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Italian Finance Minister Pier Carlo Padoan 360° view of Italian economy

Is Italian economy recovering? Which kind of tax cuts are planned to re-launch economy? Why Italian debt does not decrease? What is happening to Italian banking system? Reforms as Jobs Act are working? These are just a couple of crossfire questions - from Regina Krieger (Handelsblatt) and Ferdinando Giugliano (Financial Times) – to which Italian Finance Minister Pier Carlo Padoan tries to give his answers.

To the statement by Mrs. Krieger of “a quite feeble growth in Italy”, Padoan disagrees and replies: “Growth in Italy is not feeble at all. Sure we can do better and more, but we have to consider that Italy comes from a three years recession, during which we lose 10% of GDP. After a long time, confidence by consumers as well as from enterprises is rising, and the same is doing home consumption”. And about productivity? “We should act on the valorisation of human capital – adds Padoan – but it is a long process who takes time, starting from education, as Italian government did with the “Buona Scuola” (“good school”) reform”.

Concerning tax cut, Padoan – put in the mouth by Giugliano - outlines that at the moment it could be a priority to advantage enterprises rather than consumers. Anyway major concerns are related to the Italian debt (arisen till 132% of GDP) that does not allow substantial tax cuts. “Debt does not decrease – explain Padoan – mostly because of low inflation rate”.

Biggest issue remains the Italian banking system and crossfire questions by two journalist become more intense. What about the Atlante file? “It is not up to me to judge Atlante governance – outlines Padoan – anyway it plays an important role in creating a new Italian market of non-performing loans. Yet, I have heard of an interest, also at international level, about such an initiative”. Italian banking crisis is lasting since January 2016, why it cannot be find a solution to this problem? “Three are main reasons - argued Padoan - why that situation is lasting: low interest rate, deteriorate credits cumulated during last couple of years, bad bank measures have not been taken, because when the present government was appointed it was too late to do so”. By the way, Padoan is confident that within a couple of years (two or three) Italian banking system will be completely recovered.

Last issue: reforms. “There are no doubts that Jobs Act brought a positive change in labour market – states Padoan – but maybe the most important consequence of this measure is to show that Italy is able to carry on its reforms. Further steps concern two main sector: civil law and public administration. Finally, a reform becomes structural and effective when it changes behaviour”.

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