

## Italy: New government decree sets a path to reopening

Starting from 26 April, restrictions will be gradually lifted in regions with a low pandemic risk. Provided this doesn't cause a broad-based resurgence of Covid-19 infections, our current 3.3% GDP growth for 2021 now looks too conservative



Italian Prime Minister,  
Mario Draghi

### Gradual reopenings to start on 26 April

The government approved yesterday a new decree regulating reopenings in the Italian economy. The new rules, which will come into force on Monday 26 April, confirm the previous classification, assigning to regions a different colour based on a set of parameters encompassing developments of the infection on the ground and occupancy rates in hospitals. The decree extends the national emergency state until end of July 2021.

### A Covid-19 green certificate is introduced to ease safer movements

Less restrictive yellow and white zones are re-introduced, and movement of people between these regions will be allowed without certification. The possibility of inter-regional movement for tourism reasons will also be possible for people living in riskier orange or red regions if they have a

“Covid-19 green certificate”. This will prove that the holder has either recovered from Covid-19 (six-month validity), or has been vaccinated (six-month validity) or has been negatively tested (48 hours validity).

Starting 26 April, cinemas, theatres, concert halls and other similar venues will be allowed to open in yellow zones, with capacity limitations and only upon booking. Some events might be restricted to those holding the green certificate. In yellow zones, from 15 May, gyms and open-air swimming pools will reopen and shopping centres will be allowed to open at the weekend. From 1 June, nationally relevant sport events will be run with a limited number of spectators. Other activities such as fairs will be possible from 15 June; conventions, spas, as well as theme parks, will be allowed to open shop only from 1 July.

Opening times for restaurants, a hot topic in the domestic political debate, will also be extended from Monday 26 April, but only in yellow zones. Restaurants will be open both for lunch and for dinner, but only for open-air tables. Indoor consumption of meals will be allowed again from 1 June.

## Draghi is taking a risk, as a broad-based resurgence of cases could jeopardise the tourism season

By anticipating the start of progressive reopenings, Prime Minister Mario Draghi is responding to pressures from parts of his variegated majority, most notably the League, Forza Italia and Italia Viva, pressed by popular unease. In doing so, he is taking a “calculated risk”, as Draghi himself puts it, likely leveraging on the vaccination trade-off. On the one hand, developments on the pandemic front show slow declines in new infections and in hospitalisation data, with stubbornly high death tolls. On the other hand, Draghi can now leverage on improvements in the vaccination campaign front. The latest data shows that some 7.7% of Italians are now fully vaccinated and 18.6% has received at least one dose; at 340K yesterday, the number of daily vaccinations is still short of the 500K end-of-April target, but is moving towards it at a decent, if not ideal, speed. Draghi’s bet is that imminent reopenings following the passage of regions in the yellow bracket will not cause a new wave of infections (or at least put pressure on hospitals) strong enough to require a new wave of restrictions and soft lockdowns. This is a crucial assumption, as the alternative negative outcome would risk jeopardising the start of the imminent summer tourism season.

The combined effect of earlier reopenings, and extra fiscal push to be disclosed soon, should in principle increase the odds of higher growth for 2021. Risks to our current 3.3% GDP growth forecasts are now tilted to the upside, provided Draghi’s bet is won.

### Author

**Paolo Pizzoli**

Senior Economist, Italy, Greece

[paolo.pizzoli@ing.com](mailto:paolo.pizzoli@ing.com)

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