



CONFINDUSTRIA
Lombardia



ASSOLOMBARDA

INTERNATIONALIZATION OBSERVATORY

The impact of geopolitics on the company strategy in Lombardy

2025
Edition



in collaboration with



INTERNATIONALIZATION OBSERVATORY

The impact of geopolitics on the company strategy in Lombardy

2025
Edition

Short key excerpt from the Italian version of the Report.

Full Italian version can be downloaded for free from:

<https://confindustria.lombardia.it/lobby/internazionalizzazione/rapporti-istituzionali/rapporto-indagine-internazionalizzazione-2025>



The Observatory was conducted by Confindustria Lombardia, in collaboration with SACE and ISPI, with scientific coordination of Centro Studi Assolombarda and the involvement of other territorial associations affiliated with Confindustria Lombardia: Associazione Industriali Cremona, Confindustria Alto Milanese, Confindustria Bergamo, Confindustria Brescia, Confindustria Como, Confindustria Lecco e Sondrio, Confindustria Mantova, Confindustria Varese.

The data and report were compiled by the following working group: Marina Benedetti (SACE), Alina Candu (Confindustria Lombardia), Chiara Fanali (Assolombarda), Lucia Florenzano (Confindustria Varese), Pietro Frecassetti (Confindustria Bergamo), Ivano Gioia (SACE), Paola Grassi (Confindustria Como), Alice Morosini (Confindustria Lombardia), Valeria Negri (Assolombarda), Stefania Saini (Assolombarda), Angela Signorelli (Assolombarda), Francesca Silingardi (Assolombarda), Alessandro Terzulli (SACE), Alessandro Zecca (Confindustria Como).

We thank ISPI for its contribution.

Report published on July 8, 2025

Preface

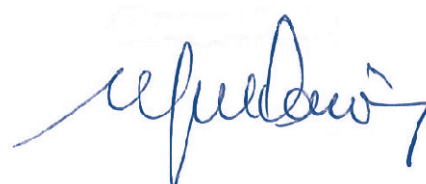
Reflecting on the internationalization processes of Lombardy-based companies means, first and foremost, shining a spotlight on their contribution to the economic growth of the region and the country. But that's not all: it also means analysing how companies are adapting their strategies to the impact of constantly changing global scenarios. Together, these realities give rise to a unique ecosystem capable of combining tradition, technological innovation and global competitiveness, elements that together make our manufacturing industry one of the most advanced in Europe. The sector continuously generates value, invests in research and development, and embodies an international vocation rooted in a long and solid industrial history. The data speaks for itself: in 2024, Italy's total exports reached €623.5 billion, with Lombardy alone generating €164 billion. This is clear evidence of the region's decisive contribution to the entire peninsula and its role as the economic engine of the North and of Italy as a whole. The research, carried out by systematising information gathered from over a thousand manufacturing companies in the region operating on foreign markets, provides clear evidence of this, clarifying it with data and reflections on the subject. The messages and indications that emerge from the 2025 Observatory of the Confindustria Lombardia system are significant: geopolitical factors are paramount in defining corporate strategies, which are also influenced by technological developments and the supply of raw materials. These are all unknowns that reduce autonomy and expose companies to external influences that are difficult to control and unpredictable.

This is happening against a backdrop of uncertainty fuelled by various macroeconomic unknowns: the crisis in the German manufacturing sector, political weakness in Europe, cross-border tensions between the United States, Europe and China, and escalating trade tensions.

In this context, internationalized Lombardy companies, including SMEs, demonstrate a high level of awareness of the challenges ahead and a strong ability to adapt. These characteristics, combined with the high technological content of our manufacturing sector, guarantee a future that will continue to be characterised by competitiveness.

It is clear that more needs to be done to support companies in this effort towards change. We need an industrial policy capable of addressing the new frontiers of innovation and artificial intelligence, internationalization and the most contemporary skills. It is also essential to expand our presence in emerging markets: our companies are already champions of internationalization, but in a world marked by geopolitical tensions, they are now finding it harder than in the past to position themselves as key players in the global market. With this in mind, they need new trade routes to explore new geographical frontiers for international exports. With this regard, the Observatory provides very specific guidance: the growth of India, Saudi Arabia and Canada among the countries of greatest interest shows that Lombardy's companies are responsive and capable of looking beyond established routes.

However, a systemic strategy is needed to support them during this unstable phase: an alliance between the public and private sectors capable of supporting companies with adequate financial instruments and diplomatic and commercial networks. This is the only way to promote long-term competitiveness and encourage internationalization.



Giuseppe Pasini

President, Confindustria Lombardia



Veronica Squinzi

Vice President for Internationalization, Assolombarda

Introduction

The Internationalization Observatory, conducted every two years by the nine associations of Confindustria Lombardia, assesses the regional presence of Lombardy-based companies abroad, their geographical areas of interest and the reorganization of manufacturing supply chains in Lombardy.

The 2025 edition, which gathered information from 1,012 companies in the region, also examines the impact of geopolitics on companies' strategic and organisational decisions, investigating whether and how the recent climate of uncertainty has influenced the orientation of economic actors.

The Observatory collected 1,238 questionnaires from manufacturing companies in Lombardy, of which 1,012 are internationalized and therefore constitute the sample on which the Observatory's findings are based.

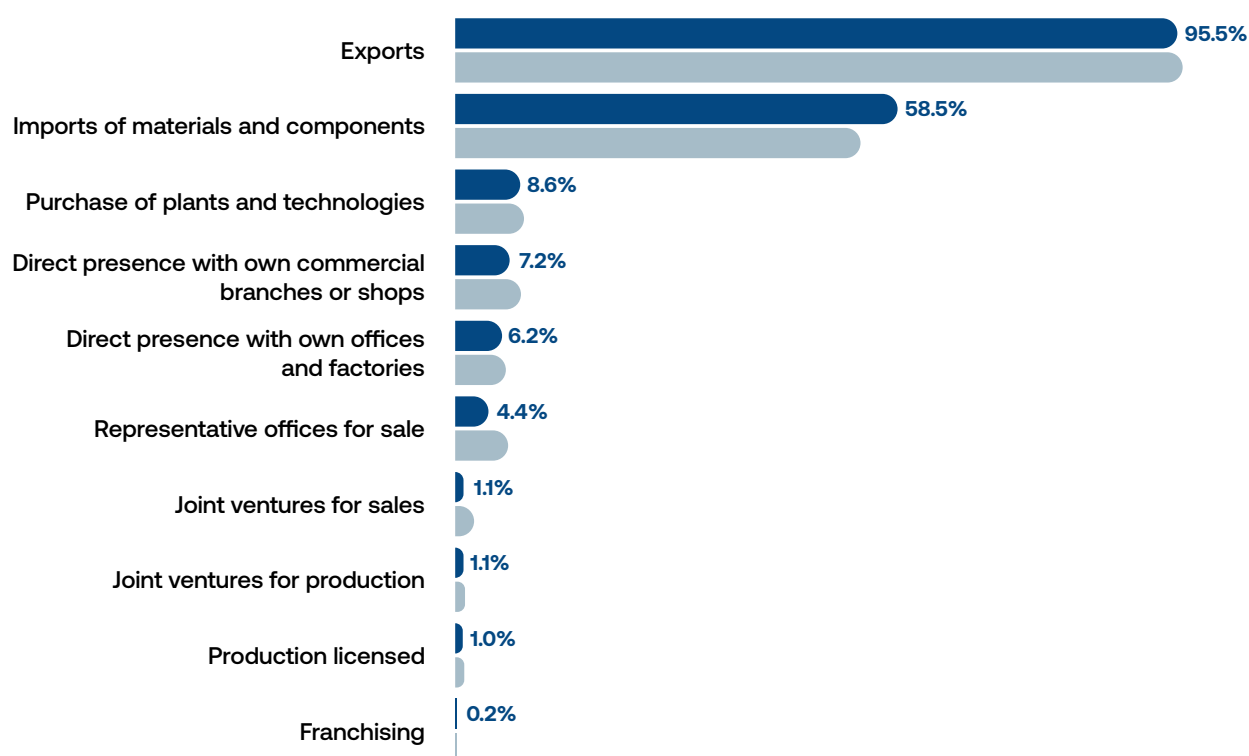
The most represented sectors in the sample are metals (22.5%) and mechanics (20.8%), followed by rubber-plastics and other non-metallic mineral products (11.8%) and fashion (10.6%); the other sectors account for less than 8%.

Finally, more than half of the sample (53.3%) consists of small businesses (10-49 employees), followed by 26.5% medium-sized businesses (50-249 employees), 13.6% micro-businesses (0-9 employees) and 6.6% large businesses (250 or more employees).

The main findings can be summarized in 10 key messages, including both confirmation of previous editions and new developments.

- 1. Trade remains the preferred method of doing business abroad for Lombardy's manufacturing sector.** 95.5% of the companies surveyed export their products, while 58.5% import materials and components, and 8.6% purchase plant and technology from abroad. The presence of commercial branches and directly managed shops remains low (7.2%), as does production in own factories (6.2%) and activities carried out through representative offices (4.4%). Even less common, with implementation rates of around or below 1%, are joint ventures for sales and/or production abroad, licensed production and franchising. In terms of export methods, which remain the most widespread activity, 72.8% of manufacturing companies use only direct sales channels, indicating **a preference for building more immediate relationships between the local production fabric and the international target markets. Only 5.8% work as subcontractors** for a foreign customer.

Figure 1. Foreign trade activities of companies
(% of total respondents; multiple answers possible)



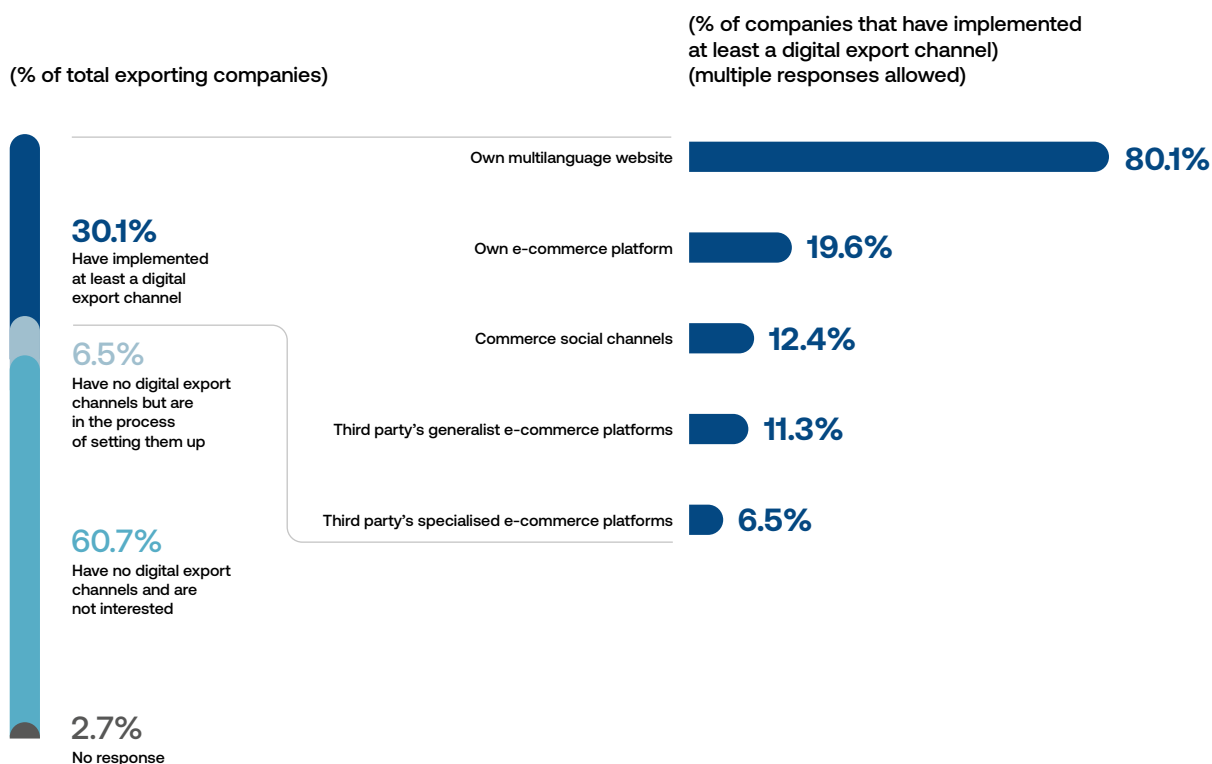
Since these samples are very large and significant in terms of numbers, but not statistically representative, it was found that the temporal comparison carried out on the open samples of the last two editions (1,002 companies in 2023 and 1,012 in 2025) is substantially reflected in the trends highlighted by the closed panel of respondents to both surveys.

● 2025 ed. ● 2023 ed.

Source: 2025 Internationalization Observatory

2. **30.1% of Lombardy's exporting companies have at least one digital export channel, which is now much more widely used than five years ago, but still has considerable potential for investment.** The share of those using this type of tool has actually decreased from 40% in 2023: after rapid growth in the post-Covid years, the return to 'normality' seems to have led to a downsizing, especially in the use of social commerce channels (12.4%) and specialised platforms managed by third parties (6.5%), while there has **been an increase in companies using generalist platforms (11.3%), which** are more visible on search engines and capable of reaching a larger number of potential customers. The **most widely used digital channel** for accessing foreign markets remains the **multilingual website, used by 80.1% of respondents**, followed by proprietary e-commerce platforms (19.6%).

Figure 2. Activation of digital export channels



Source: 2025 Internationalization Observatory

3. For companies internationalization is increasingly a strategic necessity. **In 2024, the share of turnover generated abroad rise to 44.7%** from 44.2% in 2023 and is expected to expand further to 45.2% in 2025, confirming the **growing importance of foreign demand for Lombardy companies**. However, the strategy is changing. **There is greater geographical diversification of exports**, with the **average number of countries served by a Lombardy company falling to 21** from 23 two years ago. At the same time, **the share of turnover generated on international markets concentrated in the main destination market is decreasing, standing at 22.8% in 2024**, compared with higher and increasing shares in previous years. These trends point to **greater selectivity on the part of Lombardy’s manufacturing companies in choosing their trading partners**, both to reduce their dependence on a single market in order to be less exposed to shocks and to compensate for any difficulties in their main foreign market by seeking alternative destinations (e.g. the recession in Germany).



21
Countries served
by each company on average



44.7%
Share of turnover
generated abroad

Figure 3. Turnover abroad
(average; % of total turnover)

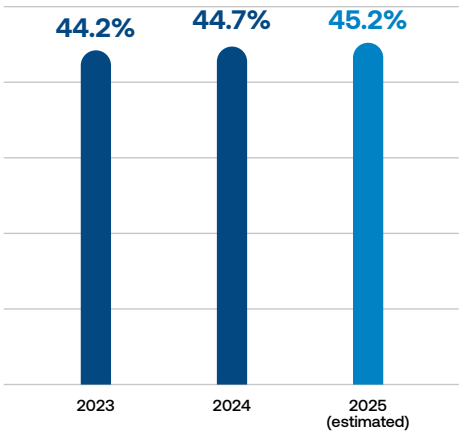
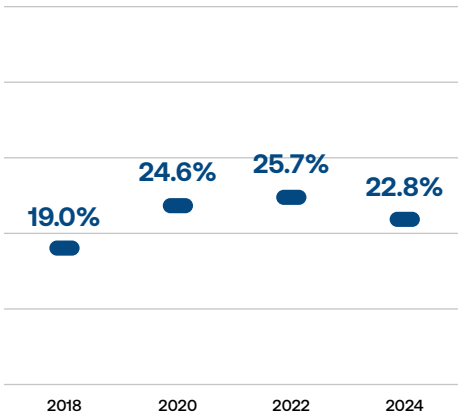


Figure 4. Turnover in the main target
market (average, % of foreign turnover)



Source: 2025 Internationalization Observatory,
2023 ed., 2021 ed., 2019 ed.

4. In terms of the **countries served**, there are no significant changes compared to the past, with the exception of a few new entries and some changes in position.

European markets remain the main destination in terms of sales, with Germany (indicated by 50.5% of respondents) and France (49.0%) on the podium, flanked by **the United States** (30.3%), **the leading long-distance trading partner. The US is also home to the commercial headquarters of over a third of Lombardy's manufacturing industry** (35.4%); in this regard, the Czech Republic (4.3%) and Australia (7.5%) enter the top 10, while China (19.9%), Brazil (7.5%) and India (10.6%) remain in the top 10, indicating that this method is used to approach more distant markets. There are some changes in the distribution of **production sites: India** (14.5%), **Romania** (13.6%) and **Brazil** (13.6%) **are gaining ground**, while France (11.8%) and Spain (7.3%) are losing ground and Switzerland (7.3%) and Poland (5.5%) are entering the ranking. There is therefore both an expansion towards non-European destinations, even distant ones, and a growing presence in neighbouring territories.

Looking ahead to the coming years, **the United States (21.3%) and Germany (16.4%) remain the main prospective markets** and are therefore considered 'essential' despite their respective political and economic turmoil. New **entrants to the ranking include India (15.0%, rising sharply) and Saudi Arabia (10.0%)**, marking the emergence of long-term trade relations.

Figure 5. Top 10 foreign countries by sales, business facilities and production facilities











Sales	Business facilities	Production facilities
1. Germany (50.5%) [2]	1. U.S.A. (35.4%)	1. China (24.5%)
2. France (49.0%) [1]	2. Germany (26.1%)	2. U.S.A. (23.6%)
3. U.S.A. (30.3%) [4]	3. France (23.6%)	3. Germany (15.5%)
4. Spain (29.8%) [3]	4. China (19.9%) [5]	4. India (14.5%) [5]
5. U.K. (16.3%)	5. Spain (18.0%) [4]	5. Rumania (13.6%) [9]
6. Switzerland (14.3%)	6. U.K. (16.1%)	5= Brazil (13.6%) [7]
7. Poland (14.2%)	7. India (10.6%)	7. France (11.8%) [4]
8. China (10.8%)	8. Brazil (7.5%) [10]	8. Spain (7.3%) [6]
9. Turkey (9.9%) NEW [11]	8= Australia (7.5%) NEW [23]	8= Switzerland (7.3%) NEW [12]
10. Belgium (8.9%)	10. Czechia (4.3%) NEW [13]	10. Poland (5.5%) NEW [15]

Note: The percentages refer to the number of companies that indicated the country among the top five in each category and are calculated based on the total number of respondents. The country's ranking in the 2023 edition is in brackets in the event of a change.

Source: 2025 Internationalization Observatory

Figure 6. Top ten prospect countries between 2025 and 2028

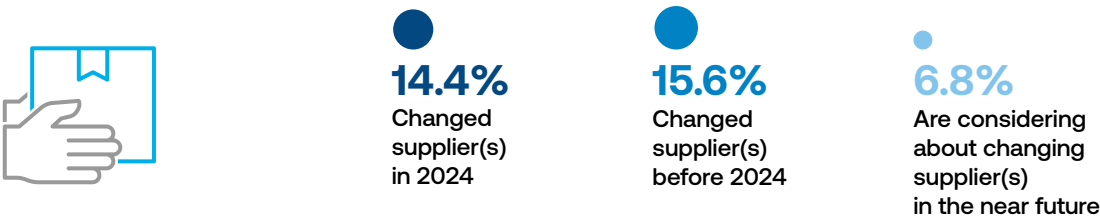
Prospect markets

- 1.  U.S.A. (21,3%)
- 2.  Germany (16,4%)
- 3.  India (15,0%) NEW [11]
- 4.  Arab Emirates (14,7%)
- 5.  France (12,7%) [3]
- 6.  Canada (11,3%) [7]
- 7.  Brazil (10,8%) [6]
- 8.  Spain (10,8%)
- 9.  China (10,3%) NEW
- 10.  Saudi Arabia (10,0%) [13]

Note: the percentages refer to the number of companies that indicated the country among the top five to "reach" in the future and are calculated on the total number of respondents. The country's ranking in the 2023 edition is in brackets in the event of a change

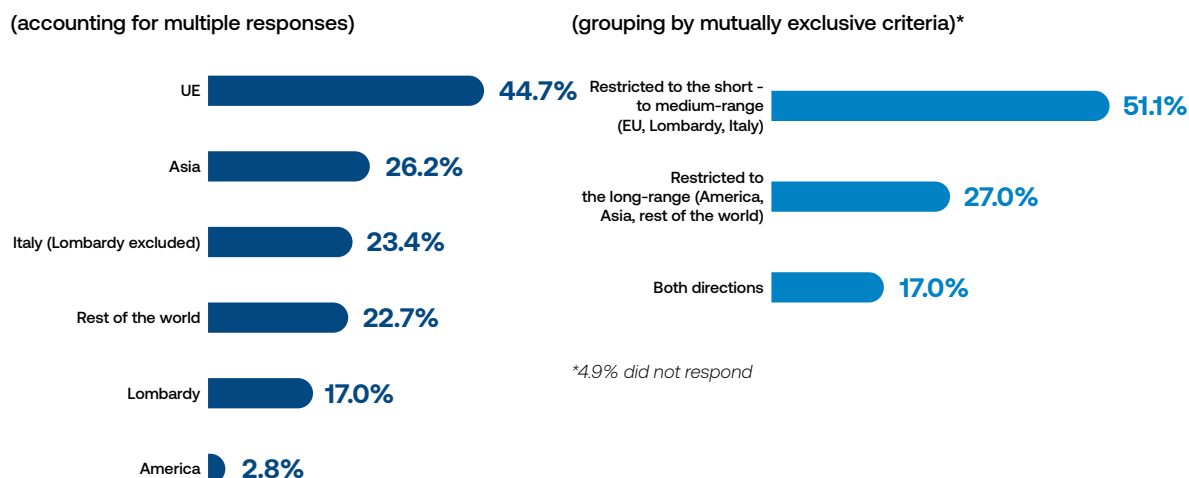
Source: 2025 Internationalization Observatory

5. Five years after the outbreak of the pandemic and the subsequent events that led to the fragmentation and rethinking of global supply chains, it is now possible to take stock of how Lombardy's companies have reoriented themselves. **In 2024, 14.4% of Lombardy manufacturing companies replaced one or more foreign suppliers**, in addition to the **15.6% that had already done so in previous years**. Overall, therefore, 30% of Lombardy manufacturing companies operating on international markets have reviewed their supply chains in the recent past, and **6.8% are considering doing so in the near future**.



Most of those who changed their supply networks (51.1%) **replaced a foreign partner with another located in Europe, Italy and/or Lombardy**; 27.0% of the sample turned exclusively to more distant suppliers (in America, Asia, rest of the world) and 17.0% made replacements in both directions.

Figure 7. Placement of new suppliers
(% of companies that changed suppliers in 2024)



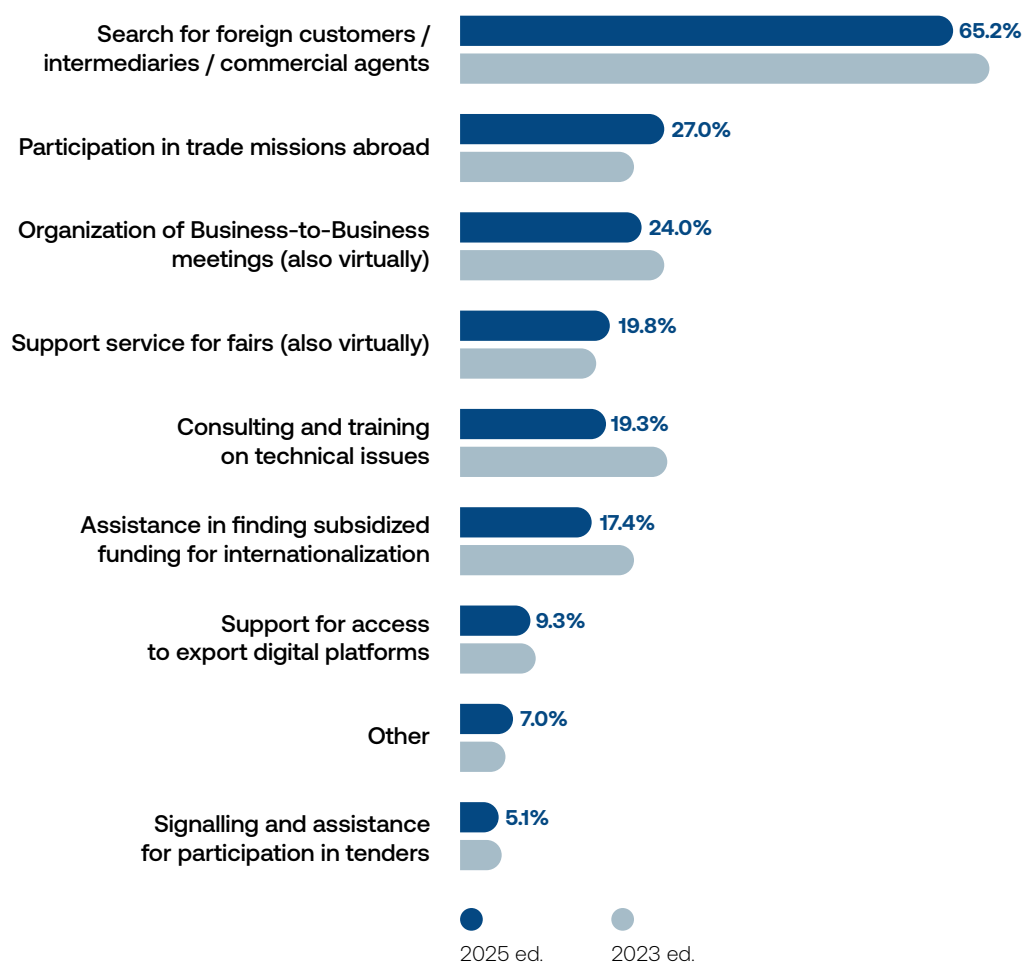
Source: 2025 Internationalization Observatory

Among the reasons behind the reconfigurations, **cost remains the predominant factor (indicated by 61.0% of respondents)**, without however penalizing the quality of inputs (28.4%) and flexibility (22.0%). Lower risk (19.9%) and greater product availability (17.0%) also remain areas of concern for a large proportion of companies. On the other hand, the choice of a more competitive supplier in terms of **sustainability (5.7%)** remains **marginal**.



6. The search for foreign partners remains the most sought-after **service to support internationalization** (indicated by 65.2% of companies). Compared to two years ago, **the possibility of participating in trade missions abroad (27.0%) and support at trade fairs (19.8%)** have gained importance, surpassing consulting and training services on technical issues (19.3%) and assistance in finding subsidized financing for internationalization (17.4%), both of which are down compared to 2023.

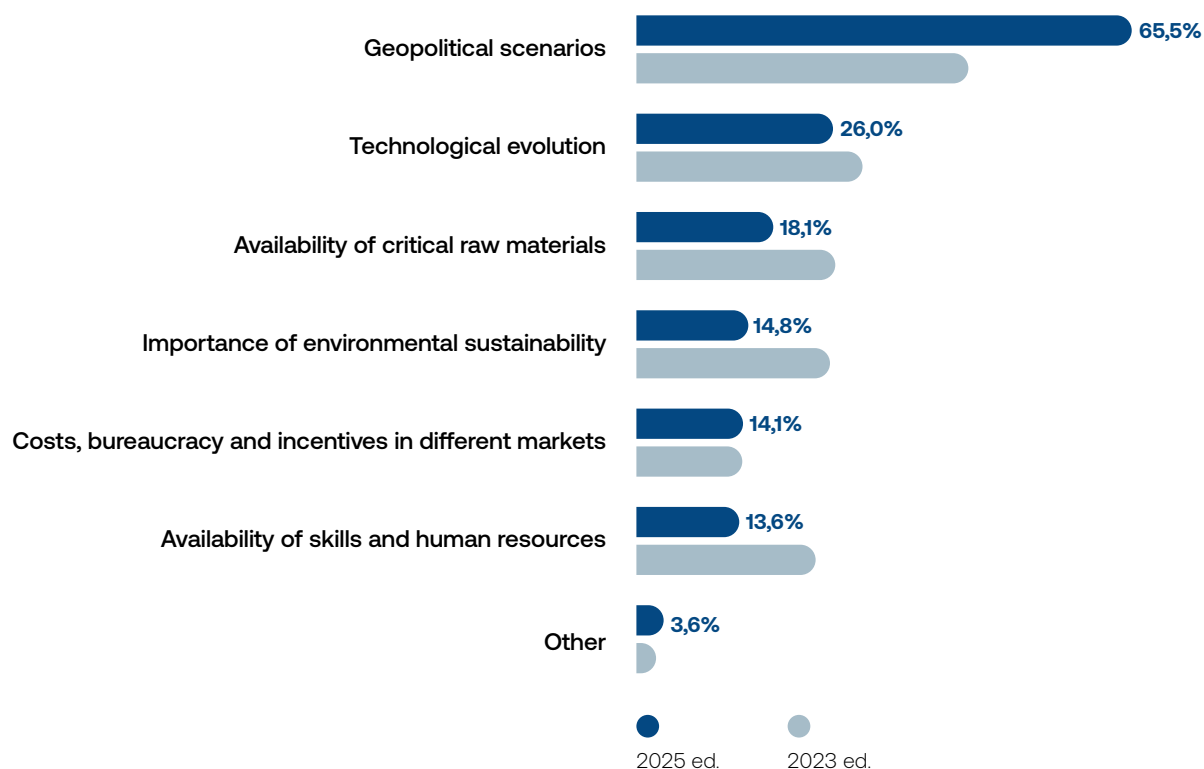
Figure 8. Services supporting internationalization considered most important by companies (% of total respondents, up to five answers possible)



Source: 2025 Internationalization Observatory

7. In the medium to long term, **65.5% of internationalized manufacturing companies in Lombardy consider geopolitical scenarios to be the macro-trend with the greatest influence on strategic choices**, already in first place two years ago, but now absolutely dominant. Technological evolution is in second place (26.0%), followed by access to critical raw materials (18.1%), environmental sustainability (14.8%), bureaucratic and fiscal conditions in different markets (14.1%) and the availability of skills and human resources (13.6%).

Figure 9. Macro-trends considered to have the greatest influence on strategic choices in the international arena in the medium to long term (% of total respondents; two answers possible)



Source: 2025 Internationalization Observatory

8. More than seven out of ten Lombardy companies say they have changed their **strategy** in response to current geopolitical changes. **28.1%** of companies **are evaluating their counterparts more carefully**, a quarter are reviewing their budgets more frequently and **23.1%** are redirecting exports to countries considered safer.



Faced with the current geopolitical scenario, among Lombardy companies



... **28.1%** are more cautious in evaluating their counterparts



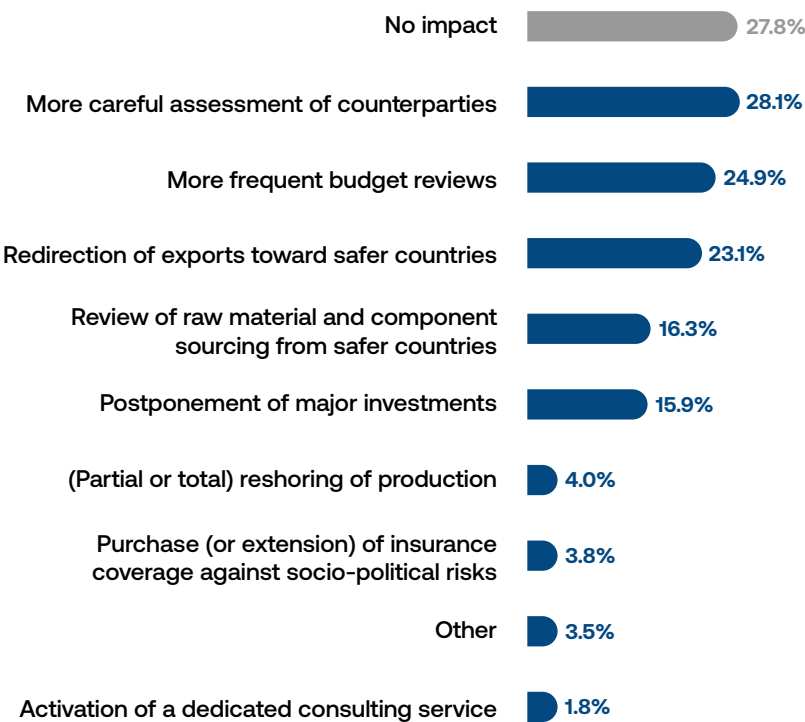
... **24.9%** are reviewing their budgets more frequently



... **23.1%** redirect exports to safer countries

Just over a sixth of the sample has reviewed its sourcing of raw materials and components, using selection criteria that favour greater security, and 15.9% has postponed investments (mainly micro, small and medium-sized enterprises). Only a small proportion of respondents resorted to relocating production (4.0%, mainly large companies), taking out/extending insurance cover against socio-political risks (3.8%) or activating a specific advisory service (1.8%), in the latter case mainly turning to consulting firms or associations within the Confindustria system.

Figure 10. Impact of geopolitics on business strategies (% of total respondents)



Source: 2025 Internationalization Observatory

9. More than 6 out of 10 Lombardy companies have taken action within their **internal organization**. The impact of geopolitics has resulted in an **increased focus on internationalization for 30.5%** of Lombardy manufacturing companies, on **supply chain management for 26.1%** and on **legal and customs issues for 13.2%**. These changes are being addressed, first and foremost, by strengthening skills, which is a priority across the board. Secondly, the number of dedicated staff is being increased, especially for internationalization activities (44.0%). Economic resources are a factor that needs to be addressed, particularly in the area of supply chain management, with the creation of a dedicated budget (23.9%), and in internationalization activities, with an increase in the existing budget (23.6%).

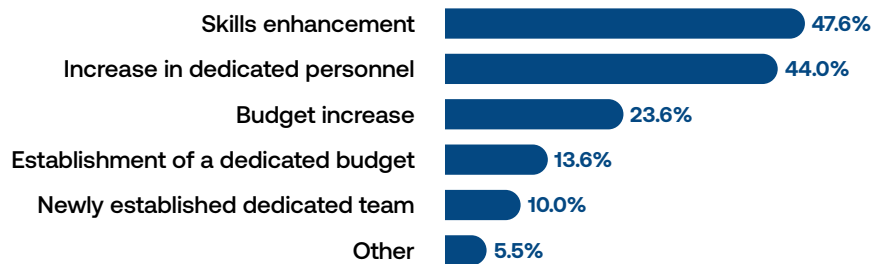
Figure 11. Measures taken by companies for internal reorganization
(% of respondents for each category)



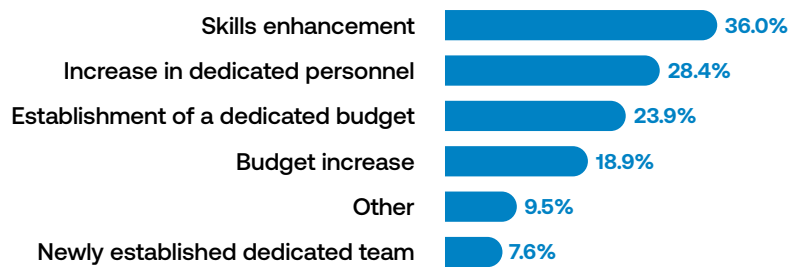
Source: 2025 Internationalization Observatory

Figure 12. Impact of geopolitics on business organization (% of total respondents)

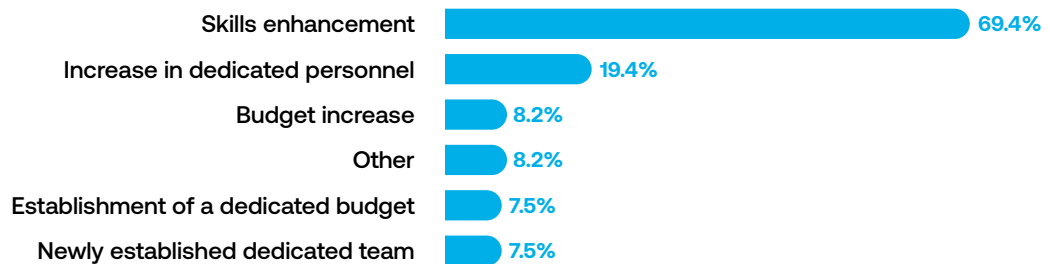
Greater centrality of internationalization activities through...



Greater centrality of supply management through...



Greater centrality of legal and customs-related activities through...



Source: 2025 Internationalization Observatory

10. Looking ahead to next year, uncertainty represents **the highest risk** for internationalized manufacturing in Lombardy (61.6% of respondents). Half of companies are also concerned about customs duties (49.8%) and, to a large extent, the worsening of relations between the world's major geo-economic powers (40.8% for the EU-US; 31.7% for the EU-China; 29.4% for the US-China). These emerging geopolitical factors are compounded by economic factors that have had the greatest impact over the last year but remain problematic going forward: over the next twelve months, a high proportion of companies continue to consider the increase in raw material costs (52.6%), the economic stagnation in Europe (47.3%), energy prices (45.6%) and transport and logistics costs (41.8%) as high-risk factors.



The first three factors with high-risk impact in the future
(% of companies that have indicated this factor)



61.6%
Uncertainty



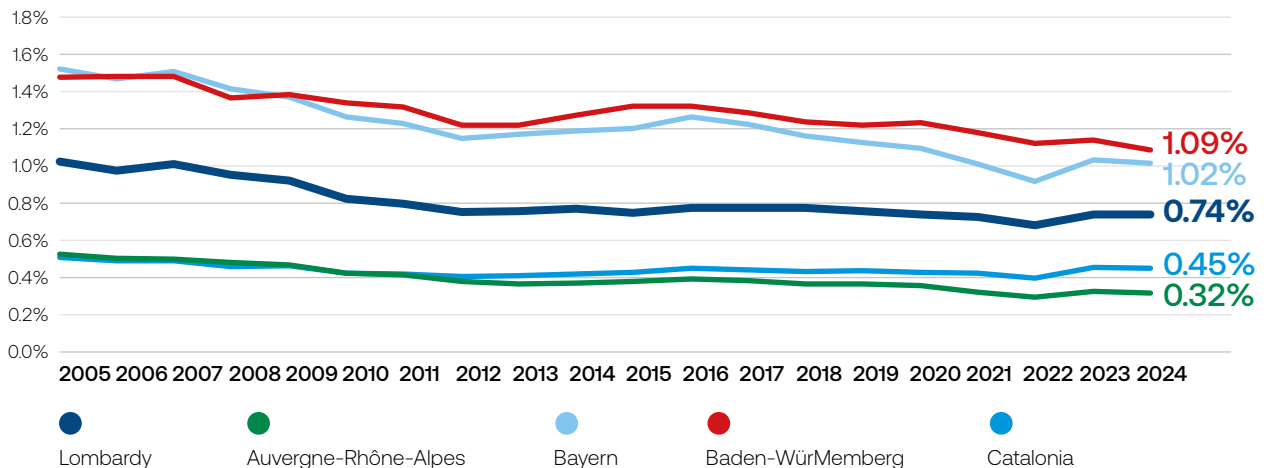
52.6%
Raw material costs



49.8%
Customs duties

Finally, this year's Observatory is enriched by an analysis of the evolution of market shares in world trade in Lombardy and the main European regions, which is useful for understanding the long-term global positioning of these territories. **Lombardy ranks in the middle of the benchmark, with a world export share of 0.74% in 2024** (1.03% in 2005): above Catalonia (0.45%) and Auvergne-Rhône-Alpes (0.32%), below Bavaria (1.02%) and Baden-Württemberg (1.09%).

Figure 13. Market shares of Lombardy and benchmark European regions in global exports (% , current values in €)

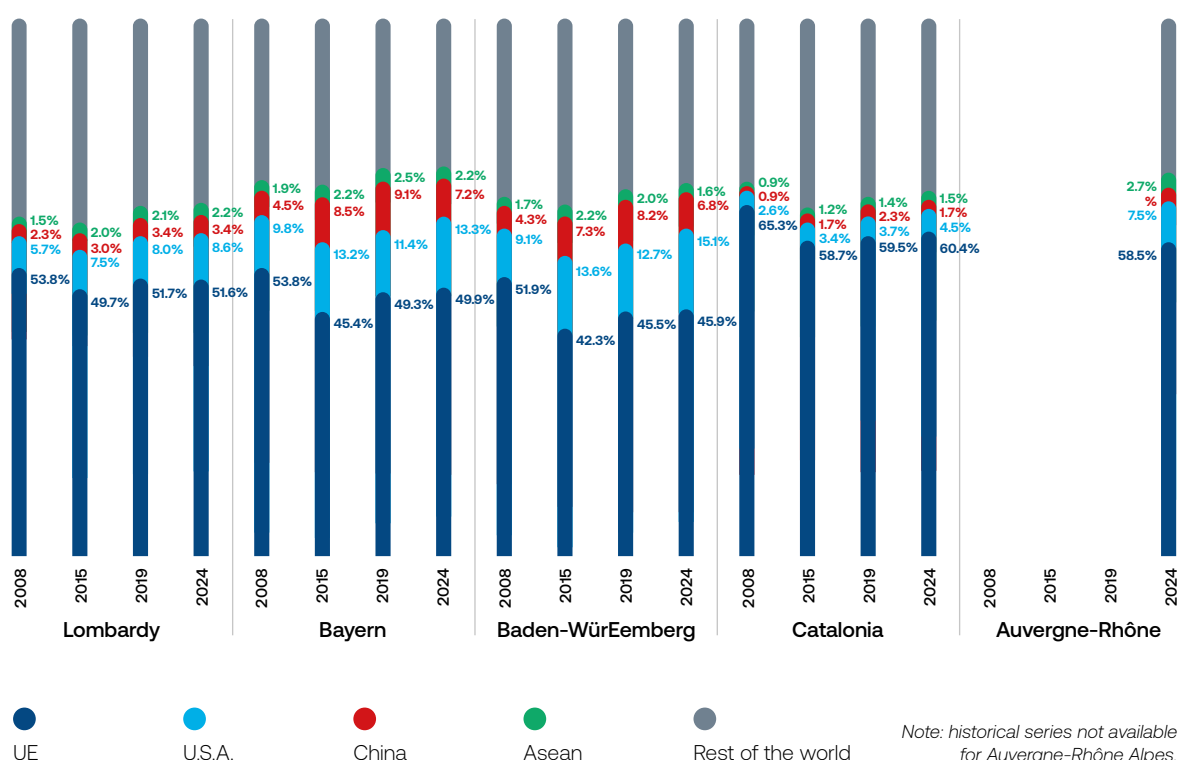


Source: Centro Studi Assolombarda on Istat, Destatis, Gencat, Insee and ITC Statistics data

Net of the downsizing compared to the early 2000s, which affected all the regions under comparison and Europe as a whole, in the period following the pandemic, **Lombardy showed substantial resilience**, with a **limited decrease in market share of around -2% between 2019 and 2024**: this is a **more positive performance than both Bavaria (-10%) and Baden-Württemberg (-11%)**, whose exports are affected by the economic recession in Germany, **and Auvergne-Rhône-Alpes (-13%)**; **Catalonia is doing better**, recording growth in market share **(+3%)** over this period.

For Lombardy, as for all benchmarks, **the European Union remains the main market, accounting for 51.6%** of regional manufacturing exports in 2024. **The United States is gaining importance**, rising from 5.7% in 2008 to **8.6% in 2024**, mainly due to increased sales of pharmaceuticals (German regions have shares of around 13–15%). There is **also greater scope for Lombardy companies in China**, with a still modest but growing share of 2.3% in 2008 to 3.4% in 2024, driven by fashion (German regions account for around 7%).

Figure 14. Export structure by geographical destination
(% of total manufacturing, current values in €)



Source: Centro Studi Assolombarda on Istat, Destatis, Gencat, Insee data

At sector level, Lombardy is seeing **growing importance in high-tech sectors**, which in 2024 will account for 13.5% of manufacturing sales abroad (6.4% in pharmaceuticals and 7.1% in electronics).

CONCLUSION

Lombardy's export growth, as with the other peers analyzed, is still heavily dependent on European demand (in particular German demand, as Germany is the main trading partner in terms of sales value). Outside the EU, there is a strong link **with the United States, the leading destination outside the single market in terms of export value**, while the position in relation to **China and, even more so, the South-East Asian markets** remains limited.



Via Pantano, 9 – Palazzo Gio Ponti
20122 Milano

Tel. 02 58370800

segreteria@confindustria.lombardia.it
www.confindustria.lombardia.it