. Revitalising both Italy and the South must therefore start with stronger financial support for the university and research system and with a deeper integration of higher education into industrial policy, especially through the development of professional tertiary pathways (Higher technical institutes and professional bachelor's degrees).

| High skills, mismatched job opportunities |

Youth employment grew more in the South

The growth of employment among under-35s is a significant feature of the 2021–2024 labour-market recovery: +461,000 young workers nationwide, with **the Mezzogiorno providing a substantial contribution of +100,000 employed under-**

35s. In Southern Italy, the improvement in the youth employment rate has been stronger than in the Centre-North (+6.4 percentage points versus +5.3), although this recovery builds on a **very large structural gap in the youth employment rate**: 51.3% in the Mezzogiorno in 2024 (ages 25–34), compared with 77.7% in the Centre-North.

A second clear trend is the role of young graduates in driving employment growth in the South. **Among newly employed under-35s in the Mezzogiorno, six in ten have a university degree, compared with fewer than five in the Centre-North.**

Yet this shift also exposes a structural contradiction in the quality of new youth employment. **The largest source of new jobs for young people is tourism – more than one-third of the total increase (+36,000 in food services and accommodation)** – a sector with limited demand for highly skilled workers.

At the same time, a particularly noteworthy development is the rise – stronger in the South than elsewhere – of graduate employment in **ICT services** and in **public administrations**, fuelled by NRRP-driven value-chain expansions and by policies aimed at strengthening public-sector capacity.

The picture that emerges is therefore mixed: on the one hand, more qualified young people are finding opportunities in dynamic sectors aligned with their skills; on the other, **too many new entrants, including graduates, are still absorbed into low-skill, low-wage segments of the labour market.**

As long as the main entry points into employment remain concentrated in low value-added sectors, the Mezzogiorno will struggle to fully leverage its human capital. Job opportunities continue to be concentrated in traditional activities, with overall weak demand for advanced skills. **Improving job quality** – through private investment in knowledge-intensive production and technologies capable of generating stable demand for highly skilled labour – **is therefore essential to retaining young people and reducing mobility driven by necessity rather than choice.**

| Those how stay: low wages and working poor |

In the second quarter of 2025, real wages in Italy remained below their early-2021 levels, despite the recovery that began in the second half of 2023. **The loss of purchasing power is even sharper in Southern regions: –10.2% compared with –8.2% in the Centre-North between early 2021 and the second quarter of 2025,** due both to weaker nominal wage dynamics and to the stronger impact of inflation.

In the South, graduates account for a larger share of new hires under 35, but tourism continues to be the main gateway into the labour market for young people

Improve job quality to retain young people in the South

The wage issue is worsening, especially in the South

In the South one out of five workers is poor: 1.2 million people, half of Italy's working poor

The erosion of wage purchasing power is reflected in the expanding share of working poor. Individual labour income may be insufficient either because of low pay or limited working hours. The risk of poverty also depends on household composition and the number of income earners. These situations are captured by the In-work poverty (IWP) indicator, which defines as poor those 18-64-year-olds who work more than six months a year and live in a household whose equivalent disposable income is below 60% of the national median.

In 2024, IWP is estimated at 19.4% in the Mezzogiorno—up from 18.9% in 2023—compared with 6.9% in the Centre-North (6.6% in 2023). The figure for the Mezzogiorno pushes the Italian average above 10%, two percentage points higher than the EU-27 average. The more than twelve-point gap between North and South highlights a **structural problem in job quality in the Mezzogiorno: low wages, a high incidence of temporary contracts and involuntary part-time work, especially among women and young people.** The rise in IWP shows that, particularly in the South, new employment does not always translate into better living conditions.

Between 2023 and 2024, 100,000 more people living in poverty in the South.

In 2024, the number of households in absolute poverty increased in the Mezzogiorno: the incidence rose from 10.2% in 2023 to 10.5%. There are around 100,000 more people living in poverty in the South, partly due to the increase in households that, despite having an employed reference person, still fall into absolute poverty—confirming that **having a job does not guarantee an escape from deprivation.**

| 2021-2024: the South grew more than the Centre-North |

Between 2021 and 2024, the South grew more than the national average (+8.5% vs +6.3%).

Between 2021 and 2024, GDP in the Mezzogiorno grew by 8.5%, compared with 5.8% in the Centre-North, generating a cumulative gap of almost three percentage points. **This favourable differential reflects a combination of structural and policy factors that temporarily reversed the long-standing pattern of North/South divergence:** the lower exposure of Southern industry to global shocks; an exceptionally favourable construction cycle - first fuelled by generous building incentives and later sustained by the NRRP - and the end of the 2014-2020 Cohesion Policy cycle. Added to this was the rebound in tourism and services, which strengthened domestic demand.

Construction provided a decisive boost to Southern growth. Initially driven by the Superbonus and subsequently by NRRP-related public investment, the sector supported both production and employment across the entire supply chain. Between 2021 and 2024, construction value added rose by 32.1% in the South, compared with 24.2% in the Centre-North.

Municipalities played a decisive role in the surge of public investment. In the

Mezzogiorno, local public investment doubled between 2022 and 2025 from €4.2 to €8 billion. While the revision of the Stability Pact provided greater flexibility, the main driver was municipalities' solid capacity to implement NRRP measures.

Between 2022 and 2025, municipal investments doubled.

By **2023–2024**, the **NRRP's expansionary impact** had become fully visible, contributing around **0.9 percentage points of GDP in the Centre-North and 1.1 points in the Mezzogiorno**. These investments prevented the Italian economy from slipping into stagnation.

2023-2024: the NRRP prevented stagnation

Given its weight in the regional economy, services made the largest contribution to Southern GDP growth. Between 2021 and 2024, services expanded by 7.4% nationally, reaching 7.8% in the South (7.3% in the Centre-North). **Growth was not confined to traditional service sectors:** Southern regions also experienced steady increases in knowledge-intensive business services and professional activities connected, directly or indirectly, to NRRP-driven investments. **Particularly dynamic were financial, real-estate, professional and scientific activities, all supported by rising demand for public and private project design triggered by the NRRP.**

High value-added services are expanding in the South

In the same period, value added in **industry** (manufacturing, extractives, utilities) declined by 1.9% nationally, but with a **marked territorial divide favouring the Mezzogiorno: +5.7% versus -2.8% in the Centre-North** (-5.6% in the North-West, -2.9% in the North-East, +3.8% in the Centre). Crucially, this improvement was driven by manufacturing, a significant departure from previous cycles. **Manufacturing output increased by 13.6% in the South** (-2.4% in the North-West, -2.1% in the North-East, +4.4% in the Centre).

Industry has also contributed to GDP growth in the South

Southern manufacturing benefited from two main drivers. The construction boom generated **demand for products in the construction-related supply chain**. Moreover, **mature specialisation sectors expanded significantly, especially agro-industry** (+13.1%), the South's leading area of industrial specialisation, with Campania, Apulia and Sicily standing out for their export-oriented production systems.

In industrial Northern regions, dependence on exports and energy-intensive sectors amplified the effects of the international slowdown, weakening the manufacturing cycle. In this context, **the South's comparatively better performance also reflects the heightened vulnerability of Northern production systems.**

| 2025–2027 GDP forecasts: the South continues to outpace the North ... as long as the NRRP lasts |

Svimez has produced new territorial GDP growth estimates for 2025–2027,

Weak national growth is expected over the three-year period, but the territorial gap in favour of the Mezzogiorno is confirmed for 2025-2026

assuming full implementation of the investments planned under the NRRP. Under this scenario, **national growth is expected to remain modest but gradually improve: +0.5% in 2025, +0.7% in 2026 and +0.8% in 2027.** Taken together, the three-year period highlights an economy characterised by divergent territorial dynamics: growth in the Mezzogiorno remains more closely tied to domestic demand generated by public investment, while the Centre-North is more sensitive to manufacturing trends and developments in international trade.

In 2025-2026, the NRRP continues to drive national growth, with a stronger impact in the South. GDP in the Mezzogiorno is projected to increase by +0.7% in 2025 (+0.5% in the Centre-North) and +0.9% in 2026 (+0.6% in the Centre-North), confirming that the South will continue to outpace the Centre-North over the period. In Southern regions, momentum comes largely from the construction supply chain, supported by the completion of NRRP projects and the progress of ongoing worksites. Overall, **public investment demand is expected to contribute 1.7 percentage points to cumulative GDP growth in 2025-2026, shifting the Mezzogiorno's trajectory from -0.1% to +1.6%.**

The Centre-North also continues to benefit from public investment demand generated by the NRRP.

In the Centre-North, the push from private investment in plants and machinery – strengthened by fiscal incentives – is held back by still weak foreign demand. Consumption, while gradually recovering, remains low in both macro-areas, and the contribution of external demand is limited by the slowdown in global trade and tariff tensions. **Over the 2025-2026 period, cumulative growth in the Centre-North is projected at +1.1%, with the NRRP contributing around 0.7 percentage points.**

The South slows down and grows less than the North in 2027

With national GDP expected to grow by +0.8% in 2027, Svimez estimates a +0.6% increase in the Mezzogiorno and +0.9% in the Centre-North. The return of Southern growth to below the Centre-North average reflects the **fading expansionary effect of the NRRP, which reduces the contribution of public demand and its spillovers on value added and employment in both productive sectors and construction-related services.** At the same time, the Centre-North is expected to benefit from the gradual recovery of global trade and foreign demand, factors that play a structurally more important role in its productive system. As a result, the growth differential shifts: the South's advantage in the first two years gives way to a stronger acceleration in the Centre-North in 2027.

| The NRRP put to the test: the leading role of Municipalities |

The NRRP has financed around €68 billion in territorially identifiable public works, of which roughly 40% (€27 billion) concern infrastructure projects in the Mezzogiorno. According to Svimez's monitoring – updated to October 2025 using

data from the institutional portal Italia Domani-Regis - **75% of the resources allocated to the South have reached the executive phase**, meaning construction sites have actually opened, a share broadly in line with the Centre-North (70%).

3 out of 4 NRRP construction sites are in the execution phase in the South

A North/South gap emerges in the share of resources associated with projects that have reached the final phase, i.e. the closure of construction works ahead of testing and commissioning: 16% of NRRP resources in the South, compared with 25% in the Centre-North. More significantly, **the South shows a higher share of resources still in the initial phase** - ranging from design to contract signing with the firms awarded the works: 4% versus 2.1% in the Centre-North. This reflects, in part, the different starting conditions. **In the Centre-North, more than one quarter of NRRP resources were linked to pre-existing projects** with design work already at an advanced stage, allowing a rapid transition to the executive phase. In the Mezzogiorno, such projects accounted for only 12%, resulting in a slower take-off. **The lack of a mature project pipeline in the South required more extensive work on design, procurement and technical preparation.**

Design effort greater in the South, also due to more limited availability pre-existing projects

Svimez, in collaboration with Ance, carried out a monitoring exercise - updated to late October 2025 - on the progress of construction works for NRRP-funded social infrastructure: roughly €16 billion in projects, largely managed by municipalities and regions, covering early childhood services, school buildings and community healthcare facilities. **The analysis focuses on projects where construction has actually begun, integrating Regis data (which records entry into the executive phase but not construction progress)** with on-the-ground assessments. Construction sites in the Mezzogiorno and Centre-North are classified by stage of advancement: initial ($\leq 25\%$ of total works), intermediate (25–49%), advanced ($\geq 50\%$) and completed.

The SVIMEZ-ANCE monitoring of the progress of NRRP social infrastructure works

In the Mezzogiorno, works have started on 27.3% of resources, compared with 20.8% in the Centre-North. Conversely, a larger share of projects in the Centre-North has progressed to later stages: 19.5% are in the intermediate phase, 25.3% in the advanced phase and 16.3% are already completed. In the South, the corresponding shares are 13.7% (intermediate), 22.8% (advanced) and 9.6% (completed).

A key result is the **different implementation capacity of municipalities compared with regional administrations**. Despite being assigned a far heavier delivery burden (€12 billion in projects versus €4 billion for regional administrations), municipalities perform better. As of October 2025, municipal projects are in an advanced or completed stage for 37% of resources in the Centre-North and 45% in the Mezzogiorno, compared with only 28% and 22% respectively for regional administrations.

The municipalities' worksites are ahead

| The NRRP's legacy: the central importance of investment in social infrastructure |

The surge in NRRP-funded municipal investment has been driven largely by projects aimed at strengthening early-childhood and school-education services, with the dual goal of improving learning conditions and supporting families through better work-life balance and more equitable access to the labour market for women. Early evidence from two key indicators points to the **first signs of a South/North rebalancing in access to a fundamental citizenship right: education. Both the availability of public nursery places and the share of pupils attending schools with a canteen are on the rise.**

The South/North gap in the public provision of nursery services is expected to close in 2026

Between 2022 and 2024, the supply of public nursery places in the Mezzogiorno grew markedly, starting from a position of clear disadvantage: the South-North gap stood at roughly 9 percentage points (6.8 places per 100 children aged 0–2 in the South, compared with 14 in the rest of the country). Based on the current state of implementation, Svimez estimates that this gap will shrink to fewer than four points in 2025 (14.3 versus 17.4). **If all projects were completed by 2026, the two areas would nearly converge, reaching 26 places per 100 children in the Centre-North and 25 in the South.** Yet the long-term sustainability of this progress remains uncertain, as it depends on the ability to guarantee ongoing management and stable funding once the investment phase ends.

The share of primary school pupils attending schools equipped with a canteen has increased from 19.2% to 31.6% in the South

School canteen provision has also expanded. Compared with the 2019–2020 school year, the number of **primary schools equipped with a canteen** has risen significantly; in 2023–2024, **the share of pupils attending such schools increased from 19.2% to 31.6% in the South**, reaching 55.9% at the national level. This reflects the results of the NRRP investment line dedicated to the “Plan for expanding full-time schooling and canteen facilities,” which channels roughly €1.1 billion towards constructing or upgrading more than 1,000 facilities. However, several provinces still record canteen coverage below 30% – all located in the Mezzogiorno (Agrigento, Campobasso, Caserta, Catania, Cosenza, Lecce, Napoli, Palermo, Siracusa, Teramo, Trapani, Vibo Valentia), with the sole exceptions of Frosinone and Latina.

| The NRRP's legacy: streamlined administrative procedures |

Project design times reduced, with full South/North convergence

The NRRP has substantially shortened the time needed to design social-infrastructure projects. Before the NRRP, completing the full design process (for works costing more than €150,000) took on average 20.4 months in the Mezzogiorno and 16.8 months in the Centre-North. With NRRP-funded projects, the duration of the **executive design phase** – a crucial step for turning measures into real implementation and often tendered even for individual lots – has been cut. **For**

administrations in the South, this phase now takes an average of 7.1 months (7.8 in the Centre-North).

More broadly, when considering the entire set of pre-execution stages – preliminary, definitive and executive design, tender preparation, awarding and contracting – Svimez estimates that NRRP projects are completed roughly 20% faster than the design phase alone for works carried out before the NRRP.

The shortening and convergence of project timelines between Southern and Centre-Northern local administrations show that the NRRP has left behind faster procedures, clearer standards and stronger project-management capacity – particularly in the areas where gaps were widest.

The need to deliver the NRRP also strengthened the skills of implementing bodies and fostered new forms of collaboration with national support structures, triggering a process of administrative renewal. This is evident in the experience of entities operating through the Invitalia model – flexible, aggregated procedures such as Framework Agreements – which enabled the rapid launch of a large number of projects while improving cost efficiency, duration and workload for local administrations.

In this sense, the NRRP's intangible legacy – though with highly concrete effects – is organisational and administrative. The **reinforcement of local authorities' design and management capabilities**, combined with the testing of new governance models, represents a set of changes that could leave **lasting improvements in the quality of public policy** and in the effectiveness of public spending in the Mezzogiorno.

| The NRRP's legacy: Cities at the heart of public policy |

The NRRP has served as a laboratory of public-policy governance, strengthening administrative and planning capacities of municipalities. In this sense, the “intangible” administrative and organisational capital built through the NRRP can become a powerful driver of development and investment processes in the years ahead – particularly given the distinctive features of Italy's economic geography.

New Svimez estimates of GDP produced by provincial capitals, presented in this Report, highlight a **diffuse and polycentric pattern in which value added and employment – including in more advanced activities – are generated across a dense and articulated urban network.** Provincial capitals, home to 30% of Italy's population, produce 40.5% of national GDP, though with marked territorial differences: from the higher shares in the North-West (40.9%) and the Centre

As many as 778 municipalities have adopted the Invitalia operational model, able to rapidly activate a large number of interventions, streamlining the work of implementing administrations in terms of costs, time and workload

Cities as drivers of development and investment in the coming years

Italy's economic geography is organised around a diffuse and polycentric development model

(55.2%), driven by the major urban hubs of Milan and Rome, to the lower shares in the North-East (32.3%) and the Mezzogiorno (34%). In the North-East and the South, medium-sized cities play a central role in generating wealth, contributing 22.6% of area GDP in the North-East and 17.4% in the Mezzogiorno, well above the values recorded in the North-West (8.2%) and the Centre (12.9%).

*Medium-sized cities
act as connectors
between large and
small urban centres.*

As also noted by the Bank of Italy, although Italy does display urban-premium effects, their magnitude is more limited than in Europe's largest economies. At the same time, a productive landscape emerges - especially in the North-East and the Mezzogiorno - that is organised around a diffuse, multipolar system anchored in the socio-economic dynamism of **medium-sized cities**. In the South in particular, these cities **act as both real and potential connectors, serving as intermediary nodes between the few large urban poles and the many small towns**.

The average scale of these urban agglomerations creates a fertile environment — thanks to essential infrastructure and, more broadly, to administrative, social and productive assets - capable of generating the locational and efficiency advantages needed to attract productive and technological investment. Investing in medium-sized cities and strengthening their links with surrounding territories is therefore a particularly effective tool for **countering the depopulation of inner areas and the congestion in major metropolitan centres**.

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*The central role of
cities in the reform
of Cohesion Policy
governance*

Looking ahead to the future governance of Cohesion Policy, cities should take on a more proactive role in the direct management of programming and implementation, reducing the time and costs associated with political and administrative intermediation by regional authorities.

| The return of spending constraints |

*The risks of the new
austerity*

One of the most delicate challenges of the current phase is the shift from a period of expansive public spending to a new regime marked by the rapid and stringent normalisation of European fiscal policy.

The reinstatement of the Stability Pact is unfolding in a macroeconomic environment already weakened by the international slowdown and by the crisis affecting European industry. **The fiscal-consolidation path required of Italy is among the toughest in Europe—second only to France—raising the risk of a real-terms contraction.**

*The European paradox:
more investment, less
current expenditure*

NRRP-funded projects generate additional current expenditure; fully activating them requires adequate fiscal space in public budgets. Yet this space is now narrowing, placing part of the NRRP's transformative impact at risk. Here lies a

real paradox: **Europe has promoted and financed an unprecedented investment plan, but the new fiscal rules risk limiting the very resources needed to operate and maintain the infrastructures created.**

This paradox becomes even clearer when set against the growing demand for defence spending, which will absorb a portion of the scarce fiscal room available, competing directly with the resources needed to activate and sustain the NRRP's new infrastructures. **The pressure of rising defence expenditure risks tightening public budgets further**, deepening the tension between security objectives and social-cohesion goals.

*The potential
"conflict" between
defence and welfare*

The combined effect of the restored Stability Pact and the gradual fading of the NRRP endangers the ability to maintain, after 2026, levels of public investment capable of sustaining growth. In this context, clear priority choices will be needed to ensure that the substantial investment effort already made does not result in an underused stock of infrastructure.

*Risks for public
investment spending*

Meeting this challenge requires **coordinated management of both ordinary and additional public policies**, mobilising every available resource with complementary economic, social and territorial-cohesion objectives. A crucial contribution may come from European and national cohesion funds. **For Southern administrations, expenditure commitments under the European Regional Development Fund (ERDF) amount to around €5.8 billion per year between 2026 and 2030.**

*Mobilising resources
from the ERDF,
the DCF and
complementary
programming*

An equally important boost to investment could come from the national Development and Cohesion Fund (DCF). Recent agreements between the Government and Southern Regions foresee average annual commitments of €3.7 billion over the next three years. Moreover, spending under the reformed 2014–2020 cycle accelerated sharply: between August 2024 and August 2025, expenditure exceeded €6 billion. These are significant results, which must be consolidated through continued support for implementing administrations and in line with the DCF expenditure ceilings set out in the Budget Bill (€7.1 billion for 2026; €8.6 billion for 2027; €8.9 billion for 2028; €8.5 billion for 2029).

The easing of NRRP-related pressure may also create an opportunity to refocus attention on the weak implementation of the **2014–2020 Complementary Programmes, which still has €10 billion to be spent by 2026.**

This phase also lays bare a structural contradiction within Italy's public-policy framework. On the one hand, the NRRP has been presented as the most ambitious tool in decades to reduce territorial disparities. On the other hand, the Government is convening Regions to sign preliminary agreements on differentiated autonomy, an initiative that risks widening inequalities by fragmenting competences and

*Regional
differentiated
autonomy risks
undermining the
effectiveness of NRRP*

reallocating resources, thereby weakening the uniform system of citizenship rights.

The contradiction is even more evident considering that the NRRP itself includes, among its enabling reforms, the comprehensive revision of fiscal federalism - intended to guarantee essential levels of provision (LEPs) and structural infrastructure rebalancing across territories. Yet the launch of preliminary agreements on differentiated autonomy moves in the opposite direction, undermining the effectiveness of the Plan's.

LEPs: the return of historical expenditure in the 2026 Budget Bill

The 2026 Budget Bill reopens the LEPs reform site, but outside a coherent pathway for implementing regional fiscal federalism. Moreover, the identified LEPs would largely be financed with constant resources; tying their implementation to the financial capacity of local budgets undermines the very notion of "essentiality", making their provision dependent on local fiscal strength.

Much remains to be done to fully implement regional fiscal federalism: LEPs for education and local public transport must be defined; a regional equalisation fund must be established; and the fiscalisation of State transfers must proceed. Recent experience shows that the goal of reducing territorial disparities in service provision cannot be achieved without adequate financial support.

| Global instability and the new protectionism: the impact of U.S. tariffs |

The protectionist turn of the United States has further destabilised global balances

The global economy is undergoing a period of structural instability, shaped by a combination of economic, geopolitical and technological forces that are profoundly reshaping global markets. After five years of recurring shocks, the international system has entered a regime of **permanent uncertainty**, where continuous disruptions have become a defining feature of the competitive environment in which firms operate: volatile international demand, sharp swings in commodity prices, a growing fragmentation of global value chains, and increasing difficulty in planning medium-term investments.

This climate of uncertainty does not affect all sectors, firms or territories in the same way. The most vulnerable are those less oriented towards innovation, with a limited presence of medium-to-large enterprises and weaker capacity to invest in new technologies.

The introduction of tariffs by the U.S. government, and the resulting contraction of access to the American market, could have significant and uneven effects across EU Member States and European regions. **Italy is the EU's third-largest exporter to the United States, with €64.8 billion in 2024 (21% of non-EU exports and 2.9%**

of national GDP). Between 2010 and 2024, Italian exports to the U.S. more than tripled in nominal terms, while the trade surplus—€37 billion in 2024—more than quadrupled, providing a major contribution to national economic growth.

Italy's exposure is highly uneven across regions and sectors. Lombardy (€13.7 billion), Emilia-Romagna and Tuscany (around €10 billion each) account together for nearly 55% of national exports to the U.S. In the Mezzogiorno, Campania leads (€1.9 billion), followed by Abruzzo (€1.6 billion), Sicily (€1 billion) and Apulia (€930 million). Although the South accounts for only 10% of Italy's exports to the U.S., the American market has played an important role in driving foreign demand and supporting growth in the region in recent years.

Sectorally, the Southern industries most integrated into the U.S. market are Agro-industry (€1.7 billion, more than a quarter of the South's exports), Pharmaceuticals (€1 billion), and Petrochemicals (€900 million).

Svimez's estimates indicate that the tariffs would cut global annual value added by around €280 billion, with most of the impact concentrated in Asia. China alone would lose more than €90 billion (–0.54%), almost one-third of the total. The European Union would face a reduction of €43 billion (15% of the global total). Germany would be the hardest hit in absolute terms (–€11 billion), while France and Spain would experience more moderate losses.

New Svimez's impact estimates of US tariffs

In this context, **Italy would see a decline of €6.3 billion—particularly significant in relative terms (–0.3%). Nearly 90% of this reduction would fall on the Centre-North.** Lombardy would be the most affected region, both in absolute and relative terms, with a loss of more than €2 billion (–0.5%) and nearly 25,000 jobs at risk. Other export-oriented regions would also suffer substantial impacts: Veneto (–€725 million) and Emilia-Romagna (–€685 million). **In the Mezzogiorno, the largest declines in value added would occur in Campania (–€240 million), Apulia (–€122 million) and Sicily (–€117 million),** while Molise (–0.4%) and Basilicata (–0.2%) would experience notable relative contractions. Abruzzo—where exports to the U.S. represent 4% of regional GDP, well above the national average of 2.9%—would also see a fall of –0.2%.

Differentiated effects across Italian regions on exports, value added and employment

In employment terms, the tariffs could cost Italy nearly 90,000 jobs, more than 13,000 of which (15% of the total) would be in the Mezzogiorno, particularly in Campania (nearly 5,000), Apulia and Sicily.

The total estimated decline in national exports amounts to €12.7 billion (–2.1% of the 2024 total) and affects mainly the United States (€7.6 billion, more than 60%), followed by the European Union (13%–17% if Switzerland is included) and China (6%).

Looking at sectors, **Chemicals and Pharmaceuticals and, separately, Steel are likely to be the most affected, each with an export decline of more than €2.4 billion. Together, they account for 38% of the total reduction.** Mechanical engineering would lose nearly €1.6 billion (12% of the total), but the sector could face even greater pressure due to the Trump Administration's decision to impose 50% tariffs on steel components covering more than 400 derivative products. Among the other exposed sectors, Textiles and Apparel would lose €1.4 billion (11%). Particularly relevant for the Mezzogiorno, Agro-industry would fall by €770 million, while Automotive and Other Transport Equipment would contract by €570 million.

| Preventing the risk of “de-cohesion” in European policies |

The new Multiannual Financial Framework 2028-2034 redefines the EU's priorities and common objectives for the next seven-year period

The programmatic direction of the new 2028-2034 EU budget emerges clearly from the financial structure of its two main headings: **core priorities shifts from the traditional focus on territorial cohesion toward policies aimed at boosting competitiveness.**

Compared with 2021-2027, the share of Cohesion Policy falls sharply - from around 70% to roughly 50% of the budget - while resources dedicated to competitiveness increase significantly, reaching about one third of the total.

A second, far-reaching change concerns the allocation of resources: **60% of the new EU budget** (compared with 36% in the current cycle) will no longer be pre-assigned to Member States. Instead, these funds will be **accessed through competitive calls** under the new competitiveness instruments and through project-based access to the various Facilities. This creates a tangible **risk of tension between efficiency goals (strengthening European competitiveness) and equity goals (promoting regional convergence).**

A necessary reform, though not without risks

The post-2027 reform of Cohesion Policy introduces several key changes: a shift toward a performance-based implementation model; the creation of a single Fund covering economic, social and territorial cohesion, agriculture and rural development, fisheries and maritime affairs, prosperity and security; greater flexibility in budgeting and resource allocation.

Taken together, these developments point to the need for a profound revision of the overall architecture and operational functioning of Cohesion Policy, anchored in strong national coordination to identify strategic priorities, measures and investments on which to focus resources.

It will fall to Member States to design programmes explicitly aimed at reducing

regional disparities. In this respect, **the experience of the NRRP should play a central role in shaping the strategic framework of the new cycle**. Streamlined permitting and procurement procedures, strengthened administrative capacity through new recruitment and the support of specialised entities such as Invitalia, and simpler, faster mechanisms for project implementation should all serve as reference points for the reform—together with the implementation capabilities that municipalities have demonstrated in recent years.

In a context of more centralised governance and tighter resources, the next programming cycle must focus on a limited number of **core priorities**. In particular, **strengthening social infrastructure to reduce “citizenship gaps” and reinforce the “right to stay” should be central**. Clear, measurable targets for the rights to education, care, mobility and health would make Cohesion Policy more visible, more tangible and more effective—especially since these are areas where the NRRP’s performance-based approach has already yielded significant progress in reducing territorial disparities.

| The right to housing and Europe’s social housing strategies |

Both the mid-term review of the 2021–2027 Cohesion Policy programmes and the proposal for the 2028–2034 EU budget offer important opportunities to address housing issues.

The housing emergency is not only a social problem but also a factor shaping territorial competitiveness. The inclusion of housing among the new priorities reflects Europe’s growing attention to the right to adequate housing, prompted by rising house and rent prices, which particularly affect young and low-income families. In this context, substantial scope opens up to revitalise social and affordable housing, financing urban regeneration projects aligned with climate and energy objectives and supporting local authorities, especially in the major southern cities where housing distress is most severe.

In the Centre-North, absolute poverty affects 21% of renting households (about 703,000), while it falls to 3.6% among homeowners (about 486,000). These figures should be compared with the area’s average incidence rate of 7.5%: renting is a strong driver of economic vulnerability, while homeownership halves the poverty risk.

In the Mezzogiorno, the incidence of absolute poverty among renting households reaches 24.8% (around 346,000), compared with 7% among homeowners (around 430,000). The average poverty rate in the area is 10.5%: for Southern renting households, poverty incidence is thus more than twice as high, and homeownership reduces poverty risk less significantly than in the Centre-North.

*The NRRP model
applied to Cohesion
Policy for citizenship*

*The inclusion of
housing among
the new priorities
reflects Europe’s
growing attention to
the right to adequate
housing*

*In the Mezzogiorno
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In some Southern cities the share of unoccupied dwellings exceeds 20%.

Another relevant difference is the share of **unoccupied homes** within the total housing stock. The lowest rates are found in Cagliari (7.6%), Bologna (10.7%) and Rome (11.2%). In several Southern cities the share exceeds 20%: Reggio Calabria (26.5%), Messina (26.4%) and Palermo (20.8%). These figures may reflect a **variety of situations: sporadic use, structural ageing or deterioration, or undeclared uses**. A substantial portion of the housing stock is not utilised, also due to **demographic decline and the reduced economic attractiveness of some urban areas**. Large cities in the Centre-North – such as Milan (13.5%), Genoa (13.5%) and Florence (12.9%) – show comparatively low levels of unused homes, indicating more dynamic housing markets.

The supply of public housing is limited in Italy: just 2.6% of total housing stock.

Strengthening public residential housing is crucial to address rising housing hardship, which affects not only poor families but also middle-income households, too wealthy to qualify for public housing yet too poor to afford market rents. In Italy, more than 650,000 families (1.4 million people) are on waiting lists for public housing; each year, 40,000 eviction orders are issued, affecting roughly 120,000 people.

At the national level, the supply of public housing is limited: only 2.6% of Italy's housing stock, rising to around 20% of rented dwellings. The highest shares, relative to total housing stock, are found in Milan and Turin (3.4%), followed by Rome (3.3%) and Genoa (3.2%), which together account for over 60% of all social housing in Italy's metropolitan cities. Among Southern metropolitan cities, the highest share is in Naples (3%), while the lowest is in Reggio Calabria, at just 1.3%.

| Cohesion Policy resources: the bazooka of European industrial strategy |

Cohesion and competitiveness: complementary dimensions of a single European strategy

Cohesion and competitiveness are not alternative objectives but complementary dimensions of a single European strategy. **The inclusion of the Mezzogiorno in strategic value chains and in continental industrial ecosystems is not only a question of territorial equity; it is a key condition for the overall resilience of the European system.**

The NRRP experience cannot serve as a model for the new industrial policy, precisely because of its weakness in pursuing territorial rebalancing goals. Horizontal measures such as the Transition 4.0 tax credits mainly benefited areas with already well-structured production systems, with only about 20% of resources allocated to the Mezzogiorno. This risked reinforcing regional gaps in innovation, digitalisation and industrial restructuring capacity.

Cohesion policy, in this perspective, should be seen as a genuine lever of territorial

industrial policy, capable of directing investment towards productive diversification and innovation in less-developed regions. The new instruments of the 2021-2027 National Cohesion Policy and the 2025 mid-term review can serve as vehicles for this integrated vision—provided that resources are not reallocated exclusively to new strategic domains (defence, security, energy) at the expense of regional development objectives.

The new priority technologies

This necessary complementarity between cohesion and competitiveness policies offers clear potential for renewal. If properly overseen, the new centralised architecture of cohesion programmes could in fact enable greater integration between industrial investment, innovation policies and territorial development strategies, fostering convergence based on increased productivity and innovative capacity in less-developed areas. The Mezzogiorno, in particular, could benefit from a more performance-oriented approach, if European resources were effectively integrated with national industrial policy and with European strategies for the green and digital transitions.

To this end, cohesion resources should be used to support the European industrial policy, concentrating interventions on strategic sectors and technologies that strengthen the competitiveness of the industrial system. Reinforcing industrial-policy interventions in Southern regions can turn cohesion funding into a **“bazooka” capable of reconciling competitiveness objectives with territorial-cohesion goals**. However, such a policy is feasible only if accompanied by a revision of the current regional-aid framework, allowing for more selective investment incentives and for industrial location policies in less-developed regions that are more effective than those currently in place.

Cohesion Policy resources as the European industrial policy “bazooka” in the Mezzogiorno

19

| Large firms as engines of growth |

The mid-term review of EU Cohesion Policy has opened an important window of opportunity to **strengthen Southern Italy’s industrial hubs specialising in frontier technologies**. One of the most innovative elements of the review is the possibility to deploy Cohesion Policy funds to support investment by large firms in strategic sectors: STEP critical technologies (digital, cleantech, biotech); dual-use and defence technologies, including industrial capacities relevant to common European projects; industrial decarbonisation and reconversion in energy-intensive sectors; and direct participation in approved IPCEIs.

Large firms as central actors in industrial transformation

This strategic shift is highly significant as **the adoption and diffusion of new technologies depend decisively on the driving role of the most dynamic and innovative firms**. Much of this potential core of technologically advanced actors aligns with the group of larger, more structured enterprises, which possess the

Large firms employ nearly 4 million workers and generate around €400 billion in value added in Italy

financial, cognitive and technological resources required for transformative leaps. Large establishments (≥ 250 employees) employ around 1.8 million workers (10% of the total). When the smaller local units (< 250 employees) owned by foreign and Italian multinationals are included, the number exceeds 4 million. Altogether, this ecosystem generates roughly €400 billion in value added.

This broader definition – whereby ownership ties are used to identify “large enterprises” – is consistent with the view that belonging to a multinational group, regardless of establishment size, produces positive externalities in terms of growth opportunities, technology transfer and productive upgrading, with benefits for both the local unit and the wider territorial context. It is worth recalling that multinational firms are a cornerstone of the Italian economy, accounting for 76% of national manufacturing exports.

Large firms produce positive spillovers along value chains, fostering the upgrading of supplier SMEs and strengthening local production systems. When present and firmly embedded in local industrial ecosystems, they generate dense supplier networks and third-party activities that naturally cluster around the leading firm. Such networks are themselves a locational advantage, and a powerful attractor for new investment – particularly large-scale investment by major industrial players.

Large firms employ nearly 600,000 workers and generate €46.6 billion in value added in the South

In the Mezzogiorno, local units belonging to multinationals, together with large domestic establishments, generate around €46 billion in value added and employ just under 600,000 workers. In high-tech sectors (pharmaceuticals, electronics, chemicals, mechanics, automotive, aerospace), large establishments account for 50% of employment, compared with 30% in the rest of the country, and generate over 60% of the industrial value added produced in the South. The structural strength of large firms in Southern regions is also reflected in their economic performance. The operating profitability of large Southern firms has shown notable resilience, outperforming the Centre-North in the post-pandemic period and reaching 10.3% in 2023. Nonetheless, a persistent territorial gap remains in financial structure, with Southern large firms exhibiting structurally higher indebtedness than their Northern counterparts – a factor that requires close monitoring to safeguard the stability of this strategic segment.

In line with recent European orientations, **strengthening the Mezzogiorno’s productive system rests critically on its large firms**. Enhancing Southern Italy’s competitiveness is inseparable from the driving role they exercise across regional production systems – a role that is essential for broadening supply chains and positioning the South to seize the opportunities of the twin green and digital transitions.

| The Single SEZ: from an incentive tool to an industrial strategy |

Conceived to offer a unified framework for investment attraction, administrative simplification, and the enhancement of the South's productive and logistical assets, The Single Special Economic Zone (SEZ) for the Mezzogiorno marks an important step toward building a national industrial policy grounded in territorial cohesion.

The Single SEZ as a potential keystone of a cohesion-driven industrial policy

Its Strategic Plan is the core instrument for defining development trajectories for value chains and enabling technologies, in line with national and EU priorities. It combines quantitative evidence with qualitative assessments of firms' capabilities and dynamism, identifying eight key value chains (agro-industry, tourism, electronics & ICT, automotive, Made in Italy, chemicals and pharmaceuticals, aerospace, shipbuilding and rail) and three cross-cutting technological domains (digital, biotech, cleantech). The aim is twofold: to consolidate existing specialisations and foster new high-tech segments able to seize the opportunities of the ecological and digital twin transition.

The Strategic Plan needs to be updated and implemented

The rollout of the measure highlights several key features of the new incentive system. **The new governance has accelerated procedures, cutting the average time to obtain all permits required to launch an investment from over 98 days to just under 54.** Between 1 March 2024 and 30 June 2025, 687 authorisations were issued, corresponding to €3.7 billion in investment. The average size - around €540,000 - is particularly noteworthy. Updated data as of 3 November 2025 show a further rise to 865 authorisations. The acceleration in the second half of 2025 was driven mainly by Apulia (+69), Campania (+47) and Sicily (+33), the regions that appear to have made the most of the Single SEZ's streamlined procedures. Uptake remains lower in Sardinia (32), Abruzzo (28) and Basilicata (25), while Calabria recorded a marked increase in the last semester (from 32 to 42).

With respect to the value chains highlighted in the Strategic Plan, more than one quarter of authorisations are in agro-industry, followed by automotive (39 authorisations, 14.4%). High-innovation sectors also stand out: 27 authorisations concern Electronics & ICT and 19 cleantech technologies.

A key recent development is the extension of the ZES Unica tax credit under the 2026 Budget Law for the 2026-2028 period, with allocations of €2.3 billion for 2026, €1 billion for 2027 and €0.75 billion for 2028. This multi-year horizon reduces uncertainty for firms, allowing more stable investment planning.

Alongside the horizontal measures of fiscal incentives and streamlined procedures, **greater selectivity will be crucial to support the emergence of strategic value chains.** With the inclusion of Marche and Umbria in the Single SEZ, the 2026 revision

The need to focus interventions on high-innovation sectors

of the Strategic Plan offers an opportunity to sharpen priorities and identify more precisely the interventions needed to integrate the Southern productive system into the strategic value chains and industrial ecosystems identified at EU level.

Ultimately, the measure's effectiveness will depend on the governance system's capacity to direct incentives toward value chains that align with both EU industrial-policy priorities and the South's productive potential; ensure the full and uninterrupted functioning of simplification procedures, preventing new administrative bottlenecks; and **guarantee coordination and complementarities with other territorial and industrial development tools - especially Cohesion Policy - to sustain public investment and facilitate the transition toward a new, integrated phase of industrial policy.**

The Single SEZ as a laboratory of a cohesion-driven industrial policy

Looking ahead to the 2028–2034 programming cycle, **the Single SEZ can serve as a testing ground for deeper integration between Cohesion Policy and industrial strategy.** The possibility of reallocating part of structural funds through the mid-term review toward common EU priorities offers Italy an opportunity to strengthen the Mezzogiorno's position within Europe's industrial and competitiveness agenda.

Under these conditions can the Single SEZ fulfil its core mission: **evolving from a targeted incentive into a structural lever for the industrial and territorial transformation of the Mezzogiorno, contributing to sustainable growth and to the economic and social cohesion of the entire country.**

| Energy: a locational advantage |

The transition to renewables: European and national targets

Meeting the transition goals set out in the Integrated National Energy and Climate Plan hinges above all scaling up solar and wind power—respectively to 79 GW and 28 GW of capacity. Yet geothermal and hydroelectric resources also offer considerable untapped potential, particularly in the Mezzogiorno. Their efficiency, continuity and storage capability make them valuable complements in the decarbonisation process, strengthening both energy security and territorial cohesion.

The Mezzogiorno's key role

The planned expansion of installed capacity places the South at the heart of Italy's energy transition. **The "Aree Idonee" Decree assigns 45.6% of the new 2021–2030 installations to the Southern regions** (around 36.5 GW). Still, actual deployment has lagged behind, reaching only 22% of the target so far, compared with a national average of 27.2%.

The main bottlenecks stem from grid shortcomings and slow, complex and timely permitting processes. Fragmented responsibilities, uneven regional rules and delayed implementation of existing norms all contribute to these delays. At the

same time, integrating large amounts of intermittent renewable energy requires a rapid build-out of storage systems - more developed in the North - and stronger interregional transmission and distribution infrastructure.

Despite these constraints, **the South's potential is substantial. Projects in an advanced stage of grid-connection requests - those most likely to be realised - are overwhelmingly concentrated in the Mezzogiorno, accounting for 88% of the national total (70.6 GW out of 80.3 GW).**

The employment impact in the South

Reaching the 2030 targets will require major investment: an estimated €73.4 billion between 2026 and 2030. If delivered, this investment cycle would generate significant employment: **over 25,000 permanent jobs in operation and maintenance and nearly 55,000 temporary construction jobs per year in the South alone.**

Beyond the direct economic effects, renewables can become a strategic lever for strengthening the Mezzogiorno's competitiveness. The 2021-2022 energy crisis sharply widened the gap between European and U.S. energy prices. **In the first nine months of 2025, European gas averaged €37.9/MWh - nearly four times the U.S. benchmark (€10.6/MWh).**

Gas market trends have had a direct impact on electricity costs. **Italy's heavy reliance on natural gas for power generation results in electricity prices higher than those of its main European partners.** Gas still accounts for over 40% of Italy's power generation, while renewables remain just below 50%. This contrasts with France - where nuclear provides 68% of total generation - and with Germany and Spain, both above 55% renewables and with more diversified mixes. The high weight of natural gas makes Italy particularly vulnerable to the EU's marginal pricing system, which transmits gas price volatility to the entire electricity market. These structural disadvantages are reflected in end-user prices. In 2024, Italian households paid 35.7 c€/kWh—around 22% more than the EU average (29.05 c€/kWh). The pattern is similar for businesses, which faced final prices of 26.52 c€/kWh, well above the EU average and higher than in France (19.34 c€/kWh) and Germany (24.91 c€/kWh).

Italy's competitive disadvantage is determined by the composition of its electricity mix

As renewable penetration increases, downward pressure on energy prices will strengthen—especially after 2026, when the National Single Price (PUN) is expected to be phased out. **With renewable capacity expanding faster in the South, the shift to zonal prices should consolidate a medium-term competitive edge for the Mezzogiorno on energy costs.**

Renewable development and zonal prices create a locational advantage for the South

In 2024, renewables in the South covered 115.1% of regional electricity consumption, generating a net surplus that is exported to other parts of the

country. This makes the South a cornerstone of the national decarbonisation effort. Managed effectively - through stronger grid infrastructure and the phasing-out of the PUN - this asymmetry could support a new model of territorial integration, balancing competitiveness with supply security.

At the same time, renewable growth in the Mezzogiorno must not be confined to producing green energy for energy-intensive industries in the Centre-North. It should instead become the engine for new, highly sustainable industrial clusters.

*The establishment
of strategic value
chains and the
development of Data
Centers*

Abundant, low-cost energy is a powerful attraction not just for traditional energy-intensive industries, but also for strategic value chains of the twin transition: solar and wind manufacturing, storage electronics, and Data Centers. The latter have gained momentum thanks to new-generation submarine cables landing in Palermo, Bari and Cagliari, which have reinforced Italy's digital centrality in the Mediterranean. Combined with high renewable availability, this infrastructure positions the South to attract global players. **The growth of Data Centers in the Mezzogiorno is therefore not only a technological development, but also a tool of industrial and cohesion policy—one capable of transforming the region from a peripheral space into a strategic digital hub.**

| Freedom to leave, right to stay. Exit or voice? |

Only when mobility is an opportunity rather than a necessity does staying become a real choice. To make **freedom to leave** effective - the possibility for young people to choose to move in order to access more dynamic labour markets and stronger education systems - it must be accompanied by a preliminary condition: the **right to stay**, ensuring that mobility becomes a voluntary choice, not a forced one.

In the South this balance is still distant, despite some signs of reversal: the Mezzogiorno continues to lose young and highly educated people to the Centre-North and abroad; the female unemployment rate remains among the highest in Europe; and the skills acquired in the South often do not find matching job opportunities.

The challenge is to turn these signals into a stable trajectory. To guarantee the right to stay, four levers are needed: strengthening social infrastructure and ensuring service provision beyond the NRRP; reinforcing sectors that demand skilled labour; investing in the university system as a citizenship infrastructure; and investing in women's participation in the labour market, in research, and in the political and decision-making sphere – where their presence remains marginal.

In recent years, trends have emerged that point towards a partial rebalancing on

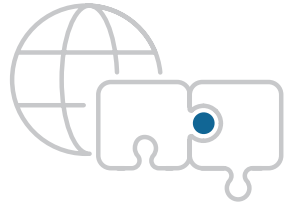
the education front. The school-to-university transition rate in the Mezzogiorno has risen to 61.4%, returning to levels close to those before the 2008–2009 crisis, signalling that university is again perceived as a possible and desirable investment even in Southern regions. At the same time, Southern universities are experiencing a significant increase in their ability to attract Southern students themselves: the highest numbers ever of enrolments are recorded in both bachelor's programmes (94,000 students) and master's programmes (45,000 students).

Yet despite a broader and more qualified educational base, the Mezzogiorno continues to offer limited employment opportunities, with a production fabric largely made up of small, under-capitalised, low-innovation firms, and with a persistently high unemployment rate – especially for women. It is in this gap between educational capacity and labour-demand structure that the right to stay of young Southerners is at stake today. If the policy objective is to turn improved access to higher education into a genuine right to choose to stay, action is needed on the opportunity side. This requires policies aimed at fostering the growth of existing firms, attracting new investment, and supporting the creation of knowledge-intensive enterprises capable of generating skilled labour demand in the South.

We are therefore at a decisive crossroads: to reap the political dividend of growth without taking risks, hoping that the period of expansive finance continues; or to bet on innovation-driven areas by using the substantial resources available. If the latter is the choice, then the courage is needed to rethink the target of public policies. A new season must break with the past and give centre stage to new generations. Supporting young people's right to study and boosting women's participation in the labour market are the fundamental pillars for countering emigration and demographic decline – and they are also the conditions needed to ensure the supply of skilled human capital required to attract investment in innovative sectors.

As the economist Albert Hirschman teaches us, the choice is between Exit and Voice: **When citizens stop believing in the possibility of changing things with their own voice, they choose exit.**

Too many young people, despite favourable economic conditions, are choosing to leave. Giving voice to their potential is the challenge of the future.





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