

Global Jobs Pact Country Profile: Italy

Despite the soundness of its banking system, Italy was hit hard by the financial crisis due to its exposure to the collapse in global trade and the credit crunch. The impact on the economy was accompanied by falling productivity and profitability, which had dampened growth in Italy for some years prior to the onset of the downturn.

The impact of the crisis on the labour market has been less severe. The unemployment rate rose from a recent low of 6 per cent in the second quarter of 2007 to 8.2 per cent in the fourth quarter of 2009.

However, there are little signs of rising structural unemployment so far. Regarding the labour market, government projections indicate that employment levels are likely to remain relatively stable in 2010, followed by a slow improvement in ensuing years.

Along with the majority of EU countries, the recession officially ended in Italy in the third quarter of 2009, when GDP grew by 0.6 per cent (over the previous quarter). Nevertheless, the recovery in Italy so far has appeared tentative, with output again contracting in the fourth quarter of 2009, compared to the previous quarter, by 0.2 per cent.

Overall, the economy is projected to grow by 1.1 per cent in 2010, according to its Ministry of Economy and Finance, which forecasts that the unemployment rate will be 8.4 per cent in 2010 and 8.3 per cent in 2011.

For more information on the job crisis and recovery in Italy, please read [Italy's response to the crisis \(G20 country brief\)](#) and statistical update [Italy: Moderately higher unemployment with a strong economic shock](#) or visit the [ILO Job Crisis Observatory](#).