Doing Business in Italy: 2009 Country Commercial Guide for U.S. Companies

3/6/2009

Return to table of contents

Chapter 1: Doing Business In Italy

Market Overview Return to top

Italy has a diverse, industrial economy, the seventh largest in the world and fourth largest in the European Union. With a population of 58.1 million, and a GDP of $2.1 trillion, Italy represents a market comparable in size and wealth to that of the United Kingdom and France, while ranking larger in GDP than Brazil, India, and Mexico. Italy's GDP grew 1.4 percent in 2007 but is expected to show a slight decline for 2008 due to recent financial market turbulence and recession in major export markets. This decline is expected to deepen in 2009 with official Italian projections of -2.0 percent.

Industrial activity is concentrated in the north in a swath that runs from Turin in the west through Milan to Venice in the east. This is one of the most industrialized and prosperous areas of Europe, and accounts for some 50 percent of national income. By contrast, Italy's southern region, or "Mezzogiorno," is less developed. As in other industrialized countries, the role of the services sector is growing. Nevertheless, Italy maintains the highest proportion of manufacturing jobs among the G7 economies. Numerous Italian companies are famous worldwide, but it is the small and medium-sized firms (almost 90 percent of all Italian firms) that dominate the economy.

Italy is a major U.S. trading partner. In 2007, U.S. exports to Italy totaled $14.1 billion, an increase of 12.8 percent over the previous year, and U.S. imports from Italy reached $35.0 billion. U.S. exports to Italy through November 2008 totaled $14.5 billion, an increase of 12.6 percent over the same period in 2007. The U.S. is Italy's 11th largest supplier. The top four supplier countries are Germany, France, the Netherlands, and China.

U.S. cumulative investment in Italy was at $28 billion in 2006, putting the country number 11 in Europe as a destination for U.S. investment. In comparison, cumulative U.S. investment in the Netherlands and France was $370 billion and $68 billion, respectively. Approximately seventy percent of U.S. investment is in manufacturing and information technology, with the remainder in services.

Market Challenges Return to top

U.S. exporters in Italy face strong competition from local and other EU companies. In addition, Italy can be a surprisingly complex market for new entrants. Italy's regulatory environment is complex and sometimes lacks the transparency, clarity, efficiency, and certainty found in other developed economies. Products that involve health, safety, or environmental concerns are likely to be highly regulated. While EU-wide regulations often apply, Italian laws sometimes go beyond the basic EU requirements. More effective enforcement of intellectual property laws and more stringent corporate governance are needed. The continued dominance of small, family-owned companies and regional differences and disparities add to the challenges of doing business.

Market Opportunities

Return to top

Chapter 4 of this guide spells out in detail some key market opportunities for U.S. products and services in the leading sectors of the Italian market. U.S. firms enjoy good opportunities in sectors where new regulations or programs (often imposed or initiated at the EU level), are creating demand; with new products/services where there is little or no domestic competition; and/or where the American product offers clear technological advantages. Best prospects that respond to these factors include the information technology, security, healthcare, and environmental sectors.

Italy's changing demographics and lifestyle also create opportunities. Italy's population is aging. More women are entering and remaining in the workforce. An influx of immigrants from Africa, Asia, Eastern Europe, and Latin America is creating identifiable ethnic markets to be served. Pet ownership is rising. U.S. higher educational programs are in demand.

Italy hosts major trade shows in many sectors that attract buyers from throughout Europe and beyond. This includes events in best prospect sectors such as information technology, health care, franchising, travel and tourism, safety and security, pets, automotive, and marine recreation, among others. The Commercial Service offers on-site support for U.S. exporters at most of the major international shows, or by request.

In the agricultural sector, bulk and intermediate commodities (such as durum wheat -- used as ingredients for Italian value-added products), seafood, fruits and nuts, hardwood and softwood, and consumer-oriented products are in demand.

Market Entry Strategy

Return to top

The cultivation and maintenance of personal relationships are a vital part of doing business in Italy. This is even truer for foreign businesses that lack an intimate understanding of Italy's business culture and regulatory environment. Finding the right Italian business partner is therefore an essential part of establishing a business presence in Italy. The ideal candidate should already have a network of relationships that will open doors in the market. They should also have a keen understanding of local business practices and applicable regulations. For technical products, the potential partner should have the ability to provide Italian customers with after-sales service.

The U.S. Commercial Service offers services to help U.S. firms identify an ideal partner, from customized Gold Key matchmaking to participation in U.S. Pavilions at leading trade exhibitions. The U.S. Commercial Service also maintains a list of Business Service Providers – consultants, accounting and legal advisors, and others who offer valuable assistance to U.S. exporters. This and other information on entering the Italian market can be found on our website at www.buyusa.it.

Return to table of contents

Return to table of contents

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/r/pa/ei/bgn/4033.htm

Return to table of contents

Return to table of contents

Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

Return to top

European Union Perspective

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with European Union (EU) and Member State national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent's remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that the Directive states that parties may not derogate certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

Key Link:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of such "vertical agreements." Most U.S. exporters are small- and medium-sized companies (SMEs) and are therefore exempt from the Regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of affecting competition at the EU level, but useful for cooperation between SMEs. Generally speaking, companies with fewer than 250 employees and an annual turnover of less than €50 million are considered SMEs. The EU has indicated that agreements that affect less than ten percent of a particular market are generally exempted as well (Commission Notice 2001/C 368/07).

Key Link:
http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

The EU also looks to combat payment delays with Directive 2000/35/EC. This covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. In sum, the Directive entitles a seller who does not receive payment for goods/services within 30-60 days of the payment deadline to collect interest (at a rate of 7 percent above the European Central Bank rate) as compensation. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

The European Union launched a public consultation of all stakeholders in order to gain an overall view of the concerns, weaknesses and possible solutions of the payment system. This consultation closed on 31 August 2008. The Commission is now exploring possibilities to propose better and more effective rules to combat late payment between businesses or between public authorities and businesses within the EU.

Key Link: http://ec.europa.eu/comm/enterprise/regulation/late_payments/

Companies' agents and distributors can take advantage of the European Ombudsman when they are a victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights.

Key Link: http://www.ombudsman.europa.eu

Italian Perspective

Italy represents a large and affluent market where knowledge of the local language and personal relationships are valued when conducting business transactions. Consequently, some form of local presence is generally required to be successful. Companies wishing to enter the Italian market might decide to use an agent or a distributor as an alternative to establishing a subsidiary. The choice depends on the nature of the product or services to be marketed in Italy. There are important distinctions in Italian law between distribution and agency agreements:

Agency Agreement: Agency contracts are governed by the Italian Civil Code and by a number of other legislative decrees. The term "commercial agent", as a literal translation from the Italian Civil Code, does not correspond exactly to the concept of agency in common law countries. Under an agency contract the principal (manufacturer or exporter) appoints an agent as principal's sole agent for the territory concerned, who then permanently acts for and on behalf of the principal in promoting the execution of the agreements. The agent may or may not have a special power of attorney to execute contracts, but, if so, will do so only on behalf of the principal. The contractual relationship is thus between the principal and the buyer, not the agent. The normal pattern of remuneration for an agent is either entirely by commission or partially by commission in addition to a periodic payment.

Distribution Agreement: Under Italian law a distribution agreement is one by which a manufacturer or exporter contracts with a distributor to purchase goods which the distributor then sells on the latter's own account, usually to retailers for ultimate resale to the public. The incentive for the distributor is in the price differential between one transaction and the other. There may be variations involving the possibility of returning the unsold goods or other formulas, but the distributor always acts as the principal in the contract with the subsequent purchaser. There are no laws or regulations currently in effect in Italy providing for advance notice of termination, termination compensation, or social security payments in connection with these agreements.

Frequently, a distributorship agreement provides for exclusive sales rights. There is nothing in Italian law preventing exclusive arrangements in all or part of Italy. However, if these agreements provide for exclusive sales rights in all or part of the EU, they should be examined carefully and with the assistance of a competent international lawyer in light of the antitrust provisions of EU regulations.

Appointing an Agent or a Distributor

It is important to obtain specific legal advice on appointing an agent or distributor. However, some general guidelines apply and are outlined here. Italy implemented EU directive 86-653 in October 1991 in conformity with EU requirements. All agent agreements should be in writing and state the marketing area and any exclusivity arrangements. Termination of the relationship is the area that most frequently causes problems for American exporters. Generally, the civil code protects the interests of the representative. In the absence of termination provisions in a written agreement, the law provides for a minimum notice of termination of one month during the first year of the agreement, two months during the second year, three months for the third year, four months for the fourth year, five months for the fifth year, and six months for the sixth and additional years. Parties may agree to other terms, provided the notice of termination is not less than the above. An agreement with a definite period terminates on the agreed expiration date. If the parties continue to operate under the agreement after that date, the agreement becomes an agreement of indefinite term, which can be terminated in accordance with the aforementioned notice periods. If the American principal wants to terminate the relationship, notice of termination should be given, even with a definite term contract.

The termination of an agreement without the required notice makes a U.S. principal liable for compensation. The Italian sales agent could seek to claim the amount of the commissions that would have been earned during the termination period or for the amount of actual damages suffered. In exceptional cases, and only for just cause (such as conflict of interest or fraud), an agreement may be terminated without notice provided the other party is immediately advised of the reason. In such cases, the courts may be requested to terminate the contract.

At the expiration or termination of an agreement, by whatever means, an agent who has increased the value of the business is entitled, in principle, to an adequate remuneration which cannot exceed the average of the commissions in one year. Such claims by agents are subject to an expiration period of one year.

Three kinds of distribution agreements are commonly used:

- **Exclusive distributorships**, where the distributor has the sole right to sell specified goods within a defined area;
- **Quasi-exclusive distributorships**, where the distributor sells almost all the specified products within a defined area;
- **Informal distributor arrangements**, under which the grantor imposes heavy obligations on the distributor and which would cause damage to the distributorship if the grantor terminated the agreement.

In the absence of mutual agreement or the failure to meet contract obligations a distribution agreement of indefinite term cannot be terminated by the grantor without reasonable notice or fair compensation. In general, grantors should consider protecting themselves by entering into agreements for definite periods rather than an indefinite period. Also, specific minimum performance clauses should be considered, such as percent of distributor's sales, minimum annual sales, and number of business contacts to be made, and grantors should propose that U.S. law and courts have jurisdiction.

A continued and close working contact between the American firm and the agent or distributor is very desirable and should be developed early in the relationship. Certain products and equipment require servicing to maintain their useful life. The U.S. exporter should determine if servicing is needed and develop a distribution network to include such servicing by qualified personnel. To build trust, loyalty, and marketing skills, U.S. producers frequently bring their agents or distributors to the United States for training and marketing assistance.

Establishing an Office Return to top

A foreign citizen wishing to establish temporary or permanent residence in Italy to administer a business or to manage a corporation should obtain a business visa for this purpose from one of the Italian Diplomatic Missions in the United States. All individuals or firms in business in Italy must be registered with the local Chamber of Commerce, Industry and Agriculture. This is a quasi government office, operating essentially as a field office of the Ministry of Economic Development (formerly the Ministry of Productive Activities). To register with this office, an agent for a foreign company must produce a power of attorney duly notarized by an Italian consular or diplomatic official in the country of the principal.

Data Privacy Return to top

The EU’s general data protection Directive (95/46/EC) spells out strict rules concerning the processing of personal data. Businesses must tell consumers that they are collecting data, what they intend to use it for, and to whom it will be disclosed. *Data subjects* must be given the opportunity to object to the processing of their personal details and to opt-out of having them used for direct marketing purposes. This opt-out should be available at the time of collection and at any point thereafter. This general legislation is supplemented by specific rules set out in the "Directive on the processing of personal data and the protection of privacy in the electronic communications sector" (2002/58/EC). This requires companies to secure the prior consent of consumers before sending them marketing emails. The only exception to this opt-in provision is if the marketer has already obtained the intended recipient's contact details in the context of a previous sale and wishes to send them information on similar products and services.

Key Link: http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm

Transferring Customer Data to Countries Outside the EU

The EU's general data protection Directive provides for the free flow of personal data within the EU but also for its protection when it leaves the region's borders. Personal data can only be transferred outside the EU if adequate protection is provided for it or if the **unambiguous consent** of the data subject is secured. The European Commission has decided that a handful of countries have regulatory frameworks in place that guarantee the adequate protection of data transferred to them – the United States is not one of these.

The Department of Commerce and the European Commission negotiated the Safe Harbor agreement to provide U.S. companies with a simple, streamlined means of complying with the adequacy requirement. It allows those U.S. companies that commit to a series of data protection principles (based on the Directive), and who publicly state that commitment by "self-certifying" on a dedicated website, to continue to receive personal data from the EU. Signing up is voluntary, but the rules are binding on those who do. The ultimate means of enforcing Safe Harbor is that failure to fulfill the commitments will be actionable as an unfair and deceptive practice under Section 5 of the FTC Act or under a concurrent Department of Transportation statute for air carriers and ticket agents. While the United States as a whole does not enjoy an adequacy finding, companies that join up to the Safe Harbor scheme will. Companies whose activities are not regulated by the FTC or DoT (e.g. banks, credit unions, savings and loan institutions, securities dealers, insurance companies, not-for-profit organizations, meat packing facilities, or telecommunications carriers) are not eligible to sign up to the Safe Harbor.

EU based exporters or U.S. based importers of personal data can also satisfy the adequacy requirement by including data privacy clauses in the contracts they sign with each other. The Data Protection Authority in the EU country from where the data is being exported must approve these contracts. To fast track this procedure the European Commission has approved sets of model clauses for personal data transfers that can be inserted into contracts between data importers and exporters. The most recent were published at the beginning of 2005. Most transfers using contracts based on these model clauses do not require prior approval. Companies must bear in mind that the transfer of personal data to third countries is a processing operation that is subject to the general data protection Directive regardless of any Safe Harbor, contractual or consent arrangements.

EU countries' Data Protection Authorities (DPAs) and large multinational companies are also developing a third major approach to compliance with EU rules on transfers of personal data to countries outside the EU. This is based on country-by-country approval of "binding corporate rules" (BCRs). Companies that set up BCRs that satisfy European DPAs will be able to use the presumption of conformity that these approvals provide to transfer personal data from the EU to any location in the world – not just the United States. BCRs can be a tool for compliance with privacy rules on a global scale. The process of negotiation and approval of the BCRs is currently lengthy and complex, and has not been attempted by small or medium-sized companies.

Key Links: http://www.export.gov/safeharbor/
http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm
http://ec.europa.eu/justice_home/fsj/privacy/workinggroup/wpdocs/2007_en.htm

Franchising Return to top

See section on Franchising in Chapter 4: Leading Sectors for U.S. Export and Investment.

Direct Marketing Return to top

Direct Marketing in the European Union

There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase, and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance selling and on-line commerce. Companies are advised to consult the information available via the hyper-links, to check the relevant sections of national Country Commercial Guides, and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

Processing Customer Data

The EU has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities. For more information on these rules, please see the privacy section above.

Distance Selling Rules

- Distance and Door-to-Door sales
  The EU's Directive on distance selling to consumers (97/7/EC) sets out a number of obligations for companies doing business at a distance with consumers. It can read

like a set of onerous "do’s" and "don’ts," but in many ways it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must provide clear information on the identity of themselves as well as their supplier, full details on prices including delivery costs, and the period for which an offer remains valid – all of this, of course, before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days, and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and essentially assure the fairness of resulting contracts.

Key Link: http://ec.europa.eu/consumers/cons_int/safe_shop/index_en.htm

- Distance Selling of Financial Services
  Financial services are the subject of a separate Directive that came into force in June 2002 (2002/65/EC). This piece of legislation amends three prior existing Directives and is designed to ensure that consumers are appropriately protected in respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

  Key Link: http://ec.europa.eu/consumers/cons_int/fina_serv/index_en.htm

Direct Marketing Over the Internet

The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below).

Key Link: http://ec.europa.eu/internal_market/e-commerce/index_en.htm

Direct Marketing in Italy

There are many logistical problems of operating a nationwide sales network as well as managing the growing personnel and promotion costs. Marketing firms are developing new distribution techniques designed to employ part time and casual workers and to target groups of consumers by catalog, door-to-door sales, teleshopping or telemarketing. The most widely used methods of direct marketing are:

- Direct selling, mainly used in the nonfood sector.
- Mail order, catalog sales, or orders placed directly with the supplier.

Mail order marketing has been in Italy for over 15 years. Although direct marketing is considered a very effective marketing technique, it still remains a modest channel of distribution for Italian companies. One of the disadvantages of this technique, which may be overlooked by foreign investors, is the possibility of delay in the postal system. However, the proliferation of couriers, and the arrival of foreign parcel delivery services now offer alternatives to the national mail system.

Telephone direct marketing is growing faster than any other selling technique. With the development of new telephone equipment, the business world has turned to the use of the facsimile, making Italy the second largest per capita user in the world.

Teleshopping (home shopping through TV) is becoming a popular sales approach to reach the consumer. There are a number of privately owned television stations, which mainly host telemarketing programs.

Telecommunications technologies are playing an increasing role in the process of restructuring the distribution system. Scanners, electronic cash registers, and display management systems are now common, while only the large distribution networks are using computerized stock control systems, customer databases, and inventory control programs. The more sophisticated groups have also resorted to consulting services, resulting in technical cooperation agreements between a number of Italian and international chains.

Joint Ventures/Licensing Return to top

Business operations may be carried out in all usual ways, from licensing to incorporated subsidiaries. A subsidiary is often formed to take advantage of Italian investment incentives and to limit exposure of non-Italian operations to Italian tax. A branch is sometimes chosen because of its simplicity and lower costs of formation and operation.

Business Entities – Forms of business enterprise:

Società per Azioni (SpA): is a company whose shareholders' liability is limited to the par value of their shares. This is the form favored by large enterprises and usually preferred by foreign investors. It is similar to the U.S. corporation.

Società a Responsabilità Limitata (Srl) is a company whose shareholders' liability is limited to the par value of their shares. The Srl is preferred for small business concerns and closely held businesses having limited capital.

Società in Nome Collettivo (Snc): is a general partnership. The liability is not limited.

Società in Accomandita Semplice (Sas): is a partnership in which the liability of certain of the partners is limited by agreement to the amount of their capital contributions.

Società in Accomandita per Azioni (SApA): is an incorporated partnership in which the liability of certain partners is without limits.

The European Company is a legal instrument based on the European Community law that gives companies the option of forming a European Company – known formally by its Latin name of 'Societas Europeae' (SE). An SE can operate on a European-wide basis and be governed by Community law directly applicable in all Member States.

The creation of the European Company Statute means in practice that companies established in more than one Member State are able to merge and operate throughout the EU on the basis of a single set of rules and a unified management and reporting system, which means advantages in terms of significant reductions in administrative and legal costs, a single legal structure and unified management and reporting systems.

Joint Ventures:

Associazione in Partecipazione (or **Joint Venture**) is not specifically regulated, but Italian law provides for some kinds of contracts that can be utilized for establishing joint ventures.

A joint venture involves the participation by a supplier of capital in the profits of the business. The operator manages the business and is solely responsible for the obligations he or she assumes toward third parties. The person furnishing the capital is responsible for any loss in direct proportion to his or her share in the net profit, limited to the amount of his/her original investment.

Joint ventures can be one-time defined transactions with a definite duration (contractual joint venture) or a permanent cooperation between separate groups through the incorporation of a joint-stock company (corporate joint venture). Corporate joint ventures are now seen frequently in Italy.

Licensing:

Licensing in Italy allows foreign entities to profit from technology transfers of a formula, process or patent without the need to invest substantial capital. The Italian government imposes no exchange control limitations on the transfer of royalties abroad. Protection over the use and ownership of the technology transferred should be included in the terms of the licensing agreement.

Selling to the Government Return to top

EU Public Procurement

The EU public procurement market, including EU institutions and Member States, totals around EUR 1,600 billion. This market is regulated by two Directives:

- Directive 2004/18 on Coordination of procedures for the award of public works, services and supplies contracts, and

- Directive 2004/17 on Coordination of procedures of entities operating in the Utilities sector, which covers the following sectors: water, energy, transport and postal services.

Remedies directives cover legal means for companies who face discriminatory public procurement practices. These directives are implemented in the national procurement legislation of the 27 EU Member States.

The U.S. and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and some services and works contracts published by national procuring authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies contracts from European public contracting authorities above the agreed thresholds. The revision of this agreement should be finalized in 2009.

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the Government Procurement Agreement (GPA). The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender, or are entitled to apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions however were waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

Key Link: http://www.buyusa.gov/europeanunion/eu_tenders.html

Public Procurement in Italy

Italy's public procurement system is bound by international obligations under both the WTO Government Procurement Agreement (GPA) and EU Public Procurement Directives. Through a series of legislative decrees enacted since the GPA became part of EU domestic law in January 1996, Italy generally has brought its domestic procurement laws into compliance with the above international obligations. Italy has over 22,000 contracting agencies at the central and local level that are subject to EU Directives on public procurement. GOI Ministries are the main central contracting agencies. At the local level, principal contracting agencies include regions, provinces, municipalities and entities controlled by the municipalities, including local healthcare authorities responsible, among other things, for hospital administration.

Invitations to bid are published in the official European Gazette and in the official Italian Gazette. The U.S. Commercial Service at the U.S. Mission to the European Union has developed a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement (www.buyusa.gov/europeanunion/). EU public procurement announcements are also available on CD ROM, which can be ordered from EU official sales agents worldwide. Alternatively, the EU's website, http://europa.eu.int/publicprocurement/info/index_en.htm offers access to EU public procurement announcements free of charge.

The Italian government does not typically purchase goods and services abroad unless they cannot be procured locally through domestic sources, which would include subsidiaries, branches and agents of American companies. In order to be considered as a source for Italian government purchases, it is recommended that the American firm be represented by an agent/distributor rather than try to deal directly with Italian government agencies.

Distribution and Sales Channels Return to top

American business representatives will find that selling in Italy offers new challenges, but it presents no overwhelming problems. U.S. executives may find that some commercial practices differ from those in the United States, but most will be very familiar. The system of retail and wholesale distribution, for instance, centers on small, family-operated stores. Despite this phenomenon, the supermarket type operation has gained importance, and there are a number of substantial department store operations.

Selling Factors/Techniques Return to top

A number of U.S. firms maintain their own sales organizations in Italy. Others sell through specialized importers or appoint sales agents who often are manufacturers' brokers. A large, well-established Italian firm with an efficient nationwide sales organization is likely to insist on an exclusive arrangement. About 7,500 U.S. firms are represented in the Italian market through agents, branches, subsidiaries, or licenses. Of these, nearly 840 have a substantial direct capital investment in the form of stock as a sole owner or partner in an enterprise. Generally, the sales territory includes all of Italy. In other cases, the territory also covers all or part of the European Union, depending on the type of product and degree of technical support needed. Italian distributors also have excellent contacts within Eastern Europe and the Mediterranean Basin.

Electronic Commerce Return to top

Regulation of Electronic Commerce in the European Union

In July 2003, the EU started applying Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules are currently set to expire at the end of 2009. By then the Council should finish the unification of the above-mentioned VAT schemes and transpose them in a uniform structure into the basic Council Directive 77/388/EC.

U.S. businesses mainly affected by the 2003 rule change are those that are U.S. based and selling ESS to EU based, non-business customers or those businesses that are EU based and selling ESS to customers outside the EU who no longer need to charge VAT on these transactions. There are a number of compliance options for businesses. The Directive created a special scheme that simplifies registering with each Member State. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are based, but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

Key Link: http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

Electronic Commerce in Italy

E-commerce, both Business-to-Business (B2B) and Business-to-Consumer (B2C), is significant and growing rapidly in Italy. [See section on Regulation of Electronic Commerce in the European Union for overview of the legal framework within the EU.]

Overview

The Italian Information and Communications Technology (ICT) sector suffers from long-existing structural problems and is undersized and lagging behind in comparison with the other major European countries. Nonetheless, the technology gap has been narrowing and ICT penetration has been improving, especially in the past two years.

E-commerce in Italy is developing rapidly and poised to continue its upward trend in the next few years. Business-to-Business (B2B), Business-to-Consumer (B2C), and Consumer-to-Consumer (C2C) transactions are all posting solid growth. The number of business and home Internet users reached 31 million people in 2008. The Internet penetration rate among Italian enterprises with over 10 employees is close to 95 percent, one of the highest in Europe. Broadband access is developing rapidly, with 10.7 million users estimated to be connected June 2008. Although still lagging, the home PC penetration rate is also increasing, and is estimated at 50 percent. Italian Internet users are still relatively less mature in the use of this medium with respect to the European average, but they are catching up. On the other hand, mobile phone diffusion in Italy is among the highest in the world, with over 91 million SIM cards activated in June 2008, serving 46 million clients.

B2B

B2B e-commerce applications are registering continuous and sustained growth. Trade estimates value B2B e-commerce transactions in Italy in 2008 at approximately US$130 billion. The most active players focusing on the implementation of B2B solutions are the automotive, pharmaceutical, grocery, IT & telecom, and financial services sectors. E-government, both at the local and central level, is also becoming increasingly important.

B2B transactions are expected to register an annual increase of 5 percent over the next three years.

E-procurement

E-procurement is growing: virtually all major Italian industrial groups and major companies are looking at e-procurement. It is predicted that in the next two years over half of all company purchases will be via e-procurement. The value of transactions through e-sourcing tools in 2008 is estimated to have reached US$30 billion.

The need for the Italian public administration to improve efficiency is driving the growth of e-procurement. Significant developments are occurring in this field, and both the central and local Italian government offices have implemented e-procurement in a bid to rationalize expenditure through CONSIP, an entity owned by the Italian Ministry of Economy and Finance, and through its division Acquisti in Rete ("Public Procurement Online") – AiR.

E-sourcing is mostly utilized by the public administration for the purchase of information technology and office supplies, furniture, uniforms, personal safety devices, and vehicles. Electronic procurement of services is also growing, especially in the areas of energy (fuel, electric power), printing services, vehicle rental, cleaning services and financial services.

Public Administrations make most purchases by public tenders open to both domestic and foreign companies. Announcements of tenders on public procurements are monitored by the U.S. Mission to the European Union and can be accessed through the webpage: http://www.buyusa.gov/europeanunion

B2C

B2C e-commerce has experienced extraordinary growth in the past three years, but its value in absolute terms is still limited to a little over one percent of total retail transactions. Preliminary estimates by the School of Management of the Milan Polytechnic University assess the Italian B2C e-commerce market in 2008 at US$10 billion, an increase of 20 percent over 2007, with six million clients and 18.9 million orders.

The services sector accounts for 70 percent of the market, with the best performances in travel and tourism, followed by information technology and consumer electronics, insurance services, books, music and video, and apparel. 75 percent of revenues derives from the top 20 operators.

The increasing availability of affordable personal and broadband access, combined with Italian Government actions to foster ICT, are acting as strong driving forces for the development of the B2C sector. Furthermore, as mobile phone diffusion in Italy is among the highest in the world, the Internet consumer market will also be driven by the availability of web-enabled, new-generation mobile phones.

Security and Payment Technologies

The use of credit cards in Italy lags behind the United States and several European countries. Although Italian users are insured against fraudulent use of their credit card, security is one of their major concerns for e-commerce transactions. Prepaid cards issued by major banking institutions are gaining in popularity and are becoming the most frequently used type of payment card in Italy for online transactions, especially by young people and people with generally lower income levels. The main methods of payment are credit cards and prepaid cards, followed by PayPal, bank transfer payments and payments upon receipt. Strong differences in the methods of payment exist between the purchase of goods and services. Credit cards are utilized 99 percent of the time in the travel and tourism sector, and 64 percent in the insurance sector. On the other hand, payment upon receipt still has a primary role in the grocery and information technology/consumer electronics sectors, in the apparel and in the music/audiovisual sectors.

Presently, e-commerce security is not regulated by specific laws, and companies resort to firewalls and secure protocols, such as Secure Sockets Layer (SSL), digital certificates, and Secure Electronic Transaction (SET). Italian legislation recognizes the legal validity of digital signatures and digital contracts. Legislative Decree n. 82 is a collection of legal provisions called the "Digital Administration Code" and fully brings electronic signature regulations into line with the EU e-signature directive (1999/93/EC). Detailed information on electronic signature in Italy is available at http://ec.europa.eu/enterprise/ict/policy/legal/2006-bm-cr/italy.pdf

Italian legislation fully complies with EU consumer protection directives with regard to specific information that an e-commerce site must provide, and sets rigid privacy protection requirements for the opening of an e-commerce site.

The extended use of digital signatures is expected to reinforce the level of trust in e-commerce transactions and to accelerate the diffusion of e-business in the Italian economic system.

Most popular search engines

Google is the most popular search engine utilized in Italy, mostly in its Italian version (www.google.it) , but also in its .com version in English. The other most popular search engines are www.yahoo.it , http://virgilio.alice.it/index.html (controlled by Virgilio/Telecom Italia), www.libero.it (controlled by Weather Investments/ Infostrada) and www.msn.it. Other popular search engines are www.tiscali.it, and www.altavista.it. U.S. companies can contact each search engine to submit their sites for listing free of charge, but can also subscribe to special advertising services for a fee. U.S. companies may also decide to hire local firms specialized in "web positioning" and search engine marketing services for web site optimization. Although not required, it is advisable for any American company that wishes to rank high on a local search engines (e.g. google.it) to translate into Italian at least keywords and some text.

Most popular online B2C marketplaces

Ebay has a large office in Italy and www.ebay.it is Italy's number one e-commerce site, with over 6.5 million visitors each month and 3,500 product categories offered. It is also being utilized by an increasing number of small and medium-sized Italian companies for their e-commerce activities.

Other popular marketplaces, offering a large range of products, include www.dmail.it, www.comproedono.it, www.costameno.it. In addition, there are a range of online marketplaces specialized by sector. In the travel and tourism sector, there are sites such as www.edreams.it, www.expedia.it, www.it.lastminute.com, www.octopustravel.it, www.opodo.it, www.venere.com, www.volagratis.it. In the information technology and consumer electronics area there are www.bow.it, www.chl.it, www.eprice.it, www.mallteam.it, www.mediamarket.com , www.monclick.it, www.mrprice.it. In the apparel sector, it is worth mentioning www.yoox.com. In the books, music and video sector, there are www.ibs.it, the largest virtual Italian book and record store; www.bol.it, www.mondolibri.it, and www.unilibro.it. In the food sector, www.esperya.it is one of the most important online marketplaces in Europe. In addition to these marketplaces – mostly B2C - there are many B2B marketplaces and virtual malls specialized by industrial sector.

Trust Mark Programs

U.S. companies can voluntarily register with several trust mark programs, which include:

- Euro-Label (http://www.euro-label.com/euro-label/ControllerServlet): the trust mark awarded to commercial websites that comply with the European Code of Conduct and which guarantees the reliability of international and national transactions. The program is supported by the European Commission. The list of Italian and European certifying bodies is available at http://www.euro-label.org/it/trader/trader_enti.asp
- Q-Web/Certicommerce (http://www.certicommerce.net/pubblica/e_index.htm)
- Marchio Fiducia (http://www.progettofiducia.it/EN_default.asp)
- E-commerce Quality Mark/ISEC (http://www.isec.it)

Market Drivers

The main factors fueling the development of e-commerce in Italy are expected to continue to be: 1) improved Internet access infrastructure; 2) recognition of e-commerce as a means to provide better support to customers and suppliers; 3) improved consumer protection legislation; 4) Italian legislation which recognizes the legal validity of digital signatures and digital contracts; 5) agreements between Italian banks and credit card operators to introduce Secure Electronic Transaction (SET) protocol; 6) Italian government plans for accelerating the development of a new economy culture, ICT acceptance and e-commerce adoption; 7) initiatives of trade associations, major organizations and local governments to foster innovation and to promote e-commerce, especially among small- and medium-sized enterprises; 8) a mobile phone diffusion among the highest in the world, which will enable both the business and consumer segments to take advantage of new telecom technologies for e-commerce transactions.

Resources

Internet sites for further information:

CONSIP – Company for the development and management of public e-procurement
http://www.consip.it/on-line/Home/Companyoverview.html

Acquisti in Rete – AiR ("Public Procurement Online"). The AiR portal provides access to a fully functional e-procurement platform
http://www.acquistinretepa.it/portal/page?_pageid=173,1&_dad=portal&_schema=PORTAL&firsttab=home

Netcomm - Italian E-Commerce Consortium
http://www.consorzionetcomm.it/

Trade Promotion and Advertising

Return to top

General Legislation

Laws against misleading advertisements differ widely from Member State to Member State within the EU. To respond to this imperfection in the Internal Market, the Commission adopted a Directive, in force since October 1986, to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor." Member States can authorize even more extensive protection under their national laws.

Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services by a competitor." Member States can, and in some cases have, restricted misleading or comparative advertising.

The EU's Television without Frontiers Directive lays down legislation on broadcasting activities allowed within the EU. From 2009 the rules will allow for US-style product placement on television and the three-hour/day maximum of advertising will be lifted. However, a 12-minute/hour maximum will remain. Child programming will be subject to a code of conduct that will include a limit of junk food advertising to children.

Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are now considered as legally binding on the seller. (For additional information on Council Directive 1999/44/EC on the Sale of Consumer Goods and Associated Guarantees, see the legal warranties and after-sales service section below.)

The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten up consumer protection rules. These new rules will outlaw several aggressive or deceptive marketing practices such as pyramid schemes, "liquidation sales" when a shop is not closing down, and artificially high prices as the basis for discounts in addition to other potentially misleading advertising practices. Certain rules on advertising to children are also set out.

Key Link:
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm

Medicine

The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC. Generally speaking, the advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted, nor is the distribution of free samples to the general public. The text of the advertisement should be compatible with the characteristics listed on the product label, and should encourage rational use of the product. The advertising of medicinal products destined for professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a particular medicinal product are prohibited and the supply of free samples is restricted.

The Commission plans to present a new framework for information to patients on medicines in 2008. The framework would allow industry to produce non-promotional information about their medicines while complying with strictly defined rules and would be subject to an effective system of control and quality assurance.

Key Link:
http://ec.europa.eu/eur-lex/pri/en/oj/dat/2001/l_311/l_31120011128en00670128.pdf

Food

On July 1, 2007, a new regulation on nutrition and health claims entered into force. Regulation 1924/2006 sets EU-wide conditions for the use of nutritional claims such as “low fat” or “high in vitamin C” and health claims such as “helps lower cholesterol”. The regulation applies to any food or drink product produced for human consumption that is marketed on the EU market. Only foods that fit a certain nutrient profile (below certain salt, sugar and/or fat levels) will be allowed to carry claims. Nutrition and health claims will only be allowed on food labels if they are included in one of the EU positive lists. Food products carrying claims must comply with the provisions of nutritional labeling directive 90/496/EC. Nutrient profiles will be developed by January 2009, based on scientific evaluations by the European Food Safety Authority (EFSA). Once they have been set, there will be another two-year period before the nutrient profiles begin to apply to allow food operators time to comply with the new rules. Nutrition claims can fail one criterion, i.e. if only one nutrient (salt, sugar or fat) exceeds the limit of the profile, a claim can still be made provided the high level of that particular nutrient is clearly marked on the label. For example, a yogurt can make a low-fat claim even if it has high sugar content but only if the label clearly states “high sugar content”. Health claims cannot fail any criteria.

New products on the EU market must respect the conditions for using nutrition claims set out in detail in the Annex of Regulation 1924/2006. Products already labeled or on the market before January 2007 may remain on the market with the old labels until January 2010. From 2010, only nutrition claims included in the Annex will be allowed. A list of well-established health function claims such as “calcium is good for your bones” will be established by January 2010, based on Member States’ lists of health claims already approved at national level. Disease risk reduction claims and claims referring to the health and development of children will require an authorization on a case-by-case basis, following the submission of a scientific dossier to EFSA. A simplified authorization procedure has been established for health claims based on new scientific data. GAIN Report E48055 describes how application dossiers for authorization of health claims should be prepared and presented. A guidance document on how companies can apply for health claim authorizations can be downloaded from EFSA's website at http://www.efsa.europa.eu/EFSA/efsa_locale-1178620753812_1178623592471.htm.

Key Link: http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

Food Supplements

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods and sets criteria for establishing minimum and maximum levels.

Key Link: http://useu.usmission.gov/agri/foodsupplements.html

Tobacco

The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed though these are banned in many Member States. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the TV Without Frontiers Directive.

Key link: http://ec.europa.eu/health/ph_determinants/life_style/Tobacco/tobacco_en.htm

Pricing Return to top

When providing the Italian buyer with a price quote, American firms most frequently provide a quote that includes sales price plus packing costs, insurance, and freight to the named point of destination. (This is called the "CIF" price and is commonly misused because it applies only to sea freight to the port of destination. "CIP" – carriage and insurance paid to destination, is usually more correct: see International Chamber of Commerce INCOTERMS: http://www.iccwbo.org/incoterms/id3040/index.html). Usually, the average Italian business representative can then determine the charges for customs, taxes, and local transportation to arrive at the final landed cost to the importer. The customary terms of sale in Italy are either cash on delivery (which is rare) or settlement 60-120 days after invoice date (more common).

Sales made on cash terms call for payment before delivery, on delivery, or shortly thereafter, that is, usually within 10 days from the date of delivery. A two to five percent discount is made for payment of the full amount of the transaction at the end of the specified period from one to four months from the date of the invoice. The length of the period depends on the commodity involved, the credit standing of the buyer, and the marketing and sales objective of the seller. A period of up to two years is often allowed for payment of capital goods, store equipment, trucks, and similar heavy equipment.

Italian firms indicate that some American suppliers are too rigid in their payment terms and have thus lost business to other suppliers. Financing is considered as much a competitive factor as the product itself, the delivery date, or after-sales service. While some U.S. manufacturers request payment upon receipt of the goods, more successful sellers offer terms allowing settlement of the account from 60 to 120 days following the invoice date, which is the most common practice in Italy.

The use of irrevocable letters of credit for the Italian market has declined appreciably in recent years. Although such instruments are still required by American exporters, especially when the Italian customer's credit reputation is not well known, the growing reluctance of Italian firms to provide letters of credit has required American exporters to turn to other methods to assure payment or lose the sale to other suppliers in the competitive Italian market. The Italian businessperson is reluctant to pay a high fee for a letter of credit when other suppliers or means of payment are available. American firms have to put to greater use the export credit insurance and guarantee programs available through the Export-Import Bank of the United States (Ex-Im Bank), the Foreign Credit Insurance Association (FCIA), Fidelity & Deposit, the Overseas Private Investment Corporation (OPIC), American Credit Indemnity (ACI), American International Group – AIG Global & Political Risk Insurance Co. (AIG), Multilateral Investment Guarantee Agency (MIGA), CNA Credit and other export credit insurers.

Quotes and Payment Terms

Italian importers generally prefer price quotes on a CIF or CIP basis, since they are usually familiar with the Italian customs charges and value-added taxes levied on the product at the time of importation, but may not be acquainted with U.S. costs for trucking, ocean, or air freight. Large Italian firms and department stores, however, may prefer to buy on other terms when they arrange for the shipping and insuring the goods. Quotes and invoicing are usually in terms of the currency of selling country.

American quotes, usually stated in dollars and on an FOB (Free on board) basis, are completely acceptable to Italian buyers. The usual practice of American firms selling to a new customer is to require cash against documents for the first sale or two. After establishing credit, the importer will expect to pay by 30-, 60-, or 90-day letter of credit. In all cases, the American exporter will have to decide how to strike a balance between making the sale easier with liberal financing terms versus seeking a sale with more secure payment terms. When first starting out, American firms may often find it necessary to offer their best price and payment terms in order to land the sale in the competitive international market. Later, prices may be adjusted as sales and volume permit.

The Italian buyer may request a quote or shipment of goods under other INCOTERMS (International Commercial Terms). This is a set of international rules defining the important commercial terms and practices. By referencing INCOTERMS in contracts or invoices, both buyer and seller will have a uniform understanding of their responsibilities in an agreement. Copies of the 90-page publication, Guide to INCOTERMS, are obtainable from ICC Publishing, 156 Fifth Avenue, New York, NY 10010, (212) 206-1150. Exporters can also obtain information from the International Chamber of Commerce website: http://www.iccwbo.org/incoterms/id3045/index.html or from Dun & Bradstreet Exporters' Encyclopaedia.

Merchandise may be examined by the Italian importer for inventory purposes before customs clearance. Goods cannot clear customs without shipping documents and payment of any required customs duty, applicable value-added taxes and excise taxes. The importer must undertake these formalities at the time of clearing customs. Import licenses, if required, should be presented by the importer within the period for which they were issued.

Sales Service/Customer Support Return to top

Successful marketing in Italy requires an extra measure of diligence for American companies. Whether establishing a manufacturing operation or sales branch, or appointing a commission agent, stocking distributor, or a combination agent/distributor, the American exporter must make a long-term commitment to pursuing the Italian market, maintain regular contact with the local partner and remain conscious of customers' needs. A key factor in serving the overseas buyer is the local stocking of parts and readiness to make immediate air shipments upon request. Dependable after-sales service is essential.

An American company entering the competitive Italian market is advised to commit the resources needed to market its products appropriately. Appointment of a resident representative is extremely important. For business promotion and market knowledge, there is no effective alternative to an Italian representative who is fully familiar with the local business culture and readily available to customers. Having a local representative is particularly important when the product is complex and likely will require follow up service or modification. Customers frequently demand personalized service; supplying it creates goodwill and often stimulates repeat sales. Technical manuals and promotional literature should be in Italian. Italy is a competitive market where reliability is important. Local representatives with solid reputations and promotional material in Italian reflect a commitment to customer service and enhance the business reputation of the American firm.

Conscious of the discrepancies among Member States in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

Product Liability

Under the 1985 Directive on liability of defective products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

Key link: http://ec.europa.eu/enterprise/regulation/goods/liability_en.htm

Product Safety

The 1992 General Product Safety Directive introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU.

Key link: http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-sales Service

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- repair of the good(s);
- replacement of the good(s);
- a price reduction; or
- rescission of the sales contract.

Key link:
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are dealt with in Chapter 5 of this report.

Protecting Your Intellectual Property

Return to top

The Italian legal system protects and facilitates acquisitions and disposition of all property rights, such as land, buildings, and mortgages. Laws governing physical property are adequate and enforced. The Italian Parliament enacted a long-awaited "anti-piracy" law, providing for higher criminal penalties for IPR violations. With this new legislation in place, law enforcement agencies and magistrates are empowered with more effective tools to combat privacy and according to the industry are obtaining very good results. Additional regulations implemented on "anti-piracy" generally satisfy U.S. industry. The United States government will continue to closely monitor developments in this area.

See information on Protection of Intellectual Property Rights provided in Chapter 6.

The Commercial Service Italy website also contains an Intellectual Property Toolkit for Italy at: http://www.buyusa.gov/italy/en/iprtoolkitforitaly.html

Copyright

The EU's legislative framework for copyright protection consists of a series of Directives covering areas such as the legal protection of computer programs, the duration of protection of authors' rights and neighboring rights, and the legal protection of databases. Almost all Member States have fully implemented the rules into national law; and the Commission is now focusing on ensuring that the framework is enforced accurately and consistently across the EU.

The on-line copyright Directive (2001/29/EC) addresses the problem of protecting rights holders in the online environment while protecting the interests of users, ISPs and hardware manufacturers. It guarantees authors' exclusive reproduction rights with a single mandatory exception for technical copies (to allow caching), and an exhaustive list of other exceptions that individual Member States can select and include in national legislation. This list is meant to reflect different cultural and legal traditions, and includes private copying "on condition right holders receive fair compensation."

Key Link: http://ec.europa.eu/internal_market/copyright/index_en.htm

Patents

EU countries have a "first to file" approach to patent applications, as compared to the "first to invent" system currently followed in the United States. This makes early filing a top priority for innovative companies. Unfortunately, it is not yet possible to file for a single EU-wide patent that would be administered and enforced like the Community Trademark (see below). For the moment, the most effective way for a company to secure a patent across a range of EU national markets is to use the services of the European Patent Office (EPO) in Munich. It offers a one-stop-shop that enables rights holders to get a bundle of national patents using a single application. However, these national patents have to be validated, maintained and litigated separately in each Member State.

Key Links: http://ec.europa.eu/internal_market/indprop/index_en.htm
http://www.european-patent-office.org/

Trademarks

The EU-wide Community Trademark (CTM) can be obtained via a single language application to the Office of Harmonization in the Internal Market (OHIM) in Alicante, Spain. It lasts ten years and is renewable indefinitely. For companies looking to protect trademarks in three or more EU countries the CTM is a more cost effective option than registering separate national trademarks.

On October 1, 2004, the European Commission (EC) acceded to the World Intellectual Property Organization (WIPO) Madrid Protocol. The accession of the EC to the Madrid Protocol establishes a link between the Madrid Protocol system, administered by WIPO, and the Community Trademark system, administered by OHIM. As of October 1, 2004, Community Trademark applicants and holders are allowed to apply for international protection of their trademarks through the filing of an international application under the Madrid Protocol. Conversely, holders of international registrations under the Madrid Protocol will be entitled to apply for protection of their trademarks under the Community Trademark system.

Key Links: http://oami.europa.eu/
http://www.wipo.int/madrid/en

Designs

The EU adopted a Regulation introducing a single Community system for the protection of designs in December 2001. The Regulation provides for two types of design protection, directly applicable in each EU Member State: the registered Community design and the unregistered Community design. Under the registered Community design system, holders of eligible designs can use an inexpensive procedure to register them with the EU's Office for Harmonization in the Internal Market (OHIM), based in Alicante, Spain. They will then be granted exclusive rights to use the designs anywhere in the EU for up to twenty-five years. Unregistered Community designs that meet the Regulation's requirements are automatically protected for three years from the date of disclosure of the design to the public.

Key Link: http://oami.europa.eu/

Trademark Exhaustion

Within the EU, the rights conferred on trademark holders are subject to the principle of "exhaustion." Exhaustion means that once trademark holders have placed their product on the market in one Member State, they lose the right to prevent the resale of that product in another EU country. This has led to an increase in the practice of so called "parallel importing" whereby goods bought in one Member State are sold in another by third parties unaffiliated to the manufacturer. Parallel trade is particularly problematic for the research-based pharmaceutical industry where drug prices vary from country to country due to national price Regulation.

Community wide exhaustion is spelled out in the Directive on harmonizing trademark laws. In a paper published in 2003, the Commission indicated that it had no plans to propose changes to existing legal provisions.

Key Link: http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

Due Diligence

Return to top

Information on specific Italian firms is available from a variety of private agencies. American companies can contact their local Department of Commerce U.S. Export Assistance Center for a listing of firms offering this service. In addition, this section includes a list of Italian private sector firms that provide this service. American banks also provide credit information services.

Just as the terms of any sales offer should be presented in a clear and detailed manner, shipping documents should conform to the contract and to any samples that may have been sent to the Italian importer. Special attention should be given to the prompt observance of agreed delivery schedules, as prompt delivery may be a decisive and possibly an overriding consideration of the importer in placing additional orders. When shipping on letter of credit, all terms specified on the letter of credit must be strictly observed. If the terms are not followed, the issuing bank may not honor the letter of credit.

Italian private sector firms providing background information checks:

Dun & Bradstreet Kosmos S.p.A.
Via di Valtorta, 48
20127 Milano
Tel.: +39-02-284-551
Fax: +39-02-287-2181
www.dnb.com
Dnb_italia@dnb.com

Lince S.p.A.
Corso Vittorio Emanuele, 22
20122 Milano
Tel.: +39-02-77541
Fax: +39-02-7602-0458
http://www.linceonline.com
lince@lince.it

Ponzi S.p.A.
Corso Monforte, 9
20122 Milano
Tel.: +39-02-7600-2821
Fax: +39-02-781-515
www.ponzi.com
ponzi@ponzi.com

Pronto Detective
Via Mart. Lager, 58
06128 Perugia
Tel.: +39-200-884433
http://www.prontodetective.it/

Comas
Via Mart. Di Civitella, 11
52100 Arezzo
Tel: +39-0575 26125
Tel: +39-800 126932
Fax: +39-0575 26436
http://www.infocomas.it/

Gestit Services
Via Zoe Fontana, 220
Centro Direzionale Tecnocittà
00131 Roma
Tel: +39-06 41780098
Tel: +39-06 41780099
Fax: +39-06 41230377
http://www.gestitservices.it/

Credigest Srl
Via Brodolini, 11 (loc. Grassina)
50015 Bagno A Ripoli (Firenze)
Tel: +39-055 6461633
Fax: +39-055 640150
http://www.credigest.it/

Local Professional Services

Return to top

Business Service Providers is a listing of experienced local firms that offer useful services to U.S. exporters and investors interested in doing business in Italy. U.S. companies in need of such services, such as accountants, consultants, forwarders, etc., are encouraged to view the list of firms on the U.S. Commercial Service Italy website at: http://www.buyusa.gov/italy/en/bsp.html

Local service providers focusing on EU law, consulting, and business development can be viewed on the website maintained by the Commercial Service at the U.S. Mission to the European Union at: www.buyusa.gov/europeanunion/services.html.

For information on professional services located within each of the EU member states, please see EU Member State Country Commercial Guides which can be found at the following website: http://www.export.gov/mrktresearch/index.asp under the Market Research Library.

American companies interested in setting up agencies, distributorships, licenses or joint ventures are encouraged to seek professional legal advice and counsel. The American Embassy in Rome and the individual Consulates maintain a list of lawyers (according to geographic jurisdiction) that is available to the public.

Web Resources Return to top

Business Service Providers is a listing of experienced local firms that offer useful services to U.S. exporters and investors interested in doing business in Italy. U.S. companies in need of such services, such as accountants, consultants, forwarders, etc., are encouraged to view the list of firms on the U.S. Commercial Service Italy website at: http://www.buyusa.gov/italy/en/bsp.html

A wide variety of service providers are available to support U.S. companies doing business in the European Union (EU), from the largest global firms to small niche players. The U.S. Commercial Service EU website (see below) lists various professional service providers and additional information is available upon request.

Key link: http://www.buyusa.gov/europeanunion/services.html

American companies interested in setting up agencies, distributorships, licenses or joint ventures are encouraged to seek professional legal advice and counsel. The American Embassy in Rome and the individual Consulates maintain a list of lawyers (according to geographic jurisdiction) that is available to the public.

Web Resources Return to top

Relevant Italian Websites

Italian Department for Innovation and Technologies:
http://www.innovazione.gov.it/eng/home.shtml

Information about trade fairs in Milan: www.fieramilano.com.

http://www.buyusa.gov/italy/en/bsp.html
(Business Service Providers – local Italian firms which may be useful to U.S. exporters)

Major Italian Search Engines:

http://www.motoridiricerca.it/classi_it.htm (for statistics and complete list – in Italian)
http://www.altavista.it/
http://www.excite.it/
http://www.godado.it/
http://www.google.it/
http://www.iltrovatore.it/
http://www.kataweb.it/
http://www.libero.it/
http://www.lycos.it/
http://www.msn.it/
http://www.supereva.it/
http://www.tiscali.it/
http://www.virgilio.it/
http://www.yahoo.it/

Major Italian Newspapers:

AVVENIRE
E-mail: lettere@avvenire.it
Web: www.avvenire.it

CORRIERE DELLA SERA
E-mail: astronig@rcs.it
Web: www.corriere.it/

IL FOGLIO
E-mail: lettere@ilfoglio.it
Web: www.ilfoglio.it

LA GAZZETTA DEL MEZZOGIORNO
www.gdmland.it
gazzettamezzogiorno@tin.it

GAZZETTA DEL SUD
www.gazzettadelsud.it
info@gazzettadelsud.it

GIORNALE DI SICILIA
www.gds.it
info@gds.it

IL GIORNALE
www.ilgiornale.it
segreteria@ilgiornale.it

IL GIORNO
http://ilgiorno.quotidiano.net
segreteria.redazione@ilgiorno.it

IL MANIFESTO
www.ilmanifesto.it
redazione@ilmanifesto.it

IL MATTINO
www.ilmattino.it

IL MESSAGGERO
www.ilmessaggero.it
prioritaria@ilmessaggero.it

LA NAZIONE
www.lanazione.it

L'OSSERVATORE ROMANO
www.vatican.va/news_services/or/home_ita.html; ornet@ossrom.va

IL PICCOLO
www.ilpiccolo.it
piccolo@ilpiccolo.it

IL POPOLO
www.ilpopolo.it
redazione@ilpopolo.it

LA REPUBBLICA
www.repubblica.it
larepubblica@repubblica.it

IL RESTO DEL CARLINO
www.ilrestodelcarlino.it
segreteria.redazione@ilrestodelcarlino.it

IL SECOLO XIX
www.ilsecoloxix.it
redazione@ilsecoloxix.it

LA STAMPA
www.lastampa.it
online@lastampa.it

LA SICILIA
www.lasicilia.it
segreteria@lasicilia.it

IL TEMPO
www.iltempo.it
il_tempo@infinito.it

IL SOLE 24 ORE
www.ilsole24ore.com
info@ilsole24ore.com

L' UNITÀ
www.unita.it
posta@unita.it

Major Italian Business Journals:

L'ESPRESSO
www.espressonline.it
espresso@espressoedit.it

PANORAMA
www.panorama.it
panorama@mondatori.it

ITALIA OGGI
www.italiaoggi.it
italiaoggi@class.it

IL MONDO
www.ilmondo.rcs.it
ilmondo@rcs.it

MILANO FINANZA
www.milanofinanza.it
mf-milanofinanza@class.it

Largest Advertising Agency Trade Association:

AssoComunicazione:
Associazione delle Imprese di Comunicazione
info@assocumunicazione.it
www.assocomunicazione.it

Advertising Agencies:

Armando Testa
info@armandotesta.it
www.armandotesta.it

Young & Rubicam Italia
www.yr.com

McCann-Erickson Italiana S.p.A.
www.mccann.com

BGS D'ARCY
welcome@bgsdarcy.it

J. Walter Thompson S.p.A.
jwt.Italia@jwt.com
www.jwalterthompson.com

Lowe Pirella Spa
agenzia@loweworldwide.com
www.lowepirella.it

Grey Worldwide Italia S.p.A.
grey@worldwide.grey.it

Leo Burnett Company
info@leoburnett.it
www.leoburnett.it

Euro RSCG
eurorscgmem@eurorscg.it
www.eurorscg.com

Saatchi & Saatchi
info@saatchi.it
www.saatchi.it

Ogilvy & Mather Spa
www.ogilvy.it

Italian private sector firms providing background information checks:

Dun & Bradstreet Kosmos S.p.A.
www.dnb.com
Dnb_italia@dnb.com

Lince S.p.A.
http://www.linceonline.com
lince@lince.it

Ponzi S.p.A.
www.ponzi.com
ponzi@ponzi.com

Pronto Detective
http://www.prontodetective.it/

Comas
http://www.infocomas.it/

Gestit Services
http://www.gestitservices.it/

Credigest Srl
http://www.credigest.it/

Euroservice
http://www.euroservices-gestionecrediti.it/

Intellcredit SpA
http://www.intellcredit.com/

Return to table of contents

Relevant European Union Websites

Coordination of the laws of the Member States relating to self-employed commercial agents (Council Directive 86/653/EEC)**:**
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML

Agreements of Minor importance which do not appreciably restrict Competition under Article 81(1) of the Treaty establishing the European Community

http://eur-
lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

Regulation on late payment:
http://ec.europa.eu/enterprise/regulation/late_payments/index.htm

EU's general data protection Directive (95/46/EC):
http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm

EC Directive on Commercial Agents
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML

Guidelines on "Vertical Agreements"
http://eur-
lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

EC Directive on Late Payments
http://ec.europa.eu/comm/enterprise/regulation/late_payments/

EC on Data Protection
http://ec.europa.eu/justice_home/fsj/privacy/law/index_en.htm

Safe Harbor
http://www.export.gov/safeharbor/

Model Contracts for the transfer of personal data
http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm

Ensuring safe shopping across the EU
http://ec.europa.eu/consumers/cons_int/safe_shop/index_en.htm

Financial services
http://ec.europa.eu/consumers/cons_int/fina_serv/index_en.htm

Electronic commerce
http://ec.europa.eu/internal_market/e-commerce/index_en.htm

European Ombudsman: http://www.ombudsman.europa.eu/home/en/default.htm

European public procurement tenders open to U.S. companies
http://www.buyusa.gov/europeanunion/eu_tenders.html

Procurement
http://www.buyusa.gov/europeanunion/euopportunities.html

EU Tenders Website
http://ted.europa.eu

Market Research Reports
http://www.buyusa.gov/europeanunion/mrr.html

eVAT
http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

EC Internal Markets official documents
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm

Medicinal products for human use
http://ec.europa.eu/eur-lex/pri/en/oj/dat/2001/l_311/l_31120011128en00670128.pdf

Food labeling
http://ec.europa.eu/comm/food/food/labellingnutrition/claims/index_en.htm

Food Supplements
http://ec.europa.eu/food/food/labelingnutrition/supplements/index_en.htm

Tobacco
http://ec.europa.eu/health/ph_determinants/life_style/Tobacco/tobacco_en.htm

Liability of defective products
http://ec.europa.eu/comm/consumers/cons_safe/prod_safe/defect_prod/index_en.htm

Safety of products
http://ec.europa.eu/comm/consumers/cons_safe/prod_safe/index_en.htm

Sale of goods and guarantees
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

Copyright and Neighboring Rights
http://ec.europa.eu/comm/internal_market/copyright/index_en.htm

European Patent Office
http://www.european-patent-office.org/

Guidance document on how companies can apply for health claim authorizations:
http://www.efsa.europa.eu/EFSA/efsa_locale-1178620753812_1178623592471.htm.

Industrial property
http://ec.europa.eu/internal_market/indprop/index_en.htm

Office for Harmonization in the Internal Market (OHIM)
http://oami.eu.int/en/default.htm

WIPO Madrid System
http://www.wipo.int/madrid/en

OHIM Community Design
http://oami.eu.int/en/design/default.htm

Exhaustion of trademark rights
http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

Professional service providers
http://www.buyusa.gov/europeanunion/services.html

EU Member State Country Commercial Guide
http://www.buyusainfo.net/adsearch.cfm?search_type=int&loadnav=no

EU-27 FAIRS Subject Report Health Claims - EU Authorization Procedure 2008:
GAIN Report E48055

Other useful websites:

The EU Online
http://ec.europa.eu/index_en.htm

European Commission
http://ec.europa.eu/index_en.htm

EU Press Room
http://ec.europa.eu/press_room/index_en.htm

The EU in the World
http://ec.europa.eu/comm/world/

EU Relations with the US
http://ec.europa.eu/comm/external_relations/us/intro/index.htm

DG Trade
http://ec.europa.eu/trade/index_en.htm

DG Enterprise
http://ec.europa.eu/enterprise/index_en.htm

EUR- Lex – Portal to EU law
http://ec.europa.eu/eur-lex/en/index.html

Eurostat – EU Statistics
http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1090,30070682,1090_33076576&_dad=portal&_schema=PORTAL

Summaries of EU Legislation – SCAD PLUS
http://ec.europa.eu/scadplus/scad_en.htm

One Stop Internet Shop for Business
http://ec.europa.eu/youreurope/index_en.html

Euro Info Centers
http://ec.europa.eu/enterprise/networks/eic/eic.html

AmCham EU
http://www.eucommittee.be/

EU News Sources:

EurActiv.com – EU news, policy positions & EU actors online
http://www.euractiv.com/en/HomePage

EUObserver
http://euobserver.com/

EU Politix
http://www.eupolitix.com/EN/

Return to table of contents

Return to table of contents

Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors Return to top

The Showcase Europe program run by the U.S. Department of Commerce's offices throughout Europe provides U.S. exporters a broader perspective on the European market. It is organized around eight leading sectors (listed alphabetically): aerospace & defense, automotive, energy, environmental, information & communications technologies, medical & pharmaceutical, safety & security and travel & tourism. For more information on how to receive an assessment of your company's product potential in Europe, please visit: http://www.buyusa.gov/quicktake.

INFORMATION TECHNOLOGY (CPT, CSF, CSV)

Overview

Return to top

	2006	2007	2008 (Estimated)
Total Market Size	23,782	27,472	29,935
Total Local Production*	15,621	17,767	19,300
Total Exports	4,207	4,788	5,205
Total Imports**	12,369	14,493	15,840
Imports from the U.S.	8,054	9,383	10,300

US$ in millions: Exchange rate $1= 0.797 euro (2006), 0.729 euro (2007), 0.68 euro (2008)
The above statistics are unofficial estimates.
** Total Local Production includes sales by Italian subsidiaries of U.S. companies and also sales to the captive market.*
***Imports from U.S. refer to direct sales from U.S.-based suppliers or through Italian distributors.*

Italy is Europe's fourth largest market for the Information Technology (IT) industry. Although the Italian IT sector still suffers from long-existing structural problems and is undersized and lagging behind in comparison with other major European countries, the technology gap has been narrowing and IT penetration has been improving, especially in the past two years. The Italian IT market is far from being mature in many segments and the potential is significant.

Preliminary figures show the IT market reached $29.9 billion in 2008, an aggregate increase of 1.5 percent in Euro currency over the previous year. The current economic and financial crisis has caused a slowdown in the development of the sector starting in the third quarter of 2008 and is expected to continue affecting it in 2009. In particular, the hesitancy of larger companies to invest in new IT projects, the severe cutback of IT budgets in several medium-large companies active in formerly leading sectors – such as finance, telecom and media -, SME's difficulty accessing financing, and the caution of individuals and families in purchasing new IT consumer goods, will probably negatively impact the growth of the IT market in Italy this year.

On the positive side, according to ASSINFORM, the major Italian Association of Information and Communications Technology companies, many smaller Italian companies under 250 employees, which number approximately 4.3 million and represent 40 percent of the IT market, are expected to continue to invest in IT innovation with the aim of increasing their productivity and competitiveness in both the local and global markets, thus reducing the digital divide with larger companies.

In the computer hardware segment, preliminary estimates show a market value of $9.7 billion in 2008, an aggregate growth of 1.4 percent over 2007 in euro currency. The excellent PC market trend registered in the first two quarters of 2008 (+19 percent in units) is slowing down, with a relative decline in sales of both business and consumer PCs and continued strong price pressure. Consumers, who are progressively becoming tech-savvy and now account for over five percent of IT expenditure, are expected to reduce their purchases of PC notebooks, possibly opting for less expensive netbooks. Demand for PC servers is still positive, thanks to existing projects, as is for storage solutions, utilized to meet the growing needs for data archiving. Sales of Unix and midrange proprietary servers are slowing, while mainframes held their position in 2008, due in part to the need for increased processing power by banks. Multi-function printers are still selling relatively well, while traditional printers registered a decrease.

The Italian software segment is one of the largest in Europe, and preliminary estimates value it at $6.6 billion in 2008, a 3.5 percent increase over 2007 in euro currency. Market analysts still forecast an above-average growth for software in the medium term and a role as a strategic driver for the whole IT sector.

Middleware is increasingly being utilized as a solution in complex application integration projects (Service Oriented Architecture-SOA, Web services-security and consolidation/ virtualization). The system software segment accounts for approximately 14 percent of the software market and is progressively becoming a service and project-enabling platform. Application software accounts for approximately 60 percent of the total software market, with packaged software representing 18 percent of all application software. Best performances are registered in the areas of Business Intelligence, Data Warehouse, ERP and SCM for enhancing the internal flow of information, streamlining customer relationships, and expanding market penetration. Information security applications are also becoming increasingly important for Italian enterprises in all sectors, as well as e-commerce and e-procurement applications.

Finally, the computer services sector continues to register very moderate growth, with estimated sales of $13.6 billion in 2008, an increase of only 0.2 percent over 2007. Performance in 2009 is expected to be negative, due in large part to the postponement or cancellation of new projects by large companies and to the re-negotiation of multi-year projects with heavy price concessions on the part of the vendors. Only “selective" outsourcing services, such as application management and system and network management, are expected to register positive results and gain momentum as tools to promote efficient and cost-effective business operations.

The Italian market recognizes the supremacy and innovative quality of American products and services in the IT sector and most major American companies in the sector have established an Italian subsidiary or are represented here.

Best Products/Services Return to top

In the computer hardware segment, PC notebooks and netbooks, PC servers and innovative storage solutions are projected to register the best performances.

The implementation of privacy legislation calling for security measures to protect both personal data and the computer systems utilized to process them is contributing greatly to the growth of IT security investments in all industrial and services sectors.

Individual productivity and business intelligence tools are also expected to grow, as well as software-on-demand/ software-as-a-service offered to SMEs as hosted services through the vendors’ data centers. Growth is also forecasted in both B2B and B2C e-commerce solutions. E-procurement is growing positively and virtually all major Italian companies, as well the Public Administration, are organized for it.

U.S. technology and standards are highly regarded, and the best opportunities for success lie with American companies offering innovative and sophisticated products. However, it is essential that U.S. companies with no direct presence in Italy team up with well-established Italian firms for distribution or partnership agreements in order to handle the burdensome bureaucratic procedure of public procurement and to maintain person-to-person contact with customers, which is essential in Italy.

Opportunities

Return to top

Although large companies in the end-user sectors traditionally driving the IT market - such as the finance, telecom and media sectors – are cutting IT expenditures, other large end-users in the utilities, retail chains, information technology and manufacturing sectors are emerging. In addition, small and medium sized manufacturing companies, especially in the “Made in Italy” sectors - such as fashion, furniture, food and mechanical automation – are increasingly investing in infrastructure software for new applications and in system hardware, betting on technology innovation to recover productivity, enter new markets and reach new goals. Small Italian companies, which had a tradition of resistance to innovation, seem to have finally realized the need for investing in automation processes, in the internet, in Intranets and Extranets, in e-commerce, in CRM and in IT tools and services to compete in the market more effectively. This new trend could allow the Italian IT market to weather the current recession.

The Italian Government is committed to modernizing the country through the development of policies for accelerating widespread acceptance and use of new information and communication technologies, both in the public and private sectors. It is also fostering this “new IT economy” business culture by offering grants to small and medium size enterprises. Among the most recent programs, the “Industry 2015” innovation program for the adoption of advanced IT solutions in “Made in Italy” sectors will provide initial grants of $280 million to companies and research centers.

Although the Italian Public Administration is also cutting IT expenditures, in order to contain general budget costs, it continues to represent a key end-user. Demand for advanced solutions to new challenges is creating new opportunities: this includes the management of large command, control and logistics systems for civil protection projects – from the management of major events with large participation of the public to the management of emergency situations, and large mobility and security projects. Solutions to enhance government efficiency are also becoming more important, including interoperability of large databases, privacy, services to the citizens, environmental protection, energy saving, development of tourism and protection of works of art.

Web Resources

Return to top

Nicoletta Postiglione, Commercial Specialist, ICT Sector
American Consulate General, Commercial Service
Via Principe Amedeo 2
20121 Milan, Italy
Tel. +39/02/62688-522 (direct)
Fax +39/02/6596561

Nicoletta.Postiglione@mail.doc.gov
http://www.buyusa.gov/italy/en/

Ministry for Public Administration and Innovation- Department of Innovation and Technologies
http://www.innovazione.gov.it/dit/
(in Italian only)

CNIPA – National Center for ICT in Public Administration
http://www.cnipa.gov.it/site/it-IT/Il_Centro_Nazionale/Chi_siamo/
(in Italian only)

CONSIP – Company for the development and management of public e-procurement
http://www.consip.it/on-line/Home/Companyoverview.html

CLUSIT – Information Security Association
http://www.clusit.it/homee.htm

Summary of Italy's Data Protection Code
http://www.garanteprivacy.it/garante/doc.jsp?ID=1030925

Confindustria Servizi Innovativi - Italian Federation of companies and associations in the telecommunication, broadcasting and information technology industries

http://www.confindustriasi.it/sezione4.html

Assinform - Italian ICT companies Association (part of the Italian Industrialists Association)
http://www.assinform.it/english_version/_profilo_eng.htm

Assintel - Italian Software and Services companies Association
http://www.assintel.it/

Security Summit - The most important Italian ICT security event
http://securitysummit.it/
Held in Milan, March 24-29, 2009

Public Administrations make most purchases by public tenders open to both domestic and foreign companies. Announcements of tenders on public procurements are monitored by the U.S. Mission to the European Union and can be accessed through the webpage: http://www.buyusa.gov/europeanunion

TRAVEL AND TOURISM

Overview

Return to top

	2006	2007	2008 (Estimated)
Total Market Size	67,285	62,860	67,480
Total Exports	37,525	38,700	41,545
Total Imports	29,760	24,160	25,935
Imports from the U.S.	2,010	2,652	2,847

* *US$ in millions: Exchange rate $1= 0.797 euro (2006), 0.729 euro (2007) & 0.68 euro (2008).*
The above statistics are unofficial estimates.

The strong euro continues to drive Italian outbound tourism, especially to those areas where the U.S. dollar is used as the primary foreign currency. The favorable rate of exchange makes traveling abroad very attractive for Europeans, including Italians.

The past two years showed a growth in the number of vacations taken by Italians. Trips totaled 112 million and travel nights totaled 687 million at the end of 2007. Leisure travel represented 87 percent, while business travel accounted for the remaining 13 percent. As far as destination is concerned, 83 percent remained in Italy, and the rest traveled abroad, totaling over 19 million trips. In general, one out of six adult Italians travels abroad every year.

2007 was a record year for U.S.-bound tourism from Italy, with over 634,000 visitors, a 19% increase over the previous year, representing the highest number of arrivals ever. Italian spending in the U.S. hit $2.65 billion: $1.9 billion for miscellaneous travel expenses and $732 million for passenger airfare - an increase of 28% over 2007. As compared to the other top EU markets (U.K., Germany and France), Italy showed the highest percentage of travelers choosing “package travel” (23% of the total) and the greatest percentage traveling primarily for leisure (68%). During their stay in the U.S., 78% of Italians stayed in a hotel/motel and 27% took a domestic in-country flight. 34% of Italian visitors were making their first trip to the U.S.

The most recent figures suggest 2008 continued to be a record year with an estimated 700,000 Italians visiting the U.S. As of September 2008, the 598,500 Italian visitors to the U.S. represented a year-on-year increase of almost 29% and the highest increase among the top four EU markets. The month of August, when most Italians take their summer vacations, registered a record 36.5% increase, with over 146,000 arrivals in the U.S. Despite the global economic slowdown, the Italian travel industry predicts a stable year for 2009.

Five U.S. airlines – American, Continental, Delta, United Airlines and US Airways – and three Italian carriers – Air One, Alitalia and Eurofly – offer daily direct flights between major Italian cities (like Milan, Rome and Venice) as well as smaller cities (like Bologna, Naples, Pisa and Palermo) to a number of American destinations. This past summer, thirty-six non-stop flights connected Italy to the U.S., most of them with a daily schedule. Although Alitalia closed most of its flights from Milan’s Malpensa airport to the U.S., new direct flights opened this past summer: Milan/New York operated by American Airlines and Milan/Boston and Milan/Chicago operated by Air One. Moreover, adding in over 70 direct flights to the U.S. operated by other European carries (British, Lufthansa, Swiss, Air France, KLM and Iberia), many Italians go through a European gateway city (Frankfurt, London, Paris, Zurich, etc.) before reaching their final destination.

Best Prospects/Services

Return to top

Best prospect destinations in the Italian market include the following areas:
New York City; San Francisco, Los Angeles and the state of California; Miami, Orlando, the Florida Keys and the state of Florida; Las Vegas and Nevada; Boston, Massachusetts and New England; Chicago and Illinois; U.S. National Parks and surrounding areas (i.e. Arizona, New Mexico, Utah, Colorado); Rocky Mountain Region (Idaho, Montana, Oregon, South Dakota, Wyoming); Philadelphia and Pennsylvania; Dallas and the state of Texas; Hawaii.

Best prospect activities for Italians visiting the U.S. for leisure and business are: dining in restaurants; shopping; sightseeing in cities; visiting historical places, museums; visiting small towns; visiting theme/amusement parks and national parks.

Opportunities

Return to top

All major players in the “travel to the U.S. sector” indicate stable growth prospects from the Italian market, and America is expected to remain at the top of preferred long-haul destinations. The most visited city is New York City which captured 57% of all Italian visitors. The strong Euro is a significant incentive to visit this city for shopping, one of the preferred activities of Italians when traveling. New York is the only long-haul destination that is also perceived as a “city break” type of vacation where Italians can even spend long-weekends, as they do in European capitals.

The states of California and Florida also perform very well in the Italian market, with increasing opportunities for attracting Italian visitors. However, there are several other destinations that attract a good number of visitors, such as New England, the Rocky Mountain Region and the National Parks. The success of the latter destinations is directly related to very active and targeted marketing and promotional efforts that the tourism authorities of those states have devoted to the Italian market.

Resources

Return to top

The U.S. Commercial Service promotes a U.S. Pavilion at "BIT", the leading Italian travel & tourism trade show, and organizes a major stand alone tourism event, Showcase USA-Italy, that takes place in November, after World Travel Mart in London. The goal is to promote more travel to the U.S. by facilitating the participation of U.S. tourism promoters and destinations in the events. For more information contact:

Simonetta Busnelli - Commercial Specialist
U.S. Commercial Service
American Consulate General
Via Principe Amedeo 2
20121 Milan, Italy
Phone: 39-02-62688505 (direct phone number)

Fax: 39-02-6596561
E-Mail: simonetta.busnelli@mail.doc.gov
Web: http://www.buyusa.gov/italy/en/

U.S. Department of Commerce, International Trade Administration, Office of Travel and Tourism Industries: www.tinet.ita.doc.gov/

The travel and tourism sector is a Showcase Europe's sector. For more information, please visit: http://www.buyusa.gov/europe/

Travel Trade Associations:
Visit USA Association Italy: www.visitusaita.org
U.S. Travel Association: www.tia.org - www.discoveramerica.com
Italian Association of Tour Operators: www.astoi.it

FRANCHISING (FRA)

Overview Return to top

	2006	2007	2008 (Estimated)
Total Market Size	25,197	28,940	31,070
Total Local Production	23,433	27,700	29,940
Total Exports	1,763	2,025	2,170
Total Imports	2,016	3,020	3,240
Imports from the U.S.	1,123	1,520	1,630

US$ in millions: Exchange rate $1 = $1= 0.797 euro (2006), & 0.729 euro (2007); 0.68 euro (2008).
The above statistics are unofficial estimates.
** Total Local Production includes sales by Italian subsidiaries of U.S. companies and also sales to the captive market.*
***Imports from U.S. refer to direct sales from U.S.-based suppliers or through Italian distributors.*

Franchising began in Italy in 1971, when the first brand was launched. Franchising has come a long way in a relatively short time. In 2004 Italy signed its first franchising law, which became effective May 25, 2004. The law set general guidelines governing franchising contracts; a decree on the discipline of franchising became effective on October 4, 2005.

In 2007, according to data from Assofranchising, www.assofranchising.it/informazioni_statistiche.htm , Italy had 847 franchisors, 52,725 franchisees and counted about 183,000 employees. A relative stability is expected in 2008.
Franchising plays a significant role in the retail system of the Italian economy, and it is one of the few sectors of the economy to have registered a positive trend, growing steadily in recent years.

The presence of foreign franchisors is relatively stable, with 84 foreign brands operating in Italy. Though the total number of U.S. companies in the local market is still small, U.S. franchising firms rank first among foreign companies, with 30 brands, a few of which are: Blockbuster, www.blockbuster.com, Burger King, www.burgerking.com/, Levi's, www.levistrauss.com/, Mail Boxes Etc., www.mbe.com, McDonald's, www.mcdonalds.com/, RE/MAX, www.remax.com, Subway, www.subway.com, etc.

U.S. franchising is recognized countrywide as the leader in the sector and is considered the primary source for innovative concepts and profits. Thus, good opportunities exist for U.S. franchisors to penetrate the Italian market successfully, if they have the flexibility to adapt to local business practices too.

Successful new franchises have created awareness in the Italian business community of franchising as an innovative way to introduce a business concept. This perception is enhanced not only by events such as the franchising trade shows in Italy, but also by favorable publicity in leading financial and trade magazines. Though most of these franchises are concentrated in northern Italy, franchising is also gaining momentum in southern Italy, where it is perceived as a way to help address the effects of chronic unemployment.

Best Prospects/Services

Return to top

The services sector has shown the best market potential and has been growing at a rapid pace over recent years, both in terms of franchisors and franchisees. Highly flexible, the services sector appears to offer the best prospects for new franchisors in the Italian market. It ranks first in terms of overall growth and has the highest propensity to adopt foreign formulas. In addition, its adaptability and the generally low financial investment required make it a "hot" prospect for U.S. firms.

Developed areas are food, real estate, travel and tourism, education and training. Good opportunities should arise also in the personal care services, especially seniors' care, due to the ageing Italian population.

The hotel and restaurant sector appears to be well suited for expansion. U.S. food, restaurants, and beverages formulas and large hotel chains appeal to local businesses eager to identify themselves with well known brands and proven successful operations.

Opportunities

Return to top

There are many reasons why franchising seems to be well suited to Italy. Franchising is contributing to the modernization of the Italian distribution system and to the entry into retailing of young people with fresh and innovative ideas. Entering a franchise network may be a risky undertaking, but it is undoubtedly interesting from the point of view of self-affirmation, achieved independence and financial return. This is particularly true in the southern regions of the country, where new franchising activities have been perceived as a way to offset some of the problems created by traditionally high unemployment.

Both franchisors and franchisees have shown faith in this system, investing considerably in shops and service centers, mostly located in city centers, commercial districts and prestigious shopping malls. The geographic distribution of franchising activities shows a disproportion, as around two out of three are franchisees located in northern Italy, one fifth in central Italy and only one tenth in the southern regions and in the islands.

However, the way to a full exploitation of the opportunities offered by franchising still seems a long one as the size and the number of franchised businesses in Italy is small when compared to the U.S. and other European countries.

The Italian business community views American franchise companies with a very open mind and recognizes their predominance in the world marketplace. At the same time, Italian companies and investors can at times be skeptical when American franchising concepts conflict strongly with Italian cultural and traditional practices. U.S. franchisors should be aware of one of the most common pitfalls, that is, an unrealistic determination of the entry fees requested of the master licensee. In most cases, local businesspeople view the entry fee as too heavy a burden for an "intangible good". In addition, the entry fee is always the starting point for a much more expensive endeavor, the implementation of the franchising project and the creation of the network. American franchising concepts that have proven successful in other European countries and have adapted to local conditions sometimes have a competitive advantage over those that are totally new to Europe.

Resources Return to top

In 2009, the U.S. Commercial Service is planning some initiatives to support U.S. franchisors interested in the Italian market. New to market companies may use services such as GKS, IPS, and SCPs. In October, as in the past, we will manage and organize the U.S. Pavilion, at the 24th Edition of "Franchising & Trade" in Milan. The show is one of the best opportunities to get in touch with potential Italian partners in the sector, especially if U.S. companies request some assistance in arranging meetings with would-be partners during the show.

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www.buyusa.it/

Trade shows:

The 12th edition of ‘Franchising and Innovative Trade Expo’ will be held in Catania, Italy, March 6 - 8 , 2009, www.fieradelsud.com/franchising/2009/intro.html . This initiative is focused mainly on opportunities in southern Italy, and the Mediterranean Basin.

The 7th edition of ‘Rome Expo Franchising’ will be held in Rome, Italy, April 17–19, 2009, www.ref-franchising.it/eng/index.php . This initiative is especially helpful for those franchisors that are interested in developing their activities in the central-southern part of Italy.

The 2nd edition of ‘E’Franchising’ will be held in Turin, Italy, March 27--29, 2009, www.efranchising.it/. This is a new initiative, focused mainly on opportunities in Piedmont and northwestern Italy.

The 24th edition of "Franchising & Trade", Italy’s first, and main franchising show, will be held in Milan, Italy, October 23 – 26, 2009, www.franchising.fieramilanoexpocts.it/?id=Mi16LXotRU5HICAg

Trade Associations:

Assofranchising (Italian Franchising Association), www.assofranchising.it, assofranchising@assofranchising.it

Confimprese (Trade Association), www.confimprese.it, info@confimprese.it

FIF - Federazione Italiana Franchising (Italian Franchising Federation), www.fif-franchising.it, fif@confesercenti

MEDICAL EQUIPMENT (MED)

Overview

Return to top

	2006	2007	2008 (Estimated)
Total Market Size	4,264	4,500	5016
Total Local Production	1,432	1,500	1672
Total Exports	1,333	1,400	1560
Total Imports	4,165	4,400	4904
Imports from the U.S.	1,106	1,133	1263

US$ in millions: Exchange rate $1 = $1= 0.797 euro (2006), & 0.729 euro (2007); 0.68 euro (2008).
The above statistics are unofficial estimates.
** Total Local Production includes sales by Italian subsidiaries of U.S. companies and also sales to the captive market.*
***Imports from U.S. refer to direct sales from U.S.-based suppliers or through Italian distributors.*

The Italian market for medical equipment & supplies ranks sixth in the world and third in Europe following Germany and France. Italy is a mature market for medical equipment and its high per capita income and sophisticated healthcare system translate into demand for a broad range of cutting-edge medical equipment. Italians are educated consumers and expect state-of-the art medical equipment, which ensures continuous demand for innovative medical equipment and products.

Italian manufacturing sector has strongly specialized its production with great efficiency in fields like X-ray equipment, cardiology equipment, implantable pacemakers, operating theatre equipment, anesthesia equipment, respiratory apparatus, dialysis equipment and dental products ranging from instruments to dental chairs.

The Italian National Healthcare System (SSN) was established in 1978 to provide essentially free medical care at the point of use to all Italians. Thus, the SSN is by far the major healthcare provider in Italy. The 20 Italian Regions, which have the primary role in setting and implementing healthcare policies, are responsible for developing regional health plans and for organizing and delivering healthcare services through local "Health Units". Regions, and not the central government, are responsible for any deficits and are required to cover them by instituting co-payments and increasing regional taxation. The SSN receives its funding through the National Health Fund, appropriated every year through the Government of Italy's budgetary legislation.

Public healthcare accounts for 80 percent of total expenditures for medical equipment and products, with the remainder being spent by private healthcare facilities. In addition, the SSN purchases a significant portion of healthcare services from private providers. The SSN has jurisdiction over 196 large hospitals as well as 600 medium and small size hospitals, which are managed by 197 Local Health Authorities. The total number of beds in the public sector is
220,932. In addition, public healthcare manages 7,079 outpatient facilities, 1506 residential facilities for the elderly and 4,794 other healthcare facilities. Private healthcare service providers account for 637 private and independently operated clinics of which 531 are endorsed and operate within the SSN. A geographic map of public and

private health care institutions indicates that while public hospitals are very numerous in the northern regions and evenly distributed in central Italy, private clinics dominate in the South.

Private clinics operate with more flexibility and have independent financial means, and can thereby circumvent the cumbersome purchasing procedures and the financial limitations faced by public hospitals.

Public hospitals, which make up 60 percent of total healthcare institutions, account for over 80 percent of total equipment purchases. It is estimated that a significant number of U.S. manufacturers of medical equipment are present in the Italian healthcare market. Some American suppliers maintain wholly owned subsidiaries in Italy and sell equipment imported from the United States or from plants in other foreign countries. Another significant American presence is that consisting of the numerous companies represented by local importers and distributors. Since U.S. technology and standards are highly regarded and recognized, American companies will maintain their excellent market position in the future.

Best Products/Services

Return to top

The best sales potential for U.S. manufactured medical equipment is in the following areas: high frequency medical lasers (for multiple applications), endoscopes and diagnostic imaging equipment non-invasive and micro-surgery devices and equipment, anesthesiology equipment, EKG, stimulators and defibrillators, monitoring equipment, telemedicine equipment and services. A large percentage of medical equipment in Italian healthcare facilities is obsolete, and it is estimated that 30-35 percent are in need of replacement. A replacement policy is gradually taking place. The Italian market is receptive to high quality and technologically advanced diagnostics and therapeutic equipment and products.

The Italian market for medical equipment is highly dependent on imports. Major suppliers are the United States, Germany, France and Japan. Domestic production is competitive in such areas as radiology, ultrasonic medical equipment and various segments of the overall dental sector. It is, however, limited with respect to the most sophisticated medical products and equipment for which investments in R&D are of critical importance.

Opportunities

Return to top

It is up to Regional Governments to issue specific regulations governing procurement of medical equipment. Most purchases are made by public tender and are open to both domestic and foreign companies. Announcements of tenders on public procurements are monitored by the U.S. Mission to the European Union and can be accessed through the webpage: www.buyusa.gov/europeanunion. In general, it is unrealistic for a foreign firm to believe that it can navigate the cumbersome bureaucratic procedure of public procurement without having a base in Italy or a strategic Italian partner. Companies which want to participate in public tenders must first qualify by submitting adequate evidence of their business experience and professional expertise.

All medical devices marketed in the EU must bear the CE mark to certify conformity with EU law. Member States have appointed certification authorities or "notified" bodies to grant these compliance certificates. U.S. medical equipment receives duty-free treatment in Italy.

New registration procedures (on-line) for medical devices have been introduced by the Italian Ministry of Health (MOH) through Italian Decree laws available on the Ministry's website in Italian only. The new system, according to the Ministry of Health, is intended to improve the previous registration procedures and also enhance device traceability. A registration number will be assigned to each medical device and the new data bank will be used to generate a list of medical devices referred to as a "Repertorio" that are sold to the Italian National Health System (Servizio Sanitario Nazionale). Companies interested in selling to the Italian National Health System should be included in the "Repertorio" and are required to pay a fee of Euro 100 for each device or group of devices that have the same registration.

The registration procedure appears to be rather complicated and there are approximately 50 questions to be answered regarding the medical device. It is therefore suggested that U.S. companies designate a third party in Italy to register. The Ministry of Health's website is as follows:

http://www.ministerosalute.it/dispositivi/paginainterna.jsp?id=395&menu=registrazione

Recently the EU has initiated an infringement action against Italy regarding Italy's registration requirement for medical devices. There are no other significant trade barriers or limitations on imports of U.S. goods.

Technical specifications are essentially those established by the EU, which have been incorporated into Italian law. Official technical norms are issued by UNI, the Italian Standards Institute, and electrical norms are from CEI, the Italian Electro technical Standards Institute. Information on EU standards is available from the Commercial Service Office at the U.S. Mission to the European Union at the following address: 40 Boulevard du Regent, 1000 Brussels, Belgium, tel.: 32 2 5082746; fax: 32 2 5131228. The Italian institutions responsible for product standards and certification in Italy are listed in the contacts section below.

Trade Fairs

Though Italy does not have any international trade fairs that can compare to the major German healthcare trade shows, the following is the leading Italian show in this sector, which has been growing over the years. The show attracts over 27,103 visitors and has over 1000 exhibitors. The U.S. Commercial Service in Italy organizes a U.S. Pavilion.

EXPOSANITÁ
(held every two years)
Date: 2010
Site: Bologna Fairgrounds
Organizer: Senaf s.r.l.
Via Michelino 69
40127 Bologna, Italy
Phone: +39-051-503318

Fax: +39-051-505282
info.bo@senaf.it
www.senaf.it

S.I.R.M.

A more specialized exhibition/congress is “SIRM”, held every two years and sponsored by the Italian Radiological Society. The next edition will be held in June 2009. The SIRM congress is highly specialized and is the recognized forum for diagnostic imaging equipment in general.

Date: 11 – 15 June 2010
Site: Verona Fairgrounds
Organizer: S.I.R.M.
Via della Signora 2
20122 Milano
segreteria@sirm.org
Tel. +39 02 7600 6094 – +39 02 7600 6124
Fax +39 02 7600 6108

The U.S. Commercial Service contact for promotion of U.S. medical products in Italy is:
Leonarda Chiocchi, Commercial Specialist
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Resources

Return to top

AIOP - Associazione Italiana Ospedalità Privata
(Italian Association of Private Hospitals)
Via Lucrezio Caro, 67
00193 Roma
Phone: +39-06-3215653, Fax: +39-06-3215703
aiop@aiop.it
www.aiop.it

ANIE - (Italian Association of Electrical Industries)
Via Gattamelata 34
20149 Milano
Phone: +39-02-3264.1
Fax: +39-02-3264256
www.elettronet.it

ASSOBIOMEDICA
(Italian Association of Medical Equipment Manufacturers)
Via Giovanni da Procida, 11
20149 Milan
Tel.: +39 02 34531165; Fax: +39 02 34592072
www.Assobiomedica.it

Ministero della Salute

(Ministry of Health)
Viale della Civilta’ Romana 7
00144 Rome
Tel: +39 065994 3697
www.ministerosalute.it

AIRPORT AND GROUND SUPPORT EQUIPMENT (APG)

Overview

Return to top

	2006	2007	2008 (Estimated)
Total Market Size	2,770	3,213	3,277
Total Local Production	2,040	2,362	2409
Total Exports	970	1,121	1143
Total Imports	1,700	1,971	2010
Imports from the U.S.	830	901	919

US$ in millions: Exchange rate $1= 0.797 euro (2006), 0.729 euro (2007), 0.68 (2008)
The above statistics are unofficial estimates.

Italy is one of the most important European markets for airport and ground support equipment, with its 30 major and 70 minor airfields, handling 128 million passengers yearly, an air freight cargo activity of nearly 950,000 tons and air transportation movements totaling over 1,700,000 in 2006. Most of this activity was concentrated in the ten largest Italian airports, whose passenger traffic amounted to 98.8 million, split as follows: Rome (Fiumicino and Ciampino), 35,700,000; Milan (Malpensa and Linate), 31,400,000; Venice, 6,700,000; Catania, 5,700,000; Naples, 5,500,000; Bergamo, 5,400,000; Palermo, 4,300,000; Bologna,4,100,000.

Since the worldwide crisis of September 11, 2001, the whole scenario of air transportation changed as increased concern was placed on security and safety issues and on improvements in support equipment, management and services. Security and safety are today on top of the Italian Government investment list and there has been a concentrated effort to improve safety and security products and services. This is the result of a number of laws and directives issued by various entities as a direct consequence of the terrorist attack.

Current changes include:

- EEC regulation n. 1546/2006. The European Commission adopted this regulation to fill the gap in aviation security by restricting liquids that passengers can take through the security check and onto the aircraft. The liquids have to be carried in individual containers not exceeding 100 ml in capacity (based on maximum capacity as printed on the container) and all of them contained in one transparent re-sealable plastic bag not exceeding 1 liter in capacity. The plastic bag must be presented separately at the security check, and one plastic bag per person is allowed.
- EEC regulation n. 2320 of December 2002, modified by EEC regulation n. 894 of April 2004, issued recommendations in regard to security of airports, aircraft, passengers, hand luggage, cargoes, luggage storage, mail cargo, material and supplies for aircraft cleaning. It also defined the various areas within airport jurisdiction.
- In 2002 The International Civil Aviation Organization (ICAO) defined the objectives of the various member states in regard to passenger, crew staff and land personnel safety. ICAO stresses the need for improved international cooperation and research development in the area of airport

security. Member states should also develop a national security plan for the civil aviation.
- Law n. 166 of August 2002 essentially implemented the ICAO's recommendations into Italian law.

The market is expected to expand with increased near/medium term investments, both private and public, for airport expansion, upgrading of existing structures and purchase of ground support equipment and systems. More financing is also expected in the short term to cover expenditures for new and/or upgraded security and safety structures and systems.
The U.S. industry is recognized for its technological leadership in advanced products and quality standards. U.S. manufacturers and engineering and consulting companies have selected opportunities in the market for those specialized sectors where state of the art technology is most needed.

Related to safety issues, capacity problems are one of the other major concerns of airports and aviation authorities at present. With air traffic increasing at an average rate of 6 per cent per year, airports, both large and small, are feeling the strain of managing more and more planes within their limited facilities. By the end of 2008 Italy expects that most of the largest operative airports will have introduced the directions deriving from the project Safe – Airport. This project is supported and financed by the European Commission, and involves the major universities and companies whose research centers are at the cutting edge of development of alternative solutions. Its implementation should improve the Air Traffic Management procedures through acoustic technologies, developing an Innovative Acoustic System for aircraft noise emissions monitored in the ATZ (Aerodrome Traffic Zone).

Best Products/Services Return to top

Italian airport authorities are focusing their primary attention on the following areas where improvements are deemed necessary: anti-intrusion systems, automated baggage handling systems (BHS), closed circuit video cameras (CCTV), approach surveillance radars, sea rescue equipment, precision approach path indicators and radars, digital x-ray systems, fire detection and extinguishing equipment and all the broad range of services related to airport operations. For passengers and hand luggage, airports are adopting the latest technologies in hand and window metal detectors (HMD and WMD) as well as Explosive Trace Detection Systems (ETDS). For cargo luggage: Primary Explosive Detection Systems (PEDT) and Explosive Detection Systems (EDS). For mail and parcels check: multi-level systems with Threat Image Projection software. U.S. companies should concentrate their efforts in pursuing opportunities in the above sub-sectors.

Opportunities Return to top

As a result of directives issued by ENAC, (ENAC is the Italian Civil Aviation Agency of the Ministry of Transportation and can be considered the equivalent of the FAA in the United States), airport authorities have been concentrating their efforts in the development and/or improvement of security and safety systems or passenger aids such as runway extensions, anti-intrusion systems, scanners, metal and explosive detectors, tracking systems and other airport and ground support equipment and emergency systems/services. Several projects of this kind are currently in progress.

Major works are under way at the Venice Marco Polo airport (upgrading of two runways and of ground support equipment); at the Rome Fiumicino and Ciampino airports (airplane parking facilities, third runway, commercial space); at the Naples Capodichino airport (instrument landing systems, improvement of taxi ways and runways); and at the Bari Palese airport (new terminal, multi-level parking). Major tenders are published in the Gazzetta Ufficiale (Official Gazette of Italian Laws, the equivalent of the U.S. Federal Register). Other tenders are generally published in the major national newspapers (Sole 24 Ore, Corriere della Sera, La Repubblica).

The official Flight Assistance and Control Company, ENAV SpA, is investing $1.2 billion for the period 2004/2009, 79% of which will be devoted to improving safety levels by restructuring or re-building control towers, ground control communications, airport refurbishing, last generation radars, and communication networks; the remaining will be used for security measures improvement. ENAV strictly cooperates with EUROCONTROL, the European Commission and other Air Navigation Service Providers. This collaboration is based on research and development. Simulation and pre-operational validation projects of new technologies and procedures are the instruments used to reach safe, efficient and effective results within the Air Traffic Management System.

Resources

Return to top

Useful websites:

Assaeroporti (Italian Airports Association): http://www.assaeroporti.it/

Ministry of Infrastructure and Transportation: http://www.infrastrutturetrasporti.it

Gazzetta Ufficiale: www.gazzettaufficiale.it

ENAC: www.enac-italia.it

ENAV SpA: www.enav.it

European Union: www.europa.eu

Contacts:

U.S. Commercial Service Contact:
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e-mail: cristiano.sartorio@mail.doc.gov

TELECOMMUNICATIONS EQUIPMENT AND SERVICES (TEL & TES)

Overview

Return to top

	2006	2007	2008 (Estimated)
Total Market Size	55,257	60,548	65,514
Total Local Production*	48,897	52,998	57,289
Total Exports	5,600	5,950	6,025
Total Imports**	11,960	13,500	14,250
Imports from the U.S.	7,176	8,505	8,835

US$ in millions: Exchange rate $1= 0.797 euro (2006), 0.729 euro (2007), 0.68 euro (2008)
The above statistics are unofficial estimates.
** Total Local Production includes sales by Italian subsidiaries of U.S. companies and also sales to the captive market.*
***Imports from U.S. refer to direct sales from U.S.-based suppliers or through Italian distributors.*

The Italian market for telecommunications equipment and services is the third largest in Europe. Italy is also the second largest mobile communications market in Western Europe and one of the most advanced. Mobile phone diffusion in Italy is among the highest in the world, with close to 91 million SIM cards activated (with multiple-SIM ownership) and 23 million of them enabling UMTS services. Clients served number more than 46 million, about three quarters of the total population in Italy.

With regard to Internet usage, Italy still lags behind other major European countries, but it has experienced significant growth in recent years. The estimated number of internet users in Italy reached 31 million in 2008, even though ten million Italian families still do not own a PC. Italian users are relatively less mature in the use of this medium with respect to the European average, but they are catching up.

Broadband access is developing, although at a rate less than the European average, with 10.7 million users connected in June 2008, due to growing interest in interactive digital content. xDSL dominates the market and is utilized in over 96 percent of cases, while fiber optics represent less than four percent. The very successful WiMAX license auction, which in February 2008 assigned the right to utilize 3.5GHz frequencies to a number of operators, is expected to represent an important tool for increasing competition on the broadband market and reducing the digital divide in rural areas.

Preliminary trade estimates value the Italian telecommunications market at USD 65.5 billion in 2008, an aggregate 0.8 percent increase in Euro currency over 2007. The market is split between USD 29.8 billion for fixed line equipment and services, and USD 35.7 billion for mobile telecom equipment and services.

Telecom systems, terminals and infrastructure equipment, both for fixed and mobile telecom, account for USD 14.3 billion, an increase of 0.9 percent in Euro currency over 2007. Despite the current financial crisis, it is expected that networking equipment, innovative mobile phones and audio/video conferencing equipment will drive the segment’s performance in 2009. Moreover, the need for ultra-high speed Next Generation Networks (NGNs) is forecast to create excellent opportunities both in the infrastructure market segment and in the systems segment.

The telecommunication services segment accounts for the lion's share of the market, with a total value of USD 51.3 million, an increase of 0.8 percent in Euro currency over 2007. Growth in the telecommunications services market is driven by Value Added Services (VAS) and by the considerable development of broadband Internet access technologies. Slowdown in revenues from traditional voice services, both fixed and mobile, is making it essential for operators to launch new value-added services to increase their average revenue per user (ARPU).

The introduction of HSDPA (High Speed Downlink Packet Access) and DVB-H (Digital Video Broadcast Handheld) technologies is offering both consumer and business users further improved bandwidth and "quadruple play" services (broadband Internet access, television and telephone with wireless service provisions), thus accelerating the convergence of communications and multimedia operators and opening new market opportunities.

In the fixed line segment, Unified Communication, outsourced Internet Data Center and telecom and Call Center services are gaining momentum. In the mobile segment, the wide acceptance of UMTS technology has made it possible to develop new services utilizing improved bandwidth. SMS, internet browsing, mobile e-mail and Mobile TV will continue to grow and to represent excellent opportunities. The entry of Mobile Virtual Network Operators (MVNO) in the Italian market is expected to further enhance the offer of innovative mobile VAS, such as mobile payment and location based services.

While many business users still utilize smart phones mainly for mobile e-mail applications and, to a lesser extent, for internet access and SMS messaging, most Italian consumers utilize the mobile phone as a true multimedia device, are very open to new services as they become available, and are playing a key role in the development of the mobile VAS market.

The Italian market for VAS is characterized by more than 13,000 different services offered by more than 500 suppliers, including telecom companies, media companies, the major record and movie labels, and mobile content and service providers.

Best Products/Services Return to top

Fixed-mobile convergence (FMC) is expected to develop considerably in the next three years, stimulating the need for products and services allowing the seamless integration of mobile and fixed-line telephone services. Key factors will be extended broadband availability and wireless technologies. The creation of Next Generation Networks will contribute to make IP-based solutions the real market driver. Wireless WiMax, WiFi and HyperLan technologies are expected to be employed increasingly and will represent excellent development opportunities.

Telecom value-added services will continue to be a particularly dynamic segment, with video services expected to become increasingly important. Voice and data services over IP have become the viable alternative to the traditional Public Switched Telephone Network, and they are expected to continue growing, also stimulating the systems segment.

U.S. technology and standards are highly regarded, and the best opportunities for success will be for those American companies offering innovative and sophisticated products. However, it is important that U.S. companies team up with well-established Italian firms for distribution or joint venture agreements in order to handle the burdensome bureaucratic procedure of public procurement.

Opportunities

Return to top

The need for ultra-high speed Next Generation Networks (NGNs) will create considerable opportunities both in the infrastructure market segment and in the systems segment. The Italian government is committed to investing USD one billion in the next three years towards building new NGNs, which will have a strategic and driving effect for the national economy.

With regard to WiMAX, several public/private projects are being carried out in many Italian regions - such as Sardinia, Sicily, Marche, Liguria, Piedmont, and Valle d'Aosta – with investments totaling several hundred million of dollars.

Web Resources

Return to top

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Tel. +39/02/62688-522 (direct phone number)
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Nicoletta.Postiglione@mail.doc.gov
http://www.buyusa.gov/italy/en/

Ministry of Economic Development - Communications
http://www.comunicazioni.it/english_version/english_ministry/

AGCOM – Communications Regulatory Authority
http://www.agcom.it/eng/eng_intro.htm

Ministry for Public Administration and Innovation- Department of Innovation and Technologies
http://www.innovazione.gov.it/dit/
(in Italian only)

CNIPA – National Center for ICT in Public Administration
http://www.cnipa.gov.it/site/it-IT/Il_Centro_Nazionale/Chi_siamo/
(in Italian only)

CONSIP – Company for the development and management of public e-procurement
http://www.consip.it/on-line/Home/Companyoverview.html

Confindustria Servizi Innovativi - Italian Federation of companies and associations in the telecommunication, broadcasting and information technology industries

http://www.confindustriasi.it/sezione4.html

Assinform - Italian ICT companies Association (part of the Italian Industrialists Association)
http://www.assinform.it/english_version/_profilo_eng.htm

Assintel - Italian Software and Services companies Association
http://www.assintel.it/

ExpoComm/Broadband Business Forum 2009, Rome, November 2009
http://www.expocommitalia.it/
One of Italy’s major shows for Telecommunications and B2B Broadband Communications

PLEASURE BOATS AND ACCESSORIES (MAR)

Overview

Return to top

	2006	2007	2008 (Estimated)
Total Market Size	4,330	5,215	5,988
Total Local Production	3,744	4,554	5,229
Total Exports	2,206	2,556	2,934
Total Imports	586	661	759
Imports from the U.S.	158	141	151

US$ in millions: Exchange rate $1= 0.797 euro (2006), & 0.729 euro (2007); 0.68 euro (2008)
Source of statistical data: UCINA, the Italian Marine Industry Association (Unione Nazionale Cantieri e Industrie Nautiche ed Affini), Assilea (Associazione Italiana Leasing), the Italian Leasing Association, and Italia Navigando, the Italian company for the development of the tourism and nautical industries.

The Italian pleasure boat industry is the largest in the European Union (EU) and the second largest worldwide after the United States, with an estimated value of more than $5 million. The industry accounts for almost half of the European nautical market's turnover. The Italian nautical industry produces boats with the highest average prices in the world. It is specialized in the production of so-called "super yachts" (boats of at least 80 feet in length) and maintains about 38% of this world market. The Italian pleasure boat market is continually growing; for the past ten years the average annual growth rate has been above 7%. The overall contribution of the maritime sector to the Italian economy has been growing yearly. Its overall contribution (direct and indirect) to the Italian GDP is estimated around $ 6.8 million.

In 2007 boat production saw an 11.4% increase, with estimated sales of $4.5 billion, versus $4.1 billion in 2006. Figures relating to complementary sectors such as repairs, equipment and accessories reveal that the total sales rose to $ 6.7 billion, an increase of 9% over 2006.
Moreover, the super yacht market sector saw an increase in production of approximately 46%. Italy is first in world ranking with orders for 916 super yachts in 2008, an increase of 23% with respect to the previous year.

The Italian market for pleasure boats is stimulated by the existence of 104 ports, marinas and small harbors, offering almost 140,000 moorings along Italy's 8,000 miles of waterways. According to the Minister of Transport and Navigation and the Italian Port Authorities, there are almost 615,585 pleasure crafts in Italy. In 2005 there was a total of 73,314 watercrafts registered, including sailboats, motorboats and ships, all over 24 feet (7.5 meters) in length, while in early 2007 the overall number of registered crafts was 75,203 units (registration is not required for shorter vessels). It is estimated that every year at least 3% of all registered craft become obsolete and need to be replaced.

The market growth is due to several factors, including the implementation of "boater friendly" legislation that reduced fees for boat ownership, the elimination of a great number of bureaucratic requirements of the past years; and the leasing formula (the so-called "Italian leasing). In 2007, a great trend was recorded, the number of new leasing contracts grew by about 22.7%. Moreover, pleasure boats' 2007 leasing trend

represented 5.3% of the total national leasing activity; improving 1% than the previous year data.
In 2002, *Sviluppo Italia (now Invitalia)*, the Italian Government's internal development agency, created a company called *Italia Navigando* whose objective is to implement several projects aiming to build a complex network of marinas. *Italia Navigando* is promoting new marinas and expanding existing ones, creating new berths and moorings. In 2011 an interregional network connecting 20,000 moorings situated in Southern Italy should be completed and in operation. Recently 31 port structures plus 17,310 new moors have been created, with over 90% of these located in Southern Italian regions. Basilicata added 413 new berths. The expansion of the number of existing berths in regions such as Campania and Sicily is part of a general plan developed by the Italian Government to more than double the existing number of boat berths in Southern Italy within the next few years. Projects such as these are creating new opportunities in the pleasure boat market.

Imports from the U.S. represent a consistent share of the overall imports of pleasure boats, especially outboard motorboats. Prices of U.S.-made boats in Italy dropped by almost 30% in the last three years, thanks primarily to the weakening Dollar

Best Products/Services Return to top

Traditionally, outboard motorboats are the most common type of American boats imported into Italy. The U.S. maintains a consistent share of pleasure boats and related products imported into Italy. Lower- to mid-range outboard motorboats, measuring 20 to 40 feet in length, are the most popular in terms of sales in Italy. Many Italians believe American quality and technology cannot be matched.

The used boat market continues to offer excellent opportunities for American companies. At present, American boats make up almost 90% of the used boat market. In terms of boat accessories, American products are leaders in terms of security and technology. American products do very well in the safety market, including life vests, jackets and fenders. Marine electronics involving timing, navigating, measuring and guarding are in great demand. There is also increased interest in global positioning systems (GPS). In Italy, nautical software represents the second best prospect for American companies. Directly related to the pleasure boat market, port development and management may represent opportunities for American companies.

The Recreational Craft Directives section of the EU CE Mark legislation states that all boats manufactured outside of the EU must comply with certain safety standards. A copy of the standards and specifications required for the CE Mark is available at the American National Standards Institute, New York - http://www.ansi.org

Opportunities Return to top

Opportunities for American suppliers in the pleasure boat market should remain consistent. Besides new and used motorboats, sailboats, inflatable boats and motors, opportunities can be found in the development and management of Italian marinas and ports. In these fields, American products lead in quality, technology and reliability. For the past ten years, the U.S. has held a steady share of imports. In 2007, 14.5% of pleasure boats of all kinds imported to Italy came from the U.S. The largest imported American item remains the outboard motorboat; in fact, the U.S. held about 28.4% of this import market in Italy. According to analysts, this sector will continue to grow constantly in view of the leasing formula that has become so popular in Italy.

Overall market data for 2007 shows that Italy imports from the U.S. accessories as well as services equal to 12.5% of the national demand.

Resources Return to top

Major Events

Big – Blu Rome Sea Expo - Boat Show Roma, the Nautical, Environment and Diving Exhibition
February 26 – March 2, 2009
Fiera di Roma, 00100 – Rome – Italy
Description: It is in the second position among the Italian fairs dedicated to the sea and it is growing at international level.
Contact Info: Expoblu/S.W.E. - Sea World Exhibition
Phone: +39 049/9832150
Fax: +39 049/9830728
www.boatshowroma.it
www.big-blu.it
info@boatshowroma.it

Nautic Sud International Boat Show.
April 7 – 15, 2009
Naples Fairgrounds
It is a complementary event to Genoa International Boat Show. It pulls in around 500 exhibitors and over 135,000 visitors.
Contact Info: Editalia s.r.l.
Via Orazio, 22,
80122 Naples
Phone +39 081 66 0836
Fax +39 081 248 2178
www.nauticsud.info
info@nauticsud.info

Myba Charter Yacht Show, 21st Edition
May 4 – 9, 2009
Genoa Fairgrounds
It is one of the most important international exhibition focused on super yachts and luxury recreational sailing. MYBA is a worldwide professional trade association which promotes standards of professionalism and ethics in the yachting industry throughout the Mediterranean and worldwide.
Contact Info: Francesca Carbone
Phone: +39 0184 50 74 42
Fax: +39 0184 54 04 62
http://www.mybashow.com
E-mail: fran@mybashow.com

Nautica Med World,

June 2009,
Ravenna Fairgrounds
The objective is to launch cooperation based on product and process innovation, in order to better compete in a context characterized by high technological changes.
Contact Info: Pina Macrì (Project Manager)
Phone +39 0544 481414
http://www.nauticitaly.it
info@nauticitaly.it

Venice's International Boat Show, 8th Edition.
March 14 – 22, 2009
Venice Fairgrounds
Organized by Expo Venice S.p.a., this event offers a quality Boat Show, able to satisfy the most demanding exhibitors and to attract a public which is increasingly aware and qualified.
Contact Info: Expo Venice S.p.A.
Stazione Marittima Fabbricato, 103
30135 Venezia Italy
Phone +39 (0)41.533.48.50
Fax. +39 (0)41.533.47.60
http://www.festivaldelmare.com
info@expovenice.it

Genoa Internation Boat Show
October 3 – 11, 2009
Genoa Fairgrounds
An annual exhibition held in Genoa and organized by UCINA (http://www.ucina.net), the foremost international exhibition for number of exhibitors and visitors.
Contact Info: UCINA – Unione Nazionale Cantieri e Industrie Nautiche ed Affini (Italian Marine Industry Association)
Piazzale J.F. Kennedy, 1
16129 – Genoa
Phone: +39 010 53911
http://www.ucina.net
fierage@fiera.ge.it

Contacts

SATEC, UCINA invites operators, administrators and experts to debate and deal with this issue with the aim of identifying possible investment paths and typologies, starting from the analysis of the existing situation, the potential development of tourist capacity connected to the economic effects on the territory.
http://www.ucina.net

Invitalia
Via Calabria, 46
00187 Rome
Phone +39 06 421601
http://www.invitalia.it
info@invitalia.it

Italia Navigando
Via Pietro Boccanelli, 30
00148 – Rome
http://www.italianavigando.it
info@italianavigando.it

The American National Standards Institute
11 W. 42nd Street, New York – NY – 10036
Tel: 212 642 4900
http://www.amnsi.org

U.S. Commercial Service Contact:
Maria Calabria
Commercial Specialist
American Embassy, Rome
Tel: +39 06 46 74 2427
Fax: +39 06 46 74 2113
e-mail: maria.calabria@mail.doc.gov

Automotive Parts and Service Equipment (APS)

Overview

Return to top

	2006	2007	2008 (Estimates)
Total Market Size	45,800	53,400	57,300
Total Local Production	53,600	63,200	66,200
Total Exports	18,400	22,100	25,900
Total Imports	10,700	13,200	15,100
Imports from the U.S.	255	295	300

The above statistics, in millions of dollars, are unofficial estimates.
***Note**: All figures are quoted in dollars converted from euro, unless otherwise noted. Local Production includes sales by Italian subsidiaries of U.S. companies.*
US$ in millions: Exchange rate $1=0. 797 euro (2006), 0.729 (2007) and 0.68 (2008).
Yearly percentage changes are derived from euro currency figures to exclude currency rate fluctuations.

Recent data from 'Centro Studi Promotor', a major Italian automotive research organization, www.centrostudipromotor.com, highlights that sales of new cars in Italy in 2008 totaled about 2,160,000 units (down 13.4% from 2007). Early forecasts for 2009 expected a further decrease to about 1,850,000 units (down 14.3% from 2008). The decreases should be particularly high in the first quarter of 2009 (-25% over the same period of 2008) and the second quarter of 2009 (-19.5%) in the absence of ameliorative measures taken by the government.

This negative result is mainly due to the global economic crisis. The Italian Government has responded to the drastic contraction in this sector with an automobile assistance package in early February 2009. This package, part of a broader group of industrial sector stimulus measures, will provide purchase incentives for new vehicles ranging from 500 to 6500 Euros. At the time of writing, the measures still required parliamentary approval, but its passage is expected. In the draft approved by the government, the plan does not discriminate against automobiles of non-Italian companies.

On the other hand, the current economic difficulties offer opportunities for the used car market, which as of December 2008, represented more than 70% of the total sales (new + used).

Notwithstanding the economic crisis, the local market leader, Fiat Group (with its brands Fiat, Lancia, Alfa Romeo, Ferrari, Abarth, and Maserati) improved its market share by 0.5 points as compared to 2007. Fiat success is due, in particular, to the new model "500", and to the range of new affordable city cars. Fiat is basically the only automotive manufacturer in Italy (apart from VW-owned owned Lamborghini).

Many foreign groups are active in the Italian market including Ford, GM and Chrysler; as well as PSA and Renault (France); Audi, BMW, Mercedes, Porsche, Smart, and Volkswagen (Germany); Daihatsu, Honda, Infiniti, Lexus, Mazda, Mitsubishi, Nissan, Subaru, Suzuki, and Toyota (Japan); Hyundai, Kia, and Ssangyong (South Korea); Aston Martin, Bentley, Jaguar, Land Rover, Lotus, Mini, and Rolls Royce (UK), Lada (Russia), Seat (Spain), Skoda (Czech Republic), Dacia (Romania), Volvo and Saab

(Sweden). Chinese (DR, Great Wall, Shuanghuan) and Indian (Mahindra, Tata) groups are entering the Italian market too.

All the Big Three US manufacturers, Chrysler, www.chrysler.com/en/, Ford Motor Company, www.ford.com, and General Motors Corp., www.gm.com, operate in the Italian market mainly through their European subsidiaries (generally headquartered in Germany). They usually sell their cars manufactured in Europe (Germany, France, Austria, Belgium, Spain, Sweden, etc.); direct imports from the U.S.A. are relatively few (GM also imports Chevrolets from South Korea). The following U.S. (or U.S. owned) brands are available in Italy: Chrysler, Dodge, and Jeep (Chrysler); Ford, Mazda, Volvo (Ford Group); Cadillac, Chevrolet, Corvette, Hummer, Saab and Opel (GM)

SUV's are the most recent automotive craze in Italy, but, as elsewhere, they are facing criticism due to their environmental impact and the difficulties in driving and parking them in the often small and crowded Italian cities. Some U.S. SUV's are directly imported into Italy by local specialized importers and they tend to cater to the request of wealthy individuals.

In recent years, Italian drivers have shown a preference for diesel cars due to the lower fuel price. Diesel engines equip not only larger cars, but also smaller ones like the city car Smart and the top selling Fiat Punto. In 2008, rising oil prices almost equalized the price of gasoline and diesel. As a consequence, gasoline cars, which have higher fuel consumption, but lower retail price and insurance costs, have retaken the lead in sales.

In early 2005, the Fiat Group ended most of its financial and manufacturing agreements with GM, signed in March 2000. Nevertheless, General Motors Powertrain Europe kept its Powertrain headquarters and engineering center in Turin, which is taking the lead in the group for diesel engine manufacturing and engineering activities. GM Powertrain Europe became operational in May 2005, and has engineering and manufacturing centers in Austria, France, Germany, Hungary, Italy, Poland and Sweden.

In November 2005, Fiat struck an agreement with Ford Europe to jointly develop a small car, (engine and transmission supplied by Fiat), to be produced in a Polish Fiat plant and marketed from 2007-2008. The results of the agreement are the new Fiat "500" and the just released new Ford KA model.

In January 2009, Chrysler and Fiat announced an agreement whereby Fiat would receive a 35% stake in Chrysler (which could be raised to 55%). Fiat is not paying cash, but will share products and platforms for small cars, as well as its green technologies, with Chrysler. The deal will help Fiat return to the U.S. market where it has long been absent. Chrysler will be able to sell in more foreign markets, like South America and Asia. The alliance should allow both companies to optimize their respective manufacturing footprint and global supplier base, and to save by combining their purchasing power. This alliance could lead to new opportunities for U.S. parts and components manufacturers.

The local market for automotive parts and service equipment declined during recent years, due to a general decrease in passenger car production. The automotive parts market constantly changes, so it is difficult to speculate how it will develop in the future as it depends heavily on car sales.

The current decrease in car sales has certainly had a negative impact on the domestic industry, and will have future consequences, especially as regards the OEM market. Impact on the aftermarket should be less. Many car owners who are not replacing their old cars will still need some more maintenance to keep their old cars safe and efficient.

Local motor vehicle production totaled more than 900,000 cars and 370,000 industrial vehicles in 2007. Expectations are 2008 will show a slight increase.

Domestic Italian production of automotive parts and service equipment covers approximately two-thirds of the demand compared to one-third covered by imports. Sales of original equipment (OE) parts account for around 65 percent of the total components demand, while aftermarket (AM) sales account for 35 percent.

Big multinational firms (many of them American with operations located in Italy) control the local tier-one parts market. The need for proximity to the manufacturer, delivery requirements, transportation costs, etc., makes it very difficult for firms not physically located in Italy to enter this competitive market.

Many U.S. groups operating in the OE and AM sectors therefore have factories in Italy, including American Standard Companies, www.americanstandard.com, ArvinMeritor, www.arvinmeritor.com, Collins & Aikman, www.collinsaikman.com, Dana, www.dana.com, Exide, www.exide.com, Federal Mogul, www.federal-mogul.com , Johnson Controls, www.johnsoncontrols.com, Key Plastics, www.keyplastics.com, Lear, www.lear.com, Mark IV Automotive, www.markivauto.com, Tower Automotive, www.towerautomotive.com, TRW, www.trw.com, Visteon, www.visteon.com, etc.

Imports are in general higher in AM rather than in OE, due to the development of modern distribution channels and transnational operators, improved performance of foreign automotive organizations and greater competitiveness of imported products. Products are imported from European countries like Germany (around one-third) and France (about one-fifth). Imports from the U.S. are relatively low, but interesting niches exist.

Italy has one of the highest auto densities in the world, (and Europe's highest) and one of the oldest circulating auto fleets in Europe, (about one-third is older than 10 years). Consequently, the budget and subsequent expenses related to maintenance repair equipment have continued to increase during the last few years.

The higher frequency of periodic compulsory motor vehicle inspections and stricter pollution control regulations in Italy have forced the replacement of parts and the use of more modern service equipment than was common in the past. Furthermore, as the electronic systems on cars become increasingly sophisticated, service shops have to invest in new equipment and technologies to provide suitable maintenance.

The new European standards on auto servicing, implemented in 2003, have opened some interesting prospects for independent repair professionals. Due to the new rules, the independent professionals are entitled to receive from car manufacturers any technical information and training needed to repair any kind of automobile. This may represent a significant market opportunity for Italy's 50,000 independent repair professionals who, along with around 4,000 garages belonging to the official networks, make up the Italian auto repair industry.

All the car manufacturers have been recently forced by new, mandatory EU regulations to extend to two years the minimum period of warranty for cars. As a result, customers are utilizing official garage networks more than before, at least while the cars are under warranty. This strengthens the manufacturer's relations with the customers and allows the manufacturer to generate more revenue, otherwise lost due to increasing competition in car sales.

The aftermarket is characterized by two big trends: first, the so-called liberalization of the distribution allows the possibility of using spare parts "complying with the original", and of "equivalent quality" to those made by manufacturers. This reduced the hold on the market by manufacturers. On the other hand, manufacturers reacted through the extension of the product warranty for up to five years. Warranty extension is one of the few marketing tools that manufacturers can use to differentiate their competitive offer.

Due also to the fact that some experts believe there is little or no quality difference among the top brands and that non-genuine parts offer comparable quality at a lower price, part of the car manufacturers' control of the market has been shifted to distributors and users.

Many U.S. companies are active in the Italian auto repair and vehicle maintenance market, usually through local distributors, e.g., Amrep, www.amrep.com, Assenmacher Specialty Tools, www.asttool.com, Bear Engineering, www.cartek.com/, Chief Automotive Systems, www.chiefautomotive.com, Chicago Pneumatic, www.cp-com, Group 31 , www.31inc.com/, Hockman-Lewis, www.hockmanlewis.com, Hunter Engineering, www.hunter.com, Newen, www.newen.com, SpecTools, www.spectools.com/, and Sunnen Products Company, www.sunnen.com.

Auto accessories and tuning sector

Interesting opportunities exist in the auto accessories and tuning sector, which is expected to remain stable (or even grow) in 2009.

In general, companies operating in all the sub-sectors may expect to find buyers in the market, but the car audio and video/car entertainment sub-sectors present particularly interesting opportunities.

One of the latest crazes for Italians is info-mobility, and many car owners are installing GPS satellite navigators. Tools such as navigators are quickly spreading into the consumer goods market, and are now available in most of the department stores. From dashboard GPS to fleet management solutions, the market is growing, and many U.S. manufacturers are already present here. Moreover, some opportunities will also arise for new-to-market companies offering cutting-edge new products.

In sum, the market is growing and may be of real interest for U.S. manufacturers. Many U.S companies are already active in Italy, including Garmin International, www.garmin.com, Navteq, www.navteq.com, Boston Acoustics, www.bostonacoustics.com, Car Sound Exhaust System, www.car-sound.com, Carrillo Industries, www.carrilloind.com, Dynamic Control of North America, www.dynamat.com, Harman/Becker, www.mybecker.com/, K&N Engineering, www.knfilters.com/, Phoenix Gold International, www.phoenixgold.com, Goodyear, www.goodyear.com, and Exxon, www.exxon.com.

Other U.S. companies are active in Italy in the auto care sector, such as: Bardhal, www.bardhal.com, Valvoline, www.valvoline.com, STP, www.stp.com, Wynn's, www.wynnsusa.com, Cyclo, www.cyclo.com, AutoMagic, www.automagic.com, Oil Eater, www.oileater,com, and PowerService, www.powerservice,com.

LPG and CNG fuels: Another sector which may supply U.S. manufacturers with interesting opportunities is related to LPG and CNG fuels. Italy ranks second in the world in natural gas (CNG) vehicles after Argentina, and ranks first in Europe in regard to LPG vehicles.

The **alternative fuel field** is **expanding fast in Italy**: overall there are **more than 1,800,000 cars in Italy** that already run on LPG or CNG, and are supported by around **3,500 specialized garages and 2,600 fuel pumps. In 2008, 350,000 cars were either converted from gasoline or bought as new cars already fitted for using CNG** or LPG.

There is also some interest for the hybrid-electric cars, with Anti-Particle Filters and for small cars with low CO2 emissions, which evidences the greater attention being paid to ecological cars and clean fuel.

CNG and LPG vehicles are among the few vehicles currently allowed to circulate on any day, as they abide by all the stringent regulations implemented to limit the pollution in city centers in various Italian cities. Moreover, CNG and LPG vehicles' consumption is often lower than similar gasoline or diesel fuel. As a consequence, most of the car manufacturers operating locally are trying to offer LPG and CNG versions of their cars, a market niche that is expected to account for five percent of the total market in 2008, compared to 3.5 percent in 2007.

Italian companies (e.g. BRC Gas Equipment, www.brc.it/default.aspx?&lang=en# , and Landi Renzo, www.landi.it/layout.jsp?idz=10073&idtp=151&lang=3) are among the world leaders in manufacturing and marketing components and systems for converting vehicles from gasoline to LPG and CNG.

In December 2008, t**he Bologna Motor Show, a** major international automobile exhibition, focused on **alternative fuel technology** for cars and **eco-friendly fuel**, and hosted the second edition of "EcoCity", which included a vast display of components and accessories covering the entire sector for the conversion of vehicles to CNG and LNG, including both AM and OEM systems. "**EcoCity"** was an area where manufacturers of gas fuel kits exhibited the latest technology in CNG and LPG.

Another major event held in 2008 that focused on LPG and CNG was the 2nd World Fair of NGV's and H2Vs, which included **both an exhibition and master conferences, held in**Turin, Italy, September 25th-27th, 2008, www.ngvworldfair.com .

Best Prospects/Services Return to top

Best prospects include a range of passive and active security components/accessories, environmentally friendly features, diagnostic apparatus and light weight/acoustic insulation and advanced materials, as well as auto tuning components, info-mobility solutions, and equipment for LPG and CNG vehicles.

In general, all products with high technology content can find opportunities in the Italian market. This is valid both for electronics and for accessories. As a rule, Italians are ready to consider new products and to pay extra money for something that is innovative and new. Fashion can also be an important decision factor in this sector.

Currently, U.S. exports may also be boosted by the favorable exchange rate between the dollar and the euro. Growth in U.S. auto parts, accessories, components and service equipment shipments to Italy is expected to experience a two percent average annual increase for the next couple of years.

Opportunities Return to top

Public tenders: in the automotive sector, local transport authorities, police forces, etc., may issue public tenders for additional equipment, accessories and parts. Companies wanting to participate in bids are strongly encouraged to establish an organization in Italy to help them in dealing with the sometimes complicated public tender process.

Resources Return to top

Contact:
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20121 Milan, Italy
Tel. +39/02/62688-523 (direct phone number)
Fax +39/02/6596561
Andrea.Rosa@mail.doc.gov
http://www.buyusa.it/

Trade shows:

The 7th edition of 'My Special Car Show', the special and sports car exhibition focusing on tuning & racing, car entertainment, parts & components, will be held in Rimini, Italy, March 27th -29th , 2009, www.myspecialcar.it/index.asp?m=1&l=3&p=1Home

The 6th edition of the 'Automotive Dealer Day', an event on information, strategies, and instruments for the car trade, will be held in Verona, Italy, May 13th-14th, 2009, www.dealerday.it/evento.php?area=1&idpass=1&lang=eng

The 23rd edition of 'Autopromotec', a major international exhibition of automotive industry products, garage equipment and servicing, and a U.S. Dept. of Commerce

Certified Event, will be held in Bologna, Italy, May 20th -24th, 2009, www.autopromotec.it/index_en.php

The 16th edition of 'Mondo Natura', an international motor home, caravan, camping and outdoor vacation show, will be held in Rimini, Italy, September 12th -20th, 2009, www.mondonatura.it/

The 8th edition of 'H2Roma', a low emission cars exhibition, featuring hybrid, electric, second generation biofuels, and the innovations carried out by the most important global producers is expected to be organized in Rome, Italy, November 2009 (date to be confirmed), www.h2roma.org/en/event/intro

The 34th edition of 'Motor Show', the International Car and Motorcycle exhibition, will be held in Bologna, Italy, December 5th -13th, 2009, www.motorshow.it/en/index.html

The following website resources may be helpful:
ANFIA - Associazione Nazionale Filiera Industrie Automobilistiche (The National Association of car manufacturing companies), www.anfia.it/english/default.htm

UNRAE - Unione Nazionale Rappresentanti Autoveicoli Esteri (The National Union of the representatives of foreign vehicles), www.unrae.it/

ACI (Automobile Club of Italy) - www.aci.it

Centro Estero Camere di Commercio Piemontesi - Foreign Trade Office - Piedmont

Chambers of Commerce - www.centroestero.org/EN/

Centro Studi Promotor - www.centrostuidopromotor.com

GIPA, an automotive research organization – www.gipa-auto.com

SAFETY AND SECURITY EQUIPMENT (SEC)

Overview

Return to top

	2006	2007	2008 (Estimated)
Total Market Size	4,041	4,535	5,025
Total Local Production	4,373	4,955	5,565
Total Exports	482	584	729
Total Imports	149	165	190
Imports from the U.S.	11	12	15

US$ in millions: Exchange rate $1= 0.797 euro (2006), & 0.729 euro (2007); 0.68 euro (2008)
The above statistics are unofficial estimates. Data regarding security equipment is provided by the Italian association ANCISS and statistics for the safety industry are collected by ANIMA.

Italy has a fairly strong domestic safety and security industry with a reputation for high quality products. Italian production is well distributed across the various security equipment product lines. The industry is comprised of a sizable number of small and mid-sized locally based concerns.

The safety industry saw an overall increase in market sales of three percent in 2007 due mainly to a concerted effort by the national association ANIMA (Italian Federation of Mechanical and Engineering Industries) and the public administration to promote awareness of worker safety requirements and an overall "safety culture" that resulted in more strict controls in work environments, particularly in response to an increase in the number of on-the-job injuries and deaths. ANIMA established a "Safety Network" in 2008 to act as a single reference point for addressing the various safety issues ranging from firefighting, individual protection, security of machinery, noise reduction and road traffic signs.

Not only has overall demand increased, but the trend in demand is for higher quality products and services. More and more frequently partnerships are being established between the private and public sectors (research centers) with the aim of developing innovative products specifically in the personal protective equipment (PPE) segment.

Sales in the security and building automation industries picked up in 2007, with internal demand increasing by 5.7 percent in 2007, and continuing to grow in 2008 by 7.9 percent. The fire safety equipment segment registered overall growth of 4.9 percent. Within the anti-intrusion segment, the area that continues to show the most activity and growth is CCTV equipment. Other areas within this segment saw moderate growth. Forecasts for 2009 indicate moderate growth despite the worldwide economic crisis.

Demand for security continues to be significant and remains a primary area of focus for the Italian Government. The 2008 national budget contained an additional 200 million Euros compared to the previous year for security related expenditures, including funding to expand the police force, and 100 million Euros for modernization of vehicles, infrastructure and technology. Regulations introduced under the 2009 Budget Law provide for an increase of these funds to 565 million Euros. The Government's goal is to provide local administrations with the necessary tools in order have more control of their respective territories, thus delocalizing control. A reform of local police forces should be introduced in the near future to allow for even closer control.

In 2007, in an effort to minimize crime and improve the quality of life in Italy, a program was established for the development of "security pacts" ("Patti per la Sicurezza") in Rome and Milan between national and local authorities. Many other pacts were signed subsequently in other cities. This has become the answer to insufficient funding available to the Ministry of the Interior to combat crime, and the objective is to increase funding available through the participation of regional and municipal authorities. Resources from the municipal authorities and additional contributions on behalf of the provinces are gathered to create a special "security fund" that is transferred to the Ministry of the Interior and managed by the Prefecture. Funds are utilized by the National Security Council particularly to increase the number of officers of several law enforcement agencies.

The European Union (EU) has introduced new legislation in order to improve safety and security standards. Through Directive 2008/1104/EC on the identification and designation of European critical infrastructures and the assessment of the need to improve their protection, adopted on Dec. 8, 2008, the EU now emphasizes the need for greater attention to infrastructure security.   The Directive must be implemented by Member States by Jan. 12, 2011.

In the Western Mediterranean region, Italy is one of the countries under the most pressure from illegal immigration. Italy's right-wing government has made cracking down on illegal immigration a top priority, and the Minister of Interior recently announced that Italy will send back illegal immigrants who arrive on its shores. To combat a growing wave of illegal immigrants, Italy is seeking bilateral agreements with countries where the immigrants are coming from in order to devise a common Mediterranean plan shared and supported by EU institutions such as Frontex (EU border agency). On January 13, 2009, the Italian Minister of Interior, together with the equivalent officials in Cyprus, Greece and Malta, met in order to devise a common policy. Italy has also signed a treaty of friendship and collaboration with the Libyan Government. This cooperation includes joint surveillance of Libyan territorial waters in order to fight clandestine immigration.   The Minister of Interior also announced a meeting with G8 counterparts on illegal immigration at the end of May in Lampedusa, where most migrants from Northern Africa arrive.

In Italy and across Europe, emphasis has been placed on homeland security, transportation and critical infrastructure protection. Key areas of interest will include nuclear power plants, energy facilities, defense installations and other high-risk facilities. New opportunities should continue to arise in the aviation, maritime, supply chain and rail security areas as a result of security measures mandated by regulatory bodies. The air transportation sector and maritime industry in particular should continue to perform upgrades in order to fulfill ICAO mandates regarding security standards.

Best Products/Services

Return to top

Equipment with the greatest sales potential includes airport passenger and baggage screening equipment, cargo/container scanning equipment, access control systems including biometric identification systems and CCTV systems, perimeter protection systems, fire-fighting equipment and systems, personal protection equipment, anti-intrusion systems, burglar alarms, and automated home protection solutions.

The access control sector represents one of the most promising areas in both the public and private sectors and comprises 40 percent of the security market. Many government organizations and private sector firms are enhancing their facility security by implementing access control measures. The best selling products are centralized (online) access control systems, and the identification technology that is mostly requested is Radio Frequency (RFID). Demand for biometric technology should see an increase within the next several years. In 2004, the Italian Government created a working group to establish guidelines for the use of biometric technologies in the public sector, and a competence center was also established to assist public administrations in the biometric area. The use of biometric technology to reinforce security can be seen in international programs such as e-Passport and other border control initiatives that call for the use of biometric technologies and inclusion of biometric identifiers in travel documents. The European Parliament has recently backed proposals to set up the European Visa Information System (VIS), which is destined to become the world's largest biometric database. The European Border Fund, providing for an estimated €1.8 billion for the period 2007-2013, will assist Member States to invest in new equipment and systems for border management. With regard to Italy, programs are in the works including the electronic identity card (Carta d'Identità Elettronica - CIE) and the electronic residence permit (Permesso di Soggiorno Elettronico – PSE). In terms of physical and logical security within the public administration, increased investment may be expected in biometric technologies to enhance facility security measures and to control access to critical information applications and sensitive data.

Port and maritime security is a national priority, and port authorities continue to install and upgrade equipment throughout the country. Opportunities should continue to exist in major airports that will perform needed upgrades. EU maritime policy is placing much attention on several areas including safety and security, and Italian ports will be expected to respect these.

Increased awareness of worker safety requirements needed to diminish the number of on-the-job injuries and work-related deaths may present opportunities in the safety sector for personal protection equipment.

The U.S. market position in the sector has improved and has further potential to increase as Italian security consumers consider the U.S. security equipment industry to be a world leader in the global marketplace. U.S. security technology is considered advanced and sophisticated. Security products with new, innovative and sophisticated features are in demand, but must be supported by strong after-sales service. The presence of a nationwide service organization that can guarantee installation and maintenance will prove a definite advantage, especially because customers generally will require training, support and maintenance.

Opportunities [Return to top]

To fight terrorism more effectively and enhance protection for citizens, the EU has established the program "Prevention, Preparedness and Consequence Management of Terrorism and other Security Risks". The program adopted by the Council of the European Union on February 12, 2007 covers the period 2007-2013 with a budget amounting to approximately 140 million Euros. It offers a comprehensive framework and contributes to the development of the European Program for Critical Infrastructure Protection (EPCIP) as well as policy measures aimed at guaranteeing security and public order during a crisis situation. The general objective of the program is to support Member States' efforts to prevent, prepare for, and to protect people and critical infrastructure against terrorist attacks and other security related incidents. Furthermore, the program is intended to contribute to ensuring protection in the areas such as the crisis management, environment, public health, transport, research and technological development and economic and social cohesion, in the field of terrorism and other security and safety related risks within the area of freedom, security and justice.

In order to implement this Program, on September 24, 2008, the European Commission adopted the "2009 Annual Work Program" that will award grants to transnational and/or national projects that contribute to the development of EPCIP as well as policy measures aiming at upholding, and/or guaranteeing security and public order during a crisis situation. On the basis of the Call for Proposals, 2009 co-financed projects can count on a huge budget equal to € 14.200.000. Critical infrastructures should also continue to receive national funding to support necessary improvements. Italy lags behind in this area and needs to step up its efforts to comply with a new EU directive regarding EPCIP above mentioned.

U.S. companies interested in public tender possibilities should consult Italian ministry websites for tender information. In addition, the U.S. Mission to the EU maintains a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement (http://www.buyusa.gov/europeanunion/ - see Chapter 8 for more information). EU public procurement announcements are also available on CD ROM, which can be ordered from EU official sales agents worldwide. Alternatively, the EU's website, http://www.buyusa.gov/europeanunion/tender_search.html, offers access to EU public procurement announcements free of charge.

Resources [Return to top]

Trade shows:

Sicurezza and Sicurtech Expo 2010
November 2010
Milan International Fairgrounds
The 14th edition of the Sicurezza biennial exhibition will be held November 2010, at the Milan Rho-Pero fair complex. This edition will run simultaneously with the Sicurtech show, focusing on technologies for fire fighting, workplace safety and hygiene and civil defense. Both shows are organized by Fiera Milano Tech S.p.A. The U.S. Commercial Service has organized U.S. pavilions at the 2004 and 2006 editions.
Contact Info: Fiera Milano Tech S.p.A.

Via Gattamelata 34, 20149 Milan
Ph. +39 02 3264.282
Fax +39 02 3264.284
http://www.fieramilanotech.it
http://www.intelshow.com
info@fieramilanotech.it

Techfor 2009
May 12-15, 2009
Fiera di Roma, 00100 Rome – Italy
TechFOr 2008's success was confirmed by the number and quality of highly-specialised exhibitors and their leading-edge technologies at the service of security forces. Next edition will be both an Exhibition and conference event entirely dedicated to Security technologies for citizen and national security.
Contact Info: Istituto Mides S.r.l.
Via Alberico II, 33
00193 Roma
Ph. 06/684251
Fax 6/688802433
http://www.techfor.it
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<u>Websites and portals</u>:

European Union Portal:

http://europa.eu/index_en.htm

Italian Government

http://www.governo.it/

Italian Ministry of the Interior:

http://www.interno.it/

ANCISS: Associazione Nazionale Sicurezza ed Automazione Edifici
(National Association of Manufacturers, Installers and of security equipment - part of ANIE)
http://www.anciss.it/

ANIMA: Federazione delle Associazioni Nazionali dell'Industria Meccanica varia ed Affine
(Federation of the Italian Associations of Mechanical and Engineering Industries)
http://www.anima.it/

Security portals:
http://www.securindex.com/

http://www.sicurezzaonline.it/index_en.htm

Showcase Europe Website:
www.buyusa.gov/europe

CS Italy is the Showcase Europe coordinating post for the safety and security industries.

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BUILDING PRODUCTS AND ARCHITECTURAL, CONSTRUCTION AND ENGINEERING SERVICES

Overview

Return to top

The following tables summarize trends in the Italian construction sector, both in value terms and in terms of units constructed:

	2006	2007	2008 (Estimates)
Overall Construction	182,708	209,053	228,354
Residential	98,502	113,601	124,254
new	47,819	54,703	58,737
maintenance	50,683	58,899	65,518
Non residential	84,206	95,452	104,100
private	47,477	55,152	61,229
public works	36,729	40,300	42,871
exchange rate used: EUR to USD	0.797	0.730	0.680

US$ in millions: Exchange rate $1= 0.797 euro (2006), & 0.729 euro (2007); 0.68 euro (2008)
Source: ANCE (Italian association of contractors)

% Change in units constructed

	2006	2007	2008 (Estimates)
Overall Construction	1.10%	1%	-1.10%
Residential	3.10%	1.60%	-1%
new	3%	0.80%	-2.80%
maintenance	3.10%	2.40%	0.70%
Non residential	-1.10%	0.30%	-1.30%
private	0.50%	2.80%	0.50%
public works	-3%	-2.90%	-3.70%

US$ in millions: Exchange rate $1= 0.797 euro (2006), & 0.729 euro (2007); 0.68 euro (2008)
Source: ANCE (Italian association of contractors)

The construction sector is fundamental for the Italian economy, both in terms of investments and number of employees. In 2007, the sector accounted for 11.1% of Italy's GDP and 8.4% of the Italian workforce. During the nine years from 1998 to 2007 investments in construction in Italy grew by 29.4%, twice as much as the country's overall GDP.

However, the growth trend stopped during the second semester of 2008, mainly because of uncertainty surrounding both the Italian and global economies. As a result, the national association of Italian contractors had to revise its estimates for 2008 to reflect a -1.1% decrease in units constructed for the whole year (whereas previously it had forecasted modest growth). New residential construction projects and public works (a segment that had already been suffering for a few years) were particularly hard hit, while the trend for residential maintenance (restructuring) and non-residential private construction projects remained positive.

In 2009, investment in construction is forecast to decrease by 1.5%, due mostly to an ongoing reduction in new residential construction projects and to a cutback in public works. The only segment that is expected to continue growing is that of residential maintenance projects, because of tax incentives for restructuring.

Best Prospects/Services Return to top

Insulation products:

The ongoing positive trend of residential maintenance projects presents good opportunities for insulation materials. Italian Legislative Decrees 192/2005 and 311/2007 set new requirements for insulation that must be applied to both new and existing buildings. A recently introduced tax deduction of up to 55% of the expenses for home renovations aimed at energy conservation is also expected to broaden the market for insulation products. These recent energy saving policies, introduced by the Italian Government upon suggestion of the European Union, will create opportunities for growth in sales of insulation materials.

Green Building:

The construction sector in Italy lags behind that of other countries in regard to the awareness of green building issues among sector professionals, the number of green building structures actually erected and the availability of green building materials. In Italy, discussion of green building issues traditionally has evolved not in academic and political circles, but rather among associations of professionals, mostly architects, who have been trying to promote green building among policymakers. Local (city and provincial) administrations so far have been fairly receptive to green building issues, and they are increasingly including green building products and techniques in their regulatory plans. Quantitative data on green building products in Italy do not yet exist. The main reason for that is the lack of an official, stable and agreed-upon definition of what exactly belongs under “green building”. However, the trend towards green building in Italy is certainly very positive and has been accelerating in recent years.

Opportunities Return to top

Planned short term infrastructure works by the Italian Government:

Although the Italian Government has reduced funding for new infrastructure for 2009 by as much as 14.2% vis-à-vis 2008, the plan is still to devote 16.6 billion Euros to the construction of much needed infrastructure. Out of the above amount, about 7.3 billion Euros can be classified as “new financing” by the State and have been recently (December 2008) authorized; the remainder of the amount had already been set aside during 2007 and concerns mostly highway works. The Government is expected to approve the final versions of those projects in early 2009.

Out of the 7.3 billion Euros in new financing, 2.5 billion had already been earmarked for the State-owned Italian Railway and Shipping companies as well as for the national road and highway network. The remaining 4.8 billion Euros will be devoted to works in the Southern (4 billion Euros) and in the Northern and Central (800 million Euros) parts of

Italy. Northern Italy is also expected to receive an additional 1.5 billion Euros in financing, as well as 800 million Euros that have already been earmarked for the project intended to protect the city of Venice from floods. While financing for single infrastructure works has not yet been assigned, it is already possible to identify some of the priority works:

In Southern Italy the Salerno – Reggio Calabria highway, the Jonica main road, the Messina – Catania railroad, a few waterwork projects, as well as the subways in Naples and in Palermo.

In Northern and Central Italy, two main groups of works compete for funding: the Expo 2015, which will be held in Milan, and a few strategic railroad projects that are ready and waiting for funding.

Expo 2015:

On March 31, 2008, Milan, Italy was chosen as the venue for the 2015 World Exposition. The Expo, or World's Fair, is said by many to be the third most significant global event in terms of economic and cultural impact, after the World Cup (soccer) and the Olympic Games. The six-month exhibition should create thousands of jobs and brings in hundreds of millions of dollars for the host city. The theme of the Milan Expo will be "Feeding the World; Energy for Life".

In preparing for Expo 2015, € 3.23 billion will be invested by the Italian Government, by local governments and by the private sector to prepare the site and construct the necessary facilities (€ 1.25 billion), to connect the site to the surrounding area (€ 1.78 billion), to improve the accommodation capacity and to carry out other technical work (€ 60 million). The private sector (companies, financial institutions, etc.) has shown great interest in the infrastructure works. It is estimated that private businesses will invest roughly € 900 million of the € 3.23 billion figure quoted above. Moreover, investments in transportation infrastructure by public and private entities are estimated at € 10.18 billion. Furthermore, 21 million tourists are expected to visit Milan for the 2015 Expo, 73% of them from Italy and the remainder from other countries. All Expo-related works are expected to be completed by September 2014.

Resources Return to top

ANCE - National Association of Italian Contractors
www.ance.it

Green Building Council – Italy Chapter
www.gbcitalia.org

ANIT - Italian Association for Thermal and Acoustic Insulation
www.anit.it

With respect to marketing building products, including both insulation and green building products in Italy, it is advisable for U.S. companies to find a local Italian partner. The U.S. Commercial Service in Italy can assist with that. Our office is also closely monitoring developments related to Expo 2015.

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PET PRODUCTS (PET)

Overview

Return to top

	2006	2007	2008 (Estimated)
Total Market	2,150	2,400	2,710
Pet Food	1,650	1,825	2,060
Non-Food Products	500	575	650

US$ in millions: Exchange rate $1= 0.797 euro (2006), 0.729 euro (2007) & 0.680 euro (2008).
The above statistics are unofficial estimates.
Source: Assalco 2008, IRI, ANMVI, Zoomark International

In 2007, the Italian pet products market continued to grow, increasing by over 5 percent in value. The leading factors for this growth are mainly three: decrease in tendency for home-cooked food for pets, although it still represents 44% of pet food consumption in Italy; the increasing importance of the role of pets in Italian families; and the pro-active role of distribution, both through the grocery store channel (supermarkets and hypermarkets) and in specialized pet shops, including garden centers, which are devoting more space to pet products.

In Italy, there are now 60 million pets in a country of 58 million people. In particular, Italy occupies a top position among European countries regarding dog and cat populations. Cats are the most common pets in Italy. According to the most recent estimates, there are 7.5 million cats and 7 million dogs in Italy. Assalco's data states that there are 4.6 million families with at least one dog and 4.5 million with at least one cat, while 5 million families have other types of pets.

The role of pets in Italy has changed over the years. Pets have come to be considered as real friends, and even as psychological aids. This new role has several causes: a lower birthrate, changes in the family structure, a higher number of singles, an increase in regard for animals, and a longer average human life span. This increase in the number of pets within Italian households translates into greater care and into higher expenses, both from the nutritional and health point of view and the accessories and services provided.

The market for industrial or commercial pet food has also increased greatly in recent years. This growth is mainly related to a greater demand for specific types of pet food. The industry has been developing new lines of pet foods that meet very specific needs related to the age (for young, adult and older animals), lifestyle (high-energy or light diets), and health condition (for diets that prevent allergies or address certain diseases) of pets. In short, dog and cat food is becoming more and more "customized".

In 2007, cat food in Italy represented 38% of the pet food market and was valued at $915 million, a 4.6% increase over the previous year. Dog food on the other hand, while it represents only 25% of the market, was valued at $616 million, an increase of 6%. In particular, premium cat and dog food registered the highest increase, respectively +5% and +7%. For cats, the consumption of wet pet food is still predominant, with 40 percent of the total market in value compared to 18 percent for dry food. For dogs, on the other hand, the share in value of wet food is 18 percent and 20 percent for dry food. The snacks and treats segment for both cat and dog count for 4 percent of the total market size. There is also an increasingly more targeted segmentation of pet food, especially in the dry food division. Pet food is targeted at pets according to age, needs (such as overweight or specific intolerances) and to size and breed. The evolution of this trend is a new type of food, whose added value is the prevention and treatment of some diseases.

According to the U.S. Census Bureau of the U.S. Department of Commerce, U.S. exports of animal feed to Italy recorded a 75% increase in 2007: $30.7 million versus $17.4 million the year before. More recent data show that U.S. animal feed exports to Italy in the January-October 2008 period totalled $27.1 million, an increase of 4% over the same period in 2006. Although these data reflect the good performance of the euro in the past two years, the high quality standards of the U.S. pet food, especially the premium and specialty food, in addition to the increased market needs, are the main reasons of this extraordinary export data. Despite the economic global turndown, this sector seems to be holding up rather well.

Apart from pet food, other non-food pet products tend to boast higher margins and are becoming more interesting to large-scale distribution, although Italian consumers still prefer to purchase litter, accessories, hygiene products, supplements and medicines from specialized shops. As owners enjoy spoiling their pets more and more, the percentage of sales of accessories and the search for increasingly personalised products are also increasing. Two sub-segments that are performing particularly well are the upscale, luxury products and the reasonably priced products. The pet care and comfort products segment, which accounts for one-fifth of the market, is worth about $650 million.

Best Prospects/Services Return to top

Dry cat food and super premium dog food continue to display the best sales trends in Italy. Positive trends are also assured for snacks and smart treats, especially for nutraceuticals, snacks that are made to ensure a greater nutritional balance for animals.

The trend of expenditures for accessories and services is also increasing, in particular with regard to pet-care products. These trends indicate that in the next few years the market will also see an expansion in the pet care and complementary products segment, as well as in the products for pet healthcare.

The market is showing a fast development with greater attention to design and segmentation of products. Nail polish, fur dye, deodorant, and sun creams, anti-stress sprays are just some of the products launched successfully. It is interesting to see that in the fish segment some companies have also committed greater effort towards product innovation.

Opportunities Return to top

Cat and dog snack food, and cat dry food
Cat litters, especially private label
Pet accessories
Healthcare products
Veterinary services

Resources Return to top

The U.S. Commercial Service promotes a U.S. Pavilion at "Zoomark International", Italy's leading bi-annual pet products show - http://www.zoomark.it. The next edition will take place in Bologna on May 7-10, 2009. For more information contact:

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U.S. Commercial Service
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Web: http://www.buyusa.gov/italy/en/zoomark2009.html

The major U.S. Trade Associations in the pet sector are:
American Pet Products Manufacturers Association (APPMA): www.appma.org
World Wide Pet Industry Association (WWPIA): www.wwpia.org
Pet Food Institute: www.petfoodinstitute.org

In Italy, the pet association is Scivac: http://www.scivac.it/

Prospective U.S. exporters of pet products can also contact:

U.S. Department of Commerce, Global Trade Programs, Edward K. Kimmel: Edward.Kimmel@mail.doc.gov

U.S. Department of Agriculture FAS (Foreign Agricultural Service) Rome, Italy office:
Email: agrome@fas.usda.gov
Webpage: http://rome.usembassy.gov/agtrade/default.asp

Zoomark International 2009 official show organizer is Piesse, piesse@zoomark.it.

BIOTECHNOLOGY

Overview

Return to top

	2006	2007	2008 (estimated)
Number of Companies	222	228	236
Number of Products in Pipeline	77	147	154
Turnover	5,125 *	6,578 *	7,648 *
Employees	14,023	14,543	14,800

US$ in millions: Exchange rate $1= 0.797 euro (2006), & 0.729 euro (2007); 0.68 euro (2008)
Source: Assobiotec (Italian National Association for the Development of Biotechnology)
** Turnover for all biotech products in Italy, in millions of dollars*

Italy's biotech industry has made remarkable progress in the past five years. According to Assobiotec (Italian National Association for the Development of Biotechnology), the number of biotech companies has grown from 83 in 2003 to 228 in 2007. After a successful development phase, the sector is now in the process of integrating biotechnological and pharmaceutical companies, financial institutions and research institutes. Italy ranks among the leading countries in life sciences – in pharmaceuticals, it ranks third in Europe (after Germany and France) and fifth in the world, with the USA and Japan in the first two positions.

Healthcare companies (Red Biotech) still dominate the sector (73%), while White Biotech (including agrofood) represents only 13%. There is an increasing trend toward smaller, high tech enterprises (75% of accredited companies have fewer than 50 employees) although medium and large companies still generate 97% of the sector's sales and account for 84% of R&D investments. 2007 R&D investments totaled $1.8 billion, a 9% increase on the previous year.

An area with particular growth potential is technology transfer. Italy is known for its strong tradition in science and innovation, with world-class research centers for biotechnology; however, optimizing research outcomes and transferring technology to the private sector has yet to reach its potential. There is strong demand for tech transfer know-how and consultants with life sciences and business development experience to help bridge the gap between research and commercial applications.

Assobiotec reports that numerous Italian biotech companies are diversifying into nanotech projects. Moreover, nearly all of Italy's universities and national research institutes with technology programs are involved in nanotech R&D, and the National Program for Research (NPR) has made nanotechnology a top priority, with national funding of nearly $96 million in 2007.

Best Products/Services

Return to top

Companies devoted to healthcare still dominate the biotech sector in Italy. Primary areas of interest are oncology, immunology, infectious diseases and cardiovascular applications. Exports of products to serve research centers and healthcare facilities are promising prospects, with particular demand for human diagnostics and instrumentation. As the country's elderly population grows, demand for non-invasive cancer diagnostic tools and therapeutic products are expected to increase. For nanotech research, there is also growing demand for instrumentation used in working at nanoscopic scales, as well as diagnostic tools based on DNA.

In agrofood, the introduction of genetically modified (GM) crops in Italy (and in Europe) has proven to be difficult. In November of 2008, however, the Italian government lifted a ban on growing GM foods, allowing for tightly controlled scientific research in a number of regions. Still, environmental groups continue to resist these initiatives and gaining social acceptability of GM foods will remain a challenge for the foreseeable future.

Opportunities

Return to top

The Ministry for Foreign Affairs and ICE (Italian Trade Commission) have identified biotechnology as a key sector for international collaboration. The government is therefore working to implement and improve policies to promote the sector, including intellectual property protection, tax relief for corporate R&D expenditures and tax incentives for start-up and early-stage biotech companies.

Technology transfer represents one of the most promising areas of opportunity, as the Italian industry looks to international partners for licensing agreements and joint ventures. Italy is a center of excellence for biotechnology research; however, optimizing research outcomes and transferring technology to the private sector has yet to reach its potential.

Demand for financing and investment partnerships is also strong. The Italian venture capital industry is in a formative stage and still needs considerable strengthening. Companies lack access to seed and early stage capital as well as risk capital (angel investors). Italian biotech companies have an excellent pipeline, but often lack expertise in business development. They are eager to work with partners who can provide the necessary know-how, networks and capital to accelerate the pipeline development phase. U.S. companies adept at commercializing research outcomes will find numerous opportunities to work with innovative Italian companies with potential to create value for their partners.

Another area of growth and opportunity is Nanobiotechnology. According to Assobiotec, numerous Italian biotech companies have reported diversifying into Nanobiotechnology projects, and nearly all of Italy's universities and national research institutes with technology programs are involved in nanotech R&D. The National Program for Research (NPR) has made nanotechnology a top priority, with funding of nearly $96 million in 2007. Economists predict a $600 billion global market for nanotech products in the next 10 years, with biotech applications that promise to improve our quality of life. Italian companies are aligning their R&D efforts to compete in this high-potential field.

Resources

Return to top

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Assobiotec – Italian National Association for the Development of Biotechnology www.assobiotec.it

ICE – Istituto Nazionale del Commercio Estero (Italian Trade Commission) www.ice.it (Will soon be launching www.biotechitaly.com website.)

Ministry of Health – www.sanita.it

European Federation of Biotechnology – http://www.efb-central.org/

Nanotec IT – Italian Nanotechnology Center www.nanotec.it

Trade Fairs

BIO Europe Spring (Milan), March 16-18, 2009: Italy's largest conference and expo for the biotech sector http://www.ebdgroup.com/bes/

BIO 2009 (Atlanta), May 18-21, 2009: Assobiotec and the Italian Trade Commission will bring an Italian delegation of Biotech companies to this event http://convention.bio.org/

NANOTEC 2009 (Rome), March 31- April 3, 2009: www.nanotec2009.it

Agricultural Sectors

Return to top

Macro Economic Situation & Key Demographic Trends

Italy has a diversified industrial economy with roughly the same total and per capita output as France or the United Kingdom. Italian industries, including the food processing sector, rely heavily on imports of raw materials. Italy imports more than 75% of its energy requirements. Italy is part of the Euro Zone and has pursued a tight fiscal policy over the past decade in order to meet the requirements of the Economic and Monetary Union. Progress on implementing needed structural reforms, such as decreasing the high tax burden and overhauling Italy's rigid labor market and over-generous pension system, has been slow owing to the effective opposition of various stakeholders. It is anticipated that Italy's official debt will reach approximately 110% of its gross domestic product (GDP) in 2009. Given the negative impact of the current recession on government revenues and increased spending on social safety net measures, it is difficult to foresee a reduction in the budget deficit for the time being. The economy is currently in contraction, but even before the onset of the economic crisis in 2008, it tended to grow by less than the euro-zone average. Growth decelerated from 1.8% in 2006 and 1.7% 2007 to -0.1% in 2008 as the euro-zone and world economies slowed.

Italy is one of the largest agricultural producer and food processor in the European Union (EU). Italy's major food and agricultural trading partners are EU Member States, with neighboring France and Germany each accounting for roughly a fifth of Italy's agricultural trade. Major agricultural exports consist of wine, olive oil, cheeses, and fruits and vegetables. Italian perception of the place and role of Italian food in the global marketplace is closely ties to the concept of protected designations of origin, or geographic indications. Although products with geographic indications represent only a small fraction of the total value of Italian food production, they play a major role in Italy's national food export marketing strategy to portray its products as 'high quality and Italian".

On balance, Italy is a net importer of agricultural products. In 2007, total Italian food and agriculture imports exceeded $38.5 billion, of which $1 billion was from the United States. EU Member States are Italy's most important trading partners. Italy's 2007 export quota with EU-25 countries amounted to 68.3%, slightly lower than the previous year, with imports at 70.1%. The top five suppliers to Italy were France, Germany, Spain, the Netherlands, and Austria. The main importers of Italy's agricultural products were Germany, France, the United States, the UK, and Spain. Wine dominates Italy's food exports, followed by pasta, virgin and extra-virgin olive oil, canned tomatoes, cheese, biscuits, and baked goods. The United States is Italy's largest non-EU market. The United States imported more than $3.1 billion worth of Italian food and agricultural products in 2007, with wine comprising almost $1.3 billion of that total.

The United States is, for Italy, primarily a supplier of high quality inputs for Italian food processing–wheat for pasta and confectionary, forest products for furniture and housing components, tree nuts for bakery products, seeds for planting, hides and skins, seafood for the restaurant sector, and tobacco. While consumer-ready products also do succeed in this market, the EU's system of making technical conclusions subordinate to political decisions has constrained trade for many U.S. products, particularly meats and products containing genetically modified ingredients.

Because the export market drives the Italian food processing sector, the economic performance of the world market, and particularly the economic performance of Germany and other northern neighbors, heavily influences Italian business performance. Outside the EU, where Italy competes in global food markets, the weak dollar and strong euro have continued to exert negative pressure on Italian food export prospects. The notable exception is the United States where Italian wine sales continue to grow in spite of the 'expensive' euro.

Best Prospects for U.S. Agricultural, Fish and Forestry Exports

Food processing is an important sector of the Italian economy and processed food products dominate Italy's agri-food trade, which is concentrated within the EU. Nearly 70% of Italy's agri-food exports are destined for EU markets and slightly more than 70% of its agri-food imports are sourced from the EU. U.S. bulk and intermediate commodities are used mainly as ingredients by the Italian food processing industry.

Italy is the largest durum wheat importing country in the world, as domestic production covers only a minor share of the actual processing needs. Italy imports more than 270,000 tons of U.S. wheat annually to produce the high quality pasta and bread for which the country is famous. Imports of U.S. wheat are forecast to continue for the foreseeable future.

Italy is the world's fifth largest importer of seafood products, with an annual per capita consumption of almost 25 kilograms of fish and seafood. Last year Italy imported $83.5 million of U.S. seafood products—the highest export level since at least 1970. Opportunities exist to supply fish, especially tuna, salmon, crab, surimi, roe, seafood for the canning industry, frozen fish fillets such as hake, cod and plaice to meet the demand for convenient, ready-to-prepare products, peeled and processed shrimp, squid, cuttlefish, octopus and lobster.

Opportunities also exist for fruit berries, condiments, fruit juices, and tree nuts, all sectors that have seen growth in recent years.

Leading U.S. Agricultural Exports to Italy in 2007

(US$ '000)

Forest Products	$ 228,543
Tree nuts	$ 138,672
Wheat	$ 155,761
Fish and Seafood	$ 83,550
Vegetable Oils	$ 58,815
Hides and Skin	$ 52,206
Wine and Beer	$49,683
Soybeans	$39,973
Cotton	$ 23,908
Planting Seeds	$ 22,606

Source: BICO	

Leading Italian Agricultural Exports to the United States in 2007

(Thousands of U.S. $)

Wine & Beer	$ 1,303,648
Other Vegetable oils	$ 607,327
Cheese	$ 300,945
Snack Foods (including chocolate)	$ 106,532
Red Meats	$ 57,472
Processed Fruit & Vegetables	$ 42,675
Roasted Instant Coffee	$ 42,132
Panel Products (incl. Plywood)	$ 39,471
Fresh Fruit	$ 19,524
Essential Oils	$ 11,453
Source: BICO	

Italian Food Importers and Retailers

Italian importers consist mainly of small to medium-sized companies, rather than the large, market-dominating types found in northern Europe. Consequently, Italian companies import smaller volumes and a broader range than their much larger European counterparts. Most imported food products enter the Italian market through brokers or specialized traders. Price is always important, although quality and novelty alone do move some imported products. Imported products from North America often enter Italy indirectly from the Netherlands' Port of Rotterdam or directly by air.

Processed food is primarily distributed through retail grocers, convenience stores and discount grocers. Italian retail chain outlets have started to make their own purchasing decisions.

Italians spend an enormous amount (more than 20%) of their disposable income on food, beverages and tobacco. In 2006 household expenditure in Italy on food and drink (including alcoholic beverages) was approximately $173 billion—a 4.2% increase from the previous year. There are 2.3 million foreign residents in Italy and food retail outlets have started to cater to these consumers with more foreign and ethnic foods, but these offerings remain small in the face of traditional Italian cuisine.

Continuing tendencies toward smaller families, later marriages, and an increasing number of women in the workforce are resulting in food retail outlets offering more ready-made, ready-to-serve products and a wider range of products. Italian households still prefer fresh rather than frozen and frozen to canned food, as shopping frequency is greater in Italy than in many other European markets.

Geographically speaking, the number of food outlets showed the greatest increases in the center. As of January 1, 2006, there were 8,181 registered supermarkets in Italy. Italian food retailing is still very fragmented and dominated by a high number of small to medium-sized outlets. Most of the supermarkets, hypermarkets, and large shopping malls are located in northern Italy, while the south continues to lag behind with fewer retail outlets and a still underdeveloped distribution network. Large retailers have started to source products from buying groups who can ensure better deals with suppliers, while some large food retailers have decided to join buying groups to increase their leverage when dealing with suppliers. Although buying groups are largely the precinct of large chain food retailers, independent retailers have started to understand their value. A number of large multinational retailers have either merged or made acquisition agreements with local Italian players, in order to assimilate know-how and avoid fairly strict Italian regulations.

Discount retailers are slowing emerging in the Italian market, but have had to modify their market approach by catering to Italian consumer preferences. Hard discounting in the past has proven not to work in Italy but by modifying their image and offering a mix of branded and private label products they seem to have made inroads with the Italian consumer. Private label products have also seen a surge in acceptance by Italian consumers. Each retailer has begun to offer a variety of private label food products, targeting different types of consumers, especially in the organic or typical regional categories.

Advantages and Challenges for U.S. Exporters in Italy

ADVANTAGES	CHALLENGES
U.S. products are viewed as “trendy, new and innovative”, especially those with added benefits of health and lifestyle.	Strong cultural presumptions that Italian food products are superior to those of foreign suppliers.
Growing niche market for ethnic foods. Italians are traveling more, becoming aware of foreign cuisines.	Ingrained political opposition to modern biotechnology, which leads distribution chains to avoid GMO products.
Weak dollar versus a strong EURO favors U.S. exports.	The detention of U.S. products by Italian border inspectors for not conforming to EU sanitary standards.
U.S. fast food chains, theme restaurants, and the food processing industry are demanding U.S. origin ingredients.	Need to develop and invest in the relationship with the Italian trade contacts and the marketing of the product. Supermarket and hypermarket shelf space and product placement is expensive.

Key Contacts

USDA, FAS Contacts in Rome, Italy

Office of Agricultural Affairs,
American Embassy, Via Veneto 119a
Rome, 00187, Italy

Tel:	(011) (39) 06 4674 2396
Fax:	(011) (39) 06 4788 7008
Website:	http://rome.usembassy.gov/agtrade/default.asp
E-mail:	agrome@usda.gov

Jim Dever, Agricultural Counselor
E-mail: James.Dever@fas.usda.gov

Robin Gray, Agricultural Attaché
E-mail: Robin.Gray@fas.usda.gov

Dana Biasetti, Agricultural Specialist
E-mail: Dana.Biasetti@fas.usda.gov

Key Italian Government Agencies

Ministero delle Politiche Agricole e Forestali (Ministry of Agriculture)
Via XX Settembre 20
00187 Roma
Tel: +39-06-46651
http://www.agricolturaitalianaonline.gov.it/

Ministero della Salute (Ministry of Health – Veterinary & Food)
Via Giorgio Ribotta 5
00144 Eur-Roma
Tel: +39-06-59961
http://www.ministerosalute.it/

ANEIOA (Horticultural Association National Importers/Exporters))
Via Sabotino 46
00195 Roma
Tel: +39-06-3751-5147
Fax: +39-06-372-3569
http://www.aneioa.it/

ANIPO (National Importers/Exporters Horticultural Association)
Largo Brindisi 5
00182 Roma
Tel: +39-06-7726-401
Fax: +39-06-700-4428

FEDERAGROALIMENTARE
(Italian National Food Organization)
Via Gigli d'Oro 21
00186 Roma
Tel: +39-06-689-341
Fax: +39-06-689-3409
http://www.fedagri.confcooperative.it/default.aspx

FEDERVINI
(Wine Trade Association)
Via Mentana 2B
00185 Roma
Tel: +39-06-4469-421
Fax: +39-06-494-1566
http://www.federvini.it/

IIAS Istituto Italiano Alimenti Surgelati (Italian Frozen Foods Association)
Via Castelfidardo 8
00185 Roma
Tel: +39-06-42741472
Fax: +39-06-42011168
http://www.istitutosurgelati.org/

UNA (Poultry Union)
Via V. Mariano 58
00189 Roma
Tel: +39-06-3325-841
Fax: +39-06-3325-2427
http://www.unionenazionaleavicoltura.it/una.asp

UNICEB (Livestock Meat Traders)
Viale dei Campioni 13
00144 Roma
Tel: +39-06-592-1241
Fax: +39-06-592-1478
http://www.uniceb.it/index2.htm

UNIPI (Pasta Traders Assoc)
Via Po 102
00198 Roma
Tel: +39-06-854-3291
Fax: +39-06-841-5132
http://www.unipi-pasta.it/

Return to table of contents

Return to table of contents

Chapter 5: Trade Regulations and Standards

Import Tariffs Return to top

Customs duty rates are the same for all EU countries. The value added tax varies from country to country. In Italy VAT ranges from 4 to 20 percent.

Trade Barriers Return to top

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website: http://www.ustr.gov/Document_Library/Reports_Publications/2007/2007_NTE_Report/Section_Index.html?ht= .

Information on agricultural trade barriers can be found at the following website: http://www.useu.usmission.gov/agri/usda.html.

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at http://www.trade.gov/tcc or the U.S. Mission to the European Union at http://www.buyusa.gov/europeanunion.

Import Requirements and Documentation Return to top

The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily.

Many EU Member States maintain their own list of goods subject to import licensing. For example, Germany's "Import List" (Einfuhrliste) includes goods for which licenses are required, their code numbers, any applicable restrictions, and the agency that will issue the relevant license. The Import List also indicates whether the license is required under German or EU law. For information relevant to Member State import licenses, please consult the relevant Member State Country Commercial Guide.

Key Link: http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm

Import Documentation

Non-agricultural Documentation

The official model for written declarations to customs is the Single Administrative Document (SAD). European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. However, other forms may be used for this purpose. Information on import/export forms is contained in Title VII, of Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

Additional information on import/export documentation can be found in Title III, of Council Regulation (EEC) No. 2913/92 of October 12, 1992, establishing the Community Customs Code (Articles 37 through 57). Goods brought into the customs territory of the Community are, from the time of their entry, subject to customs supervision until customs formalities are completed.

Goods presented to customs are covered by a summary declaration, which is lodged once the goods have been presented to customs. The customs authorities may, however, allow a period for lodging the declaration, which cannot be extended beyond the first working day following the day on which the goods are presented to customs. The summary declaration can be made on a form corresponding to the model prescribed by the customs authorities. However, the customs authorities may permit the use, as a summary declaration, of any commercial or official document that contains the particulars necessary for identification of the goods. It is encouraged that the summary declaration be made in computerized form.

The summary declaration is to be lodged by:

- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- the person in whose name the person referred to above acted.

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

- 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
- 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension of the period.

The Modernized Customs Code (MCC) of the European Union is expected to be passed into law in the first half of 2008. The MCC will replace the existing Regulation 2913/92 and simplify various procedures such as introducing a paperless environment, centralized clearance, and more. Check the EU's Customs website periodically for updates:
http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm.

Batteries

EU battery rules changed in September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators (Directive 2006/66). This Directive replaces the original Battery Directive of 1991 (Directive 91/157). The updated Directive applies to all batteries and accumulators put on the EU market including automotive, industrial and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for emergency and alarm systems, medical equipment and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment. EU Member States must implement the EU Directive into their national law by September 26, 2008. For more information, see our market research report:
http://www.buyusainfo.net/docs/x_8086174.pdf

REACH

REACH is a major reform of EU chemicals policy that was adopted in December 2006 and became national law in the 27 EU Member States in June 2007. Virtually every industrial sector, from automobiles to textiles, could be affected by the new policy. REACH stands for the "Registration, Evaluation and Authorization of Chemicals." As of June 1 2008, REACH will require all chemicals produced or imported into the EU in volumes above 1 ton per year to be registered with a central European Chemicals Agency (ECHA), including information on their properties, uses and safe ways of handling them. Most chemicals currently imported into the EU are eligible for pre-registration which provides ECHA with basic information on the substance and allows the continued imports until a later registration deadline. ECHA will accept pre-registrations from 1 June 2008 until 1 December 2008. US companies should take advantage of the pre-registration period if possible. The full registration period for chemicals which are pre-registered ranges from three to eleven years depending on the volume of the substance and its hazard properties. Substances not pre-registered must

be registered to stay on the market. Chemicals of very high concern, like carcinogens, will need an authorization for use in the EU. U.S. exporters to Europe should carefully consider this piece of EU environmental legislation. Substances on that list are subject to communication requirements and may at a later stage require Authorization for the EU market. For more information, see the ECHA website:
http://echa.europa.eu/doc/press/pr_08_38_candidate_list_20081028.pdf

WEEE & RoHS

EU rules on waste electrical and electronic equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. They require U.S. exporters to register the products with a national WEEE authority, or arrange for this to be done by a local partner. Similarly, related rules for EEE restricting the use of the hazardous substances (RoHS) lead, cadmium, mercury, hexavalent chromium, PBBs, and PBDEs, do not entail customs or importation paperwork. However, U.S. exporters may be asked by a European RoHS enforcement authority or by a customer to provide evidence of due diligence in compliance with the substance bans on a case-by-case basis. U.S. exporters seeking more information on WEEE and RoHS regulations should visit:
http://www.buyusa.gov/europeanunion/weee.html

Agricultural Documentation

Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

Sanitary Certificates: For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). Many of these certificates are uniform throughout the EU, but the harmonization process has not been finalized yet. During this transition period, certain Member State import requirements continue to apply. In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes. Up-to-date information on harmonized import requirements can be found at the following website: http://useu.usmission.gov/agri/certificates-overview.html.

Sanitary Certificates (Fisheries): In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. Commission Decision 2006/199/EC places specific conditions on imports of fishery products from the U.S. Sanitary certificates for live shellfish are covered by Commission Regulation (EC) 1664/2006 and must be used for gastropods, bivalve mollusks, tunicates and echinoderms. The two competent Authorities for issuing sanitary certificates are the FDA and the U.S. Department of Commerce, National Marine Fisheries Service (NMFS/NOAA/USDC).

Since May 1, 2007, with the implementation of the second Hygiene Package, aquaculture products coming from the United States must be accompanied by a public health certificate according to Commission Decision 2006/199/EC and the animal health attestation included in the new fishery products certificate covered by Regulation (EC) 1664/2006. This animal health attestation is not required in the case of live bivalve mollusks intended for immediate human consumption (retail).

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU (stephane.vrignaud@mail.doc.gov) or visit the following FDA dedicated web site: http://www.cfsan.fda.gov/.

U.S. Export Controls

Return to top

For controlled items needing licenses, contact the Export Administration http://www.bis.doc.gov

Temporary Entry

Return to top

Material may temporarily be imported into Italy without payment of duties or tax if the material is to be used in the production or manufacture of a product that is to be exported. The importer gives a security deposit, usually in the form of a guarantee from a bank or insurance company, for the amount of the usual duties and taxes. Upon exportation of the finished product, the guarantee is released or the deposit returned.

Temporary entry of goods intended to be re-exported in the same condition is permissible free of import duties and taxes upon approval of an application by Italian Customs.

Italy participates in the International Convention to Facilitate the Importation of Commercial Samples and Advertising Materials. Samples of negligible value imported to promote sales are accorded duty-free and tax-free treatment. Prior authorization is not required. To determine whether the samples are of negligible value, their value is compared with a commercial shipment of the same product. Granting of duty-free status may require that the samples be rendered useless for future sale by marking, perforating, cutting, or other means.

Imported samples of commercial value may be granted a temporary entry with exemption from custom charges. However, a bond or cash deposit may be required as security that the goods will be removed from the country. This security is the duty and tax normally levied plus 10 percent. Samples may remain in the country for up to 1 year. They may not be sold, put to their normal use (except for demonstration purposes), or utilized in any manner for remuneration. Goods imported as samples may be imported only in quantities constituting a sample according to normal commercial usage.

Samples of products, without commercial value, are admitted free of duty and taxes. Product literature should be marked "product literature - no commercial value". Samples with commercial value are also admitted duty and tax free, provided that the following conditions are complied with:

(a) The samples are accompanied by a representative of the U.S. firm with a statement, notarized by an Italian Consulate, identifying the commercial traveler and attesting to the intention that the samples are being imported into Italy only for show or demonstration, and will be re-exported without sale.

(b) A certificate of origin from a recognized chamber of commerce is submitted to identify the source of the goods.

(c) A deposit or bond, in the amount of the applicable customs duties and taxes, is made at the point of entry. This will be refunded when the goods are re-exported.

(d) A list (in duplicate) with a full description of each sample, including weight and value, is submitted. It is helpful to have such a list in Italian.

In practice, samples valued in excess of 2,582 Euro ($3,380) are practically impossible to clear through Italian customs informally. In such cases, it is advisable to engage the services of a local freight forwarder.

As a result of various customs agreements, simplified procedures are available to U.S. business and professional people for the temporary importation of commercial samples and professional equipment. A carnet is a customs document that facilitates clearance for temporary imports of samples or equipment. With a carnet, goods may be imported without the payment of duty, tax, or additional security. The carnet also usually saves time since formalities are all arranged before leaving the United States. A carnet is usually valid for 1 year from the date of issuance. A bond or cash deposit of 40 percent of the value of the goods covered by the carnet is required, in addition to the price of the carnet. This will be forfeited in the event the products are not re-exported and duties and taxes are not paid.

Carnets are sold in the United States by the U.S. Council for International Business at the following locations:

- 1212 Avenue of the Americas, New York, NY 10036, (212) 354-4480; or 1030 15th Street NW, Suite 800, Washington, DC 20005, (202) 371-1316, email at info@uscib.org.
- Website: www.uscib.org

Goods in Transit

Goods may clear customs with an EU transit procedure, issuing a single transit document under which the goods may be easily shipped across frontiers of the EU member states. These transit documents are completed for the importer by freight forwarders in Italy. The EU transit document provides the basis for a single, comprehensive procedure covering the goods within the EU. Since the single transit document is an EU form, the European importer, customs house broker, freight forwarder, or shipper must prepare the document at the point of entry.

Inward and Outward Processing

Inward processing is the temporary importation of raw material or products for additional manufacture or processing. Merchandise imported for additional processing and eventual re-export out of the EU is eligible for custom-free treatment.

The re-exported goods may be partly or totally processed. The import duty and taxes are levied only on those goods that are not re-exported and are finally sold in the EU. To qualify for inward processing, an Italian (or EU) firm must satisfy customs that it is necessary to use imported goods instead of EU goods; state an intention to export products manufactured from the imported goods (or equivalent goods available in the EU); and assure that, upon re-exportation, the conditions set forth in the authorization are satisfied, the exported products are accounted for, and the entered goods are identifiable and relate to specific importations.

In outward processing, a firm in Italy may export goods, for further manufacture or processing, from the EU customs area and then re-import the final product. Duties and taxes are levied only on the increased value added by the expatriate manufacturing or processing when the goods are returned to Italy, not on the total value of the product. Only firms located in Italy or other EU countries are eligible to take advantage of this option, by gaining approval of the Customs authorities.

Labeling and Marking Requirements Return to top

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at: http://www.buyusainfo.net/docs/x_4171929.pdf.

The subject has been also been covered in the section about standards (see below).

Prohibited and Restricted Imports Return to top

The Italian importer should determine if the items are subject to Italian and EU regulations. Of special note are certain foodstuffs, food colorings, drug and narcotics, animal products, plants, seed grains, alcohol, cosmetics and toiletries.

The TARIC is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

CITES	Convention on International Trade of Endangered Species
PROHI	Import Suspension
RSTR	Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Key Link: http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm

Customs Regulations and Contact Information Return to top

Prior to signing a long-term contract or sending a shipment of considerable value, it may be prudent for a U.S. exporter to first obtain an official ruling on the customs classification, duty rate, and taxes. Such requests should be sent to the Ministry of Finance's Customs Department, Rome, Italy http://www.agenziadogane.it. The request should describe the product, the material it is made from, and other details required by customs authorities to classify the product correctly. While customs will not provide a binding decision, the advance ruling will usually be accepted as long as the imported goods are found to correspond exactly to the description provided by the exporter. Regulation 648/2005 is the "Security Amendment" to the Customs Code (Regulation 2913/92) and outlines the implementing provisions for Authorized Economic Operators, risk management procedures, pre-departure declarations, and improved export controls

Regulation 648/2005 is the "Security Amendment" to the Customs Code (Regulation 2913/92) and outlines the implementing provisions for Authorized Economic Operators, risk management procedures, pre-departure declarations, and improved export controls.

Tariffs and Import Taxes: Information on customs valuation is contained in Title II, Chapter Three, of Council Regulation (EEC) 2913/92, establishing the Community Customs Code, titled, "Value of Goods for Customs Purposes" (Articles 28 through 36). The primary basis for determining customs value set out in Articles 29 is: "... the transaction value, that is, the price actually paid or payable for the goods when sold for export to the customs territory of the Community..." Article 29 lists the following conditions, which must be met in determining customs value:

- There are no restrictions as to the disposal or use of the goods by the buyer, other than restrictions which are imposed or required by a law or by the public authorities in the community, limit the geographical area in which the goods may be resold, or do not substantially affect the value of the goods;
- The sale or price is not subject to some conditional consideration for which a value cannot be determined with respect to the goods being valued;
- No part of the proceeds of any subsequent resale disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with Article 32; and
- The buyer and seller are not related, or, where the buyer and seller are related, that the transaction value is acceptable for customs purposes.

The "price actually paid or payable" in Article 29 refers to the price for the imported goods. Thus the flow of dividends or other payments from the buyer to the seller that do not relate to the imported goods are not part of the customs value.

Articles 32 and 33 provide for adjustments to the value for customs purposes. Article 32 lists charges that are added to the customs value, such as, commissions and brokerage, costs of containers, packing, royalties and license fees, and the value of goods and services supplied directly or indirectly by the buyer in connection with the production and sale for export of the imported goods. Article 33 lists charges that are not included in the customs value, such as, charges for transport, charges incurred after importation, charges for interest under a financing arrangement for the purchase of the goods, charges for the right to reproduce imported goods in the Community, and buying commissions.

Effective July 1, 1995, the Commission amended Article 147(1) of Regulation 2454/93 of the Customs Code which affects valuation in the case of successive sales. This amendment "defaults" valuation to the last sale, but allows the value of an earlier sale if it can be demonstrated that such a sale took place for export to the EU. The evidentiary requirements to support the bona fides of any earlier sales will be based upon commercial documents such as purchase orders, sales contracts, commercial invoices, and shipping documents.

Key Link: http://ec.europa.eu/taxation_customs/customs/index_en.htm

For contact information at national customs authorities, please visit: http://ec.europa.eu/taxation_customs/common/links/customs/index_en.htm

Standards Return to top

- Overview
- Standards Organizations
- Conformity Assessment
- Product Certification
- Accreditation
- Publication of Technical Regulations
- Labeling and Marking
- Contacts

Overview Return to top

Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union standards created under the New Approach are harmonized across the 27 EU Member States and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that Regulations and technical standards might also function as barriers to trade if U.S. standards are different from those of the European Union.

The European Union is currently undertaking a major revision of the New Approach that will enhance some aspects, especially in the areas of market surveillance. To follow the revision, please visit: http://ec.europa.eu/enterprise/regulation/internal_market_package/index_en.htm

Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: http://useu.usmission.gov/agri/.

Standards Organizations Return to top

U.S. firms exporting to Italy must conform to EU standards and/or national Italian standards. Italy and other EU Member States are required to transpose EU Directives into national law. The Directives define a schedule for adoption, publication and implementation of national provisions. Directives also recognize a transitional period during which existing national provisions and new legislation will coexist. In such cases, the manufacturer has a choice of following either of these provisions. Similarly, purely national standards must be replaced when agreement has been reached on a harmonized European standard.

> **NIST Notify U.S. Service**
> Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: http://www.nist.gov/notifyus/

In Italy, the national standards bodies are:

UNI-Ente Nazionale Italiano di Unificazione (The Italian National Bureau of Standards), via Battistotti Sassi 11b, 20133 Milan, +39 02 70024.1 http://www.uni.com/it/

CEI-Comitato Elettrotecnico Italiano (Electrical standards and certification), via

EU standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

- CENELEC, European Committee for Electrotechnical Standardization (http://www.cenelec.org/Cenelec/Homepage.htm)
- ETSI, European Telecommunications Standards Institute (http://www.etsi.org/)
- CEN, European Committee for Standardization, handling all other standards

(http://www.cen.eu/cenorm/homepage.htm)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the Member States, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual Member States standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical Regulations. In the last year, the Commission began listing their mandates on line and they can be seen at http://ec.europa.eu/enterprise/standards_policy/mandates/. All the EU harmonized standards, which provide the basis for CE marking, can be found on http://www.newapproach.org/.

Due to the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its business development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Croatia, FYR of Macedonia, and Turkey. Another category, called "partner standardization bodies" includes the standards organizations of Bosnia and Herzegovina, Republic of Moldova, Egypt, Serbia, the Russian Federation, Tunisia, the Ukraine, Armenia and Australia, which are not likely to join the EU or CEN any time soon, but have an interest in participating in specific CEN technical committees. They agree to pay a fee for full participation in certain technical committees and agree to implement the committee's adopted standards as national standards. Many other countries are targets of the EU's extensive technical assistance program, which is aimed at exporting EU standards and technical Regulations to developing countries, especially in the Mediterranean and Balkan countries, Africa, as well as programs for China and Latin America.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. CEN's "business domain" page provides an overview by sector and/or technical committee whereas CENELEC offers the possibility to search its database. ETSI's portal (http://portal.etsi.org/Portal_Common/home.asp) leads to ongoing activities.

With the need to adapt more quickly to market needs, European standards organizations have been looking for "new deliverables" which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU Regulations, expectations are that they will eventually serve as the basis for EU-wide standards.

Key Link: http://www.cenorm.be/cenorm/workarea/sectorfora/index.asp.

Conformity Assessment

Return to top

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. You can find conformity assessment bodies in individual Member State country in this list by the European Commission.

Key Link: http://ec.europa.eu/enterprise/newapproach/nando/

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and the European Standard Agreement Group. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

Product Certification

Return to top

To sell products on the EU market of 27 Member States as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by Member State inspectors, the consumer may well perceive it as a quality mark.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity, the certificate of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Accreditation

Return to top

Independent certification bodies, known as notified bodies, have been officially accredited by competent authorities to test and certify to EU requirements. However, under U.S.-EU Mutual Recognition Agreements (MRAs), notified bodies based in the United States and referred to as conformity assessment bodies, are allowed to test in the United States to EU specifications, and vice versa. The costs are significantly lower which results in U.S. products becoming more competitive. At this time, the U.S.-EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (on hold), recreational craft (in force) and marine equipment (in force). The U.S. Department of Commerce, National Institute of Standards and Technology (NIST), has a link on its website to American and European Conformity Assessment bodies operating under a mutual recognition agreement.

Key Link: http://ts.nist.gov/Standards/Global/mra.cfm

Accreditation is handled at Member State level. "European Accreditation" (http://www.european-accreditation.org/default_flash.htm) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

Publication of Technical Regulations

Return to top

The Official Journal is the official gazette of the European Union. It is published daily on the internet and consists of two series covering draft and adopted legislation as well as case law, questions from the European Parliament, studies by committees, and more (http://europa.eu.int/eur-lex/lex/JOIndex.do?ihmlang=en). It lists the standards reference numbers linked to legislation (http://www.newapproach.org/Directives/DirectiveList.asp). National technical Regulations are published on the Commission’s website http://ec.europa.eu/comm/enterprise/tris/ to allow other countries and interested parties to comment.

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT) Agreement to report to the WTO all proposed technical Regulations that could affect trade with other member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical Regulations that can affect your access to international markets. Register online at Internet URL: http://tsapps.nist.gov/notifyus/data/index/index.cfm

Labeling and Marking

Return to top

Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable until end of December 2009. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of Member States to require the use of language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC, to replace 80/232/EC in April 2009, harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers.

Key Link: http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm

The Eco-label

EU legislation in 1992, revised in 2000, distinguishes environmentally friendly products and services through a voluntary labeling scheme called the Eco-label. Currently, the scheme applies to 7 product groups: cleaning products, appliances, paper products, clothing, lubricants, home and garden products and tourism services. The symbol, a green flower, is a voluntary mark. The Eco-label is awarded to producers who can show that their product is less harmful to the environment than similar products. This "green label" also aims to encourage consumers to buy green products. However, the scheme does not establish ecological standards that all manufacturers are required to meet to place product on the market. Products without the EU Eco-label can still enter the EU as long as they meet the existing health, safety, and environmental standards and Regulations.

The EU Eco-label is a costly scheme (up to EUR 1,300 for registration and up to EUR 25,000/year for the use of the label, with a reduction of 25% for SMEs) and has therefore not been widely used so far. However, the Eco-label can be a good marketing tool and, given the growing demand for green products in Europe, it is likely that the Eco-label will become more and more a reference for green consumers.

Key Links: http://buyusainfo.net/docs/x_4284752.pdf
http://ec.europa.eu/comm/environment/ecolabel/index_en.htm
http://www.eco-label.com/

Contacts
Return to top

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Trade Agreements
Return to top

For a list of trade agreements with the EU and its Member States, as well as concise explanations, please see http://tcc.export.gov/Trade_Agreements/index.asp.

Web Resources
Return to top

Office of the U.S. Trade Representative
http://www.ustr.gov/

U.S. Mission to the EU (USEU) website
http://www.useu.be or http://useu.usmission.gov/

Foreign Agricultural Service website, USEU
http://www.useu.be/agri/usda.html

Trade Compliance Center
http://www.trade.gov/tcc

U.S. Mission to the European Union
http://www.buyusa.gov/europeanunion

USDA Audit, Review & Compliance
http://www.ams.usda.gov/lsg/arc/audit.htm

EC's TARIC – online customs tariff database
http://ec.europa.eu/comm/taxation_customs/common/databases/taric/index_en.htm

Batteries
http://www.buyusainfo.net/docs/x_8086174.pdf

WEEE & RoHS
http://www.buyusa.gov/europeanunion/weee.html

Harmonized import requirements
http://www.useu.be/agri/certification.html

EU Hygiene guidelines:
Commission Regulation 2073/2005
Commission Regulation 2074/2005
Commission Regulation 2076/2005

National Marine Fisheries Service's Trade & Commercial Services website
http://www.nmfs.noaa.gov/ocs/tradecommercial

USDA Center for Food Safety and Applied Nutrition
http://www.cfsan.fda.gov/

EU mandatory and voluntary labeling and marking requirements
http://www.export.gov/mrktresearch/index.asp

EC Taxation and Customs Union
http://ec.europa.eu/comm/taxation_customs/customs/index_en.htm

National customs authorities
http://ec.europa.eu/taxation_customs/common/links/customs/index_en.htm

EC Regulation on animal by-products
http://ec.europa.eu/scadplus/leg/en/lvb/f81001.htm

Major Revision of the New Approach
http://ec.europa.eu/enterprise/newapproach/review_en.htm

EC Certification of Animal Products
http://useu.usmission.gov/agri/certification.html

EU-approved U.S. Establishments
http://useu.usmission.gov/agri/estab.html

EU Marketing Standards for Fruits & Vegetables http://useu.usmission.gov/agri/Fruit-Veg.html

Non-Hormone Treated Cattle (NHTC) Program
http://www.ams.usda.gov/lsg/arc/nhtc.htm

Organic Foods Legislation
http://useu.usmission.gov/agri/organic.html

CENELEC, European Committee for Electrotechnical Standardization
http://www.cenelec.org/Cenelec/Homepage.htm

ETSI, European Telecommunications Standards Institute
http://www.etsi.org/

CEN, European Committee for Standardization
http://www.cen.eu/cenorm/index.htm

Standardization mandates
http://ec.europa.eu/enterprise/standards_policy/mandates/

ANSI, American National Standards Institute
http://www.ansi.org/

New Approach Legislation and Standardization in the Internal Market
http://www.newapproach.org/

ETSI's e-Standardization portal
http://portal.etsi.org/Portal_Common/home.asp

Advisory and coordinating bodies to CEN
http://www.cenorm.be/cenorm/workarea/sectorfora/index.asp

Accredited test laboratories in the EU
http://ec.europa.eu/enterprise/newapproach/nando/

Government-to-Government Mutual Recognition Agreement Information
http://ts.nist.gov/Standards/Global/mra.cfm

European co-operation for Accreditation
http://www.european-accreditation.org/default_flash.htm

European Union law portal
http://europa.eu.int/eur-lex/lex/JOIndex.do?ihmlang=en

List of EU Directives and Standards
http://www.newapproach.org/Directives/DirectiveList.asp

EC Technical Regulations Information System
http://ec.europa.eu/comm/enterprise/tris/

Proposed Foreign Technical Regulations

http://tsapps.nist.gov/notifyus/data/index/index.cfm

EC Directive on packaging
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31980L0232:EN:HTML

EU Eco-label Homepage
http://buyusainfo.net/docs/x_4284752.pdf
http://ec.europa.eu/comm/environment/ecolabel/index_en.htm
http://www.eco-label.com/

FAO
www.wto.org
Food and Agriculture Organization (FAO)

WTO
www.wto.org
World Trade Organization (WTO)

CUSTOMS CONTACT INFORMATION:

Italian Ministry of Finance's Customs Department:
http://www.agenziadogane.it

United States Export Administration
Bureau of Industry and Security:
http://www.bis.doc.gov

U.S. Customs and Border Protection
http://www.cbp.gov

Return to table of contents

Chapter 6: Investment Climate

OVERVIEW AND UPDATE

A January 2008 article in London's Financial Times likened investing in Italy to "driving with the brakes on". It cited the dearth of global names and brands in the Italian economy and chronicled the tribulations that have dissuaded firms from AT&T to British Gas from investing in Italy. The author asked rhetorically why there are over 400 Burger Kings in Spain, 500 in the UK, but only 39 in Italy. The conclusion –- that an onerous public sector, unclear rules, and latent economic nationalism were to blame -- tracks with post's assessment of Italy's current investment climate. It is important to note that this negative assessment of Italy's investment climate is shared, in essence, by the Italian Trade Commission, by leading Italian business organizations, and by almost all of the international organizations that have examined the situation (see paras. 14 -16, 44)

Italy's poor investment climate explains much of its low economic growth rate. Over the last ten years, Italy's economy has grown significantly more slowly than the rest of Europe. Former U.S. Ambassador Spogli saw this "growth gap" as a major threat to Italy's ability to continue as an effective international partner of the U.S. This problem was deemed to be so serious, that the Ambassador took the unusual step of launching a major Embassy initiative – "The Partnership for Growth" in an effort to address it (see para. 17).

While the current Government of Italy (GOI) officially maintains a welcoming posture to foreign investment, it has made only modest progress in addressing the structural economic disincentives that discourage investment, innovation and greater economic dynamism. The current budget, for example, includes some tax benefits for start-ups and modest measures aimed at reducing red tape for starting businesses.

Significant stumbling blocks to investment remain, however, such as rigid labor laws, high input costs and taxes, and inefficient public services, particularly a slow judicial system. The current government has sought to reform public administration, prompting protests from public sector employees long accustomed to a lax working pace and environment. The GOI also introduced controversial measures to reform public education in a bid to improve the competitiveness of Italy's human capital. Otherwise, the government's economic team has been engaged primarily in efforts to mitigate the global financial crisis' effects on Italian households and businesses, leaving structural reforms for another day. In the initial days of the world-wide equity markets' severe declines, Italian policy-makers publicly denounced the prospect of foreign sovereign wealth funds acquiring control of Italian companies (see para. 12), and the government instituted measures to strengthen firms' defenses against hostile takeovers. Finally, Italy's high debt-to-GDP ratio will constrain the government's efforts to further stimulate investment with additional public spending or lower taxes.

Introduction

Italy's economy, the seventh largest market economy in the world, is fully diversified. Small and medium-sized firms dominate the Italian economy. Family-owned companies account for 93 percent of all Italian companies and 85 percent of GDP. In the U.S., family-owned companies represent 96 percent of companies, but account for only 40 percent of GDP. Germany, France, and the U.S. remain Italy's most important export markets. Industrial activity is concentrated in the north -- one of the most prosperous areas in Europe. By contrast, the center and the south are less developed. Unemployment in some southern areas is three times that of the north and per capita incomes are substantially lower.

Openness to Foreign Investment Return to top

Officially, foreign direct investment in Italy is generally welcomed and encouraged. The government of Prime Minister Silvio Berlusconi swept into office aided by general public disappointment with the center-left and supported by a northern regional party whose highest priority is greater fiscal independence from the central government. Despite anemic economic growth most of this decade, voters did not apparently charge Berlusconi with structural reform of the economy that could increase business creation, production and employment.

The Prodi government presided in 2007 over the contested sale of a controlling stake in Telecom Italia to a consortium of Italian banks and Spain's Telefonica. A U.S. bidder, given the opportunity to put a deal together, withdrew from the competition after intervention from various government political figures made it clear that purchase conditions were liable to change and that a U.S. bidder was viewed unfavorably in many quarters. While Prodi applauded the outcome, the deal prompted U.S. Ambassador Ronald Spogli to publicly call on the Italian government for greater transparency in such transactions and to urge a more welcoming attitude toward investment. He stated specifically:

> "As American Ambassador I focus most of all on my country's investments. Here too, the situation is not comforting. Up to 2005 the cumulative total of U.S. investment in Italy amounted to slightly less than $26 billion, well below the U.K. at $324 billion, Germany at $86 billion, France at $61 billion and even Spain at $43 billion. These numbers should provoke reflection. Investments do not come where they are not well received, and where the rules of the market are continually changed. Modifying the rules raises the level of risk, and makes it very difficult to program the future activities of a company, or a single citizen. I do not know the details of the Telecom negotiations, but the renunciation letter of [US Firm] clearly expresses reluctance to invest in a market where the rules are unpredictable."

The GOI's efforts to sell its 49.9 percent share of Alitalia, the long ailing Italian flag carrier, put the Berlusconi government to an early test on openness to foreign investment and transparency managing the public's money. During the election campaign Berlusconi had declared that the airline should remain Italian, even as Alitalia pursued merger/sale talks with European competitors. Union opposition to those deals and Berlusconi's statements led Air France to withdraw from buy out plans. Once in office, Berlusconi used his personal and political skill to convince a group of Italian businessmen to commit to purchasing the airline and keeping it Italian. He further enticed investors with amendments to the bankruptcy law that permitted Alitalia to split into two companies, one composed of attractive assets that were transferred to the buyers, and another composed of liabilities to be liquidated by the government and, by extension, the Italian taxpayer. But for this provision, worth hundreds of millions of euros, it is unlikely the deal with Italian investors would have been consummated. To survive, however, the airline still needed an international partner. While the new owners sought to sell a minority stake to Air France/KLM or Lufthansa, Berlusconi repeatedly weighed-in, going so far as to recommend commercial agreements with those carriers rather than offering them even a minority stake in Alitalia. Earlier, under the previous government, an American-led group walked away from its Alitalia bid in the face of an opaque process (to include the firm's financial statements) and labor and political hostility.

As an EU Member State, Italy is bound by EU treaties and legislation, some of which have an impact on business investment. As specified under the right of establishment set forth in the EU treaty (1957 Treaty of Rome), Italy is obliged to provide national treatment to foreign investors established in Italy or in another EU member state, except in a few instances. Exceptions include limited access to government subsidies for the film industry, added capital requirements for banks domiciled in non-EU member countries, and restrictions on non-EU-based airlines operating domestic routes. Italy also has restrictions in the shipping sector.

The GOI retains the authority to restrict foreign investment in some cases. EU and Italian anti-trust laws give EU and Italian authorities the right to review mergers and acquisitions over a certain financial threshold. The government may block mergers involving foreign firms for "reasons essential to the national economy" or if the home government of the foreign firm applies discriminatory measures against Italian firms. Foreign investors in the defense or aircraft manufacturing sectors are likely to encounter an opaque process and resistance from the many ministries charged with approving foreign acquisitions of existing assets or firms.

In the aftermath of the financial crisis' dramatic blow to equity prices worldwide, various Italian policymakers, including Berlusconi, made statements suggesting that Italy would not welcome certain foreign portfolio investments, and in particular those by sovereign wealth funds. Despite such statements, Italy did not in the end implement any regulation limiting the investment by sovereign wealth funds in Italy; to the contrary, the government hailed minority investments by Middle Eastern sovereign funds such as Libya and Abu Dhabi. In late 2008 Libya's Sovereign fund bought 5 percent of Unicredit, Italy's largest bank, and a stake in ENI, Italy's energy para-statal. Also at the end of 2008, Abu Dhabi's Sovereign Fund bought 3.3 percent of Atlantia, the company that manages Italy's toll-road network. Another Abu Dhabi Fund, Mubadala Development, already controls 5% of Ferrari and 35% of Piaggio Aero Industries.

Foreign investors are not prevented from investing in the privatization of government-owned companies, except in the defense sector. Privatization strategies often entail the GOI retaining a "golden share" (a government stake with controlling authority) in the company or establishing a core group of Italian shareholders who agree to keep their shares for a minimum period. Italy is the only EU member country to keep significant "golden share" regimes for privatized companies. According to EU data, the Italian government retains special rights in six Italian firms -- ENEL (utilities), ENI (oil/gas), Finmeccanica (industrials), Telecom Italia (telecommunications), Save (Industrials), and Terna (utilities).

The Italian Trade Commission (ICE) reported in January 2007 that 7,200 foreign companies operate in Italy, employing almost one million workers. According to ICE, the stock of foreign investment in Italy equals 12 percent of GDP, far less than many EU nations. Approximately 77 percent of foreign companies operating in Italy are located in the north, with the Lombardy Region alone hosting 46 percent. The ICE study cited as key obstacles to foreign investment: labor taxes, lack of labor flexibility, red tape, and high corporate taxes. Net direct investment inflows in 2007 were 28.5 billion euros, while net outflows totaled 65 billion euros.

The World Economic Forum's 2008-2009 Global Competitiveness Guide ranked Italy 49th out of 134 countries with a CG index score of 4.4 on a 1-7 scale. This rank is not as strong as those in previous years, which ranked Italy at 46 in 2007 and 47 in 2006. The report cites as Italy's weak points macroeconomic fragility (related to the level of public debt), an inefficient labor market, lack of infrastructure, and institutional and bureaucratic inefficiency. Italy's strong points are the quality of health care and the primary education system, the diffusion of technologies, and sophisticated management in large and medium Italian companies.

The 2008 "Index of Economic Freedom," published by the Wall Street Journal and Heritage Foundation, ranked Italy as having the world's 64th freest economy. The study highlighted government interference in the economy, corruption, and a slow court system as contributing to Italy's ranking below less developed nations such as Uganda, Belize, Jamaica and El Salvador. A lack of judicial effectiveness was also underlined by Italy's abysmal ranking of 156 out of 181 countries surveyed by the World Bank in its 2008 edition of "Doing Business." This compares to the average score for OECD members of 33. U.S. companies have been frustrated by the seemingly never-ending court proceedings that can tie up everything from the resolution of simple contract disputes to attacks against major investment projects. The inability to obtain timely judicial determinations represents a significant additional cost of doing business in Italy.

The Foreign Investors Committee of Italy's industrial association Confindustria conducted a survey of 60 foreign companies operating in Italy, including Coca Cola, GE, Glaxo-SmithKline and others. The results highlighted bureaucracy, costly and inflexible labor, and complex, lengthy legal and taxation systems as the primary barriers to foreign direct investment.

All the same, Italy can boast of a budding movement, aided and abetted by a US Mission to Italy program called "Partnership for Growth," to foster entrepreneurship among a young, well-educated segment of the population. The movement has served to bring world-class scientific and technological researchers together with venture capitalists and the academic community. The aim of these constituencies is to break the cultural bias against entrepreneurship and seek changes in Italy's policy environment to facilitate business start-ups, growth, and job creation emanating from scientific discoveries

Conversion and Transfer Policies

Return to top

In accordance with EU directives, Italy has no foreign exchange controls. There are no restrictions on currency transfers, only reporting requirements. Banks are required to report any transaction over 15,000 euros (USD 19,000) due to money laundering and terrorism financing concerns. Profits, transfers, payments, and currency transfers may be freely repatriated. Residents and non-residents may hold foreign exchange accounts.

Expropriation and Compensation

Return to top

The Italian constitution permits expropriation of private property for "public purposes," defined as essential services or indispensable for the national economy, with fair and timely compensation. There are a few long-standing disputes in Italy involving U.S. citizens who assert that municipal governments unjustly expropriated their real property or inadequately compensated them. These disputes do not reflect systematic GOI discrimination against U.S. investments, but highlight how Italy's ineffective judicial process can hinder investment.

Dispute Settlement

Return to top

Though notoriously slow (civil trials average seven years in length), the Italian legal system meets generally recognized principles of international law, with provisions for enforcing property and contractual rights. Italy has a written and consistently applied commercial and bankruptcy law. While the Italian judiciary is considered independent of the government, Italian judges have often been accused of being politically partisan. Italian courts accept and enforce foreign judgments only upon request. Foreign investors in Italy can choose among different means of dispute resolution, including legally binding arbitration. The method chosen should be specifically set forth in a contract between commercial partners.

At the end 2007, the GOI approved new bankruptcy regulations which went into effect on January 1, 2008. The new regulations -- analogous to U.S. Chapter 11 restructuring -– provide more flexibility between parties to reach a solution before declaring bankruptcy. The judicial role in bankruptcy procedures has been drastically limited to simplify and speed up the process. The new regulations change the requirements for declaring a company insolvent and they encourage corporate reorganization or debt restructuring as an alternative to liquidation.

Italy is a member of the World Bank's International Center for the Settlement of Investment Disputes (ICSID). Italy has signed and ratified the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States, and is a signatory of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

Performance Requirements and Incentives Return to top

The GOI is in compliance with WTO Trade-Related Investment Measures (TRIMS) obligations. Foreign investors face specific performance requirements only in the telecommunications sector. However, this has not deterred foreign investment in telecommunications. For example, in 2005, Weather Investments, owned by an Egyptian financier, bought Wind, Italy's second largest telecommunications company; Vodafone, Italy's second largest mobile operator, is also foreign-controlled. Spain's Telefonica is a significant investor in Telecom Italia, having purchased a stake from the GOI in a process that prompted a U.S. firm to withdraw. (see para. 8) .

The GOI offers modest incentives to encourage private sector investment in economically depressed regions, particularly southern Italy. (For more details, visit the website: www.invitalia.it) The Ministry of Universities and Research has identified, funded, and signed Framework Program Agreements with eleven "Technology Districts" and public-private joint laboratories focused on strategic sectors. Technology Districts created to facilitate cooperation between public and private researchers and venture capitalists, support the research and development of key technologies, strengthen industrial research activities, and promote innovative behavior in small- and medium-sized enterprises.

The Italian tax system does not discriminate between foreign and domestic investors. The 2008 budget reformed the structure of the tax system (Legislative Decree No. 344/2003), reducing corporate income tax (IRES) rates by 5.5 nominal points from 33 to 27.5 percent, and trimming the regional business tax (IRAP) from 4.35 to 3.9 percent. These tax cuts are in response to increased EU-wide competition for investment, particularly as the enlargement of the EU to 27 members ushered in various low cost, low tax East European states. Germany's 2007 decision to cut corporate tax rates by ten points rendered Italy's corporate tax rate the highest in the EU.

The GOI has tried to off-set the effect of corporate tax cuts on public revenue by introducing compensatory measures that keep effective rates of taxation high. They include:

- setting new limits to the deductibility of interest;

- abolishing accelerated depreciation; and
- revising the tax treatment of consolidated reporting.

In addition, successive governments have sought to increase enforcement of existing tax laws.

Right to Private Ownership and Establishment Return to top

There is no limitation in the Italian constitution or civil law on the right to private ownership and establishment of investments.

Protection of Property Rights Return to top

Enforcement of Intellectual Property Rights (IPR) remains a serious problem in Italy. While anti-piracy and anti-counterfeiting laws on the books are widely regarded as adequate, relatively few IPR cases are brought to trial. Judges still regard IPR violations (and copyright violations in particular) as petty offences, and the magistracy is a weak link in combating piracy in Italy. The Italian Finance Police (GDF) and Italy's Customs Police are active in combating IPR theft; however they are frustrated that so few cases reach final sentencing. Italy remains on the Special 301 Watch List due to insufficient IPR enforcement and insufficient progress to combat Internet piracy.

Italy's restrictive interpretation of EU privacy laws now makes it virtually impossible for Internet copyright violation cases to be prosecuted. Currently there are no agreements between Internet Service Providers and rights holders on standard notice and take-down procedures.

Copyrighted works sold in Italy generally must bear a sticker issued by SIAE, Italy's royalty collection agency operating under authority from the Ministry of Culture (software purchased for business use is exempt). The music and film industries supported application of the sticker in the past, but are now dissatisfied with the system, asserting it has become overly burdensome while failing to provide adequate protection from piracy.

New initiatives on the part of the GOI to address the lack of IPR protection include:

- The Economic Development Ministry has created a General Directorate for Intellectual Property to take on functions previously shared between the Italian Patent and Trademark Office and the Anti-Counterfeiting High Commission.
- The Secretary General of the Prime Minister's Office will chair an inter-ministerial anti-piracy committee. The committee is charged with presenting a national anti-piracy action plan in early 2009.
- An economic development bill still under parliamentary review contains provisions aimed at facilitating investigations and increasing criminal penalties against trademark infringement.

It is too soon to determine the effectiveness of the above measures.

Italy is a member of the Paris Union International Convention for the Protection of Industrial Property (patents and trademarks) to which the United States and about 85 other countries adhere. U.S. citizens generally receive national treatment in acquiring and maintaining patent and trademark protection in Italy. After filing a patent application in the United States, a U.S. citizen is entitled to a 12-month period within which to file a corresponding application in Italy and receive rights of priority. Patents are granted for 20 years from the effective filing date of application and are transferable. U.S. authors can obtain copyright protection in Italy for their work first copyrighted in the United States, merely by placing on the work, their name, date of first publication, and the symbol (c).

Transparency of Regulatory System

Return to top

In an effort to improve accountability and competition in the wake of the 2003-04 collapse of the dairy firm Parmalat and the scandal which ensued, Italy's Parliament approved a law in December 2005 to overhaul the Bank of Italy (BOI) and improve corporate governance and oversight. The law also strengthened the powers of the Italian Companies and Stock Exchange Commission (CONSOB), the GOI's securities regulatory body, while reducing the BOI's scope in this area. Italy also is subject to single market directives mandated by the EU, which are intended to harmonize regulatory regimes among EU countries.

While such reforms are welcome, the average firm faces an uphill climb. According to a 2004 World Bank study, an entrepreneur wishing to start a business in Italy must follow 16 procedures, spend an average of 62 days, and pay around USD 5,000 in fees. Italian newspapers reported that in order to open a small business here (such as a wedding photography business) some 50 forms from more than 20 different government agencies need to be filled out. The study found that it costs more to open a business in Italy than anywhere else in Europe, with the exceptions of Greece and Austria. Government efforts to enable entrepreneurs to "open a business in a day" have not been successful.

Efficient Capital Markets and Portfolio Investment

Return to top

Financial resources flow relatively freely in Italian financial markets and capital is allocated mostly on market terms. Foreign participation in Italian capital markets is not restricted. While foreign investors may obtain capital in local markets and have access to a variety of credit instruments, access to equity capital is difficult. Italy has a relatively underdeveloped capital market and businesses have a long standing preference for credit financing. What little venture capital exists is provided by established commercial banks and a handful of venture capital funds. “Angel investing” has only begun to take root in 2008, after a brief existence snuffed out at the start of the century by the dot.com bust.

The Italian stock exchange ("Borsa Italiana") is relatively small -- fewer than 300 companies – and is an inadequate source of capital for most Italian firms. In 2007, the

Borsa merged with the London Stock Exchange, raising expectations that governance standards and transparency of the Milan market would improve. Each of the partners will continue to be regulated by its respective national securities regulatory entity.

Financial services companies incorporated in another EU member state may offer investment services and products in Italy without establishing a local presence. U.S. and other firms based in non-EU member states may operate under authorization from CONSOB. In the wake of the global financial crisis and equity markets' losses, Italian policymakers and financial institutions have called for stricter regulation and supervision of financial institutions, as well as convergence and standardization of norms across the EU.

Most non-insurance investment products are marketed by banks, and tend to be debt instruments. Italian retail investors are conservative, valuing the safety of government bonds over most other investment vehicles. Only seven percent of Italian households own Italian company stocks directly. Of those who do own stocks, the weight of direct stock shareholding in their portfolios is only 22%. A few banks have established private banking divisions to cater to high net worth individuals with a broad array of investment choices, including equities and mutual funds. There are no restrictions on foreigners engaging in portfolio investment in Italy. Any Italian or foreign investor acquiring a stake in excess of two percent of a publicly traded Italian corporation must inform CONSOB, but does not require its approval. Any Italian or foreign investor seeking to increase its stake in an Italian bank above five percent must be authorized by the Bank of Italy.

Thanks to conservative lending practices and a lower degree of exposure to the instruments and markets most affected by the global financial turbulence, Italian banks have largely succeeded so far in avoiding the worst of the current economic crisis. However, policymakers remain concerned about the banking sector's ability to maintain an adequate supply of financing to the economy in the ongoing economic downturn. The banking sector has undergone significant consolidation in the last decade, with about 60 percent of total Italian banking assets involved. Following the appointment in 2005 of Mario Draghi as Bank of Italy Governor, the process of consolidation picked up sharply. The top five banks' market share is larger than in Germany, but smaller than in France. Two major mergers in 2007 created Italy's two largest banking groups, Intesa-San Paolo, and Unicredit Group. The latter has become a major player in the European market, with recent acquisitions in western, central and eastern Europe. Another transaction between cooperative banks created Italy's fifth largest bank, Unione di Banche Italiane (UBI Banca), while the merger between Banco Popolare di Verona e Novara and Banca Popolare Italiana created Italy's largest cooperative banking group, Banco Popolare. In November 2007, Monte dei Paschi di Siena (MPS) bought Banca Antonveneta from Spain's Banco Santander. MPS was the last of the large Italian banks not to merge or be acquired. This purchase, in a rapidly consolidating market, made the Tuscan-based bank Italy's third largest lender with around 3,000 branches and a strong presence in the prosperous north-east of Italy. Currently, the country's largest banks are: Unicredit Group, Intesa San Paolo, Monte dei Paschi di Siena, Banco Popolare, and UBI Banca. The assets of Italy's five largest banks account for 53.5 percent of total banking assets.

Efficiencies obtained from mergers and from the entry of foreign banks are expected to have an impact on retail banking fees, currently among the highest in Europe. The Bank of Italy has urged Italian banks to become more competitive by cutting high transaction charges and to seek to merge among themselves to be more competitive against foreign banks.

Non-bank companies (either Italian or foreign) are not allowed to acquire more than 15 percent of a bank's capital, although emergency economic stimulus measures in late 2008 contemplated abolishing this restriction. Complex cross-shareholding has often been used to fight off takeover attempts in the financial sector. The presence of foreign intermediaries on the Italian market expanded in the last several years. In late 2005, the Dutch Bank ABN-AMRO obtained complete control of an Italian medium-sized bank, Banca Antonveneta, recently sold to Monte Dei Paschi di Siena. In May 2006, the French banking group BNP Paribas acquired full control of Banca Nazionale del Lavoro, one of Italy's primary banks. Credit Agricole acquired a controlling interest in Cassa di Risparmio di Firenze, di Parma e Piacenza and Banca Popolare Friuladria. No further significant acquisitions or mergers ocurred in 2008 as the industry digested the previous years' deals.

At end of 2007, 22 subsidiaries of foreign groups accounted for 11.2 percent of system assets, against 10 percent a year earlier. If the acquisision of Banca Antonveneta by MPA has already been completed, the share would fallen to 9.2 percent.

Political Violence

Return to top

Political violence is not a threat to foreign investments in Italy, but corruption, and especially that associated with organized crime, can be a major hindrance, especially in the south – see next section.

Corruption

Return to top

Corruption and organized crime are significant impediments to investment and economic growth in Italy. Transparency International's (TI) Corruption Perceptions Index 2008 ranked Italy 55th out of 180 countries evaluated. Among EU states, only Greece, Lithuania, Poland, Romania and Bulgaria scored worse. Moreover, less than 30% of the population believes the government is effective in fighting corruption. In this survey Italians rated their Parliament and political parties as "very corrupt". TI's "Bribe Payer's Index" ranked Italy in the lower third of countries, in the same group as Saudi Arabia, Brazil and Malaysia. Among the countries of Western Europe, Italy came last. The NGO Global Integrity (GI) noted that Italy has very poor mechanisms to fight corruption in public administration and lacks effective law on conflict of interest. GI also found serious weaknesses in the protection of 'whistle-blowers' and in the regulations governing political party financing. Finally, the World Bank in its 2007 "Governance Matters" report found Italy steadily deteriorating in its control of corruption. Among OECD countries only Mexico and Turkey had lower anti-corruption ratings from the World Bank.

Italy ratified the 1997 OECD Convention on Combating Bribery in September 2000. However, with the recent reorganization of the Corruption Commission, it is unclear whether Italy is able to prosecute the bribery of foreign officials, leaving it unable to fulfill its obligations under the convention. Although Italy has signed the United Nations

Convention Against Corruption, as of January 2008 it has yet to ratify the document. Corruption is punishable under Italian law. As in all judicial processes, much discretion regarding punishment is left to the presiding judge. Most corruption in the recent past has involved government procurement or bribes to tax authorities. Bribes are not considered deductible business expenses under Italian tax law.

Organized crime is present throughout Italy, but is concentrated in four regions of the south (Sicily, Calabria, Campania, and Puglia). In November 2008, Confesercenti, the Italian confederation of trade, tourism, and service company operators released a report estimating that organized crime (Mafia, Camorra, 'Ndrangheta and Sacra Corona Unita) - is estimated to have a turnover of euros 130bn, with "commercial" activities accounting for euros 92bn, or 6 per cent of Italy's GDP. A February 2009 report by the Eurispes research institute estimated that organized crime accounts for nine percent of Italy's GDP. Numerous potential American investors have expressed concern about organized crime to the U.S. Consulate General in Naples and the Embassy in Rome.

Organized crime is involved in racketeering, loan sharking, drug smuggling, and prostitution. Confesercenti estimates loan sharking accounts for euros 15bn of Mafia income. Narcotics are by far the most profitable activity, traded across Europe and worth euros 59bn. The report underscored recent warnings by anti-Mafia prosecutors that criminal gangs were expanding their activities into trade, tourism, the gaming industry, restaurants, construction, rubbish disposal and the property and health sectors. The report estimated that about 150,000 shopkeepers pay the *pizzo*, or protection money, to Mafia gangs, amounting to euros 6bn a year. For example, a stall in a food market in Naples has to pay euros 5 - 10 a day, while a Palermo construction site may hand over euros 10,000 a month. According to the press, loan-sharking seems to be increasing as banks have become more reluctant to lend in the current difficult economic environment.

A February 2009 report by the Eurispes research institute estimated that organized crime accounts for nine percent of Italy's GDP.
Numerous potential American investors have expressed concern about organized crime to the U.S. Consulate General in Naples

Researchers estimate Italy's underground economy may be equivalent to between 20 and 27 percent of GDP. A great deal of economic activity is kept "underground" to avoid taxation.

Bilateral Investment Agreements Return to top

As of December 2008, Italy has bilateral investment agreements with the following countries:

Albania
Algeria
Angola (signed, not enforced)
Argentina
Armenia
Azerbaijan
Bangladesh
Barbados

Belarus
Belize (signed, not enforced)
Bolivia
Bosnia and Herzegovina
Brazil (signed, not enforced)
Bulgaria
Cape Verde (signed, not enforced)
Chad
Chile
China
Colombia (signed, not enforced)
Congo
Cote d'Ivoire (signed, not enforced)
Croatia
Cuba
Czech Republic
Democratic Republic of Congo (signed, not enforced)
Dominican Republic (signed, not enforced)
Ecuador (signed, not enforced)
Egypt
Eritrea
Estonia
Ethiopia
Gabon
Georgia
Ghana (signed, not enforced)
Guatemala (signed, not enforced)
Guinea
Hong Kong, China
Hungary
India
Indonesia
Iran, Islamic Republic of
Jamaica
Jordan
Kazakhstan
Kenya
Korea, DPR of (signed, not enforced)
Korea, Republic of
Kuwait
Latvia
Lebanon
Libya
Lithuania
Macedonia, Republic of
Malawi (signed, not enforced)
Malaysia
Malta
Mauritania (signed, not enforced)
Mexico
Moldova, Republic of

Mongolia
Morocco
Mozambique
Nicaragua
Nigeria
Oman
Pakistan
Paraguay (signed, not enforced)
Peru
Philippines
Poland
Qatar
Romania
Russian Federation
Saudi Arabia
Slovakia
Slovenia
South Africa
Sri Lanka
Sudan (signed, not enforced)
Syrian Arab Republic
Tunisia
Turkey
Uganda
Ukraine
United Arab Emirates
Tanzania, United Republic of
Uruguay
Uzbekistan
Venezuela
Vietnam
Yemen (signed, not enforced)
Zambia (signed, not enforced)
Zimbabwe (signed, not enforced)

OPIC and Other Investment Insurance Programs Return to top

The U.S. Overseas Private Investment Corporation (OPIC) does not operate in Italy, as it is a developed country. Italy's Export Credit Agency, SACE, is a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

Labor Return to top

Italy's unemployment rate, at 7.7 percent in December 2008 has begun to creep up as a decade of low growth and the slowing world economy begin to take their toll. This despite slightly liberalized temporary labor regulations and legalization of some underground employment. Traditional regional disparities remain unchanged, with the southern third of the country posting a significantly higher unemployment compared to northern and central Italy. Despite these differences, internal migration within Italy remains modest, as industry and sector-wide national collective bargaining agreements irrationally set equal wages across the entire country. Labor shortages in the North are often filled by unskilled and semi-skilled immigrants from Eastern Europe and North Africa.

Italy's labor force is well-educated. According to a 2006 national survey, 9.7 percent of people aged 15 and older held university degrees and 42 percent completed upper secondary education. According to the OECD 2005 Economic Review of Italy, the private internal rate of return -- which measures incentives to invest in human capital -- is much lower for higher education than the OECD average, indicating there may be limited incentive for Italians to pursue higher education. This is due to the fact that persons with higher education do not earn substantially more than persons with upper secondary educations. As a result, Italy has experienced a mild brain-drain among the highly-educated, entrepreneurial young. Firms interested in investing in Italy may have difficulties finding highly specialized young Italian employees.

On paper, companies may bring in a non-EU employee after the government-run employment office has certified that no qualified, unemployed Italian is available to fill the position. In reality, the cumbersome and lengthy process acts as a deterrent to foreign firms seeking to comply with the law. Work visas are subject to annual quotas, although intra-company transfers are exempt from quota limitations.

There are legal obstacles to hiring and firing workers although in recent years, the Italian labor market has become slightly more flexible. A series of legal reforms has encouraged the hiring of part-time employees by reducing employer social security contributions for these workers. New laws have also created opportunities for outsourcing, job-sharing, and use of private employment services. New types of contracts now exist that allow for reduced labor costs. However, high costs and legal obstacles associated with laying-off workers still remain a disincentive to adding permanent employees.

Italy is an International Labor Organization (ILO) member country. Terms and conditions of employment are periodically fixed by collective labor agreements in different professions. Most Italian unions are grouped into four major national confederations: the General Italian Confederation of Labor (CGIL), the Italian Confederation of Workers' Unions (CISL), the Italian Union of Labor (UIL), and the General Union of Labor (UGL). The first three organizations are affiliated with the International Confederation of Free Trade Unions (ICFTU), while the UGL has been associated with the World Confederation of Labor (WCL). The confederations negotiate national level collective bargaining agreements with employer associations, which are binding on all employers in a sector or industry irrespective of geographical location.

Foreign-Trade Zones/Free Ports Return to top

There are two free trade zones in Italy, located in Trieste and Gioia Tauro. Two other harbors, Venice and Cagliari, will become free trade zones starting from January 2010. Goods of foreign origin may be brought in without payment of taxes or duties, as long as the material is to be used in the production or assembly of a product that will be exported. The free-trade zone law also allows a company of any nationality to employ workers of the same nationality under that country's labor laws and social security systems.

Benefits of the free-trade zones include:

- Customs duties deferred for 180 days from the time the goods leave the free trade zone to enter another EU country.
- The goods may undergo transformation free of any customs restraints.
- Absolute exemption from any duties on products coming from a third country.

Foreign Direct Investment Statistics

Return to top

Italy lags behind many of its fellow EU member states in attracting and maintaining foreign investment. According to Bank of Italy figures, net foreign investment into Italy in 2007 totaled USD 32.3 billion (equal to 1.6 percent of GDP), well below its Euro zone counterparts. Notably, inflows were exceeded by outflows – USD 61.8 billion in 2007 (equal to three percent of GDP). This reflects a huge increase of out-bound investments in the energy sector.

Data on Italian Investment Inflows (direct and portfolio) is available at

http://www.unctad.org/en/docs/wir2006_en.pdf
or
http://www.bancaditalia.it/pubblicazioni/relann/rel07/rel07it.

Table 1: Italian Foreign Direct Investment Inflows by Economic Sector (Net) 2004-2007 (USD Millions) (1) (*)

	2004	2005	2006	2007
Agriculture	234.8	511.8	-662.1	44.4
Energy	4463.3	10057.1	4104.3	4387.1
Industry	2016.2	6996.3	7549.0	6629.0
of which:				
Machine	3690.7	1314.3	4871.9	5201.6
Chemical	-3535.4	441.0	168.3	305.1
Food	362.7	2388.8	1839.2	-1033.6
Textiles	513.0	544.1	810.3	1289.0
Mineral/Metal	687.0	1315.5	143.2	289.0
Other	298.2	992.6	-283.9	577.0
Building and Public Works	125.7	205.0	283.9	239.3

Services	9576.4	925.5	18639.5	20919.3
of which:				
Banking/ Insurance	5749.1	1207.5	8810.3	7556.4
Trade	36.0	653.4	3570.4	2106.2
Transportation/ Communication	516.8	-11468.3	2027.6	5293.0
Other Services (Not For Sale)	3274.5	10532.9	4231.2	5963.7
T O T A L	16416.2	18695.7	29914.6	32319.1

Table 2: Italian Direct Investment Outflows by Economic Sector (Net) 2004-2007 (USD Millions) (1) (*)

	2004	2005	2006	2007
Agriculture	21.1	70.8	42.7	143.8
Energy	5336.7	2675.8	3775.1	37061.8
Industry	7573.9	7629.8	13501.3	12364.3
of which:				
Machine	4234.8	3684.5	9218.6	5922.0
Chemical	1730.4	1730.4	2267.6	2665.3
Food	151.6	206.2	623.1	657.3
Textiles	287.0	411.2	275.1	469.1
Mineral/Metal	246.0	600.0	-224.9	1610.2
Other	924.1	997.5	1341.8	1040.4
Building And Public Works	85.7	159.0	-113.1	114.2
Services	5037.3	7444.7	16881.9	12106.2
of which:				
Banking/ Insurance	2636.0	5164.6	10797.7	959.68
Trade	1060.9	923.0	1075.4	1426.08
Transportation/ Communication	-923.0	110.6	2069.1	1658.60
Other Services (Not For Sale)	2263.4	1264.6	2939.7	8061.83
T O T A L	18054.7	17980.1	34087.9	61790.3

Table 3a: Stock of Foreign Direct Investment in Italy by Major Investors; Year End 2004-2007 (USD Millions) (1)

	2004	2005	2006	2007
United States	22448.3	21451.0	25826.1	25581.3
EU (3)	140651.5	145179.5	185773.4	238404.1
of which:				
France	24608.6	25637.5	37040.8	44210.8
Netherlands	39009.4	40079.1	54304.3	72411.4
United Kingdom	26613.9	25434.5	30461.1	35584.2
Germany	14312.3	15309.3	11263.5	10959.0
Luxembourg	22336.5	24042.5	27911.7	31916.5
Sweden	3341.8	3034.2	3533.6	4203.5
Belgium	3335.1	1982.3	2353.1	7225.5
Spain	1941.0	4820.5	11764.2	18014.6
Other EU (4)	5286.9	4839.4	7141.0	13878.5
Switzerland	21872.7	20115.7	23446.6	26269.4
Liechtenstein	2105.9	1975.2	2330.7	2685.2
Japan	3595.2	3419.1	3967.1	4272.3
Argentina	257.4	246.8	288.5	329.4
Brazil	128.7	184.2	320.2	373.4
Other	9328.5	8747.3	10430.8	10781.8
T O T A L	200379.4	201318.8	252383.4	313767.2

Table 3b: Stock Of Foreign Direct Investment In Italy by Major Investors; Year End 2004-2007 (Percentage of Total)

	2004	2005	2006	2007
United States	11.2	10.7	10.2	9.4
EU	70.2	72.1	73.6	76.0
France	12.3	12.7	14.7	14.1
Netherlands	19.5	19.9	21.5	28.8
United Kingdom	13.3	12.6	12.1	11.3
Germany	7.1	7.6	4.5	3.5
Luxembourg	11.1	11.9	11.1	10.2
Sweden	1.7	1.5	1.4	1.3
Belgium	1.7	1.0	0.9	2.3
Spain	1.0	2.4	4.7	5.7
Other EU (3)	2.6	2.4	2.7	4.4
Switzerland	10.9	10.0	9.3	8.5
Liechtenstein	1.1	1.0	0.9	0.9
Japan	1.8	1.7	1.6	1.4
Argentina	0.1	0.1	0.1	0.1
Brazil	0.1	0.1	0.1	0.1
Other	4.6	4.3	4.2	3.4
T O T A L	100.0	100.0	100.0	100.0

Table 4a: Stock Of Italian Direct Investment Abroad by Major Recipient; Year End 2004-2007 (USD Millions) (2)

	2004	2005	2006	2007
United States	18851.2	19617.5	26118.6	27439.2
EU	182521.4	178145.2	217375.5	306708.6
Netherlands	63268.1	65081.5	89822.1	117453.9
Luxembourg	26363.3	25154.7	22632.4	26131.8
France	24344.5	23866.6	29574.4	35262.1
United Kingdom	24158.2	22617.5	24847.2	26086.4
Germany	15758.7	15004.7	18126.5	22153.7
Spain	10882.0	9866.6	12350.5	53197.7
Belgium	5308.3	4944.5	6254.3	7404.1
Sweden	866.3	892.6	1087.0	1149.3
Other EU (3)	11572.4	10716.6	12681.1	17869.7
Switzerland	10559.0	10007.1	11411.1	12838.9
Brazil	3954.4	4935.1	5645.6	7404.1
Argentina	2178.3	2211.3	2308.3	2298.7
Japan	1249.9	1164.1	1196.2	1320.6
Liechtenstein	194.4	175.9	200.3	222.5
Other	24901.6	26460.5	41685.1	47890.2
T O T A L	244410.2	243982.3	305940.7	407518.3

Table 4b: Stock of Italian Direct Investment Abroad by Major Recipient; Year End 2004-2007 (Percentage of Total)

	2004	2005	2006	2007
United States	7.7	8.0	8.5	6.7
EU	74.7	73.0	71.1	75.3
of which:				
Luxembourg	10.8	10.3	7.4	6.4
Netherlands	25.9	26.7	29.4	28.8
France	10.0	9.8	9.7	8.7
Germany	6.4	6.1	5.9	5.4
United Kingdom	9.9	9.3	8.1	6.4
Spain	4.5	4.0	4.0	13.1
Belgium	2.2	2.0	2.0	1.8
Sweden	0.4	0.4	0.4	0.3
Other EU (3)	4.7	4.4	4.2	4.4
Switzerland	4.3	4.1	3.7	3.2
Brazil	1.6	2.0	1.8	1.7

Argentina	0.9	0.9	0.8	0.6
Japan	0.5	0.5	0.4	0.3
Liechtenstein	0.1	0.1	0.1	0.1
Other	10.2	11.4	13.6	12.1
T O T A L	100.0	100.0	100.0	100.0

Table 5a: U.S. Investment in Italy by Economic Sector End-Year 2004-2007 (USD Millions) (2)

	2004	2005	2006	2007
Agriculture	40.2	41.3	46.1	52.7
Energy	627.6	576.2	678.5	803.8
Industry	13607.1	12958.7	15080.4	17692.5
of which:				
Machine	2979.7	2792.2	3205.5	4024.9
Transportation Equipment	902.5	830.0	971.0	1121.5
Chemical	3689.1	3447.5	4031.6	4642.8
Food	1920.3	2003.5	2321.5	2635.4
Textiles	273.6	260.9	304.3	355.8
Minerals/Metals	451.9	433.3	502.0	578.3
Other	3390.0	3191.3	3744.4	4333.8
Services	8173.4	7874.8	10021.1	11032.3
of which:				
Trade	987.0	933.9	1097.5	1259.2
Banking/ Insurance	4008.2	3771.0	4789.2	5386.5
Transportation/ Communication	666.5	636.4	1055.3	1199.1
Other Services	2511.7	2533.5	3079.1	3187.5
T O T A L	22448.3	21451.0	25826.1	29581.3

Table 5b: U.S. Investment in Italy by Economic Sector End-Year 2004-2007 (Percentage of Total)

	2004	2005	2006	2007
Agriculture	0.2	0.2	0.2	0.2
Energy	2.8	2.7	2.6	2.7
Industry	60.6	60.4	58.4	59.8

of which:				
Machine	13.3	13.0	12.4	13.6
Transportation Equipment	4.0	3.9	3.8	3.8
Chemical	16.4	16.1	15.6	15.7
Food	8.6	9.3	9.0	8.9
Textiles	1.2	1.2	1.2	1.2
Minerals/ Metals	2.0	2.0	1.9	2.0
Other	15.1	14.9	14.5	14.6
Services	36.4	36.7	38.8	37.3
of which:				
Trade	4.4	4.3	4.2	4.3
Banking/ Insurance	17.9	17.6	18.5	18.2
Transportation/ Communication	3.0	3.0	4.1	4.0
Other Services	11.1	11.8	12.0	10.8
T O T A L	100.0	100.0	100.0	100.0

Table 6a: Italian Investment in the U.S. by Economic Sector -- End-Year 2004-2007 (USD Millions) (2)

	2004	2005	2006	2007
Agriculture	52.3	62.6	71.1	71.7
Energy	1831.8	1877.2	2075.1	2079.1
Industry	7254.8	7589.1	13080.4	13516.8
of which:				
Machine	2777.2	2850.1	7910.4	8007.3
Transportation Equipment	950.8	966.9	1001.3	1045.4
Chemical	205.2	212.5	332.0	411.4
Food	273.6	289.3	304.3	320.6
Textiles	741.6	813.5	851.1	882.9
Minerals/ Metals	1589.1	1637.5	1724.6	1877.0
Other	717.3	819.4	956.7	972.2
Services	9719.6	10088.5	10892.0	11771.6
of which:				
Trade	1177.4	1201.9	1241.1	1276.7
Banking/ Insurance	4615.7	4796.9	5035.6	5612.0
Transportation/				

Communication	232.0	242.0	278.0	329.4
Other	3694.5	3847.7	4337.3	4553.5
T O T A L	18858.5	19617.5	26118.6	27439.2

Table 6b: Italian Investment in the U.S. by Economic Sector -- End-Year 2004-2007 (Percentage of Total)

	2004	2005	2006	2007
Agriculture	0.3	0.3	0.3	0.3
Energy	9.9	9.6	7.9	7.9
Industry	38.3	38.7	50.1	50.1
of which:				
Machine	14.8	14.5	30.3	30.3
Transportation Equipment	4.7	4.9	3.8	3.8
Chemical	1.4	1.1	1.3	1.3
Food	1.4	1.5	1.2	1.2
Textiles	3.9	4.2	3.3	3.3
Minerals/ Metals	8.4	8.3	6.6	6.6
Other	3.7	4.2	3.6	3.6
Services	51.5	51.4	41.7	41.7
of which:				
Trade	6.2	6.1	4.8	4.7
Banking/ Insurance	24.1	24.5	19.3	19.3
Transportation/ Communication	1.5	1.2	1.1	1.1
Other	19.7	19.6	16.5	16.6
T O T A L	100.0	100.0	100.0	100.0

Table 7: Direct Investment by Origin and Destination End-Year 2007 (USD Millions) (4)

	Foreign Investment in Italy	Italian Investment Abroad	Net Italian Position
EU	238404.1	306708.6	68304.5
of which:			
United Kingdom	35584.2	26086.4	-9497.8
Netherlands	72411.4	117453.9	45042.5

Germany	10959.0	22153.7	11194.7
France	44210.8	35262.1	-8948.7
Spain	18014.6	53197.7	35183.1
Luxembourg	31916.5	26131.8	-5784.7
Belgium	7225.5	7474.1	178.6
Sweden	4203.5	1149.3	-3054.2
Other (3)	13878.6	17869.5	3991.1
Non-EU	75363.1	100809.7	25446.6
of which:			
USA	29581.3	27439.2	2142.1
Switzerland	26269.4	12838.9	-13430.5
Liechtenstein	2685.2	222.5	-2462.7
Japan	4272.3	1320.6	-2951.7
Canada	1070.3	1695.5	625.2
Argentina	329.4	2298.7	1969.3
Brazil	373.4	7104.0	6730.6
Other	10781.8	47890.2	37108.3
T O T A L	313767.2	407518.3	93751.1

(1) Annual net investment flow data compiled by Embassy Economic Section, based on Bank of Italy data and converted at the following end-year exchange rates:

	2004	2005	2006	2007
Euro/Dollar	0.805	0.805	0.796	0.744

Net = New Investment Less Disinvestment. The volatility and huge changes from year to year in some sections can be explained in part by the fact that listed data are "Net": New Investment Minus Disinvestment.

(2) Compiled by the Economic Section of the Embassy based on Bank of Italy data and converted at the following end year exchange rates:

	2004	2005	2006	2007
Euro/Dollar	0.746	0.847	0.759	0.744

(3) Austria, Denmark, Finland, Portugal, Greece, Ireland (other EU 25 countries), plus Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia (plus Bulgaria and Romania only for 2007).

(4) Original data in euro and converted at the end-2007 exchange rate of one dollar = 0.683 euro.

Sources: Bank Of Italy Annual Report 2007
http://www.bancaditalia.it/pubblicazioni/relann/rel07/
rel07it.

Return to table of contents

Chapter 7: Trade and Project Financing

How Do I Get Paid (Methods of Payment)

Return to top

American firms most frequently provide the Italian buyer with a price quote that includes packing costs, insurance, and freight (CIF price). The average Italian business representative can then usually determine the charges for customs, taxes, and local transportation to arrive at the importer's final landed cost. The customary terms of sale in Italy are either cash or net. Sales made on cash terms call for payment before delivery, on delivery, or shortly after delivery -- usually within 10 days. A two to five percent discount is made for payment of the full amount of the transaction at the end of the specified period from one to four months from the date of the invoice. The length of the period depends on the commodity involved, the credit standing of the buyer, and the motivation of the seller. A period of up to two years is often allowed for payment of capital goods, store equipment, trucks, and similar heavy equipment.

Some U.S. suppliers have lost business because Italian firms believe their payment terms are too rigid. Exporters should regard financing as another competitive factor, on par with the product itself, the delivery date, or after-sales service. U.S. manufacturers will be more competitive by allowing accounts to be settled from 60 to 120 days following receipt of the order.

Although originally an Italian creation, the use of irrevocable letters of credit has declined appreciably in Italy in recent years. Because of the growing reluctance of Italian firms to pay high fees associated with letters of credit, American exporters should explore other mechanisms to ensure payment from Italian customers of uncertain credit worthiness, or risk losing the sale. Alternatives include export credit insurance and guarantee programs available through the Foreign Credit Insurance Association (FCIA).

Just as sales offer terms should be clear and detailed, shipment terms should conform to contract specifications and should be consistent with any samples that were sent to the Italian importer. Agreed delivery schedules should be met, as prompt delivery may be a decisive consideration of the importer in placing additional orders. When shipping on letters of credit, all terms specified in the letter of credit must be strictly observed. If all the terms are not followed, the bank may not honor the letter of credit.

How Does the Banking System Operate Return to top

Italy has a well-developed banking and credit system with numerous correspondent U.S. banks. Italian banks are subject to close government supervision, and the Bank of Italy must authorize the establishment of any new bank.

U.S. firms seeking to finance major portions of their capital investment outside the United States may find capital available in the Eurodollar market. U.S. bank branches in Italy can assist in financing capital investment. There are more than 780 banks and over 30,000 branches performing commercial and other services throughout Italy. Among the most important are Unicredit Group (established in 2007 by merger of Unicredit and Capitalia), Intesa Sanpaolo (established in 2007 by merger of Banca Intesa and Sanpaolo IMI), Banca Nazionale del Lavoro, (fully acquired in May 2006 by the French banking group BNP Paribas), and Monte dei Paschi di Siena. These banks are a principal source of credit information. Unicredit Group is the largest bank in Italy by market value and the second largest in Europe. Intesa Sanpaolo is the second largest bank in Italy by market value and the sixth largest in Europe.

The banking sector has undergone significant consolidation in the last decade, involving about 60 percent of total Italian banking assets. Since his appointment as new Governor of the Central Bank on January 16, 2006, Mario Draghi has publicly called for fragmented Italian banks to further consolidate, set aside their regional rivalries to prepare for international competition or face foreign takeovers. From 1996 to 2006, through mergers and acquisitions involving 349 banks, the number of banks decreased from almost 1,000 to less than 800 at end-2006, resulting in 80 Italian banking groups. This consolidation process, already the largest among European countries in terms of bank assets, is expected to continue over the next several years as the Italian banking sector becomes more competitive in the single European market.

Several U.S. banks perform services in Italy, through branches, subsidiaries, or representatives. Many American banks can also provide their commercial customers with services, such as bank reports on overseas buyers, assistance for letters of credit, and foreign exchange. U.S. banks with offices in Italy include Citigroup, JP Morgan Chase, and Bank of America, as well as numerous smaller, regional banks.

Banks in Italy that have the authority to participate in foreign exchange usually have a U.S. correspondent. Foreign currency transfers and foreign exchange transactions must be channeled via authorized intermediaries (for example, the Bank of Italy or the Italian Foreign Exchange Office). Larger Italian banks usually have branches in one or more U.S. cities.

The Bank of Italy, Italy’s central bank, follows euro notes issues, performs credit, financial and market supervision, and regulates bank mergers. The financial market oversight reform bill, passed at end-2005 and drafted in consultation with the European Central Bank (ECB), cuts the Central Bank Governor's term from life to six years, limits the Governor to two terms in office, and divides the Central Bank's banking competition oversight responsibilities with Italy's anti-trust authority. The bill also authorizes CONSOB, Italy’s security markets and company accounting regulator, to raid firms suspected of securities violations and to impound evidence.

In early December 2006, the Italian Cabinet approved legislation modifying this same financial market oversight reform law passed at the end of 2005 to eliminate overlapping authority and increase transparency. The new decree law gives CONSOB increased authority in the insurance sector. The decree law also transfers banking anti-trust authority from the Bank of Italy to the national Antitrust Authority. Finally, the decree law revises the voting structure of Italy's thirty-six cooperative banks (banche popolari) to make it easier for financial sector consolidation to move ahead.

Foreign-Exchange Controls Return to top

Italy has no restrictions on the amount of foreign exchange instruments, currency, or checks that may be brought into the country. Normally, 10,000 euros may be taken out of the country, but any amount declared upon entry may be re-exported.

Italian exchange regulations are issued by the Italian Exchange Office, Ufficio Italiano dei Cambi (UIC), Via Quattro Fontane 123, Rome 00184, Italy. Foreign currency may be sold or acquired from the Bank of Italy or any of the banks authorized by the Bank of Italy. In effect, all commercial banks are authorized to conduct foreign exchange transactions.

Dollar currency, travelers checks, and, in some cases, personal checks, may be exchanged at banks, exchange offices, authorized tourist offices, and hotels. Major credit cards are accepted with proper identification, and ATMs are ubiquitous.

U.S. Banks and Local Correspondent Banks Return to top

(A large number of Italian banks have correspondence relationships with U.S. banks. Below is a listing of Italian banks with branch offices in the U.S.

Intesa Sanpaolo S.p.A.
(merger between Sanpaolo IMI S.p.A. and Banca Intesa in January 2007)
Piazza San Carlo, 156
10121 Torino
Tel.: +39-011-555-1
www.intesasanpaolo.com

CEO Americas Area

c/o New York Branch
Carlo Persico, Manager
245 Park Avenue, Suite 3500
New York, NY 10167
Tel.: (212) 692-3010
Fax: (212) 692-3046
E-mail: carlo.persico@intesasanpaolo.com

Los Angeles – Representative Office

444 South Flower Street
23rd Floor Suite 2360
Los Angeles, CA 90071
Tel.: (213) 489-3100
Fax: (213) 622-2514
E-mail: losangeles.repoffice@intesasanpaolo.com
Donald Brown, Manager,

New York - Branch
One William Street
New York N.Y. 10004
Tel:+1 212 6073500
Fax:+1 212 809 2124
E-mail: gcorrias@intesasanpaolo.us
Manager: Gianluca Corrias

Unicredit Group S.p.A.
established in May 2007 with merger of Unicredito Italiano S.p.A. and Capitalia S.p.A.) (Capitalia S.p.A. was established in 2002 with merger of Banca di Roma, Bibop-Carire and Banco di Sicilia)
Piazza Cordusio
20121 Milano
Tel.: +39-02-886-211
Web: www.unicredit-capitalia.eu

10017 150 East 42nd Street
New York
Tel.: (212) 5469600
Fax.: (212) 8268623
Email: newyorkbranch@unicreditgroup.eu

HVB Capital Markets, Inc.
HVB Corporates & Markets, New York Branch
10017 150 East 42nd Street
New York
Tel.: (212) 672-6000
Fax.: (212) 672-5500

Pioneer Alternative Investments
10017 535 5th Avenue
New York
us.pioneerinvestments.com

Pioneer Funds Distributor Inc.
FL 33131-2847 Suite 3260, 701 Brickell Avenue
Miami
us.pioneerinvestments.com

Pioneer Investment Management Inc.
MA 02109 State Street 60

Boston
us.pioneerinvestments.com

Banca Nazionale del Lavoro BNL S.p.A.
(incorporated in BNP Paribas in 2006)
Via Vittorio Veneto 119
00187 Roma
Tel.: +39-06-470-21
Fax: +39-06-7402-7250
www.bnl.it
redazionebnl@bnlmail.com
51 West 52 nd Street – 36 th floor
New York, NY 10019
Tel.: (212) 581-0710
Fax: (212) 489-9088
comdiv@bnlny.com

209 South La Salle Street, Suite 500
Chicago, IL 60604
Tel.: (312) 444-9250/ 444-9251/ 444-9252/ 444-9253/ 444-9254
Fax: (312) 444-9410
bnlchicago@bnlny.com

Also available: list of BNP Paribas Group branches in the United States:
http://www.bnpparibas.com/en/locations/cartography.asp

Banca Monte dei Paschi di Siena S.p.A.
Piazza Salimbeni 3
53100 Siena
Tel.: +39-0577-294-111
Fax: +39-0577-294-677
www.mps.it

55, East 59th Street – 9thFloor
New York, NY 10022
Tel.: (212) 891-3600
Fax: (212) 891-3661/3
Gennaro Miccoli, Direttore Titolare
divide.nacci@banca.mps.it

Project Financing Return to top

Italy does not qualify for special USG export credit assistance, and Italian banks with branches in the U.S. offer limited export credit assistance. Similarly, large U.S. banks and/or local banks located in the exporter's state can offer factoring; exchange fluctuation hedging and limited exporter's credit services. The Export-Import Bank of the United States (Exim Bank) and FCIA consider Italy a low political risk country. Small business exporters may obtain assistance under the SBA's Export Revolving Line of Credit (ELRC) loan program.

The Italian government promotes investment in less developed parts of the country, particularly the south, through incentives such as tax reductions and financial assistance for private investment projects. A number of American companies have taken advantage of these incentives over the years to establish facilities in Italy. The government is trying to create a "one-office" concept, so that potential investors have one source for all the information and permits they may require. At present, however, companies seeking information on these incentives should inquire at all of the following agencies:

1. Istituto per la Promozione Industriale, IPI
(The Institute for Industrial Promotion)
Viale Maresciallo Pilsudski 124
00197 Rome, Italy
Tel.: +39-06-8097-21
Fax: +39-06-8072-898
info@ipi.it
www.ipi.it

2. Ministero dello Sviluppo Economico
(Ministry of Economic Development)
Direzione Generale per il Coordinamento degli Incentivi alle Imprese, DGCII
(Directorate for Coordination of Enterprise Incentives)
Via del Giorgione, 2/B
00147 Roma
Tel.: +39-06-5401-633
Fax: +39-06-5960-1226

www.sviluppoeconomico.gov.it
Prof. Piero Antonio Cinti, Director General

3. Invitalia
(The National Agency for enterprise and inward investment development).
Via Calabria 46
00187 Rome, Italy
Tel.: +39-06-421601
http://www.invitalia.it
info@invitalia.it
Dr Nicolò Piazza, Director General

4. Ministero dell'Economia e delle Finanze
(Ministry of the Economy and Finance)
Dipartimento del Tesoro
(Department of the Treasury)
Direzione IV Affari Legali (Legal Affairs)
Via Venti Settembre 97
00187 Roma
Tel.: +39-06-47611
+39-06-47614524/4089

Fax:	+39-06-47412923
www.tesoro.it
www.dt.tesoro.it
Dr. Giovanni Sabatini, Director

Tendering for European public procurement contracts

The U.S. Mission to the European Union in Brussels has developed a tool to help U.S.-based companies bid on public procurement supplies contracts in particular. All contracts for supplies that are procured by European public authorities (national government departments, regional agencies and public institutions, city authorities) above established thresholds are open to U.S.-based companies by virtue of the Government Procurement Agreement, of which the U.S. and the EU are parties. All the tenders in this database are based on a selection of tenders published in the EU Official Journal that are open to GPA member countries. The database contains on average 6,000 to 10,000 tenders and is updated twice per week.
http://www.buyusa.gov/europeanunion/eu_tenders.html

EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and infrastructure projects in a number of key sectors (e.g., environmental, transportation, energy, telecommunications, tourism, public health). From a commercial perspective, these initiatives create significant market opportunities for U.S. businesses, U.S.-based suppliers, and subcontractors.

The EU supports projects within its Member States, as well as EU-wide "economic integration" projects that cross both internal and external EU borders. In addition, the EU provides assistance to accession countries in Eastern and Southern Europe and Turkey, as well as some of the former Soviet republics.

The European Union provides project financing through grants from the European Commission and loans from the European Investment Bank. Grants from the Structural Funds are distributed through the Member States' national and regional authorities, and are only available for projects in the 27 EU Member States. All grants for projects in non-EU countries are managed through the EuropeAid Cooperation agency in conjunction with various European Commission departments, called "Directorates-General."

The CSEU Tenders Database

The U.S. Commercial Service at the U.S. Mission to the European Union offers a tool on its website to help U.S.-based companies identify European public procurement opportunities. The database features all current public procurement tenders issued by all national and regional public authorities in the 27 Member States of the European Union, plus four other European countries, and that are open to U.S.-based firms under the terms of the Government Procurement Agreement (GPA) implemented in 1995. The database is updated twice weekly and is easy to use with a range of search options, including approximately 20 industry sectors. The database also contains tenders for public procurement contracts relating to structural funds. Readers may access the database at http://www.buyusa.gov/europeanunion/eu_tenders.html.

EU Structural Funds

The EU Structural Funds, including the European Regional Development Fund, were created in 1975 to assist economically depressed regions of the European Union that required industrial restructuring. The EU earmarked EUR 308 billion for projects under the Structural Funds and the Cohesion Fund programs for the 2007-2013 period for the EU-27. In addition to funding economic development projects proposed by Member States or local authorities, EU Structural Funds also support specialized projects promoting EU socioeconomic objectives. Member States negotiate regional and "sectoral" programs with officials from the regional policy Directorate-General at the European Commission. For information on approved programs that will result in future project proposals, please visit:
http://ec.europa.eu/regional_policy/atlas2007/fiche_index_en.htm.

For projects financed through the Structural Funds, Member State officials are the key decision-makers. They assess the needs of their country; investigate projects; evaluate bids; and award contracts. To become familiar with available financial support programs in the Member States, it is advisable for would-be contractors to meet with local officials to discuss local needs.

Tenders issued by Member States' public contracting authorities for projects supported by EU grants are subject to EU public procurement legislation if they meet the EU minimum contract value requirement for the eligible sector. Below this threshold, tender procedures are subject to national procurement legislation. There are no overt prohibitions against the participation of U.S. companies, either as developers or concessionaires of projects supported partially by the Structural Funds, or as bidders on subsequent public tenders related to such projects, but it is advisable to team up with a local partner. All Structural Fund projects are co-financed by national authorities and most may also qualify for a loan from the European Investment Bank. The private sector is also involved in project financing. For more information on these programs, please see the market research section on the website of the US Mission to the EU:

http://www.buyusa.gov/europeanunion/mrr.html

The Cohesion Fund

The Cohesion Fund is another instrument of EU structural policy. Its EUR 61.5 billion (2007-2013) budget seeks to improve cohesion within the EU by funding transport infrastructure and environmental projects in Portugal, Spain, Greece and the twelve new (since 2004) EU Member States from Central and Eastern Europe. These projects are generally co-financed by national authorities, the European Investment Bank, and the private sector.

Key Link: http://ec.europa.eu/regional_policy/funds/cf/index_en.htm

The Trans-European Networks

The European Union also provides financial support to the Trans-European Networks (TENs) to develop infrastructure, strengthen cohesion and increase employment across greater Europe. Launched at the Essen Counsel (Germany) in 1994, the TENs are a series of transport, telecommunications and energy projects that are continually being expanded and upgraded. The TENs are largely financed by private sector and non-EU sources. The EU does, however, provide grants from the Cohesion Fund, loans from the European Investment Bank (and loan guarantees from the European Investment Fund), and partial feasibility study grants for the TENs. There are no overt EU restrictions on the participation of U.S. firms in the TENs.

Key Link: http://ec.europa.eu/ten/transport/index_en.htm

Other EU Grants for Member States

Another set of sector-specific grants offers assistance to EU Member States in the fields of science, technology, communications, energy, environmental protection, education, training and research. Tenders related to these grants are posted on the various websites of the directorates-generals of the European Commission. Conditions for participation are strict and participation is usually restricted to EU firms or tied to EU content. Information pertaining to each of these programs can be found on:

http://europa.eu.int/grants/index_en.htm

External Assistance Grants

The EuropeAid Cooperation Office is the European Commission agency in charge of managing the EU's external aid programs. This Agency is responsible for the management of the entire project cycle, from identification to evaluation, while the Directorates-General in charge of External Relations and Development, are responsible for the drafting of multi-annual programs. The EuropeAid website offers extensive information on the range of grant programs, the kind of projects that are eligible, as well as manuals to help interested parties understand the relevant contract law. However, participation to calls for tender for contracts financed by EuropeAid is reserved for enterprises located in the EU Member States and requires that the products used to respond to these projects are manufactured in the EU or in the aid recipient country. European subsidiaries of U.S. firms are eligible to participate in these calls for tender.

Key Link: http://europa.eu.int/comm/europeaid/index_en.htm

All tenders related to EU-funded programs outside the territory of the European Union (including the accession countries) are located on the EuropeAid Cooperation Office website: http://europa.eu.int/comm/europeaid/tender/index_en.htm.

Two new sets of programs have been approved for the financing period 2007-2013. As of January 2007, the EU will provide specific Pre-Accession financial assistance to the accession candidate countries that seek to join the EU through a new instrument called the Instrument for Pre-accession Assistance (IPA). Also, the European Neighborhood and Partnership Instrument (ENPI) will provide assistance to countries that are the Southern Mediterranean and Eastern neighbors of the EU.

- IPA replaces the following programs: PHARE (Poland and Hungary Assistance for Restructuring of the Economy), ISPA (Instrument for Structural Pre-Accession financing transport and environment projects), SAPARD (projects in the agriculture sector), CARDS (aid to southern Balkans) and the Turkey Facility Fund. IPA focuses on priorities linked to the adoption of the *acquis communautaire* (the body of European Union law that must be adopted by accession candidate countries as a precondition to accession), i.e., building up the administrative and institutional capacities and financing investments designed to help them comply with European Commission law. IPA will also finance projects destined to countries that are potential candidate countries, especially in the Balkans. The budget of IPA for 2007-2013 is EUR 11.4 billion.

Key Link: http://ec.europa.eu/enlargement/financial_assistance/ipa/index_en.htm

- ENPI: replaces the former TACIS and MEDA programs. The European Neighborhood Policy program covers the EU's neighbors to the east and along the southern and eastern shores of the Mediterranean i.e. Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine. ENPI budget is € 11,9 billion for 2007-2013.

Loans from the European Investment Bank

Headquartered in Luxembourg, the European Investment Bank (EIB) is the financing arm of the European Union. Since its creation in 1958, the EIB has been a key player in building Europe. As the EIB's lending practices evolved over the years, it became highly competent in assessing, reviewing and monitoring projects. As a non-profit banking institution, the EIB offers cost-competitive, long-term lending in Europe. Best known for its project financial and economic analysis, the Bank makes loans to both private and public EU-based borrowers for projects in all sectors of the economy, such as telecommunications, transport, energy infrastructure and environment.

While the EIB mostly funds projects within the EU, it lends outside the EU as well (e.g., in Central, Eastern and Southeastern Europe; Latin America; and Pacific and Caribbean states). In 2007, the EIB approved loans for projects worth EUR 56.4 billion, of which around 16% was lent outside the EU. The EIB also plays a key role in supporting EU enlargement with loans used to finance improvements in infrastructure, research and industrial manufacturing to help those countries prepare for eventual EU membership.

Projects financed by the EIB must contribute to the socioeconomic objectives set out by the European Union, such as fostering the development of less favored regions; improving European transport and telecommunication infrastructure; protecting the environment; supporting the activities of SMEs; assisting urban renewal; and, generally promoting growth, competitiveness and employment in Europe. Last year, the EIB created a list of projects to be considered for approval and posted the list on its website. As such, the EIB website is a source of intelligence on upcoming tenders related to EIB-financed projects: http://www.eib.org/projects/.

The EIB presents attractive business opportunities to U.S. businesses. EIB lending rates are lower than most other commercial rates. Like all EIB customers, however, U.S. firms must apply the loan proceeds to a project that contributes to the European objectives cited above.

The EIB's i2i (Innovation 2010 Initiative) is designed to highlight projects that support innovative technology in the European Union, in particular by financing broadband and multimedia networks; the physical or virtual infrastructure providing local access to these networks; and research and development infrastructures, especially in the less developed regions of the European Union. i2i will also finance projects to computerize schools and universities and to provide information technology training in conjunction with public authorities.

Key Link: http://www.eib.org/Attachments/thematic/innovation_2010_initiative_en.pdf

The US Mission to the European Union in Brussels has developed a database to help US-based companies bid on EIB public procurement contracts in non-EU countries in particular. The EIB-financed contracts that are open to US-based companies are featured in this database. All the tenders in this database are extracted from the EU's Official Journal. The EIB database contains on average 50 to 100 tenders and is updated twice per week.

Key Link: http://www.buyusa.gov/europeanunion/eu_tenders.html

Web Resources Return to top

EU websites:

EuropeAid Co-operation Office: http://europa.eu.int/comm/europeaid/index_en.htm

EU Grants and Loans index: http://ec.europa.eu/grants/index_en.htm

The European Investment Bank: http://www.eib.org/

The EU regional policies, the EU Structural and Cohesion Funds:
http://ec.europa.eu/regional_policy/index_en.htm

U.S. websites:

European Union Tenders Database:
http://www.buyusa.gov/europeanunion/euopportunities.html

Export-Import Bank of the United States: http://www.exim.gov

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: http://www.opic.gov

Trade and Development Agency: http://www.tda.gov/

SBA's Office of International Trade: http://www.sba.gov/oit/

USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

U.S. Agency for International Development: http://www.usaid.gov

Italian Websites**:**

Intesa Sanpaolo S.p.A.
www.intesasanpaolo.com
carlo.persico@intesasanpaolo.com
losangeles.repoffice@intesasanpaolo.com
gcorrias@intesasanpaolo.us

Unicredit Group S.p.A.
www.unicredit-capitalia.eu
newyorkbranch@unicreditgroup.eu
us.pioneerinvestments.com

Banca Monte dei Paschi di Siena S.p.A.
www.mps.it
davide.nacci@banca.mps.it

Istituto per la Promozione Industriale, IPI
info@ipi.it
www.ipi.it

Ministero dello Sviluppo Economico
(Ministry of Economic Development)
www.sviluppoeconomico.gov.it
segreteria.dgcii@sviluppoeconomico.gov.it

Invitalia
http://www.invitalia.it
info@invitalia.it

Ministero dell'Economia e delle Finanze
(Ministry of the Economy and Finance)
www.tesoro.it
www.dt.tesoro.it
giovanni.sabatini@tesoro.it

Return to table of contents

Chapter 8: Business Travel

Business Customs Return to top

In general, what is considered good business practice in the United States also applies when doing business in Italy. Business people in Italy appreciate prompt replies to their inquires and expect all correspondence to be acknowledged. Conservative business attire is recommended at all times. Business appointments are required, and visitors are expected to be punctual. The "golden keys" of customary business courtesy, especially replying promptly to requests for price quotations and orders, are a prerequisite for exporting success.

European business executives are usually more formal than their American counterparts; therefore, it is best to refrain from using first names until a solid relationship has been formed. Italian business executives tend to use titles indicating their position in the firm. During the first stages of conducting business, it is best to let the prospective buyer take the lead since the American approach of "getting down to business" may be considered abrupt. Avoid commenting on political events or making negative comments about the country. Some positive and sincere observations about the Italian culture, style, art, history, cuisine, or music are always appropriate. Friendship and mutual trust are highly valued, and, once an American has established this relationship, a productive business association can usually be counted upon.

Italian buyers appreciate style, quality, and service, but are also interested in delivered price. Care must be taken to assure that stated delivery dates are maintained and that after-sales service is promptly honored. Italians, and Europeans in general, expect that, after placing an order with a supplier, the delivery date be honored. While numerous factors may interfere with prompt shipment, the U.S. exporter must allow for additional shipping time and keep in close contact with the buyer. Meeting delivery schedules is of prime importance. It is much better to quote a later delivery date that can be guaranteed than promise an earlier delivery that is not completely certain.

Travel Advisory Return to top

Italy has a moderate rate of violent crime, some of which is directed toward tourists, principally for motives of theft. Petty crime (pick-pocketing, theft from parked cars, purse snatching) is a significant problem, especially in large cities. Most reported thefts occur at crowded tourist sites, on public buses, or at the major railway stations, including Rome's Termini, Milan's Centrale, Florence's Santa Maria Novella, and in Naples. More detailed information on travel to Italy is available from the following Department of State website: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1146.html

Visa Requirements Return to top

Every U.S. traveler must have a valid passport. No visa is required of U.S. citizens travelling to Italy for tourism or general business for less than 90 days. A visa is required for longer stays. Under Italian law, tourists who plan to stay more than eight business days have to notify their presence at the local police station (called 'Commissariato') through a simple form, called 'Dichiarazione di Presenza'. It is important that applicants keep a copy of the form. Additional information may be obtained from the Italian immigration website at http://www.esteri.it/visti/home_eng.asp .

U.S. citizens planning to work in the country must first obtain a work visa in the U.S. from the Italian Embassy or an Italian Consulate. The Italian employer must first obtain approval for a work permit. This permit is usually granted only for specialized work or skills. The Italian employer files an application at a Provincial Labor Office. If clearance is granted, the prospective employer is further required to obtain a work permit with the approval of the regional and central authorities. The permit is then sent to the worker so that he or she may apply for the entry visa. There are Italian consular offices in all of the largest American cities. The application process should be initiated at least three to four months before the visa will be needed. In some of the larger cities such as Rome and Milan, there is a long backlog in the processing of work permits, so it is advisable to apply well in advance if at all possible.

A person seeking to work in Italy in an independent or self-employed capacity files an application directly with the Italian Embassy or Consulate along with needed credentials demonstrating experience in the field of work.

U.S. companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applications at all U.S. consular offices in Italy are conducted by prior appointment only. For further information, visa applicants should go to the following links.

State Department Visa Website: http://travel.state.gov/visa/index.html

United States Visas.gov: http://www.unitedstatesvisas.gov/

U.S. Embassy website: http://www.italy.usembassy.gov

For further information concerning entry requirements for Italy, travelers can consult the Italian Embassy website at http://www.italyemb.org, contact the Consular Section of the Embassy of Italy at 3000 Whitehaven Street, NW, Washington, DC 20008, telephone: (202) 612-4400 or 612-4405, or fax 518-2154, or the nearest Italian Consulate General in Boston, Chicago, Detroit, Houston, Los Angeles, Miami, Newark, New York, Philadelphia, or San Francisco.

Telecommunications

Return to top

As in many Western European countries, Italy's telephone dialing procedures have changed and the city code has become part of each telephone number. An example of a local call within Rome would be: 06-46741 (06 is the city code). Incoming long distance calls to Italy also require that the "0" in the city code be included when dialing. An example of an incoming long distance call from the U.S. to Rome is as follows: +39-06-46741 (39 being the country code, 06 the city code for Rome). Milan's city code is 02. Italians are avid users of cellular phones and will generally provide their cellular telephone number. When dialing to cellular phones, please note that no city code is used. Also, the "0" has been dropped from the prefix of all cellular phone numbers. An example of an incoming call from the U.S. to a cellular phone is as follows: +39-328-6187041 (39 being the country code, 328 a sample cellular prefix).

For Internet access, there is an abundance of Internet stations and cafes. This is due to the relatively sparse ownership of personal computers in Italy. Many of these stations cater to tourists and also provide easy access to international calling.

Transportation

Return to top

Rental automobiles are available at numerous locations. A valid state driving license is acceptable, accompanied by an international license (which serves as a translation only).

Language

Return to top

Italian is the official language and is spoken in all parts of Italy, although some minority groups in the Alto Adige and Aosta regions speak German and French, respectively. Correspondence with Italian firms, especially for an initial contact, should be in Italian. If a reply comes in English then the subsequent correspondence with the Italian firm can be in English. The use of Italian is not only regarded as a courtesy, but assures prompt attention, and prevents inaccuracies that might arise in translation. Most large commercial firms are able to correspond in various languages in addition to English and Italian, but a business overture or proposal is given more serious attention if written in Italian.

The importance of having trade literature, catalogs, and instructions printed in Italian cannot be overemphasized. The agent representative in Italy who has such material is in a far better competitive position than the one who can only show literature in English to prospective customers and consumers.

Health

Return to top

Medical services are good and medical standards compare with those in the United States. Common medical needs are readily obtained, and special supplies are normally available on short notice, including most pharmaceuticals. An international certificate of vaccination is not required for travelers from the United States. Drinking water is generally acceptable, although in the Naples area the use of bottled water is recommended. Sanitation is at American standards.

Local Time, Business Hours, and Holidays [Return to top]

Local Time

The time zone for Italy is 6 hours ahead of U.S. Eastern Standard Time.

Business Hours

The usual Italian business hours are from 8 or 9 A.M. to Noon or 1 P.M. and from 3 to 6 or 7 P.M., Monday through Friday. Working hours for the various ministries of the government are normally from 8 A.M. to 2 P.M. without intermission. Bank hours are from 8:30 A.M. to 1:30 P.M. and 3:00-4:00 P.M.; they are closed on Saturdays and Sundays. Retail establishments are closed on Sundays although exceptions exist, primarily in tourist areas. In recent years, Italy has enacted legislation providing flexibility in retail store operating.

Holidays

Italian holidays must be taken into account when planning a business itinerary. July and August are not good months for conducting business in Italy since most business firms are closed for vacation during this period. The same is true during the Christmas and New Year period. Italian commercial holidays are listed below and are when most commercial offices and banks are closed. Certain other days are celebrated as holidays within local jurisdictions. Italian holidays are also observed by the U.S. Embassy and Consulates and should be considered when telephoning or visiting the U.S. and Foreign Commercial Service offices. When an Italian holiday falls on a Saturday, offices and stores are closed.

Listed below are Italian holidays (I) for 2009;
[American holidays (A) observed by the U.S. Embassy are also indicated]:

January 1, Thursday	New Year's Day (A&I)
January 6, Tuesday*	Epiphany (I)
January19, (3rd Monday)	Martin Luther King's Birthday (A)
February 16, (3rd Monday)	President's Day (A)
March 24, Tuesday	Easter Monday (I)
April 25, Saturday	Anniversary of Liberation (I)
May 1, Friday	Labor Day (A)
May 26, Last Monday	Memorial Day (A)
June 2, Tuesday*	Foundation of the Italian Republic (I)
July 4, Saturday	Independence Day (A)
August 15, Saturday	Assumption Day (I)
September 7, First Monday	Labor Day (A)
October 9, Second Monday	Columbus Day (A)
November 1, Sunday*	All Saints' Day (I)
November 11, Wednesday	Veterans' Day (A)
November 26, (4th Thursday)	Thanksgiving Day (A)
December 8, Tuesday*	Feast of the Immaculate Conception (I)
December 25, Friday	Christmas Day (A&I)
December 26, Saturday	St. Stephen's Day (I)

***Note**: When an authorized American holiday falls on a Sunday, offices are closed the following Monday. When an American holiday falls on a Saturday, offices are closed the preceding Friday. This practice is not followed in the case of the Italian holidays.*
* no other day off
** Holiday Monday

Patron Saint Days are observed as holidays by the following major cities:

Milan:	December 7, 2009, Monday	St. Ambrogio's Day
Florence:	June 24, 2009, Wednesday	St. John's Day
Rome:	June 29, 2009, Monday	St. Peter and St. Paul's Day
Naples:	Sept. 19, 2009, Saturday	St. Gennaro's Day

Temporary Entry of Materials and Personal Belongings

Return to top

Italy participates in the International Convention to Facilitate the Importation of Commercial Samples and Advertising Materials. Samples of negligible value imported to promote sales are accorded duty-free and tax-free treatment. Prior authorization is not required. To determine whether the samples are of negligible value, their value is compared with a commercial shipment of the same product. Granting of duty-free status may require that the samples be rendered useless for future sale by marking, perforating, cutting, or other means.

Imported samples of commercial value may be granted a temporary entry with exemption from custom charges. However, a bond or cash deposit may be required as security that the goods will be removed from the country. This security is the duty and tax normally levied plus ten percent. Samples may remain in the country for up to one year. They may not be sold, put to their normal use (except for demonstration purposes), or utilized in any manner for remuneration. Goods imported as samples may be imported only in quantities constituting a sample according to normal commercial usage.

Carnets

As a result of various customs agreements, simplified procedures are available to U.S. business and professional people for the temporary importation of commercial samples and professional equipment. A carnet is a customs document that facilitates clearance for temporary imports of samples or equipment. With a carnet, goods may be imported without the payment of duty, tax, or additional security. The carnet also usually saves time since formalities are all arranged before leaving the United States. A carnet is usually valid for one year from the date of issuance. A bond or cash deposit of 40 percent of the value of the goods covered by the carnet is required, in addition to the price of the carnet. This will be forfeited in the event the products are not re-exported and duties and taxes are not paid.

Carnets are sold in the United States by the U.S. Council for International Business at the following locations: 1212 Avenue of the Americas, New York, NY 10036, (212) 354-4480; or 1030 15th Street NW, Suite 800, Washington, DC 20005, (202) 371-1316, email at info@uscib.org

Business travelers to Italy seeking appointments with U.S. Embassy Rome officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at +39-06-4674-2382; fax at +39-06-4674-2113; or e-mail at Rome.Office.Box@mail.doc.gov

Web Resources

Return to top

Bureau of Consular Affairs' homepage:
http://www.travel.state.gov/travel/warnings_consular.html

State Department Visa Website:

http://travel.state.gov/visa/index.html

State Department information site:
http://travel.state.gov

United States Visas:
http://www.unitedstatesvisas.gov/

U.S. Embassy website:
http://www.italy.usembassy.gov

Italian Embassy website:
www.ambwashingtondc.esteri.it

Italian Culture, Customs and Etiquette:
http://www.kwintessential.co.uk/resources/global-etiquette/italy-country-profile.html

Return to table of contents

Return to table of contents

Chapter 9: Contacts, Market Research, and Trade Events

Contacts Return to top

U.S. Commercial Service Web Site: www.buyusa.it

Commercial Service Contacts in U.S. Embassy Rome

Thomas Moore, Minister Counselor for Commercial Affairs
U.S. Embassy
Via V. Veneto, 119/A, 00187 Rome, Italy
Tel.: +39-06-4674-2202
Fax: +39-06-4674-2315
Rome.Office.Box@mail.doc.gov

Robert Bannerman, Counselor for Commercial Affairs
U.S. Embassy
Via V. Veneto, 119/A, 00187 Rome, Italy
Tel.: +39-06-4674-2820
Fax: +39-06-4674-2113
Rome.Office.Box@mail.doc.gov

Commercial Service Contacts at U.S. Consulates in Italy

Rick de Lambert, Principal Commercial Officer
American Consulate Milan
Via Principe Amedeo 2/10
20121 Milan, Italy
Tel.: +39-02-626-8851
Fax: +39-02-659-6561
Email: Milan.Office.Box@mail.doc.gov

Albina Parente, Economic/Commercial Specialist (Dept. of State)
American Consulate Naples
Piazza della Repubblica
80122 Naples, Italy
Tel.: +39-081-583-8206
Fax: +39-081-761-1592
Email: ParenteA@state.gov

Anya Sarkisov, Commercial Specialist
American Consulate Florence
Lungarno A. Vespucci 38 - 50123 Florence, Italy
Tel: +39 055 292 266 (Direct Line)
Tel: +39 055 266 95 230 (Main Switchboard Extension)
Fax: +39 055 283780
Email: SarkisovA@mail.doc.gov

Embassy Web Site: http://italy.usembassy.it

Contacts for the Foreign Agricultural Service in U.S. Embassy Rome
http://rome.usembassy.gov/agtrade

James R. Dever, Minister Counselor for Agricultural Affairs
American Embassy
Via Veneto 119A
00187 Rome, Italy
Tel.: +39-06-4674-2362
Fax: +39-06-4788-7008
Email: agrome@usda.gov

Robin H. Gray, Agricultural Attaché
American Embassy
Via Veneto 119A
00187 Roma, Italy
Tel.: +39-06-4674-2362
Fax: +39-06-4788-7008
Email: agrome@usda.gov

Contacts in the Economic Section in U.S. Embassy Rome

Thomas L. Delare
Minister Counselor for Economic Affairs
American Embassy
Via Vittorio Veneto 119/A
00187 Rome, Italy
Tel.: +39-06-4674-2107
Fax: +39-06-4674-2398
Email: delaret@state.gov

William Meara, Economic Counselor
Tel: +39-06-4674-2107
Fax: +39-06-4674-2398
Email: mearawr@state.gov

AMERICAN CHAMBER OF COMMERCE IN ITALY

American Chamber of Commerce in Italy
Umberto Paolucci, President
Via Cantù 1
20123 Milano
Tel.: +39-02-869-0661
Fax: +39-02-805-7737
Email: amcham@amcham.it
Web: www.amcham.it

ITALIAN GOVERNMENT AGENCIES

Banca d'Italia (Bank of Italy)
Credit Institutions Supervision Service
Via Nazionale 91
00184 Roma
Tel.: +39-06-47921
Web: www.bancaditalia.it

CONSOB-Commissione Nazionale per le Società e la Borsa
(Securities Regulatory Agency)
Via G.B. Martini 3
00198 Roma
Tel.: +39-06-847-71
Fax: +39-06-841-7707
Email: consob@consob.it
Web: www.consob.it

The Italian Embassy
Commercial Section
3000 Whitehaven St. N.W.
Washington, DC 20008
Tel.: (202) 612-4400
Fax: (202) 518-2154
Web: www.ambwashingtondc.esteri.it

Ente Nazionale Italiano per il Turismo (ENIT)
Italian Government Tourist Board
630 Fifth Avenue, Suite 1565
New York, NY 10111
Tel.: (212) 245-4822/245-5618
Fax: (212) 586-9249
Email: enitny@italiantourism.com
Web: www.italiantourism.com

The Italian Trade Commission
(Assists in locating Italian suppliers and products.)
Offices are located in the following cities:

ITC Atlanta
2301, Peachtree Center - Harris Tower
233, Peachtree Street N.E.
P.O.Box 56689
Atlanta Georgia 30343
Tel.: (404) 525-0660
Fax: (404) 525 -5112
Email: atlanta@atlanta.ice.it
Web: http://www.italtrade.com
mailto:itc@italtrade-atlanta.com

ITC Chicago
401, North Michigan Avenue
Suite 3030
Chicago, Illinois 60611
Tel.: (312) 670-4360
Fax: (312) 670-5147
Email: chicago@chicago.ice.it
Web: www.italtrade.com

ITC Los Angeles
1801 Avenue of the Stars
Suite 700
Los Angeles, CA 90067
Tel.: (323) 879-0950
Fax: (310) 203-8335
Email: losangeles@losangeles.ice.it
Web: www.italtrade.com

ITC Miami
4000 Ponce de Leon
Suite 590
Coral Gables, FL 33146
Miami
Tel.: (305) 461-3896
Fax.: (305) 374-7945
Email: icemiami@italtrade.com
Web: www.italtrade.com

ITC New York
33 East 67th Street
New York, NY 10021-5949
Tel.: (212) 980-1500
Fax: (212) 758-1050
Email: newyork@newyork.ice.it
Web: www.italtrade.com

Istituto Nazionale per il Commercio Estero (ICE)
Italian Trade Commission
Viale Liszt 21
00144 Roma
Tel.: +39-06-5992-1
Fax: +39-06-5992-6899
Email: ice@ice.it
Web: www.ice.gov.it

ITALIAN TRADE ASSOCIATIONS

GENERAL/INDUSTRIAL:

ABI - Associazione Bancaria Italiana (Italian Banking Association)
Piazza del Gesú 49 (Palazzo Altieri)
00186 Roma
Tel.: +39-06-67671
Fax: +39-06-6767-457
Email: abi@abi.it
Web: www.abi.it

AIAD – Associazione Industrie per l'Aerospazio, i Sistemi e la Difesa (Italian Association of Aerospace and Defense Industries)
Via Nazionale 54
00184 Roma
Tel: +39-06-488-0247
Fax: +39-06-482-7476
Email: aiad@aiad.it
Web: www.aiad.it

AIDDA - Associazione Imprenditrici e Donne Dirigenti d'Azienda (Italian Association of Women Entrepreneurs and Business Executives)
Via degli Scialoja 18
00196 Roma
Tel.: +39-06-3230-578
Fax: +39-06-3230-562
Email: aidda@aidda.org
Web: www.aidda.org

ANCE - Associazione Nazionale Costruttori Edili (Italian Association of Building Contractors)
Via Guattani, 16 - 00161 Roma –
Tel.: +39-06-845-671
Fax. +39-06-8456-7550
Email: info@ance.it

ANFIA - Associazione Nazionale fra Industrie Automobilistiche (Italian Automotive Industry Association)
Corso Galileo Ferraris 61
10128 Torino
Tel.: +39-011-554-6511/011-554-6505
Fax: +39-011-545-986
Email: anfia@anfia.it
Web: www.anfia.it

ANIA - Associazione Nazionale fra le Imprese Assicuratrici (Italian Association of Insurance Companies)
Via della Frezza 70
00186 Roma
Tel.: +39-06-326-881
Fax: +39-06-322-7135
Email: info@ania.it
Web: www.ania.it

ANIE – Associazione Nazionale Imprese Elettroniche ed Elettriche
(Italian Association of Electrical and Electronic Industries)
Via Gattamelata 34
20149 Milano
Tel: +39-02-326-41
Fax: +39-02-326-4212
Email: info@anie.it
Web: www.anie.it

ASSINFORM – Associazione Nazionale Produttori Tecnologie e Servizi per l'Informazione e la Comunicazione
(Italian Association of Office Machine Industries)
Via Larga 23
20122 Milano
Tel: +39-02-583-04141
Fax: +39-02-583-04457
Email: assinform@assinform.it
Web: www.assinform.it

ASSOFRANCHISING - Associazione Italiana del Franchising
(Italian Franchising Association)
Viale Majno, 42
20129 Milano
Tel.: +39-02-2900-3779/02-3656-9461
Fax. +39-02-655-5919
Email:
assofranchising@assofranchising.it
mailto:assofranchising@assofranchising.it?Subject=CONTATTI:
Web: www.assofranchising.it

CONFAGRICOLTURA - Confederazione Generale dell'Agricoltura Italiana
(General Confederation of Italian Agriculture)
Corso Vittorio Emanuele II 101
00186 Roma
Tel.: +39-06-685-21
Fax: +39-06-6830-8578/06-686-1726
Email: info@confagricoltura.it
Web: www.confagricoltura.it

CONFAPI - Confederazione Italiana della Piccola e Media Industria
(Italian Confederation of Small and Medium Industries)
Via della Colonna Antonina 52
00186 Roma
Tel.: +39-06-690-151
Fax: +39-06-679-1488
Email: mail@confapi.org
Web: www.confapi.org

CONFARTIGIANATO - Confederazione Generale Italiana dell'Artigianato
(Italian General Confederation of Craft)
Via San Giovanni in Laterano 152
00184 Roma
Tel.: +39-06-703-741
Fax: +39-06-7045-2188
Email:
confartigianato@mail.confartigianato.it
Web: www.confartigianato.it

CONFCOMMERCIO - Confederazione Generale Italiana del Commercio, del Turismo, dei Servizi e delle P.M.I.
(Italian General Confederation of Trade, Tourism, Services, and Small and Medium Enterprises)
Piazza G.G. Belli 2
00153 Roma
Tel.: +39-06-586-61
Fax: +39-06-580-9425
Email:
confcommercio@confcommercio.it
Web: www.confcommercio.it

CONFETRA – Confederazione Generale del Traffico e dei Trasporti
(Italian General Confederation of Transport Enterprises)
Via Panama 62
00198 Roma
Tel: +39-06-855-9151
Fax: +39-06-841-5576
Email: confetra@confetra.com
Web: www.confetra.com

CONFINDUSTRIA - Confederazione Generale dell'Industria Italiana
(The Confederation of Italian Industry is a principal trade association in Italy acting as an umbrella organization covering numerous industry trade associations)
Maurizio Beretta, General Director
Viale dell'Astronomia 30
00144 Roma
Tel.: +39-06-590-031
Fax: +39-06-590-3392
Email: a.tripodi@confindustria.it
Web: www.confindustria.it

FARMAINDUSTRIA – Associazione Nazionale dell'Industria Farmaceutica
(Italian National Association of Pharmaceutical Industries)
Largo del Nazareno 3/8
00187 Roma
Tel: +39-06-675-801
Fax: +39-06-678-6494
Web: www.farmindustria.it

FEDERACCIAI – Federazione Imprese Siderurgiche Italiane
(Italian Federation of Steel Industries)
Viale Sarca 336
20126 Milano
Tel: +39-02-661-461
Fax: +39-02-661-46209
Email: direzione@federacciai.it
Web: www.federacciai.it

FEDERCHIMICA – Federazione Nazionale dell'Industria Chimica
(Italian Federation of Chemical Industries)
Via Giovanni da Procida 11
20149 Milano
Tel: +39-02-345-651
Fax: +39-02-345-65310
Email: federchimica@federchimica.it
Web: www.federchimica.it

FEDERLEGNO – Federazione Italiana delle Industrie del Legno, del Sughero, del Mobile e dell'Arredamento
(Italian Federation of Wood Product Industries)
Foro Bonaparte 65
20121 Milano
Tel: +39-02-806041
Fax: +39-02-80604391
Email: fla@federlegno.it

UCINA - Unione Nazionale Cantieri e Industrie Nautiche ed Affini
(Italian National Union of Shipyards, Nautical Industries and Related Sectors)
Piazzale J. F. Kennedy 1
16129 Genova
Tel.: +39-010-576-9811
Fax: +39-010-553-1104
Email: ucina@ucina.it
Web: www.ucina.net

UNIONCAMERE - Unione Italiana delle Camere di Commercio Industria Agricoltura e Artigianato
(Italian Union of the Chambers of Commerce, Industry, Handicraft and Agriculture)
(Umbrella organization responsible for all chambers of commerce in Italy)
Piazza Sallustio 21
00187 Roma
Tel.: +39-06-470-41
Fax: +39-06-489-070-4240
Email:
segreteria.generale@unioncamere.it
Web: www.unioncamere.it

UNIONPLAST – Unione Nazionale Industrie Trasfomatori Materie Plastiche
(Italian Union of Plastic Industries)
Via San Vittore 36
20123 Milano
Tel: +39-02-439-281
Fax: +39-02-435-432
Email: unionplast@unionplast.org
Web: www.unionplast.org

AGRICULTURAL:

FEDERCOMLEGNO
(Wood Trade Federation)
Via Toscana 10
00187 Roma
Tel.: +39-06-4200-681
Fax: +39-06-4201-2236
Email:
federconlegno@confcommercio.it

FEDERAGROALIMENTARE
La Federazione Nazionale delle
Cooperative Agricole ed
Agroalimentari
Via Gigli d'Oro 21
00186 Roma
Tel.: +39-06-688-291
Fax: +39-06-689-3409
Email: fedagri@confcooperative.it
Web: www.fedagri.confcooperative.it

ITALIAN MARKET RESEARCH FIRMS:

ACNielsen Italia S.p.a.
Via Giuseppe. di Vittorio 10
20094 Corsico (MI)
Tel.: +39-02-451-971
Fax: +39-02-458-66235
Web: www.acnielsen.it

C.R.A. (Customized Research &
Analysis)
Via Montecuccoli 32
20147 Milano
Tel. +39-02-414-921
Fax. +39-02-412-71623

C.R.A.
Via Tagliamento 25
00198 Roma
Tel. +39-06-884-2039
Fax. +39-06-884-1870
Email: info@cra-research.com
Web: www.cra-research.com

Databank S.p.A.
Via dei Piatti 11
20123 Milano
Tel.: +39-02-809-556
Fax: +39-02-805-6495
Email: info@databank.it
Web: www.databank.it

Demoskopea S.p.a
Via Rubicone 41
00199 Roma
Tel.: +39-06-853-7521
Fax.: +39-06-853-50175
Email: roma@demoskopea.it
Web: www.demoskopea.it

IMR Inter@ctive Market Research
Via Scarlatti 150
80127 Napoli
Tel. +39-081-229-2473
Fax. +39-081-229-2463
Email: info@imrgroup.com
Web: www.imrgroup.com

M&T Marketing & Trade S.r.l.
Corso di Porta Ticinese 60
20123 Milano
Tel. +39-02-894-02219
Fax. +39-02-581-01117
Email: segreteria@marketingtrade.it
Web: www.marketingtrade.it

Pragma S.r.l.
Via Nizza 152-154
00198 Roma
Tel: +39-06-844-881
Fax: +39-06-844-88298
Email: pragma@pragma-research.it
Web: www.pragma-research.it

ITALIAN COMMERCIAL BANKS:

Intesa SanPaolo S.p.A.
(Merger between Banca Intesa S.p.A. and Sanpaolo IMI in January 2007)
Piazza San Carlo, 156
10121 Torini
Tel.: +39-011-555-1
Web: www.intesasanpaolo.com

Unicredit Group S.p.A.
(established on May 2007 with merger of Unicredito Italiano S.p.A. and Capitalia S.p.A.)
(Capitalia S.p.A. was established in 2002 with merger of Banca di Roma, Bibop-Carire and Banco di Sicilia)
Piazza Cordusio
20121 Milano
Tel.: +39-02-886-211
Web:
www.unicredit-capitalia.eu

Banca Nazionale del Lavoro BNL S.p.A.
(incorporated in BNP Paribas in 2006)
Via Vittorio Veneto 119
00187 Roma
Tel.: +39-06-470-21
Fax: +39-06-4702-7884
Email: redazionebnl@bnlmail.com
Web: www.bnl.it

Banca Monte dei Paschi di Siena S.p.A.
Piazza Salimbeni 3
53100 Siena
Tel.: +39-0577-294-111
Fax: +39-0577-294-677
Web: www.mps.it

WASHINGTON-BASED U.S. GOVERNMENT CONTACTS FOR ITALY

For a complete list of **U.S. Export Assistance Centers** throughout the United States please consult: http://www.buyusa.gov/home/us.html

U.S. Department of Commerce
Trade Information Center
Tel.: 1-800-USA-TRADE
http://www.export.gov/
e-mail inquiries: tic@ita.doc.gov
(including requests for country duty and tax information)

U.S. Department of Commerce
Market Access & Compliance Office
Robert McLaughlin
Italy Desk Officer
Room H-3042
14th Street and Constitution Ave, NW
Washington, DC 20230
Tel.: (202) 482-3748
Fax: (202) 482-2897
Email:
Robert_McLaughlin@ita.doc.gov
Web: www.mac.doc.gov

U.S. Department of Agriculture
Foreign Agricultural Service
1400 Independence Ave. S.W.
Washington, DC 20250
Trade assistance and promotion office:
Tel.: (202) 720-7420
Web: www.usda.gov

Overseas Private Investment Corporation
1100 New York Avenue, NW
Washington, DC 20527
Tel.: (202) 336-8400
Fax: (202) 408-9859
Email: info@opic.gov
Web: www.opic.gov

U.S. - BASED MULTIPLIERS RELEVANT FOR ITALY

National Italian American Foundation (NIAF)
(NIAF conducts cultural and educational events, sponsors exchange programs, works to enhance cultural, political, and economic relations between the United States and Italy and serves as an advocacy group)
1860 19th Street, NW
Washington, DC 20009
Tel.: (202) 387-0600
Fax: (202) 387-0800
Web: www.niaf.org

Delegation of the European Commission to the United States
2300 M Street, NW
3rd Floor
Washington, DC 20037
Tel.: (202) 862-9500
Fax: (202) 429-1766
Web: www.eurunion.org

AGRICULTURAL CONTACTS BY INDUSTRY

For the U.S.-based multipliers listed below when dialing from Italy, the country code **001** is to be dialed before dialing the listed phone number. Also, the European Based Multipliers whose listed offices are listed below must be reached by dialing **011** before the telephone numbers as needed.

Ag Export Councils

National Association of State Departments of Agriculture (NASDA)
Richard Kirchhoff, Chief Executive Officer
Dewit Ashby, Director, Trade Shows
1156 15th Street, N.W.
Suite 1020
Washington, DC 20005-1704
Tel.: (202) 296-9680
Fax: (202) 296-9686
Email: dewitt@nasda-hg.org
Web:www.nasda.org

Forest and Fishery Products

American Hardwood Export Council
1111 19th Street, N.W., Suite 800
Washington, DC 20036
Mike Snow, Executive Director
Tel.: (202) 463-8878
Fax: (202) 463-2787
Email: michael_snow@afandpa.org
Web: www.ahec.org

Softwood Export Council
520 SW Sixth Avenue, Suite 810
Portland, OR 97204-1514
Craig Larsen, President
Tel.: (503) 248-0406
Fax: (503) 248-0399
Email: clarsen@softwood.org
Web: www.softwood.org

Grain and Feed
The Pet Food Institute
2025 M Street, N.W.
Suite 800
Washington, DC 20036
Carol Jewel, Administrator
Tel.: (202) 367-1120
Fax: (202) 367-2120
Email: info@petfoodinstitute.org
Web: www.petfoodinstitute.org

Horticultural and Tropical Products
California Ag Export Council
915 L Street, #C 409
Sacramento, CA 95814
Frederick W. Klose, Executive Director
Tel.: (916) 638-8986
Fax: (916) 638-8993
Fred Klose, Manager
Email: fklose@smtpl.cdfa.ca.gov
Web: www.caec.net

Organic Trade Association
P.O. Box 547
Greenfield, MA 01302
Philip Margolis, President
Tel.: (413) 774-7511
Fax: (413) 774-6432
Email: info@ota.com
Web: www.ota.com

Market Research

Return to top

To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/marketresearch.html and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

Return to top

Please click on the links below for information on upcoming trade events.

http://www.export.gov/tradeevents.html

http://www.buyusa.gov/italy/en/tradeevents.html

Return to table of contents

Return to table of contents

Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

http://www.buyusa.gov/italy/en/

Return to table of contents