



ASSOLOMBARDA

BOOKLET ECONOMIA **Sectors and labor market**

*Lombardy in comparison with
Italian and European benchmarks*

Edited by
Research Department

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BOOKLET ECONOMIA

Sectors and labor market

Lombardy in comparison with Italian and European benchmarks

Executive Summary

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LOMBARDY'S ECONOMY IN EARLY 2025: ENCOURAGING SIGNS FROM MANUFACTURING AND SERVICES WITH A STRONGER LABOR MARKET, BUT GROWTH IS FRAGILE DUE TO TARIFFS AND WARS

In a climate of constant instability and uncertainty, Lombardy's economy started 2025 with encouraging signs, driven by a moderate expansion in services and a stabilization in manufacturing after several quarters of inertia. In the tertiary sector, business services, although slowing down, continued to experience revenue growth. In industry, production halted the decline that began in the second half of 2023, marking the second consecutive period of expansion, also thanks to a timid recovery in exports following the restart of global trade and the German industry.

However, persistent commercial and geopolitical tensions loom over this positive start, which is otherwise consistent with Istat's estimate of Italian GDP for the first quarter (+0.3%), risking making the momentum fragile and temporary. These tensions include the announcement of increased and universal tariffs on U.S. imports in April and the escalation of the conflict between Israel and Iran in June. While the first element could have direct repercussions on trade and foreign demand, the new front of the Middle Eastern conflict has brought further instability to the energy markets, with oil and European gas prices rising by about 10% in one week, only to return to early June levels in the following days. The uncertainty generated by tariff policies was already undermining business confidence and pushing forward the horizon of a robust economic recovery. In fact, among the Assolombarda companies responding to the flash survey in early April, more than a third expected a negative evolution of the economy between the second and third quarters.

Manufacturing

The first data for 2025 confirm a stabilization of Lombard manufacturing. Continuing the trail of the end of 2024, manufacturing production in the first three months of the year grew by 0.4% on a quarterly basis, thus recording two consecutive quarters of expansion, a dynamic that had not occurred since the beginning of 2022. Still, on an annual basis, production was slightly down (-0.4%), indicating that a real recovery has yet to manifest and will need to be evaluated against the commercial and geopolitical uncertainties.

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Currently, the stabilization phase is common to the main European manufacturing sectors, with Germany showing the strongest signs of recovery (+0.9% in manufacturing production on a quarterly basis). Only the Spanish industry did not grow compared to the end of last year, but this is a contained contraction (-0.1%) following a positive 2024. Compared to the first quarter of last year, Lombard manufacturing recorded the most contained decline, with a strong divergence from the national trend, which was down by 3.0% but also apparently stabilizing at the beginning of 2025.

The beginning-of-the-year recovery in the Lombard industry, albeit weak, was driven by small businesses (+0.5% in production compared to the end of 2024). On the other hand, the activity of companies with more than 200 employees contracted, after an improvement at the end of 2024 that still allows them to remain at a higher level than a year ago. Looking at the sectoral details, in the first months of 2025, Lombard manufacturing was driven by the best-performing sectors of the previous year, namely food and beverage (+3.7% in the first quarter of 2024) and chemical-pharmaceutical (+2.8%), followed by paper-printing (+2.3%). Clothing production also returned to growth (+1.5%), but other fashion sectors remain among the most penalized (-3.7% for textiles, -4.7% for leather-footwear). An even more pronounced decline was seen in transports (-5.6%), in line with the difficulties of the automotive sector in much of the European industry.

This picture is accompanied by the dynamics of Lombard exports, which confirmed a slight recovery (+1.0% compared to the beginning of 2024), below the Italian average (+3.2%) but surpassing the performance of the main regions of Northern Italy. Among the European benchmark regions, only Cataluña increased exports compared to a year ago (+3.3%), unlike Baden-Württemberg (-0.0%), Bayern (-2.6%), and, above all, Auvergne-Rhône-Alpes (-7.4%). The decline in the two German regions is, however, recovering compared to the data at the end of 2024, providing another possible signal of the German recovery.

The most dynamic Lombard sectors in foreign markets at the beginning of 2025 mirror the trend of manufacturing production. Pharmaceuticals lead with an important annual growth in exports of 30.5%. They are followed by food (+8.7%), wood-paper (+4.9%), electrical appliances (+4.0%), and chemicals (+2.8%). Excluding petroleum products, the most significant declines were in metals (-2.5%), rubber-plastics (-3.4%), automotive (-3.7%), and electronics (-9.5%), the latter sector in strong contrast to a very positive 2024 in foreign markets.

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Given the possible repercussions on global trade of U.S. commercial policies, it is interesting to look at the evolution of the Lombard export map in the first quarter of 2025. First, there is a divergence between EU and non-EU destinations. Trade with EU countries grew by 3.0% compared to the first quarter of 2024, while it fell by 1.2% outside the EU. Among EU destinations, in addition to an important increase of 28.6% in sales to the Netherlands (which, however, represent a relatively small share of Lombard exports), Spain (+2.0%), Poland (+1.9%), and Germany (+1.4%) grew. Germany reversed the trend compared to 2024, and its demand could further increase with the implementation of investment plans in defense and infrastructure. Exports fell, however, to all major non-EU partners with the important exception of the U.S. (+13.5%), possibly due to a frontloading of sales before the introduction of tariffs.

Services

Also at the beginning of 2025, the tertiary sector continued to be a driver of the Lombard economy. The turnover of services increased both on a quarterly basis (+0.2%) and annually (+1.9%), although slowing down compared to previous years. The regional expansion remained slightly below the national average and was generally lower compared to the main European countries. Spain stands out, where the turnover of services increased by more than 5% compared to the beginning of 2024.

Although to a lesser extent than industry, sectoral divergences also emerge among services. Growth was indeed driven solely by business services (+3.1% turnover compared to the first quarter of 2024). After the strong expansion of the last two years, the turnover of personal services (-0.7%) and hotels and restaurants (-0.1%) decreased, while wholesale trade (-0.3%) continued the negative phase that began in 2023.

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Labor market

In the first quarter of 2025, the Lombard labor market recorded a decidedly positive trend. Compared to the same period of the previous year, a considerable increase in employment was associated with a significant reduction in unemployment and substantial stability in inactivity.

The number of employed people reached 4.59 million, with an increase of 73,000 workers compared to the same period of the previous year. The contributions of dependent workers and the services sector were decisive. Moreover, in the first quarter of 2025, there were 144,000 unemployed (15-74 years), a yearly reduction of 57,000: this is the largest contraction observed in the post-pandemic period.

The employment rate (15-64 years) rose to 70.0%, above the national figure (62.5%) and, among the benchmark regions, Piedmont (69.0%). In the year-over-year comparison, the Lombard employment rate recorded the highest growth in the last six quarters (+0.9 percentage points) and among the Italian benchmark regions.

The unemployment rate (15-74 years) fell to 3.1%, below the national value (6.8%) and that of all Italian benchmark regions. Compared to the same period of the previous year, the unemployment rate in Lombardy decreased by 1.2 percentage points, the largest contraction in the last six quarters and among the benchmark regions. Finally, the inactivity rate (15-64 years) remains stable at 27.8%.

As for redundancy funds (Cassa Integrazione Guadagni, CIG), in the first three months of 2025, the number of authorized hours in Lombardy increased by 20.3% compared to a year earlier. On a provincial basis, there is a rather heterogeneous trend, although marked by a general increase in requests for this instrument.

Executive Summary

The territories in detail

MILANO

The manufacturing sector in Milano continued to show greater resilience compared to the Lombard average in terms of production, with activity levels at the beginning of 2025 expanding by 1.3% annually compared to the regional -0.4%. The variation in exports returned to slightly negative territory, with a decrease in value of 0.6% compared to the first quarter of 2024. The fashion sector, which accounts for about a fifth of Milanese exports and saw a 7.0% reduction in foreign sales, weighs heavily; electronics, although less important for the territory's exports, showed an even stronger contraction (-32.2%). On the contrary, foreign demand grew for pharmaceuticals (+21.0%), chemicals (+7.5%), and electrical appliances (+6.7%).

In the labor market, the first quarter of 2025 saw a slight increase in the number of authorized redundancy-fund hours (+6.0% year-over-year), a much lower rise than the overall regional figure (+20.3%).

MONZA BRIANZA

For the manufacturing sector in Monza and Brianza, the beginning of 2025 was in line with the regional framework of substantial stability, with production 0.5% lower than in the first quarter of last year, within a rather weak profile that has persisted since the end of 2023. The territory appeared much more dynamic in foreign sales, which had already grown during 2024 and further expanded at the beginning of 2025 (+8.3% annually). However, this dynamic, which is so contrasting with industrial production, is mainly due to an exceptional performance in the pharmaceutical sector, whose exports increased by 108%. Other sectors relevant to the province, such as mechanics, chemicals, and electronics, experienced a reduction in foreign demand (respectively, -7.3%, -9.7%, and -15.9%). Excluding the pharmaceutical sector's *exploit*, the overall variation in provincial exports would have been -2.5%.

Regarding the labor market in the first quarter of 2025, there was a substantial increase in authorized redundancy-fund hours compared to the same period in 2024 (+66.6%). The increase was larger than that recorded at the regional level (+20.3%).

Executive Summary

The territories in detail

LODI

The manufacturing sector in Lodi continued its strong expansion that began post-Covid, detaching itself from the regional average also at the beginning of 2025, with a +5.3% annual increase in production. The value of exports remained stable after an extremely positive 2024: while pharmaceuticals (+44.7%), rubber-plastics (+18.2%), and food and beverage (+5.7%) grew, sales of chemicals (-5.4%), metals (-9.0%), and mechanics (-20.1%) decreased. Electronics, which accounts for more than half of the province's exports, remained stable around beginning-of-2024 levels (+1.1%).

As for the labor market, the first quarter of 2025 saw a strong increase in the request for redundancy-fund hours compared to the same period of the previous year (+233.0%). However, the level of redundancy-fund hours in the province is in line with the last quarter of 2024; moreover, the important decrease recorded in 2024 (-21.5% compared to 2023) should be considered. The data of the coming months will allow a better understanding of this dynamic.

PAVIA

The manufacturing sector in Pavia showed no signs of recovery from the contraction that began in 2022: production in the first quarter of 2025 was 2.9% lower than a year earlier, a figure below the Lombard average. The Pavia industry also lacked the support of foreign demand, with a 3.4% annual decline in exports after being more dynamic than the regional total in 2024. Even in this province, pharmaceutical exports grew (+6.5%), but sales of other sectors relevant to the territory decreased: chemicals (-3.8%), mechanics (-8.1%), fashion (-9.5%), and metals (-14.5%).

On the labor market side, there was an increase in authorized redundancy-fund hours in the first months of the year: +51.5% compared to the first quarter of 2024, a value higher than the regional average (+20.3%).

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Sectors and labor market

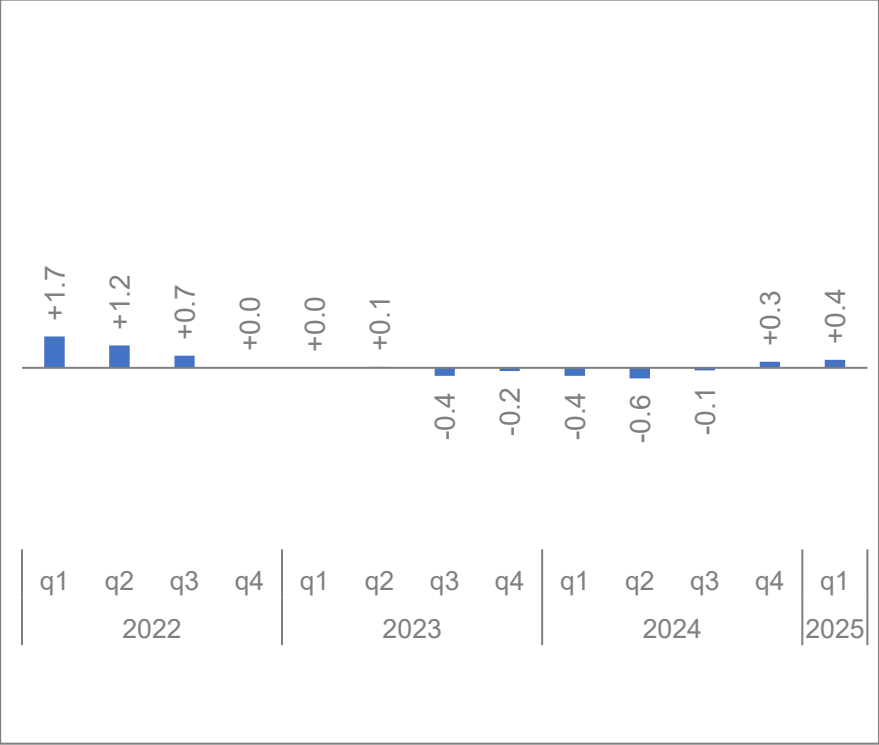
*Lombardy in the national and European
comparison*

Manufacturing and exports

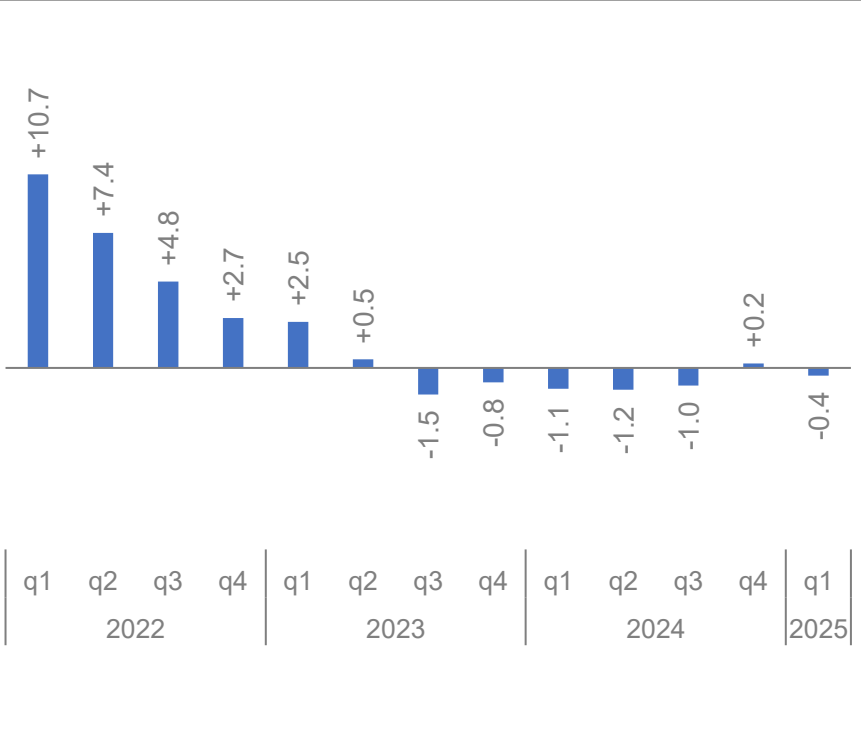
Manufacturing production

MANUFACTURING PRODUCTION IN LOMBARDY / 1° quarter 2025

Manufacturing production in Lombardy
(q-o-q % var.)



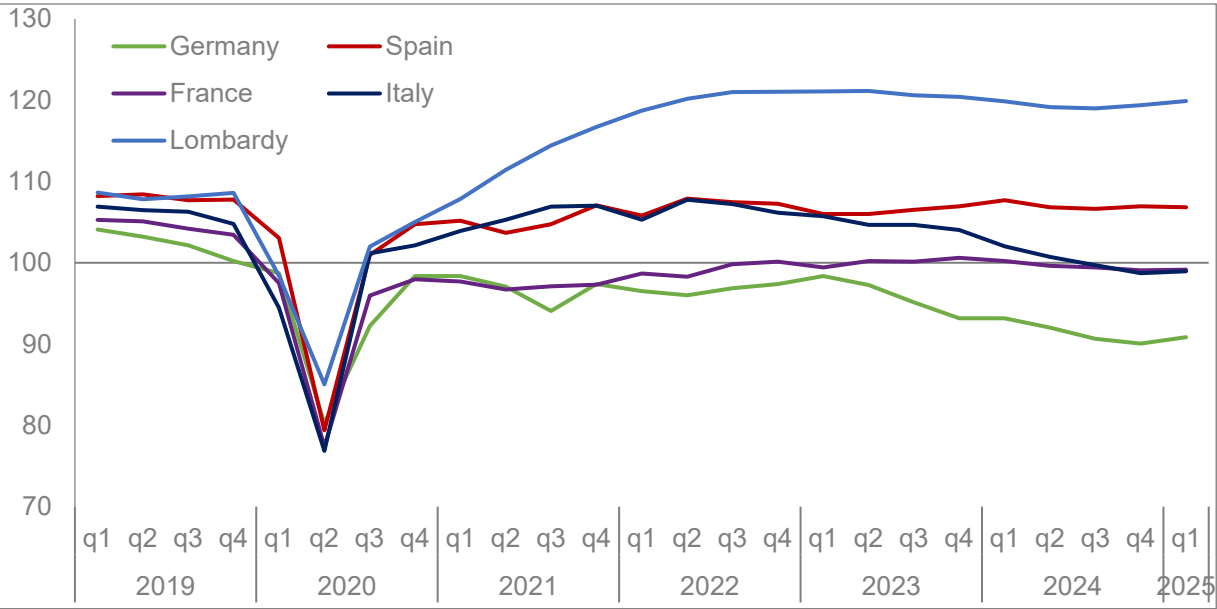
Manufacturing production in Lombardy
(y-o-y % var.)



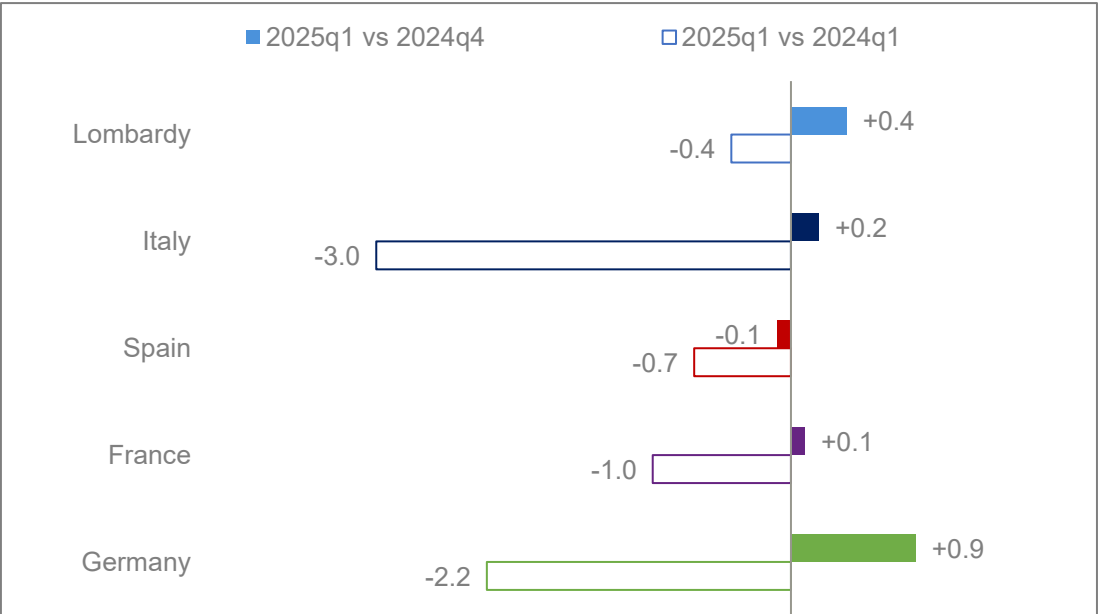
Manufacturing production

MANUFACTURING PRODUCTION: COMPARISON WITH EUROPEAN BENCHMARKS / 1° quarter 2025

Manufacturing production
(seasonally adjusted quarterly index, 2015=100)



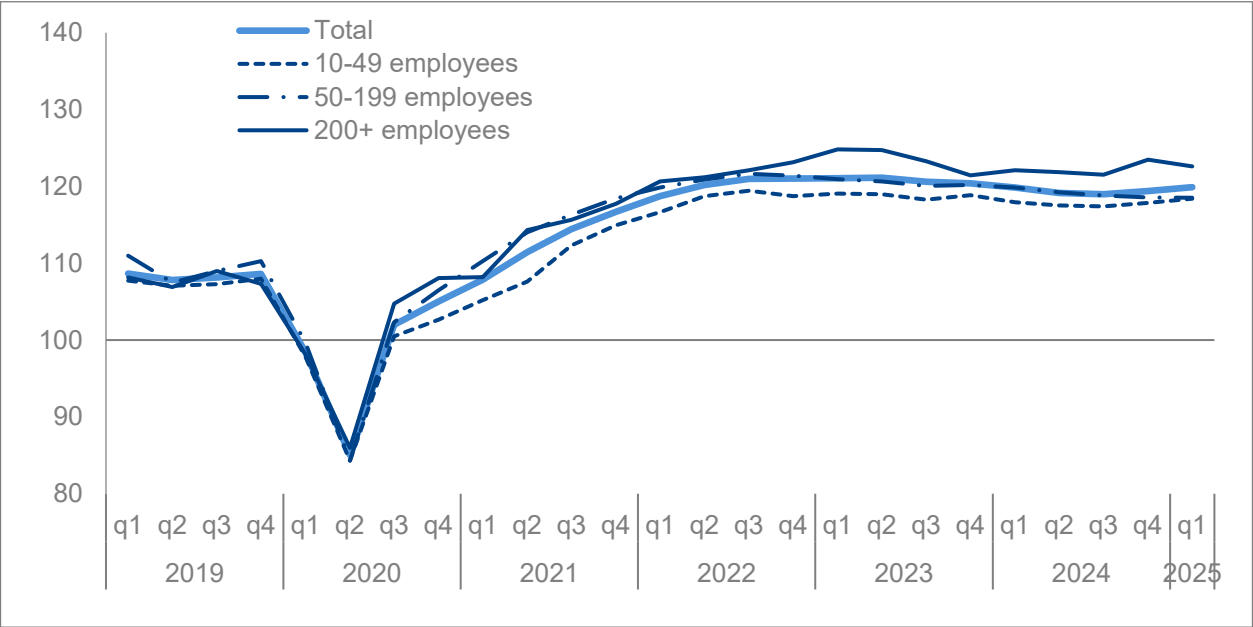
Manufacturing production
(% var.)



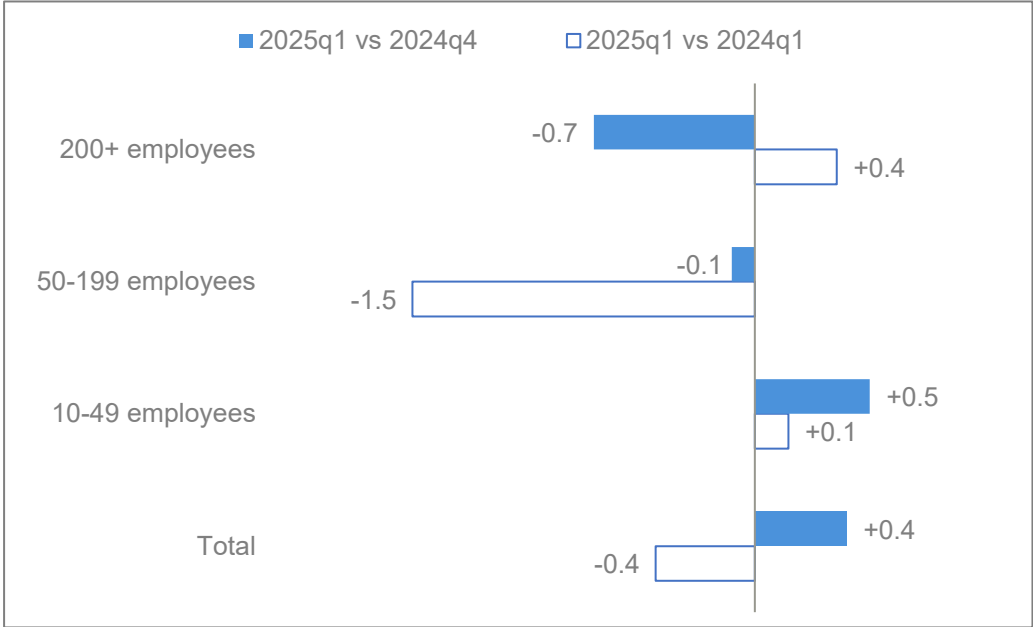
Manufacturing production

MANUFACTURING PRODUCTION IN LOMBARDY: FIRM SIZE / 1° quarter 2025

Manufacturing production in Lombardy by firm size
(seasonally adjusted quarterly index, 2015=100)

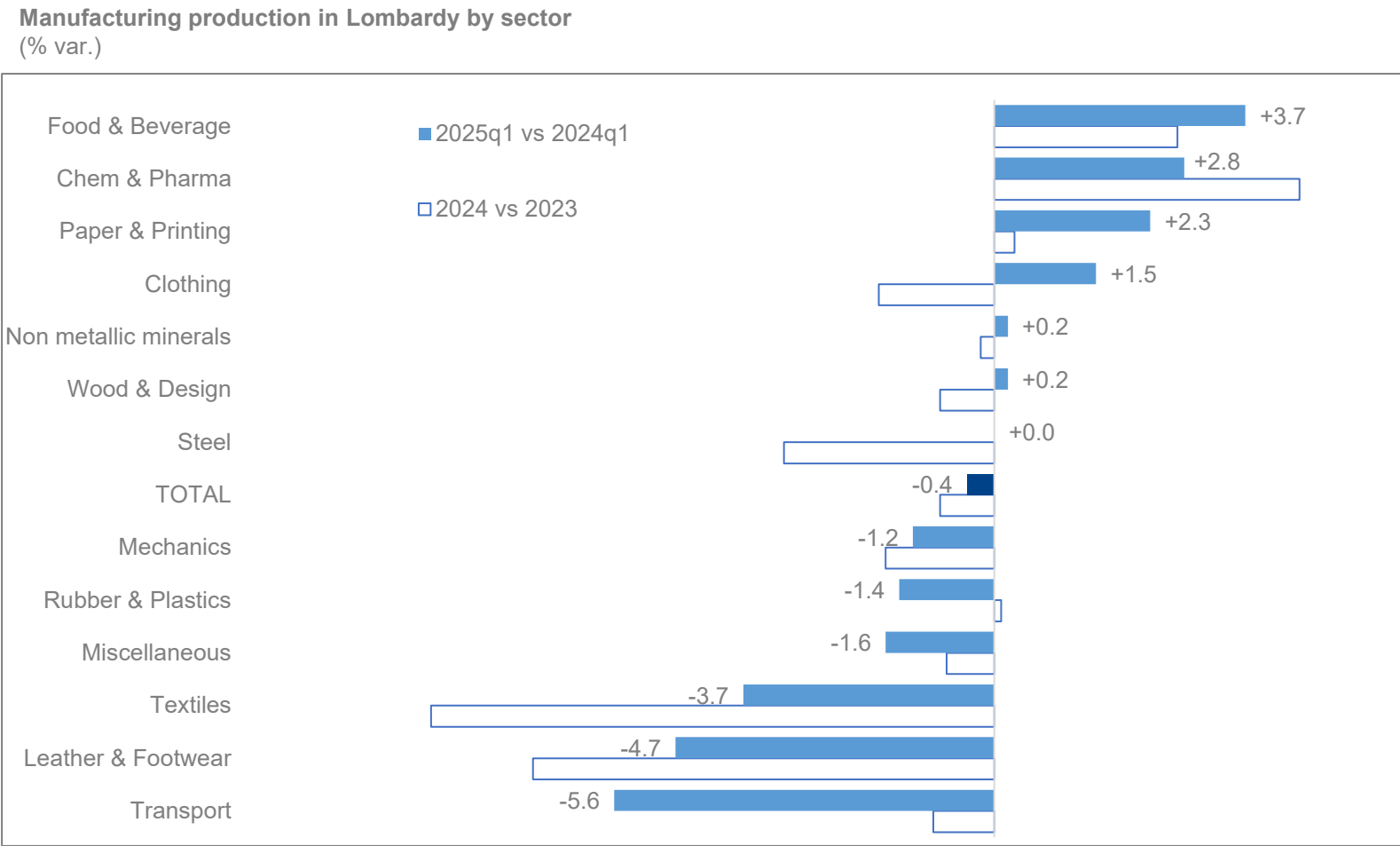


Manufacturing production in Lombardy by firm size
(% var.)



Manufacturing production

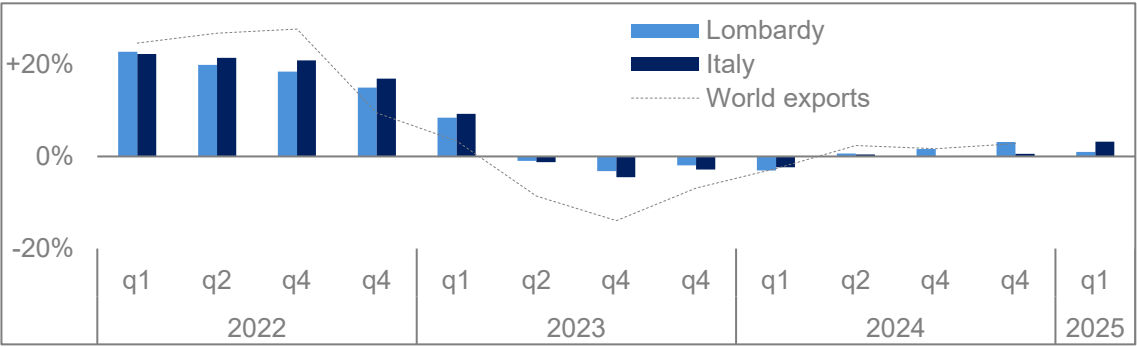
MANUFACTURING PRODUCTION IN LOMBARDY: SECTORS / 1° quarter 2025



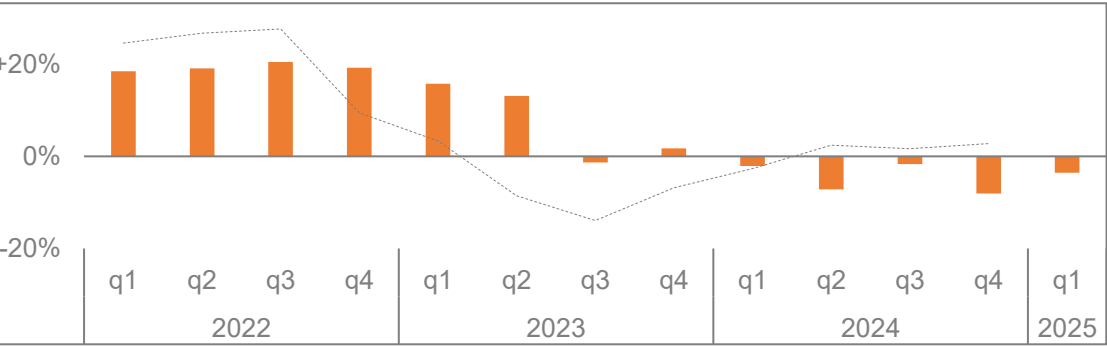
Exports

EXPORTS: COMPARISON WITH NATIONAL BENCHMARKS / 1° quarter 2025

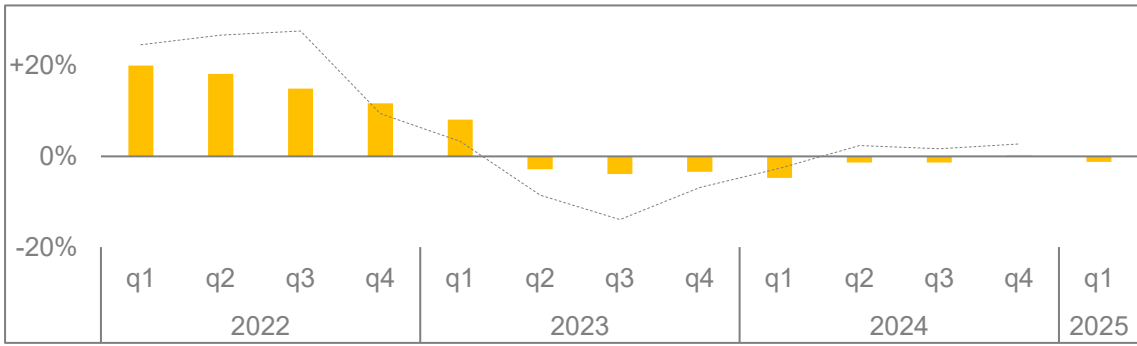
Exports: Lombardia and Italy
(y-o-y var.)



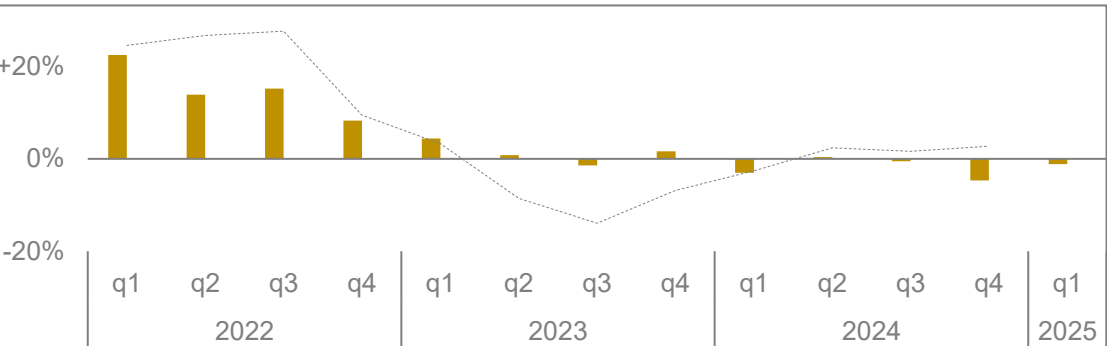
Exports: Piedmont
(y-o-y var.)



Exports: Veneto
(y-o-y var.)



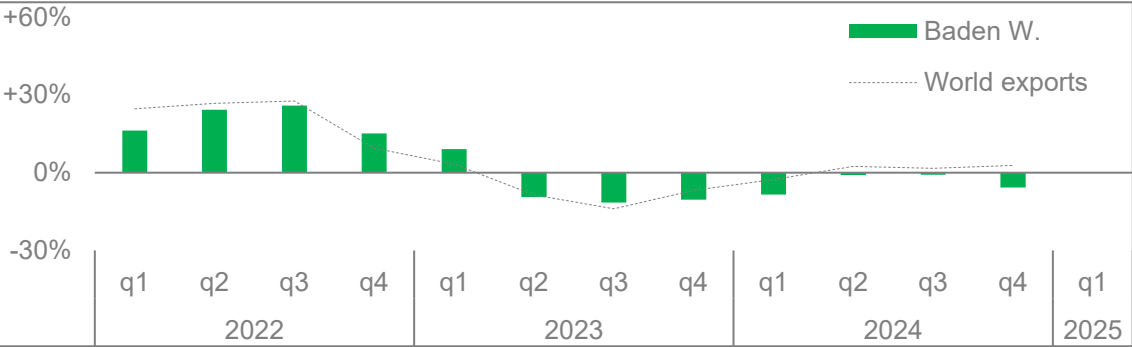
Exports: Emilia-Romagna
(y-o-y var.)



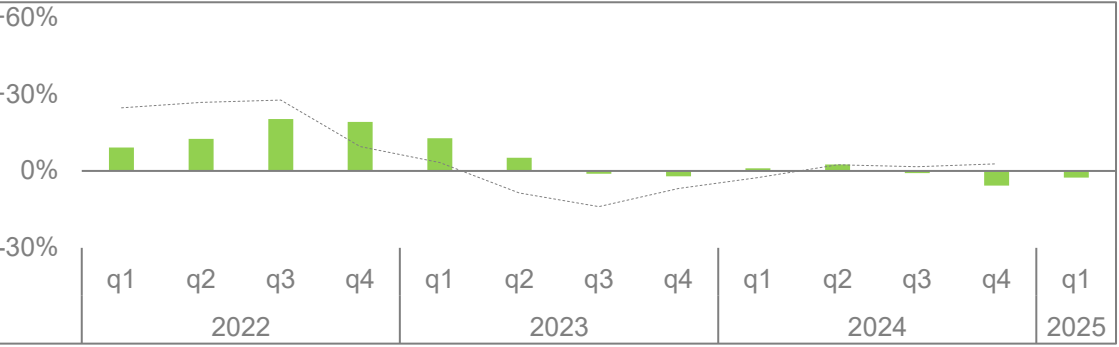
Exports

EXPORTS: COMPARISON WITH EUROPEAN BENCHMARKS / 1° quarter 2025

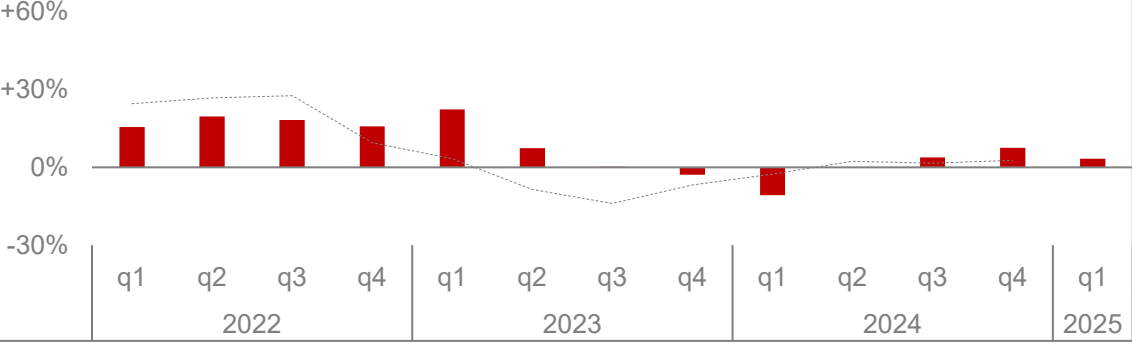
Exports: Baden-Württemberg
(y-o-y var.)



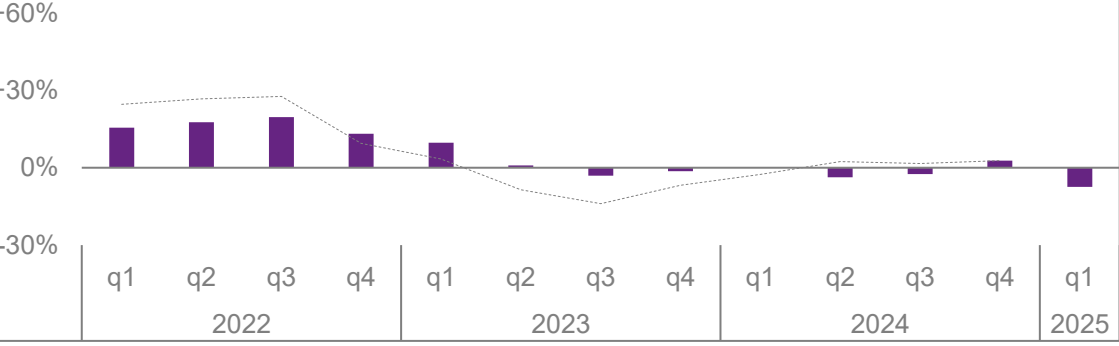
Exports: Bayern
(y-o-y var.)



Exports: Cataluña
(y-o-y var.)

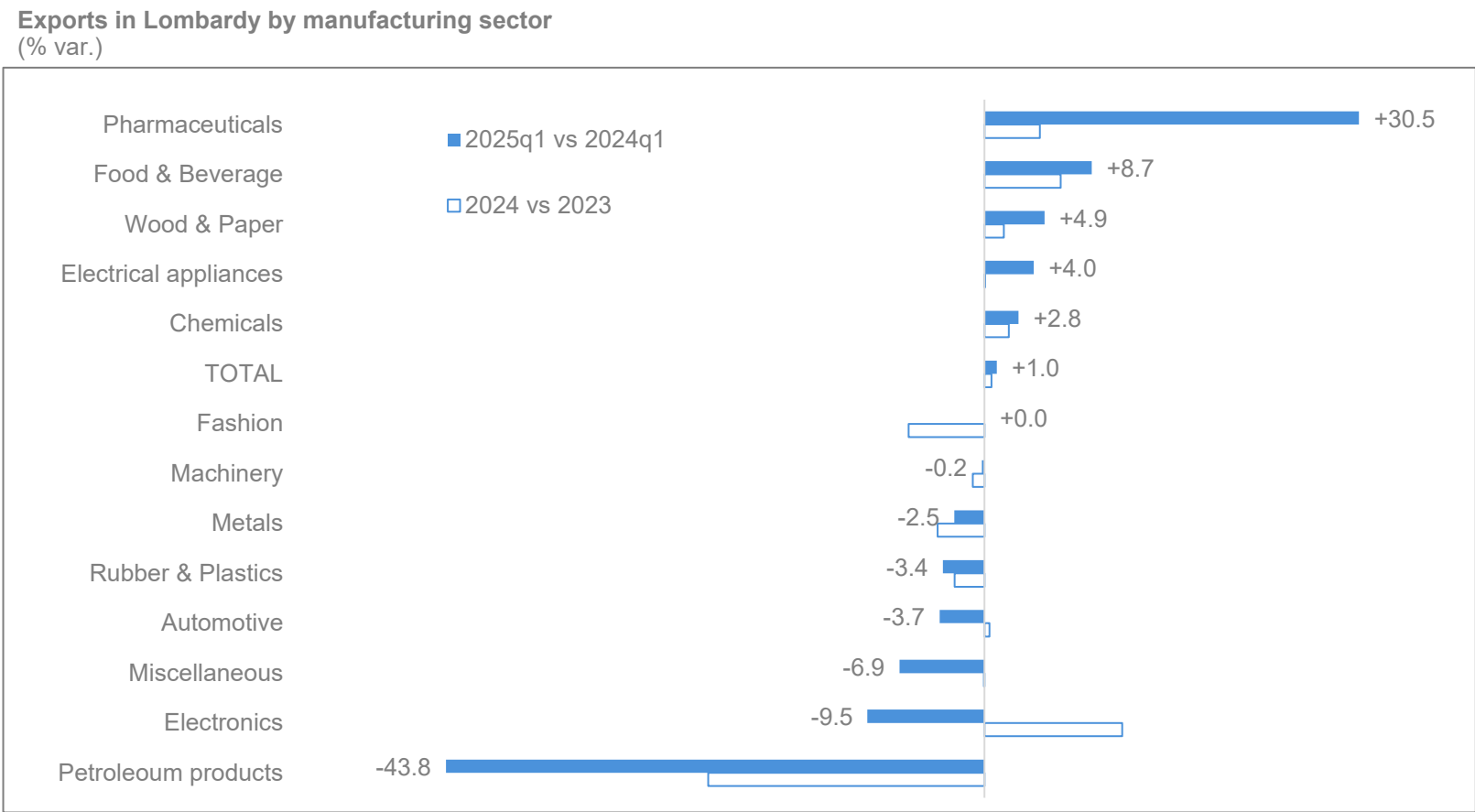


Exports: Auvergne-Rhône-Alpes
(y-o-y var.)



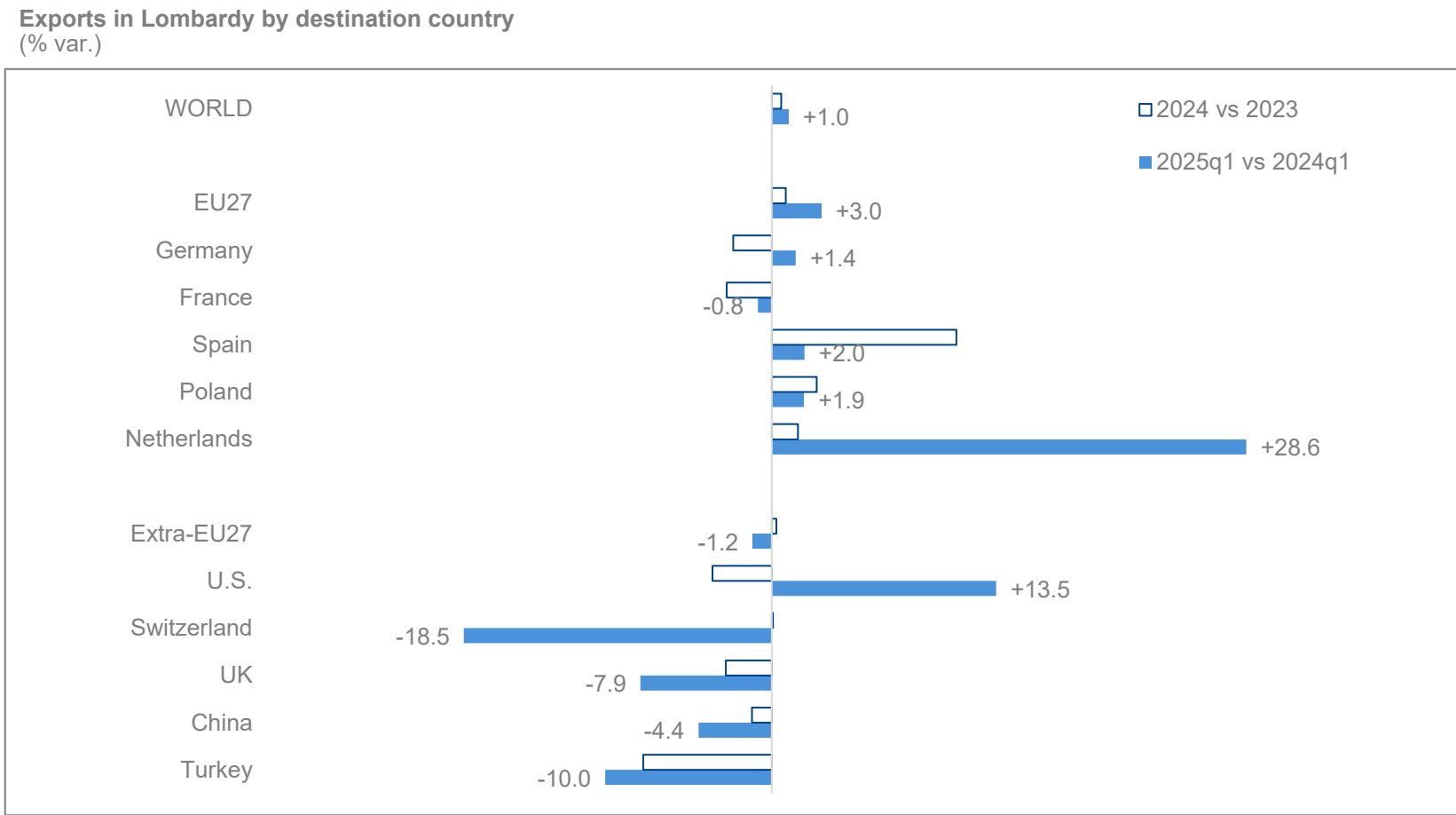
Exports

EXPORTS IN LOMBARDY: MANUFACTURING SECTORS / 1° quarter 2025



Exports

EXPORTS IN LOMBARDY: DESTINATION MARKETS / 1° quarter 2025



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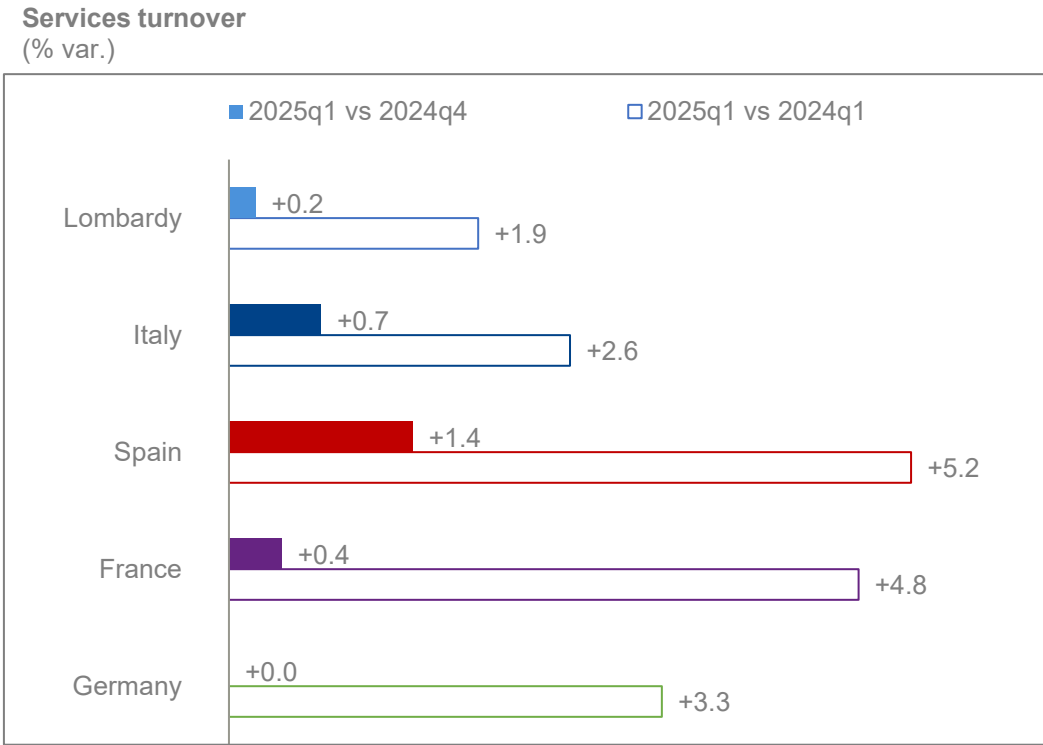
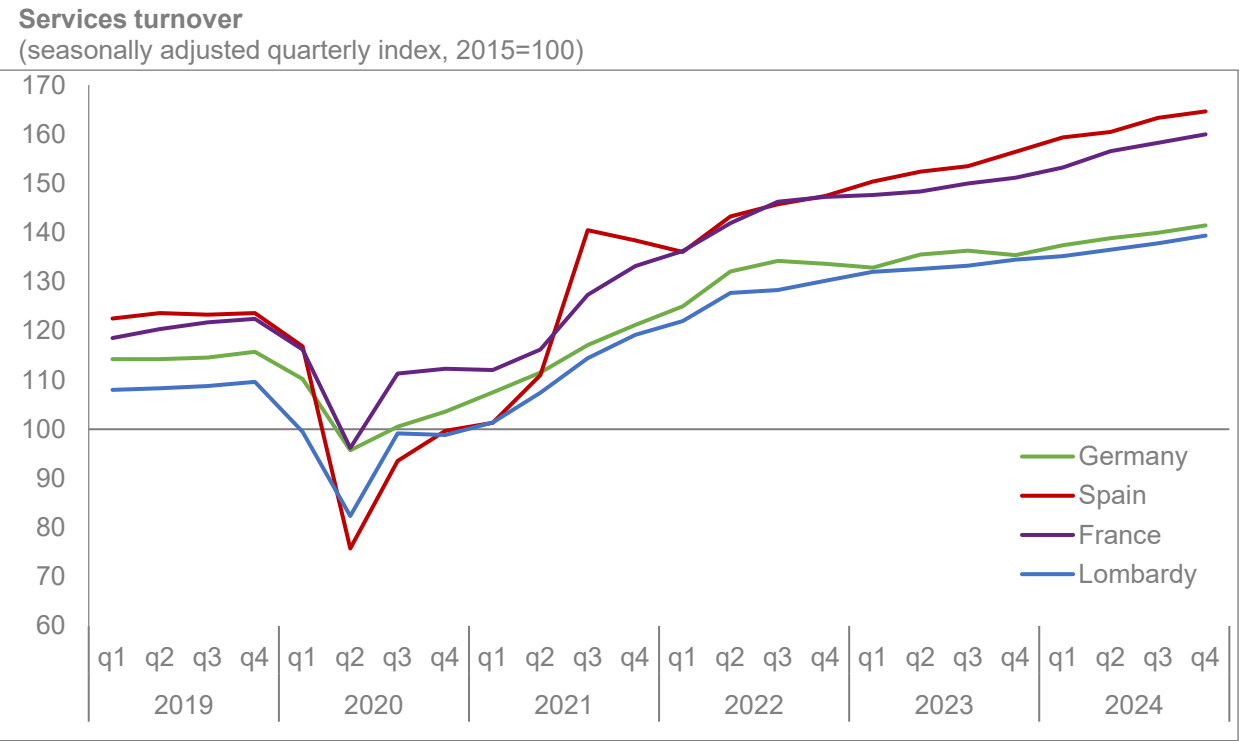
Sectors and labor market

*Lombardy in the national and European
comparison*

Services

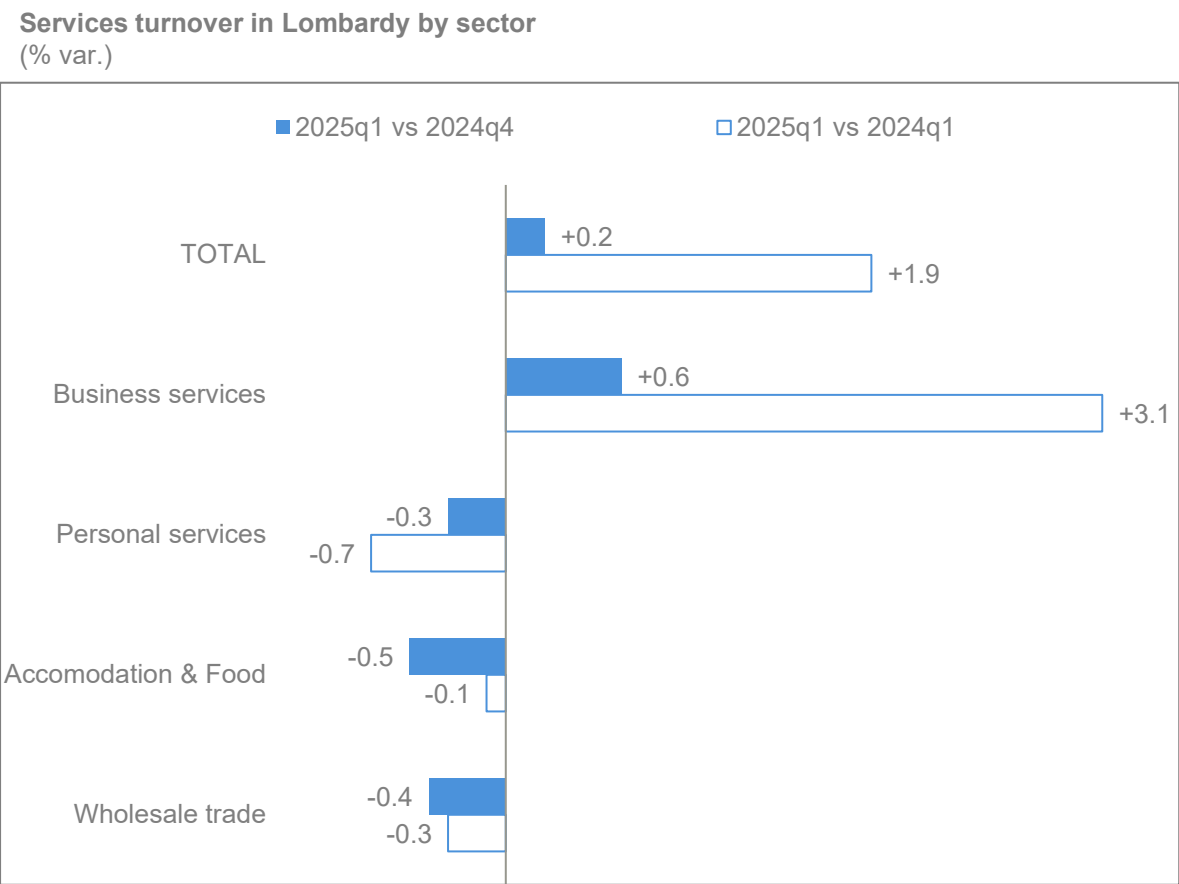
Services turnover

SERVICES TURNOVER: COMPARISON WITH EUROPEAN BENCHMARKS / 1° quarter 2025



Services turnover

SERVICES TURNOVER IN LOMBARDY: SECTORS / 1° quarter 2025



BOOKLET ECONOMIA

Sectors and labor market

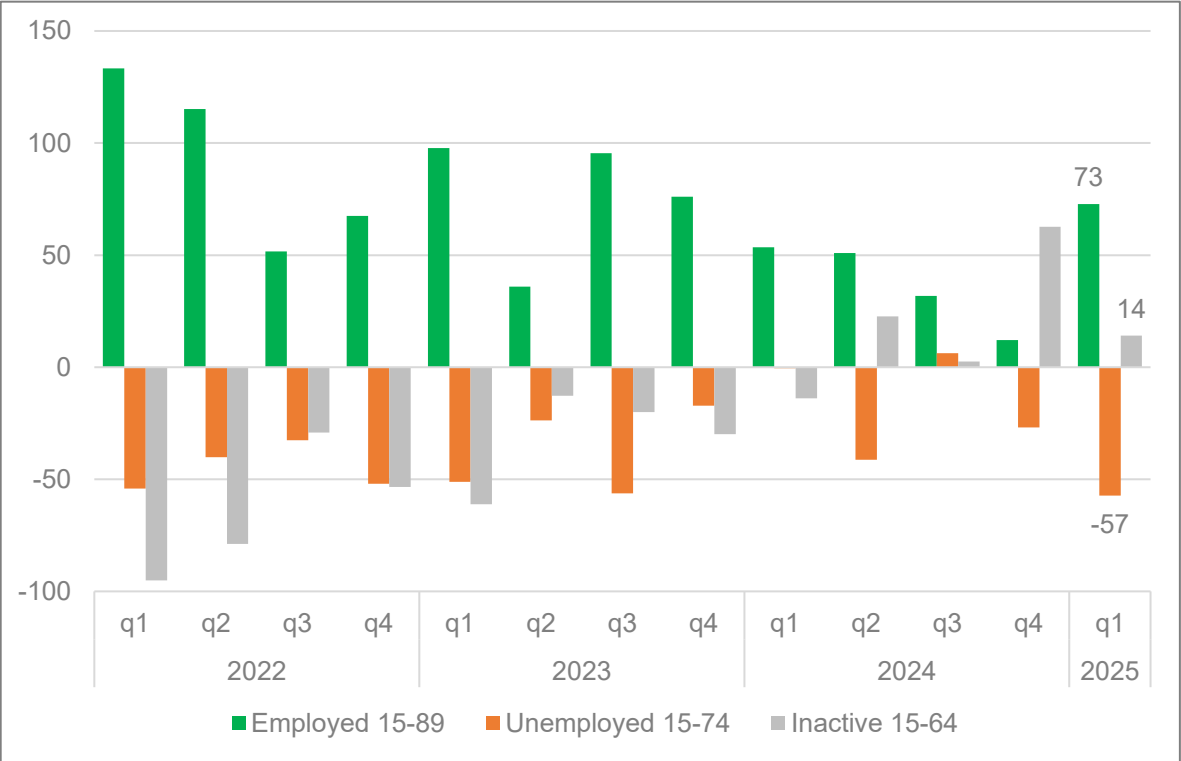
*Lombardy in the national and European
comparison*

Labor market

Labor market

THE OVERALL PICTURE / 1° quarter 2025

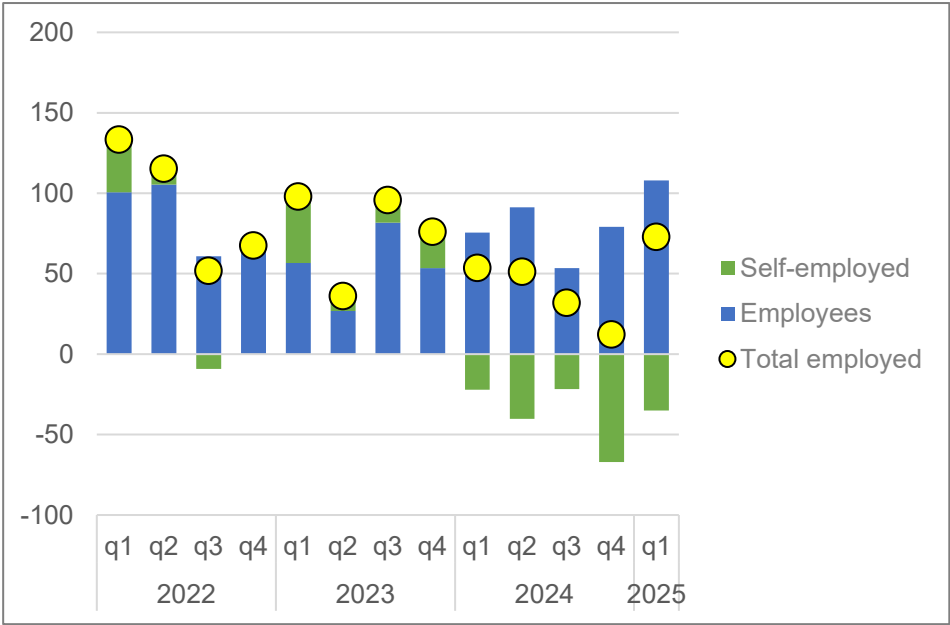
Employed, unemployed and inactive in Lombardy
(y-o-y var., thousands)



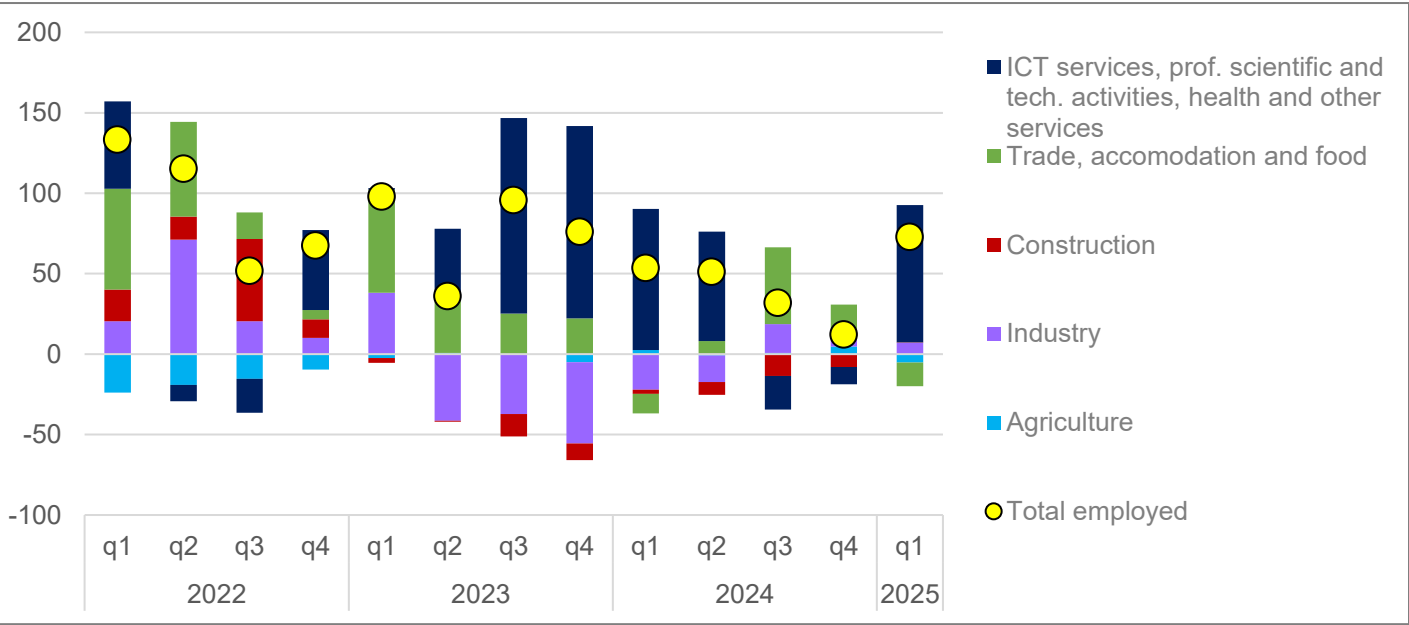
Labor market

EMPLOYED IN LOMBARDY: PROFESSIONAL PROFILES AND SECTORS / 1° quarter 2025

Employed by professional profile
(y-o-y var., thousands)



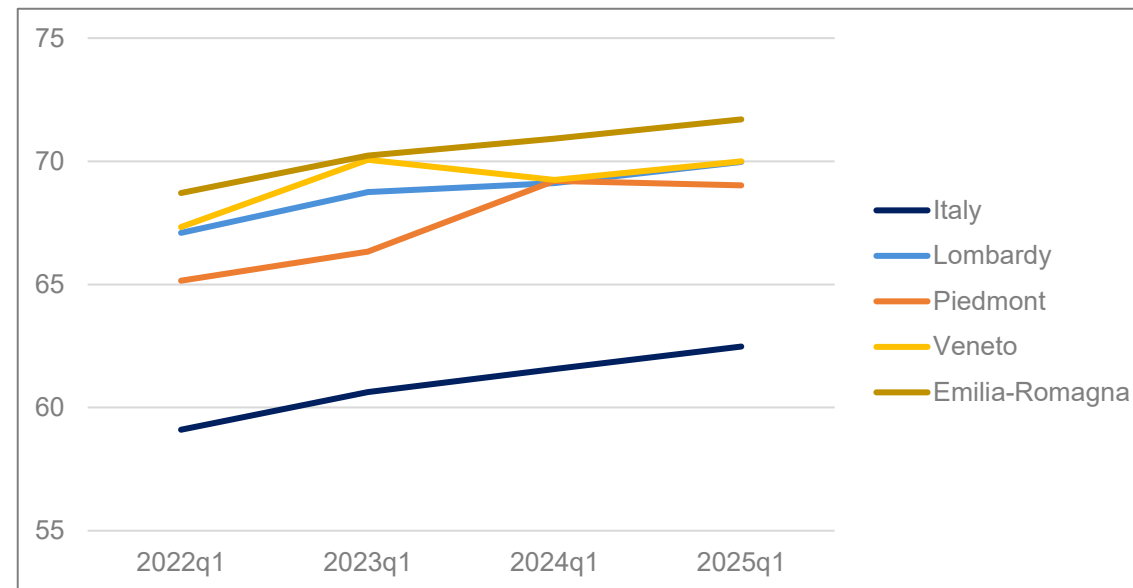
Employed by macro-sector
(y-o-y var., thousands)



Labor market

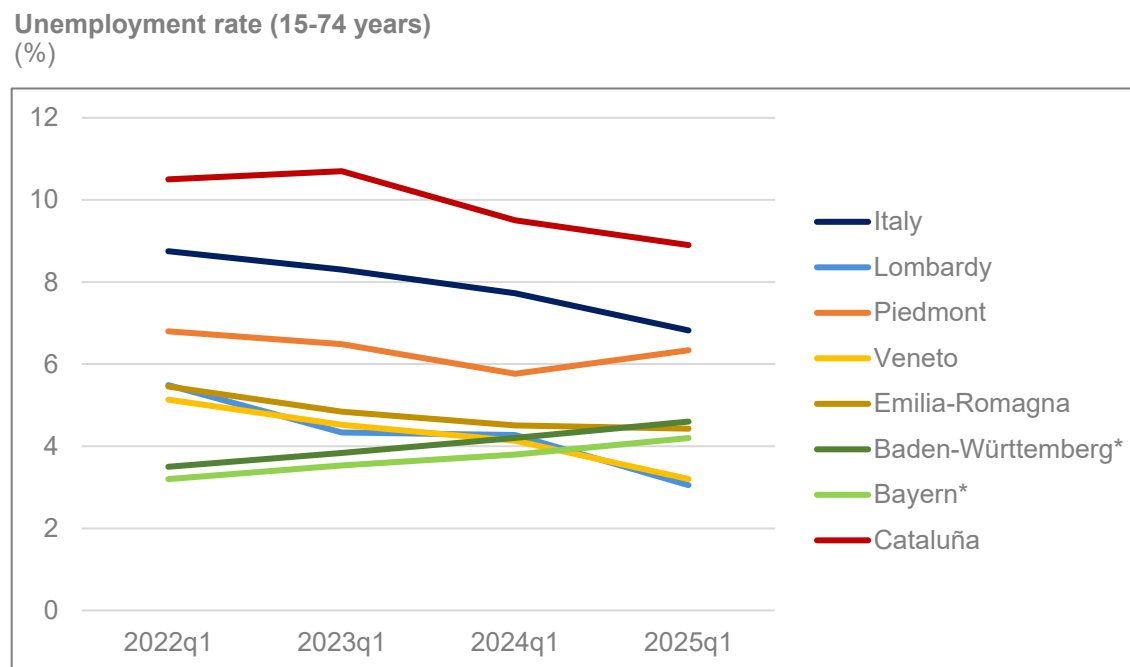
PERFORMANCE INDICATORS: EMPLOYMENT RATE / 1° quarter 2025

Employment rate (15-64 years)
(%)



Labor market

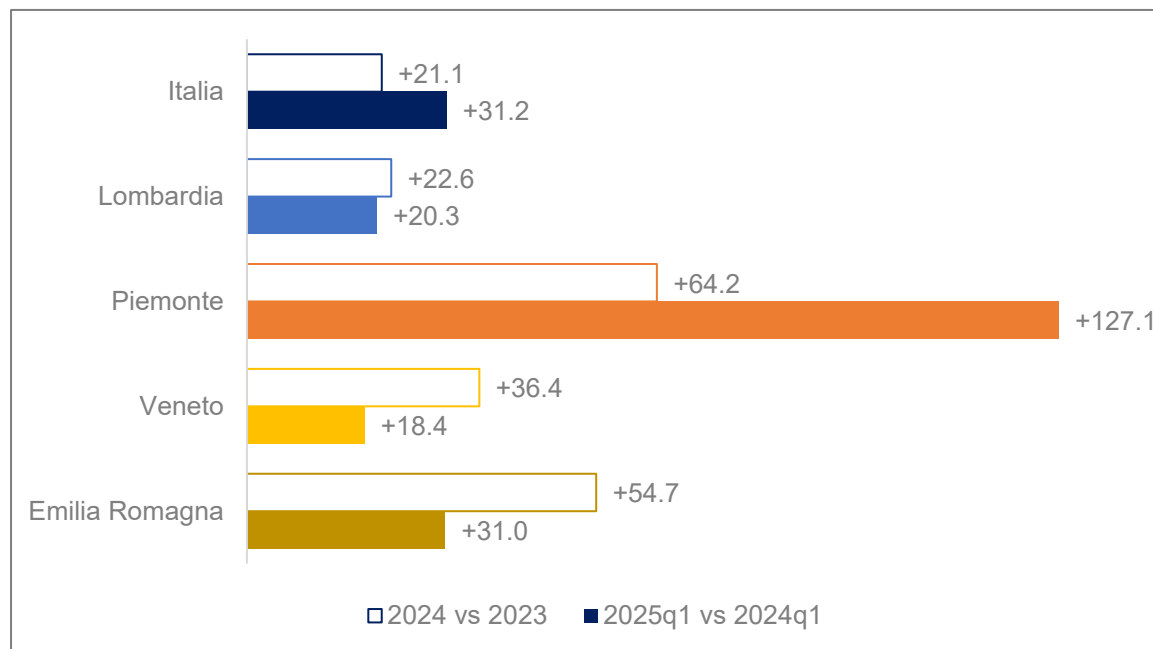
PERFORMANCE INDICATORS: UNEMPLOYMENT AND INACTIVITY RATE / 1° quarter 2025



Labor market

REDUNDANCY FUNDS (CASSA INTEGRAZIONE GUADAGNI) / 1° quarter 2025

Redundancy fund authorized hours
(% var.)





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