



## Value of Trade Between Italy and China Exceeds 50 Billion Dollars

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Strategic partnerships between Italian and Chinese companies are creating growth opportunities for Italian excellence, contributing to develop new markets in China.

The cruise sector is one of the most promising examples. On February 28, Costa Cruises will take delivery of a new ship designed specifically for the Chinese market, while Carnival Corporation has signed a joint venture agreement with CSSC, one of the biggest Chinese shipbuilding companies.

Trieste, February 26, 2019 – An important forum was held today in the Trieste Maritime Station Conference Centre entitled "The China-Italy business relationship – partnerships building the future", promoted by Fondazione Italia Cina (Italy China Foundation) and Costa Group in collaboration with PwC Italia.

The discussion focused on trade relations between Italy and China and strategic partnerships as a winning development model for both countries. The data speaks for itself: between 2000 and 2017, China invested 13.7 billion euros in Italy, putting the country in third place behind the UK and Germany for Chinese investments in Europe. And that's not all. According to data produced by Fondazione Italia Cina, over 600 Italian companies under Chinese ownership are currently operating, primarily in the key "Made in Italy" sectors. These companies generate a turnover of almost 18 billion euros and employ more than 30,000 people. But the number of Chinese companies under Italian ownership is much greater: over 2000, employing a total of 160,000 people in China, with a total turnover of 25 billion euros. Also, not to be underestimated are the benefits derived from trade between the two countries, the value of which now exceeds 50 billion US dollars per year and is marked by a growth in Italian exports that exceeds the growth in imports from China.

As explained by Andrea Manchelli, a partner at PwC Italia and member of the PwC China Desk: "What we are seeing is a growth in the various forms of commercial partnership agreements, including strategic joint ventures. The agreements signed in November 2018 at the China International Import Expo, attended by Italian institutions and almost 200 companies representing Italian excellence, are a confirmation of this growth. To better exploit the great opportunities that China offers, in addition to highlighting the Italian system, it is essential to enhance the experience and the ability to make a team of our Italian excellences which are already successfully working in China".

While according to Vincenzo Petrone, director general of Fondazione Italia Cina: "The new Silk Road is the most ambitious systemic challenge in terms of intercontinental connections, Eurasian connectivity, investments, productivity and logistics efficiency. Italian companies have all the qualities to face it in a positive way, investing, competing and taking advantage of the new economic scenarios that China, its industry and its consumers propose. To make sure that Italian companies can realize their full potential, especially in such a project that has its heart in the Mediterranean, the private and public sectors must act in a synergic way. This is an epochal opportunity to have our country at the infrastructural and logistic crossroads, which we cannot lose."

Tourism is one of the fastest growing markets in China. The cruise sector in particular has grown massively and very quickly over a short period of time. So much so that China is well positioned to become the most important hub in the world, with as many as 20 million passengers by 2030, almost 10 times the number served today. A strategic role will be played by Costa Cruises, which is by far the leading operator in the Chinese market. As early as 2006, the company owned by Carnival Corporation made its first trip from Shanghai on the Costa Allegra.

Michael Thamm, CEO, Costa Group and Carnival Asia, says: "The cruise market in China began to develop in 2006, thanks to the arrival of Costa. A company that is an expression of Italian excellence and has since contributed to significant growth: 2.5 million Chinese people traveled on a cruise in 2018. The potential for future development remains enormous: cruise travelers in China currently represent less than 2% of Chinese people who holiday abroad".

Now we need to make another leap forward by building ships that are tailor-made for the Chinese market, like Costa Venezia, Costa's latest jewel built by Fincantieri at its Monfalcone shipyard. A ship that will offer Chinese customers the best of Italy, strengthening Costa's leadership in China. Also part of the expansion plan is the recent partnership signed between Carnival and China State Shipbuilding Corporation, one of China's biggest shipbuilding companies, with the aim of creating a new cruise brand that will operate in China. As Michael Thamm explains: "The joint venture we have signed is strategically important for the future of the cruise market in China: it will further strengthen Costa's presence in the market, generate a significant economic impact for Italy with the involvement of other partner companies, for example in the construction of new ships, and create opportunities to increase the economic ties between Italy and China, giving rise to a global ecosystem".

Lei Fanpei, Chairman of China State Shipbuilding Corporation stressed that: "It is a strategic decision for CSSC to enter into the cruise industry in partnership with Carnival Corporation/Costa Group and Fincantieri, which has received high attention and strong support from leaders and governments of both China and Italy." Lei also added, "Through the partnership with these leading international enterprises, we will build a whole industrial chain including the cruise ship design and building, operations and supply chain, jointly promote industrial environment improvements and create an ecosystem that will nurture the sustainable growth of the cruise industry."

For further information:

Costa Cruises

Gabriele Baroni – Communication Director – Cell +39 349 7668013 - baroni@costa.it

Davide Barbano – Media Relations manager – Cell +39 334 6525216 - barbano@costa.it

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