Welcome to this Ifri Green Deal luncheon webinar on Italy's energy and climate policies.

Italy this year matters more than ever. It is the EU's third economy and the third largest GHG emitter in volume. Of note is that GHG emissions per capita are below EU average. Moreover, Italy plays a key role in global governance this year.

If the Green Deal is to succeed, it requires notably Italy to be committed and to deliver on its part.

You have received the briefing note prepared by Massimo Lombardini: Italy is on track to meet the -40% target by 2030. Reaching -55% will require additional efforts. The sanitary, political and economic contexts are difficult.

- Italy's macroeconomic situation is a daunting challenge: public debt to GDP is now 160%, 2020 was marked by a sharp recession at –8,9%. Only +3-4% growth is expected for 2021, with rising unemployment (10% in general, 31% youth unemployment rate).
- On the structural side:
  - Italy has over 20% of industry in its GDP, just over Germany and two times more than France. Yet highly concentrated in the north.
  - Population is declining: 1,3 children per woman, emigration.
  - Two times more spending on pensions than the OECD average.
  - Key is competitiveness: with the euro, impossible to do devaluations, so what matters is to secure competitive energy, raise productivity or limit the growth in salaries. Very challenging but progress seen as PSV gas prices below those of Germany recently. Yet average salaries in real terms have been decreasing.
- The question is: how will this affect energy and climate policies?
- Italy is the number one recipient of EU recovery funds (up to 209 billion euros during 2021-2026+option to use the EU stabilization credits), so the other fundamental question is how these could boost the energy transition, what are the plans, priorities, divergences, if any? The December 2020 draft plan has triggered the coalition crisis….
- House of Cards type political infightings led to a political crisis just as the country prepares to manage the large funds and get back to sustainable recovery. The final recovery plan is to be submitted to the EC on April 30 so little time is left to fine tune it.
- Mario Draghi, saver of the eurozone and most popular politician (71% approval rating) is to form a new government, which has been widely welcomed; So far, the interest rate spread with Germany is narrowing.
- What should Super Draghi and his national unity government do over the next 12 months to use energy and climate policies to create jobs, value and bring the country on the -55% path?