



Doing Business in Italy: 2008 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Italy

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Market Overview

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Italy has a diverse, industrial economy, the seventh largest in the world and fourth largest in the European Union. With a population of 58.6 million, and a GDP of \$1.8 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 1.9 percent in 2006, the highest since 2000. Growth is expected to slow in 2008 due to recent financial market turbulence and general global economic conditions.

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 2006, U.S. exports to Italy totaled \$12.6 billion, and U.S. imports from Italy reached \$32.7 billion. As of November 2007, U.S. exports to Italy were running 12.4 percent higher than for the same period in 2006. The U.S. is Italy's sixth largest supplier. EU countries lead the United States in industrial exports to Italy, chief among them Germany, France, and the Netherlands.

U.S. cumulative investment in Italy was at \$28.9 billion in 2006. Italy lags its EU competitors in the attraction of U.S. investment – for example, cumulative U.S. investment in the Netherlands and Ireland was \$215.7 billion and \$83.6 billion, respectively. Seventy-one percent of U.S. investment is in manufacturing and information technology, with the remainder in services.

Market Challenges

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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

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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. In general, the appreciation of the Euro against the dollar and positive growth in the Italian economy, particularly in the north, has created a strong and growing demand for U.S. exports. 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, health care, 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 increasing 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 (used as ingredients for Italian value-added products), seafood, hardwood and softwood, and consumer-oriented products are in demand.

Market Entry Strategy

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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.

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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>

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Using an Agent or Distributor

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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 small- and medium-sized undertakings. The EU

has additionally indicated that agreements that affect less than 10 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.

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

Companies' agents and distributors can take advantage of the European Ombudsman when 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

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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

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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

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

Direct Marketing

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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 hyperlinks, 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.

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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 Europaeae' (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 will mean in practice that companies established in more than one Member State will be 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

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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 US 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.

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

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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

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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

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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 2008.

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

Internet usage in Italy has experienced explosive growth in the past five years. The market for e-business services and e-commerce applications is rapidly developing and it will continue to register sustained growth in the next few years.

The number of business and home Internet users has boomed and it is estimated to have reached 29 million in 2006. The penetration rate of the Internet in Italian enterprises with over 10 employees is valued at close to 95 percent, one of the highest in Europe. Broadband access is developing very rapidly, with over 8 million users estimated to be connected at the end of 2006. Italian Internet users are still relatively less mature in the use of this medium with respect to the European average, but they are rapidly catching up. PC household penetration rate is increasing, and was slightly over 46 percent at the end of 2006. Mobile phone diffusion in Italy is among the highest in the world, with over 75.6 million mobile phone lines activated in June 2006, serving 44.6 million clients and equaling a penetration rate of over 80 percent.

Business-to-Business (B2B) E-Commerce

B2B e-commerce applications have taken off and are registering continuous and sustained growth. Although no official statistics exist and figures often differ from one trade source to another, preliminary estimates value B2B e-commerce transactions in Italy in 2006 at 110 billion Euros (approximately US\$ 138 billion). The most active players focusing on the implementation of B2B solutions are the automotive, the pharmaceutical, the grocery, the IT and the telecom sectors. The Public Administration, both at local and central level, is also becoming increasingly important. According to most local trade sources, growth rate of B2B transactions in 2007 should register an increase of at least 10%.

Although many smaller Italian companies with a web site still only use it to create brand awareness, offer product information, and generate leads, this is rapidly changing. The evolution of organizational business models and strategies has created the need for increased interaction with suppliers and customers. A growing number of large and medium-sized companies are investing heavily in Intranet/Extranet infrastructure and are implementing web sales and purchasing applications to meet these needs.

The Italian government, both at central and local level, is fostering a “new economy” business culture to boost economic competitiveness and efficiency. A few hundred million dollars are being granted to small and medium size enterprises (SMEs) for the adoption of e-commerce solutions, for turning to broadband access, and for utilizing digital signature.

Trade association and major organizations are also actively promoting initiatives to foster innovation and to promote e-commerce among small and medium enterprises (SMEs) by offering them hosting solutions for both B2B and B2C e-commerce applications (malls, virtual marketplaces, portals, etc.).

As the number of users and companies utilizing the Internet increases, as well as increases the volume of business conducted online and the use of information technology in process management, investments are expected to catch up in order to carry out the transition to a more advanced stage of e-business. The next phase in the evolution of the e-business sector will require the upgrading or renewal of Italian companies’ technological base, including infrastructure, applications, and their integration. Selectivity will be the key to new investments. There will be no single “killer” application stimulating users to invest in new e-business platforms and services, but rather companies will want to select among an array of solutions, adopting both internal applications (ERP-Enterprise Resource Planning, Sales Force Automation, human resources, knowledge management, e-learning,) and applications for the automation of upstream and downstream relationships (e-supply chain management, e-procurement, e-selling, CRM-Customer Relationship Management, e-marketplaces) that add value to their own business model and meets their needs. Prospects for growth in these areas are excellent. In addition, these applications are associated with an equally important set of enabling technologies (broadband, new generation wireless, hosting) that will be positively influenced by the development of e-business.

The growing complexity of technologies and the need for specialized skills to implement e-business strategies is also leading large and medium-sized Italian businesses to outsource services to supplement their in-house capabilities. American e-commerce

integrators and service providers may find excellent opportunities by providing the strategy, marketing, design, and technical services expertise associated with developing an e-business culture and with building advanced e-commerce sites.

E-procurement

E-procurement is growing very positively: virtually all major Italian industrial groups and major companies are organized for it. It is predicted that in the next two years over half of all company purchases will be via e-procurement. Within e-procurement, the value of transactions through e-sourcing tools in 2006 is estimated to have reached 20 billion Euros (approximately US\$ 25 billion). Purchases via e-catalog (recurrent purchases based on pre-defined contract/prices, usually by large companies present in multiple locations) are estimated at 1.5 billion Euros (approximately US\$1.9 million).

The need for the Italian Public Administration to reach higher levels of efficiency is also playing a key role in the growth of the e-business/e-commerce sector. Significant developments are occurring in this field, and both the central and local Italian government have implemented excellent e-procurement practices for expenditure rationalization through CONSIP, a company totally owned by the Italian Ministry of Economy and Finance, and through its division Acquisti in Rete – AiR. According to a recent study of the Milan Polytechnic School of Management, e-procurement transactions in Public Administration reached 252 million Euros in 2005 (approximately US\$ 316 million), a growth of 231 percent over the previous year. 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.

Financial Services

Banks are investing considerable resources in e-commerce applications both to sell their own home and corporate banking services, and to support the e-business strategies of their clients by developing virtual malls and portals and by supporting secure transactions. E-banking, on-line trading, e-payments, and other “virtual” channels all are experiencing substantial growth, as they represent important tools through which banks interact with the market. It is estimated that at the end of 2006 there were 10 million on-line bank accounts. The possibility of accessing financial markets through new generation cellular phones may also significantly contribute to the development of this market niche.

Business-to-Consumer (B2C) E-Commerce

B2C e-commerce has experienced extraordinary growth in the past three years, but its value in absolute terms is still limited to 1 percent of the total retail transactions. A recent study of the Milan Polytechnic School of Management and of Netcomm - the recently established Italian E-Commerce Consortium - estimates that in 2006 the Italian B2C e-commerce market exceeded 4 billion Euros (approximately US\$5 billion), an increase of 45 percent over 2005 and, for the sixth consecutive year, an annual growth higher than 40 percent.

Once again, the sector registering the best performance in 2006 - with a growth rate of 44 percent over the previous year – was travel and tourism. In 2006, it represented 43

percent of the B2C market and included hotel reservations (+75 percent), purchase of travel packages, and transportation tickets. It was followed by the information technology and consumer electronics sectors, with 11 percent of the market, by the insurance sector - mostly for car insurance – with 9 percent of the market, by the wearing apparel sector and by the books, music and video sector, both with 3 percent of the market, and by the grocery sector, with 1 percent of the market. Other miscellaneous sectors – including bookings for entertainment events, mobile telephone recharging, cars and motorcycles, flowers, collection items, etc – accounted for the remaining 30 percent of the market. The most relevant weight and the highest growth rate – approximately 80 percent - were registered by direct consumer-to-consumer sales on eBay.

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 is expected to be driven by the availability of web-enabled, new-generation mobile phones.

Security and Payment Technologies

Security is one of the major concerns of Italian companies and consumers for e-commerce transactions. In the B2C sector, credit cards are utilized for 70 percent of the purchases, followed by PayPal, bank transfer payments and payments upon receipt. 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. 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. 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.

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.

Electronic Commerce - Resources

Internet sites for further information:

Minister for Reforms and Innovation in Public Administration - Department of Innovation and Technologies

<http://www.innovazione.gov.it/eng/home.shtml>

CONSIP – Company for the development and management of public e-procurement

<http://www.consip.it/sc/english.html>

Legal aspects of e-commerce in 33 countries:

<http://www.bakerinfo.com/ecommerce>

Netcomm - Italian E-Commerce Consortium

<http://www.consortionetcomm.it/>

Trade Promotion and Advertising

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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

Regulation 1924/2006, applicable as of July 1, 2007, sets new EU rules on nutrition and health claims. The annex to Regulation 1924/2006 lists the nutrition claims such as "low fat" and "light" that will be allowed throughout the EU and the conditions for using them. An EU positive list of health claims, based on generally accepted scientific advice such as "X is good for your bones," is yet to be established. The EU positive list will include health claims based on generally accepted science and well understood by the consumer, not those based on emerging science. New health claims and disease reduction claims will have to be assessed by the European Food Safety Authority (EFSA) and approved by the Commission.

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

2/22/2008

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

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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 perhaps more easy with liberal financing terms versus striking a sale by seeking 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

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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

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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 piracy 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

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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

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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

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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

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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 SICILIA

www.lasicilia.it

segreteria@lasicilia.it

IL SOLE 24 ORE

www.ilsole24ore.com

info@ilsole24ore.com

LA STAMPA

www.lastampa.it
online@lastampa.it

L' UNITÀ

www.unita.it
posta@unita.it

IL TEMPO

www.iltempo.it
il_tempo@infinito.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

www.jwalterthompson.com

Young & Rubicam Italia

www.yr.com

Lowe Pirella Spa

agenzia@loweworldwide.com
www.lowepirella.it

McCann-Erickson Italiana S.p.A.

www.mccann.com

Grey Worldwide Italia S.p.A.

grey@worldwide.grey.it

BGS D'ARCY

welcome@bgsdarcy.it

Leo Burnett Company

info@leoburnett.it
www.leoburnett.it

J. Walter Thompson S.p.A.

jwt.Italia@jwt.com

Euro RSCG
eurorscgmemb@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

Comas
<http://www.infocomas.it/>

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

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

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

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

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

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

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

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Relevant European Union Websites

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 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/>

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

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/>

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

Commercial Sectors

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>.

- [Computer Services \(CSV\)](#)
- [Computer and Peripherals \(CPT\)](#)
- [Computer Software \(CSF\)](#)
- [Travel and Tourism \(TRA\)](#)
- [Franchising \(FRA\)](#)
- [Medical Equipment \(MED\)](#)
- [Management Consulting Services \(MCS\)](#)
- [Airport and Ground Support Equipment \(APG\)](#)
- [Telecommunication Services \(TES\)](#)
- [Laboratory Scientific Instruments \(LAB\)](#)
- [Pleasure Boats and Accessories \(MAR\)](#)
- [Automotive Parts and Services \(APS\)](#)
- [Safety and Security Equipment \(SEC\)](#)
- [Pet Products \(PET\)](#)

COMPUTER SERVICES (CSV)

Overview

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| | 2005 | 2006 | 2007 (estimated) |
|------------------------|--------|--------|------------------|
| Total Market Size | 11,507 | 11,655 | 13,530 |
| Total Local Production | 7,242 | 7,226 | 8,385 |
| Total Exports | 402 | 349 | 405 |
| Total Imports | 4,467 | 4,779 | 5,550 |
| Imports from the U.S. | 3,452 | 3,536 | 4,105 |

US\$ in millions: Exchange rate \$1= 0.804 euro (2005), 0.797 euro (2006), 0.69 euro (2007).

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 economy continued to show signs of recovery in 2007. This, in turn, had a positive impact on the development of the Information Technology (IT) sector, which, according to preliminary estimates, was valued at \$29.2 billion, an increase of 1.8 percent over 2006 in euro currency. The Italian IT market still suffers from long-existing structural problems and is undersized and lagging behind in comparison with the other major European countries; nonetheless, the technology gap is narrowing and IT penetration is improving.

The computer services segment in 2007 registered a lower growth than expected, reaching \$15,530 million, a moderate increase of 0.4 percent over the previous year in euro currency. This situation was due in large part to a climate of economic uncertainty and a buyers market where big clients successfully pressed for price concessions from the IT vendors.

Several signs of recovery, however, are appearing and prospects are improving for the sector: the computer services market is forecast to continue registering positive growth over the next three years, supported by a significant number of new projects being started by large-sized enterprises and by the stabilization of professional fees. Medium-sized Italian companies are also playing a key role in renewing IT investments in order to rationalize their operations.

In 2007, outsourcing services represented the most dynamic market segment and were valued at \$4,029 million, a 2.1 percent increase over 2006. The best performance was registered for "selective" outsourcing services (such as application management, system and network management). Together with the growing segments of Business Process Outsourcing and Business Transformation Outsourcing, they are expected to gain momentum and are marketed as tools to promote efficient and cost-effective business operations.

Consulting services (estimated at \$1,195 million, + 1.9 percent), embedded systems (\$1,520 million, +0.9 percent) and system integration (\$1,493, +0.8 percent) also performed well. Internet-related services to support intranet/extranet and e-business

solutions had positive developments, as did integration of Web and e-commerce solutions with ERP, supply chain management and customer relationship management solutions. Integrated IT security and business continuity services are finally being perceived as a core business requirement, and budget allocation in these segments is becoming increasingly important for larger Italian enterprises. On the other hand, data processing, training, and development & maintenance services were the weaker areas and showed negative trends.

Companies in vertical markets, particularly in the banking, insurance, manufacturing, media, professional services, utilities and health care sectors, are expected to continue to invest in computer services to enhance competition. The Italian Public Administration sector is a major IT investor at the local level, while at the central government level, it has recently made severe cuts on IT expenditures in order to contain general budget costs. In any case, Public Administration will continue to represent a key end-user as the Italian government attempts to advance Italy's information society.

The computer services market is heavily fragmented among more than 56,000 operating companies. The 15 largest companies hold approximately 80 percent of the business, while the remaining 20 percent is divided among a plethora of small companies, often very specialized by vertical market segments and serving the needs of SMEs. The U.S. dominates the market and most major American computer services companies have Italian subsidiaries.

Best Prospects/Services

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Good development potential exists for: selective outsourcing services, internet-related services to support intranet/extranet and e-business solutions; storage management; integration of Web and e-commerce solutions with ERP, SCM and CRM; transaction and payment management, e-procurement, maintenance-repair-operating (MRO) solutions, home banking, and online financial services.

Security management policy development, policy audit, policy enforcement consulting and management support applications are expected to be in great demand. Outsourcing services such as remote monitoring, business continuity and management of security technologies are becoming increasingly important not only for large companies, but also for medium and smaller companies.

Opportunities

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The implementation of privacy legislation calling for security measures to protect personal data and the computer systems utilized to process the same is contributing greatly to the growth of ICT security investments in all industrial and services sectors. All Italian companies are implementing a systematic approach to security issues, including prevention, identification, monitoring of the existing security measures and the adoption of new hardware, software and services to protect their data. The need for specialized skills to implement ICT security strategies is leading Italian companies to depend on highly specialized external consulting companies offering the strategy, marketing, design, and technical products and services associated with building a

secure ICT environment. Other interesting opportunities lay in the areas of business continuity and disaster recovery procedures, especially for the banking sector, and in certification authority services and digital signature related services.

In the Public Administration sector, demand for advanced solutions to face 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 increasingly important, including interoperability of large databases, privacy, services to the citizens, environmental protection and energy saving.

Public offices 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>

U.S. technology and standards are highly regarded and the best opportunities for success lie with American companies offering innovative and sophisticated services. However, it is important that U.S. companies with no direct presence in Italy team up with well-established Italian firms for 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.

Resources

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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 Reforms and Innovation in Public Administration - 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/II_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/Englishversion.html>

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/_nuovositov1.0/index_.php

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/>

Storage Expo/Infosecurity - The most important Italian ICT storage and security show
<http://www.infosecurity.it>
Held in Milan every year in February. Next edition: February 2009. 170 exhibitors and more than 5,500 visitors, 20 highly specialized conferences. The Commercial Service in Milan will organize a US Pavilion at the Show, offering a full package of market-entry services.

COMPUTER AND PERIPHERALS (CPT)

Overview

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| | 2005 | 2006 | 2007 (estimated) |
|------------------------|-------|-------|------------------|
| Total Market Size | 6,565 | 6,867 | 8,290 |
| Total Local Production | 4,956 | 5,081 | 6,135 |
| Total Exports | 3,120 | 3,227 | 3,895 |
| Total Imports | 4,729 | 5,013 | 6,050 |
| Imports from the U.S. | 2,317 | 2,456 | 2,965 |

US\$ in millions: Exchange rate \$1= 0.804 euro (2005), 0.797 euro (2006), 0.69 euro (2007).

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 positive trends observed in Italy's market for computers and peripherals in 2006 continued in 2007. Preliminary figures show the market reached \$8.29 billion in 2007, a 4.5 percent increase over 2006 in euro currency, especially thanks to the excellent performances of personal computer sales. However, price pressure continued to be strong in 2007 and often created a considerable divergence between the impressive increase in shipments and the more modest rise in market value.

The Italian market is far from being mature and the potential is high. The sector is forecast to remain one of the best prospects for U.S. imports in the next three years, especially in certain market segments.

In 2007, larger companies kept consolidating and rationalizing their existing infrastructure, paying more attention to Return on Investment (ROI) and Total Cost of Ownership (TCO), while medium and small-sized companies took advantage of decreasing prices to replace their computer hardware. Families played a key role in the purchase of sophisticated PCs, supplied with multimedia, entertainment and communication devices. Consumers are increasingly becoming tech-savvy and are expanding their technology purchases, often replacing their PCs even more frequently than businesses do.

According to ASSINFORM, the major Italian Association of Information and Communications Technology companies, in the first semester of 2007 sales in units grew 19.4 percent for Personal Computers and PC servers. 2,528,000 units were sold, with enterprises purchasing 1,977,000 units (+ 17.7 percent) while families purchased 438,000 units (+25.8 percent, representing 22 percent of the total PC market).

Over the past few years, portable notebook PCs have been gaining increasing market share over desktops and servers. In the first semester of 2007, with 1,458,000 units sold, portables registered an exceptional growth of 38.2 percent, accounting for 60.3 percent of the total PC market. PC servers also performed well, with sales of 109,000 units and a growth rate of 11.2 percent, especially in the high-end sector. Business clients favor them over Unix-based or proprietary systems, thanks to greater

virtualization potential and ease of use. On the other hand, the number of desktops sold decreased 0.4 percent, registering sales of 961,000 units.

The mainframe segment continued to record growth, especially in the banking sector, confirming the trend of larger enterprises choosing to invest in the rationalization and better management of their information systems. The storage segment and the printer segment are performing well and are expected to continue growing.

Best Prospects/Services

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As Italian economic conditions improve, demand is expected to rise further. In particular, sales of notebooks, mainframes, PC servers, and higher performance midrange servers are projected to perform well. Demand from families is forecast to continue growing for the next several years, thanks to a new generation of consumers raised with the Internet.

Prospects for innovative storage solutions and computer security solutions are excellent in view of the implementation of Italian legislation calling for more stringent data protection, data archiving, business continuity and disaster recovery procedures.

Opportunities

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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. A deep reform of the Italian public administration, based on cost-effectiveness, decentralization, transparency and simplification, is taking place, and large investments are being made at the local government level. At the same time, at the central government level, the public administration is cutting IT expenditures in order to contain general budget costs. These measures may be withdrawn if and when the economy grows and the fiscal accounts situation improves.

Most purchases by the Italian Public Administration are made 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 web page:

<http://www.buyusa.gov/europeanunion>

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.

Resources

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Nicoletta Postiglione, Commercial Specialist, ICT Sector
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Via Principe Amedeo 2
20121 Milan, Italy

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Fax +39/02/6596561

Nicoletta.Postiglione@mail.doc.gov

<http://www.buyusa.gov/italy/en/>

Ministry for Reforms and Innovation in Public Administration - 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/II_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/Englishversion.html>

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/_nuovositov1.0/index_.php

Assinform - Italian ICT companies Association (part of the Italian Industrialists Association)

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Assintel - Italian Software and Services companies Association

<http://www.assintel.it/>

Storage Expo/Infosecurity - The most important Italian ICT storage and security show

<http://www.infosecurity.it>

Held in Milan every year in February. Next edition: February 2009. 170 exhibitors and more than 5,500 visitors, 20 highly specialized conferences. The Commercial Service in Milan will organize a US Pavilion at the Show, offering a full package of market-entry services.

COMPUTER SOFTWARE (CSF)

Overview

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| | 2005 | 2006 | 2007 (estimated) |
|------------------------|-------|-------|------------------|
| Total Market Size | 5,077 | 5,260 | 6,288 |
| Total Local Production | 3,219 | 3,314 | 3,961 |
| Total Exports | 630 | 631 | 755 |
| Total Imports | 2,488 | 2,577 | 3,082 |
| Imports from the U.S. | 1,995 | 2,062 | 2,465 |

US\$ in millions: Exchange rate \$1= 0.804 euro (2005), 0.797 euro (2006), 0.69 euro (2007).

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 software market is one of the largest in Europe, and preliminary estimates value it at \$6.29 billion in 2007, a 3.5 percent increase over 2006 in Euro currency. Market analysts forecast a cycle of steady and above-average growth for software in the next three years and a role as a strategic driver for the whole IT sector and for overcoming the innovation gap still present in the Italian economy versus other European countries.

The growing importance of business issues such as governance, compliance and performance and risk management is a key factor for the development of middleware, which is increasingly being utilized as a solution in complex application integration projects (Service Oriented Architecture-SOA, Web services-security and consolidation/virtualization). In 2007, middleware registered a growth of 6 percent and represented close to 30 percent of the software market.

The system software segment accounts for approximately 14 percent of the software market. It is driven by strong PC sales and by the anticipation of new releases and is increasingly 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.

The digital divide between large/medium and small Italian companies, which had deepened during the years of economic slow down, is constantly shrinking. Small companies, which make up approximately 90 percent of all Italian businesses, are renewing their installed IT hardware base and are introducing new IT technologies with the aim of increasing their competitiveness. Large and medium-sized companies

continue rationalizing and optimizing their existing IT infrastructures to improve productivity and obtain benefits in terms of flexibility and governance, and in 2007 many of them started new projects.

The Italian banking sector, which has been the most active in investing in innovation through new technologies, is focusing on delivery channels to give customers greater access to their banking services. The Public Administration at the local level is also investing heavily in software applications, and will continue doing so in an effort to increase and improve its online services and advance Italy's information society.

The Italian software segment is heavily fragmented among approximately 75,000 firms, which include manufacturers, distributors and importers. The 30 largest companies hold approximately 70 percent of the business. Italy depends heavily on foreign production of software, which accounts for approximately 60 percent of the total software market value. The United States is the leading exporter of multiple platform and application software, with a share of approximately 80 percent of imports. With the economic climate improving, U.S. software companies should be among the main beneficiaries as the market recognizes the supremacy and innovative quality of American products.

Best Prospects/Services

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Demand for Open Source Systems is expected to grow considerably, as well as demand for Network & System Management and monitoring solutions, with IT security solutions becoming increasingly important (including intrusion prevention and detection systems, identity management solutions, firewall software, secure content control software, internet access control tools, and security authentication, authorization and administration tools). The Application Server market is also growing as a solution for complex application integration issues, together with the consolidation of Service Oriented Architecture (SOA) platforms. E-commerce applications are one of the fastest growing segments, with procurement applications in the lead. Enterprise resource planning (ERP) software, supply chain management (SCM) software, and customer relationship management (CRM) software will also continue to be in demand, as well as Business Intelligence and Data Warehouse software.

Opportunities

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The implementation of privacy legislation calling for security measures to protect personal data and the computer systems utilized to process the same is contributing greatly to the growth of ICT security investments in all industrial and services sectors. All Italian companies are implementing a systematic approach to security issues, including prevention of threats, evaluation of existing security measures and adoption generally of new hardware, software and services to protect data. Excellent business opportunities are available to U.S. firms offering innovative and technologically advanced ICT security software products and experienced in advanced types of security situations and their solutions.

In the Public Administration sector, 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 increasingly important, including interoperability of large databases, privacy, services to the citizens, environmental protection, energy saving, development of tourism and protection of works of art. 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>

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.

Resources

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Fax +39/02/6596561
Nicoletta.Postiglione@mail.doc.gov
<http://www.buyusa.gov/italy/en/>

Ministry for Reforms and Innovation in Public Administration - 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/II_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/Englishversion.html>

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/_nuovositov1.0/index_.php

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/>

Storage Expo/Infosecurity - The most important Italian ICT storage and security show

<http://www.infosecurity.it>

Held in Milan every year in February. Next edition: February 2009. 170 exhibitors and more than 5,500 visitors, 20 highly specialized conferences. The Commercial Service in Milan will organize a US Pavilion at the Show, offering a full package of market-entry services.

TRAVEL AND TOURISM (TRA)

Overview

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| | 2005 | 2006 | 2007 (estimated) |
|------------------------|--------|--------|------------------|
| Total Market Size | 57,800 | 60,700 | 66,500 |
| Total Local Production | - | - | - |
| Total Exports | 35,500 | 37,200 | 40,900 |
| Total Imports | 22,400 | 23,500 | 25,600 |
| Imports from the U.S. | 1,870 | 1,990 | 2,400 |

*US\$ in millions: Exchange rate \$1= 0.804 euro (2005), 0.797 euro (2006), 0.69 euro (2007).
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 108 million and travel nights totaled 721 million at the end of 2006. 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 18 million trips. In general, one out of six adult Italians travels abroad every year.

Over half a million travelers from Italy visit the United States each year, staying an average of 13 nights and spending more than \$2.1 billion or \$2,990 per person, making them some of the biggest international spenders. Only 18 percent of Italian visitors to the U.S. in 2006 purchased a prepaid package, also ranking them among the most independent travelers in the world.

In terms of number of travelers coming to the U.S., Italy ranks fourth in Europe, with 533,000 in U.S.-bound travelers, following the U.K., Germany and France. After the two percent decrease registered in 2006, the number of Italians traveling to the U.S. is again on the rise. In fact, many market players predict a strong recovery in 2007, as much as 20 – 38 percent over last year.

Five U.S. airlines – American, Continental, Delta, United Airlines and US Airways – and two Italian carriers – Alitalia and Eurofly – offer daily direct flights between major Italian cities (like Milan, Rome and Venice) as well as smaller cities (like Bologna, Naples, Pescara and Palermo) to a number of American destinations. In the summertime twenty daily, non-stop flights connect Italy to the U.S., in addition to ten additional non-stop flights operating every other day. In the wintertime, direct flights are reduced to seventeen and six additional non-stop flights every other day.

Best Prospects/Services

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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; Boston, Massachusetts and New England; 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., both on leisure and on business, are: dining in restaurants; shopping; sightseeing in cities; visiting historical places, museums; visiting small towns; visiting theme/amusement parks and national parks.

Opportunities

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All major players in the “travel to the U.S. sector” indicate strong 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 almost one-half 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 spend long-weekends, as they do in many 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 targeted marketing and promotional efforts that the tourism authorities of those States have devoted to the Italian market.

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

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E-Mail: milan.office.box@mail.doc.gov

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: www.buyusa.gov/europe/

Travel Trade Associations:

Visit USA Association Italy: www.visitusaita.org

Travel Industry Association of America: www.tia.org - www.seeamerica.org

Italian Association of Tour Operators: www.astoi.it/

FRANCHISING (FRA)

Overview

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| | 2005 | 2006 | 2007 (estimated) |
|------------------------|--------|--------|------------------|
| Total Market Size | 22,609 | 25,197 | 31,141 |
| Total Local Production | 21,026 | 23,433 | 28,961 |
| Total Exports | 1,582 | 1,763 | 2,179 |
| Total Imports | 1,808 | 2,016 | 2,491 |
| Imports from the U.S. | 1,012 | 1,123 | 1,395 |

The above statistics, in millions of dollars, are unofficial estimates.

Note: All figures are quoted in dollars converted from euro, unless otherwise noted.

US\$ in millions: Exchange rate \$1= 0.804 euro (2005), 0.797 euro (2006), and 0.69 (2007)

Yearly percentage changes are derived from euro currency figures to exclude currency rate fluctuations

Franchising began in Italy in 1971, when Assofranchising, one of the Italian Franchise Associations, was established, and 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 2006, according to data from Assofranchising, www.assofranchising.it/informazioni_statistiche.html, Italy had around 780 franchisors, 49,000 franchisees and counted more than 176,000 employees. The sector has grown even further in 2007: forecasts highlight more than 840 franchisors, about 52,500 franchisees, and more than 181,000 employees (including outlet owners). 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 around 70 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 more than 25 well known 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

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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

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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.

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In 2008, 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 our Gold Key Matchmaking Service, International Partner Search, and/or Single Company Promotion service. Companies already present in the market may consider joining the "Franchising road show" that is being planned for late spring. In October, as in the past, we will manage and organize the U.S. Pavilion at the 23rd Edition of "Franchising & Trade" in Milan. This show is one of the best opportunities to get in touch with potential Italian partners in the sector, especially if U.S. companies require some assistance in arranging meetings with would-be partners during the show.

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Andrea.Rosa@mail.doc.gov
<http://www.buyusa.it/>

Trade shows:

The 11th edition of "Franchising and Innovative Trade Expo" will be held in Catania, Italy, March 7-9, 2008, www.fieradelsud.com/franchising/2008/EN/index.asp. This show 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 11-13, 2008, www.ref-franchising.it/eng/index.php. This show is especially helpful for those franchisors that are interested in developing their activities in the central-southern part of Italy.

The 1st edition of "E'Franchising" will be held in Turin, Italy, March 28-30, 2008. This is a new initiative, focused mainly on opportunities in Piedmont and northwestern Italy.

The 23rd edition of "Franchising & Trade", Italy's first and main franchising show, will be held in Milan, Italy, October 17-20, 2008, www.franchising.fieramilanoexpocts.it/?id=M16LXotZW5n

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

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| | 2005 | 2006 | 2007 (estimated) |
|------------------------|-------|-------|------------------|
| Total Market Size | 4,264 | 4,500 | 4,980 |
| Total Local Production | 1,432 | 1,500 | 1,680 |
| Total Exports | 1,333 | 1,400 | 1,650 |
| Total Imports | 4,165 | 4,400 | 4,950 |
| Imports from the U.S. | 1,106 | 1,133 | 1,270 |

US\$ in millions: Exchange rate \$1=, 0.804 euro (2005), 0.797euro (2006). & 0.690 euro (2007)

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 medical equipment market is valued at approximately U.S. \$ 4 billion. 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.

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 approximately 75 percent of total expenditures for medical equipment and products, with the balance being held 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 and 600 medium and small size hospitals, which are managed by 197 Local Health Authorities. The total number of beds in the public sector is approximately 220,930. The average stay in public hospitals is estimated to be 7.1 days at a cost of \$ 750 per day. In addition, public healthcare manages 7079 outpatient facilities, 1506 residential facilities for the elders and 4794 other healthcare facilities.

Private healthcare service-providers account for 637 private and independently operated clinics, the majority of which, 531, are endorsed and operate within the SSN. The total number of beds in private healthcare facilities is 60,000. The average stay in private clinics is indicated at 7.0 days.

Best Products/Services

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The best sales potential for U.S. manufactured medical equipment is expected to be 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, though slowly, 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

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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 that 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.

The Government of Italy has recently introduced new requirements for the registration of medical devices in Italy. All new to market devices must be registered and have a unique identification number in the new National Health System directory. Registration can be performed directly by the U.S. company on line with the Ministry of Health. Information on registration procedures is available on the Ministry of Health's Website as follows:

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

Bidding specifications normally include a detailed technical description of the product, as well as other requirements, such as the CE mark, safety standards, testing procedures,

operation manuals and quality assurance. Award criteria are normally based either on the lowest price or on the most economically advantageous quotations.

Financing in the medical products sector adheres to normal business standards used in Italy and is usually handled by banks. The turnaround times for paying invoices by public hospitals are quite long in Italy. They may range from a minimum of 100 days in some regions of the North of the country, to over 360 days in certain regions. This situation causes serious liquidity problems for Italian importers and distributors. The mark-up imposed by local distributors and importers has to compensate for the financial losses caused by very late reimbursements. Private clinics also tend to delay payments, usually by an average of 120-180 days.

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.

EXPOSANITÀ

(held every two years)

Date: May, 28 – 31, 2008

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

The U.S. Commercial Service contact for promotion of U.S. medical products in Italy is:
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Email: Leonarda.Chiocchi@mail.doc.gov

Resources

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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

Ministero della Salute
(Ministry of Health)
Viale della Civiltà Romana 7
00144 Rome
Tel: + 39 065994 3697
www.ministerosalute.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

MANAGEMENT CONSULTING SERVICES (MCS)

Overview

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| | 2005 | 2006 | 2007 (estimated) |
|------------------------|-------|-------|------------------|
| Total Market Size | 2,509 | 3,130 | 4,160 |
| Total Local Production | 1,254 | 1,560 | 2,080 |
| Total Exports | 250 | 313 | 416 |
| Total Imports | 1,505 | 1,880 | 2,500 |
| Imports from the U.S. | 752 | 940 | 1,250 |

The above statistics, in millions of dollars, are unofficial estimates.

Note: All figures are quoted in dollars converted from euro, unless otherwise noted.

US\$ in millions: Exchange rate \$1= 0.804 euro (2005), 0.797 euro (2006), and 0.69 (2007)

Yearly percentage changes are derived from euro currency figures to exclude currency rate fluctuations

The Italian market for management consulting services was worth around \$4.1 billion in 2007. After the negative consequences of the global economic slowdown in 2002, the market recovered in recent years. Expectations for 2008 are for a growth of around ten percent over 2007. In 2006, business consulting accounts for approximately 60 percent of total revenues. The largest users of management consulting services in Italy were the manufacturing (around 30 percent) and the banking sectors (around 20 percent).

The market is divided among global competitors (most of which are of U.S. origin) offering a full-range of state-of-the-art products, a few "national champions," and a number of local or niche players and "gurus". Most big multinational consulting firms are well established in the Italian market. Multinational firms make up more than 80 percent of the market, with a strong presence by U.S. firms. The largest consulting firm in Italy is Accenture. In addition to consulting, most of the consulting firms provide technology and solutions in the area of information services, as well as outsourcing services for administration and financial control.

Among the major U.S. management consulting companies operating in Italy are: Accenture Ltd., www.accenture.com, Achieve Global, www.achieveglobe.com, American Appraisal Holding, www.american-appraisal.com, AON Consulting, www.aon.com/hc_consulting/default.jsp, APCO Worldwide Inc., www.apcoworldwide.com, A.T. Kearney, Inc, www.atkearney.com, Bain & Co., www.bain.com, Booz Allen & Hamilton, www.bah.com, Boston Consulting Group, www.bcg.com, Boyden World Corporation, www.boyden.com, Bridge Mediation, LLC, www.bridge-mediation.com, Burson-Marsteller, www.burson-marsteller.com, Cohn & Wolfe, www.cohnwolfe.com, Dale Carnegie & Associates, Inc., www.dalecarnegie.com, DBM Inc., www.dbm.com, Deloitte, www.deloitte.com, Edelman, www.edelman.com, EDS, www.eds.com, ENSR International, www.ensr.com, ERM Group Inc., www.erm.com, Ernst & Young, www.ey.com, Foote, Cone & Belding, www.draffcb.com, George S. May, www.georgesmay.com, Hay Group Inc., www.haygroup.it, Hewitt Associates, www.hewitt.com, Horton International Executive Search, www.horton-intl.com/, Horwath International, www.horwath.com,

Korn/Ferry International, www.kornferry.com, Kroll Associates, www.kroll.com, Lee Hecht Harrison, www.lh.com, Manpower, www.manpower.com, McKinsey & Company, www.mckinsey.com, Price Waterhouse Coopers, www.pwc.com, Right Management Consultants, www.right.com, Russell Reynolds Associates Inc, www.russellreynolds.com, Spencer Stuart and Associates, www.spencerstuart.com, Towers Perrin, www.towersperrin.com, and William George Associates Ltd., www.williamgeorge.net.

Issues such as e-business, implementation and enhancement of Client Relationship Management (CRM) systems, globalization/internationalization, and mergers & acquisitions are key demand drivers of management consulting services, with both private and public organizations offering opportunities. Public service companies and government agencies are reviewing and reorganizing their operations to achieve higher efficiency. The financial sector may also offer opportunities, e.g. due to the mergers within the banking system.

Solid knowledge of the local regulatory environment and market conditions, as well as unique know-how in specialized sectors/functions and adequate international experience have become preconditions for competing effectively in this market. American consulting firms considering entry into the Italian market should certainly take into consideration the possibility of teaming up with Italian partners. This business is heavily dependent upon personal relationships. In Italy in particular it is difficult and time-consuming to try to do business without having the right connections.

Niche consulting sectors may offer interesting opportunities to U.S. consulting companies. Some of the important niche sectors are: advergaming; brand awareness and brand community; tribal (or linking marketing); trust marketing; brand leasing and brand marketing; co-marketing; company re-naming, and re-branding; company take-over by foreign companies; corporate theater; de-localization; ethnic marketing; generational change; management of human resources diversity; new trends in marketing targeted to women; outplacement; risk management; sponsorship in the cultural sector by corporations; and temporary management.

Best Products/Services

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All categories of management consulting services may offer some opportunities to U.S. companies, from administration services to economic consulting services and personnel consulting services. To succeed, however, U.S. companies must be able to transfer new methods and procedures that add value to the client company. At the same time, some experiences/approaches are probably impossible to transfer to Italy without adapting them to the local needs.

In particular, marketing consulting services may help Italian companies to target new groups. The composition of the Italian society is certainly evolving towards models that the U.S. consulting companies know well, particularly in regard to immigrants and minorities. Thus, new marketing 'niches' are growing, e.g., the allergic, the left-handed, and the senior citizens, who might be approached in new, suitable ways that are adapted to the Italian situation.

Another interesting sector where U.S. consulting companies might find interesting opportunities is how to do business in non-European countries. There is a lack of quality marketing services for those Italian companies wanting to expand into East Asia. Expertise gained in those markets by U.S. companies could be transferred to Italian companies.

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Current trends in consolidation of the banking sector and increasing mergers and acquisitions in both the public and private sector organizations offer opportunities to companies operating in the Italian market. Specific niche consulting markets may be interesting too.

Resources

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Contact:

Andrea Rosa

Commercial Specialist - Services

American Consulate General

Commercial Service

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Fax +39/02/6596561

Andrea.Rosa@mail.doc.gov

<http://www.buyusa.it/>

Trade events

In general, seminars and congresses may offer interesting opportunities for business contacts in this sector.

One interesting trade event is the "Research to Business" event, which will be held in Bologna, May 15-16, 2008, www.rtob.it/index.asp?m=61&l=2&ma=43;

The following website resources may be helpful:

AILOG - Associazione italiana di logistica e di supply chain management (Italian Association of Logistics and Supply Chain Management), www.ailog.it/; AISCRIS - Associazione italiana società di consulenza per la ricerca, l'innovazione e lo sviluppo (Italian Association of research, innovation and development consulting firms), www.aiscris.it/; AISM - Associazione italiana marketing, (Italian Marketing Association), www.aism.org/; AISO - Associazione italiana società di outplacement (Association of outplacement companies), www.aiso-outplacement.it/; ASSIRM - Associazione tra istituti di ricerca di mercato, sondaggio di opinione, ricerca sociale (Association of market research, opinion polls, and social research institutes), www.assirm.it/; ASSOCOMUNICAZIONE - Associazione delle Imprese di comunicazione (Association of communication companies), www.assocomunicazione.it/; ASSOCONSULT - Associazione delle società di consulenza di direzione (Association of management consulting companies), www.assoconsult.org/; ASSOREL - Associazione agenzie di relazioni pubbliche a servizio completo (Association of global service public relations

agencies), www.assorel.it/; ATEMA - Associazione per il temporary management (Temporary management association), www.atema.net/; FITA - Federazione italiana del terziario avanzato (Italian Federation of Advanced Services), www.fita.it/fita/chi_siamo.php;
IMPRELINGUE - Associazione nazionale imprese servizi linguistici e congressuali (Association of companies which manage, co-ordinate and promote multilingual and conference service), www.imprelingue.it/english.htm; UNIREC - Unione nazionale imprese recupero crediti e informazioni commerciali (National union of credit recovering and business information companies), www.unirec.it/english.asp.

AIRPORT AND GROUND SUPPORT EQUIPMENT (APG)

Overview

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| | 2005 | 2006 | 2007 (estimated) |
|------------------------|-------|-------|------------------|
| Total Market Size | 2,680 | 2,770 | 3,210 |
| Total Local Production | 2,000 | 2,040 | 2,360 |
| Total Exports | 950 | 970 | 1,120 |
| Total Imports | 1,630 | 1,700 | 1,970 |
| Imports from the U.S. | 770 | 830 | 900 |

*US\$ in millions: Exchange rate \$1= 0.804 euro (2005), 0.797 euro (2006), 0.69 euro (2007).
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:

- The 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 member 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 [from what sources?] 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.

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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, x-ray digital 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), and 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. Therefore U.S. companies should concentrate their efforts in pursuing the several opportunities in the above sub-sectors.

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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 (instrumental landing systems, improvement of taxi ways and runways); and at the Bari Palese airport (new terminal, multi-level parking). Major tenders are published on 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 \$1,200 million for the period 2004/2008, 79% of which will be devoted to improving safety levels by re-structuring 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.

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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

For additional information please contact Cristiano Sartorio at the U.S. Commercial Service, Embassy of the USA, Via V. Veneto 119/a, 00187 Roma. Tel: 39 06 46742252; e-mail: cristiano.sartorio@mail.doc.gov

TELECOMMUNICATION SERVICES (TES)

Overview

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| | 2005 | 2006 | 2007 (estimated) |
|------------------------|--------|--------|------------------|
| Total Market Size | 41,834 | 43,100 | 50,530 |
| Total Local Production | 39,198 | 39,651 | 46,487 |
| Total Exports | - | - | - |
| Total Imports | 2,829 | 3,449 | 4,043 |
| Imports from the U.S. | 525 | 724 | 850 |

US\$ in millions: Exchange rate \$1= 0.804 euro (2005), 0.797 euro (2006), 0.69 euro (2007).

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 the European Union. Italy is also one of the largest mobile communications markets in Western Europe and one of the most advanced, considering technology and consumer preferences. Mobile phone diffusion in Italy is among the highest in the world, with close to 86 million SIM cards activated in June 2007 (+13.6 percent over the same period in 2006), and over 19 million of them enabling UMTS services. Clients served are 45 million, equaling a penetration rate of approximately 76 percent.

Although still behind other major European countries, Italy has also experienced major growth with regard to Internet usage in the past few years. The number of business and home Internet users is estimated to have reached 30 million in 2007. Italian Internet users are relatively less mature in the use of this medium with respect to the European average, but they are rapidly catching up. Broadband access is developing rapidly, although at lower rates than expected, with 10 million users connected at the end of 2007 (up almost 25 percent over 2006), due mainly to the increasing offer of interactive digital content.

Preliminary estimates assess the Italian telecommunication services market at \$50.5 billion in 2007, a 1.5 percent increase over 2006 in euro currency. Revenues from mobile services are estimated at \$26.1 billion, a growth of 6.5 percent in euro currency over 2006, while revenues from fixed line network telecom services are constantly declining and are assessed at \$24.4 billion, a decrease of 3.3 percent. Mobile voice services are valued at \$19.6 billion (+ 3 percent), while traditional fixed telephony services are accelerating their decline, registering revenues of \$19.3 billion (- 5 percent).

Growth in the telecommunications services market is driven by Value Added Services (VAS) and by the considerable development of broadband Internet access technologies.

Mobile VAS - which include data communication, messaging and Internet services – are the best performing and now represent 25 percent of the mobile services segment. They are estimated at \$6.5 billion, an increase of 18 percent over the previous year,

while fixed line network VAS (including internet related services, intelligent network services and contact center services) are valued at approximately \$5 billion, an increase of 3 percent over 2006.

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 wide acceptance of UMTS technology replacing GPRS/GSM technology has made it possible to develop new services utilizing improved bandwidth. 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 very lively and 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. Infotainment services hold the lion's share, with video services expected to become increasingly important. The introduction of HSDPA (High Speed Downlink Packet Access) and DVB-H (Digital Video Broadcast Handheld) technologies will offer 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. Other very successful services include instant messaging, download of logos, ring tones, screensavers, wallpapers, true tones, chat and community services and java games.

The Italian broadband market is dominated by xDSL, which is utilized in 96.4 percent of cases. Fiber optics represents only 3.6 percent. Wireless Access (WiMAX) technology will be introduced as soon as the winners of the license auction are nominated at the end of January 2008, and is expected to represent an important tool for increasing competition on the broadband market and reducing the digital divide.

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For the future, it is forecast that the market will be driven by the following factors: 1) value-added services on wireless and wire-line networks will continue to be a particularly dynamic area, with a focus on news, games and entertainment; 2) quicker, better data and value-added services at substantially lower prices will be offered by an increasing number of competing operators, Mono and multimedia message services (MMS) will prove to be one of the most dynamic components of mobile telephone services; and 3) use of the Internet as a business tool will open up many opportunities, especially in security and value-added services.

Voice and data services over IP are becoming a viable alternative to the traditional Public Switched Telephone Network and they are expected to grow at a constant rate over the next few years.

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There are lucrative business opportunities for U.S. companies with technical skills and expertise in Internet applications and services for wireless and fixed line telephony. In particular, there will be excellent prospects for interactive digital content and mobile services in the business-to-business market for internet banking and trading on-line, as well as in the business-to-consumer market for video services, entertainment, publishing, Internet music and videos, bookings for entertainment events, vacation and travel.

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 partnership agreements.

Resources

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<http://www.buyusa.gov/italy/en/>

Ministry of Communications
http://www.comunicazioni.it/english_version/

Ministry for Reforms and Innovation in Public Administration - 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/II_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/Englishversion.html>

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/_nuovositov1.0/index_.php

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/>

VON.x Europe Autumn/Broadband Business Forum 2008, Rome, October 2008

<http://www.von.com/2007/rome/web/index.php>

Italy's most important show for Voice over Network and Broadband products and services, organized with Pulvermedia. The Commercial Service in Milan will organize a US Pavilion at the Show, offering a full package of market-entry services.

LABORATORY SCIENTIFIC INSTRUMENTS (LAB)

Overview

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| | 2005 | 2006 | 2007 (estimated) |
|------------------------|------|------|------------------|
| Total Market Size | 784 | 837 | 1,025 |
| Total Local Production | 249 | 253 | 312 |
| Total Exports | 199 | 216 | 261 |
| Total Imports | 734 | 800 | 974 |
| Imports from the U.S. | 320 | 350 | 400 |

*US\$ in millions: Exchange rate \$1= 0.815 euro (2004), 0.804 euro (2005) & 0.797 euro (2006).
The above statistics are unofficial estimates.*

In spite of the scarcity of public funds and incentives for investments in R&D, trends in the sale of laboratory scientific instruments in Italy are still positive, thanks to ongoing demand from the biotechnology and nanotechnology sectors. In fact, sales of biotechnology instrumentation (sequencers, synthesizers, DNA synthesizers, biosensors, DNA micro arrays, etc.) account for almost a third of the total market and present the fastest growth rates (6 to 7 percent in 2006). Other popular products include, in rank order, liquid separations, molecular spectroscopy instrumentation, atomic spectroscopy instrumentation, laboratory automation instrumentation, gas separations, surface techniques, physical properties and mass spectrometry instrumentation. Most of the laboratory scientific instruments sold in Italy are imported. 85 percent of the domestic (Italian) production is destined for export.

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The U.S. remains the top exporter of laboratory scientific instruments to Italy, followed by Germany and Japan. U.S. companies are the most important and respected suppliers in the Italian market. Among the leading U.S. exporters of laboratory scientific instruments to Italy are: Perkin Elmer, Agilent Technologies, Varian, and Thermo Scientific. None of these companies manufactures directly in Italy: all of their products are imported into Italy.

The following table summarizes the most popular imports of laboratory instrumentation from the United States in 2006:

All values in US \$; Exchange rate \$1= 0.797 euro.

| Product | Imports from the USA |
|----------------------------|----------------------|
| Other techniques + biotech | 90,000,000 |
| Parts and Accessories | 80,000,000 |
| Physics Techniques | 50,000,000 |
| Separation techniques | 38,000,000 |
| Spectroscopy | 33,000,000 |
| Mass Spectrometry | 27,000,000 |

| | |
|----------------------|--------------------|
| Chemistry Techniques | 16,000,000 |
| Electrochemistry | 11,000,000 |
| NMR Spectroscopy | 6,000,000 |
| Total | 350,000,000 |

Source: U.S. export trade statistics and other sources, including Italian industry sources.

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Scientific and laboratory instrumentation in Italy is used primarily in the pharmaceutical, environmental, biomedical, petrochemical and food sectors. Customers can be found mostly in the private sector (66 percent of sales), public sector (22 percent), and universities and R&D institutions (12 percent). At the moment, the private (industrial) sector presents the highest growth rates, although the critical condition of Italian public finances has reduced the incentives for private sector companies to invest in R&D. Potentially, public and academic research facilities could offer the most interesting growth opportunities. However, a major challenge faced by public and research customers is the scarcity of public funds for R&D: traditionally, the portion of the Italian GDP that is earmarked for R&D is lower than that for other countries.

Another problem Italian research institutions are facing is the long time lag between a researcher's request for public financing of a project and governmental approval of the financing. Even when approval is granted, public financing generally only covers 60 to 70 percent of the requested amount. Exceptions are the Regional Agencies For Environmental Protection (ARPAs) that can invest more in their laboratories because they benefit from European Union fund support.

As mentioned above, U.S. companies are the most important and respected suppliers in the Italian market. For new entrants, the challenge may be in finding an Italian agent that has nationwide scope and whose expertise spans the different sectors in which laboratory scientific instruments can be applied.

Resources

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Responsibility for the promotion of U.S. laboratory scientific instruments rests with the following Commercial Specialist:

Federico Bevini
U.S. Commercial Service
American Consulate General
Via Principe Amedeo, 2
20121 Milan, Italy
Tel: +39/02/626 88 520 (Direct Extension)
Fax: +39/02/6596561
Email: Federico.Bevini@mail.doc.gov
www.buyusa.it

Trade Associations:

GISI

(Association of Italian Instrumentation, Control and Automation Companies)

Via Console Flaminio 19

20134 Milano

Ph.: +39 0221591153

Fax: +9 0221598169

E-mail: gisit@gisi.it

Website: www.gisi.it

Federchimica

(Italian Association of Chemical Industries)

Via Giovanni da Procida 11

20149 Milano

Ph.: +39 02345651

Fax: +39 0234565310

federchimica@federchimica.it

Website: www.cheminitaly.it

Trade Fairs:

GISI and Federchimica are among the main sponsors of RICHMAC, the most important Italian trade event devoted to laboratory scientific instrumentation. RICHMAC is held biannually and the next edition is going to take place in 2009.

RICHMAC

Date: Fall 2009

Site: Milan fairgrounds

Organizer:

FIERA MILANO TECH SpA

Via Gattamelata, 34

20149 Milan, Italy

tel. +39 02.3264.282

fax +39 02.3264.284

info@fieramilanotech.it

www.richmac.it

of exhibitors: 380

of visitors: 10,093

PLEASURE BOATS AND ACCESSORIES (MAR)

Overview

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| | 2005 | 2006 | 2007 (estimated) |
|------------------------|-------|-------|------------------|
| Total Market Size | 3,589 | 4,330 | 5,196 |
| Total Local Production | 3,135 | 3,744 | 4,493 |
| Total Exports | 1,672 | 2,206 | 2,647 |
| Total Imports | 454 | 586 | 703 |
| Imports from the U.S. | 113.5 | 158 | 190 |

US\$ in millions: Exchange rate \$1= 0.815 euro (2004), 0.804 euro (2005) & 0.797 euro (2006).

Source of statistical data: UCINA - Unione Nazionale Cantieri e Industrie Nautiche ed Affini (Italian Marine Industry Association)

The Italian pleasure boat industry is the largest in the European Union and the second largest worldwide after the United States, with an estimated value of more than \$4 billion. 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 37% 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 10%. The overall contribution of the maritime sector to the Italian Economy has been growing year after year. Its overall contribution (direct and indirect) to the Italian GDP is estimated around \$ 6,1 million.

This market sector can count on 104 ports, marinas and small harbors, offering almost 140,000 moorings along Italy's 8,000 miles of waterways. The Minister of Transport and Navigation and the Italian Port Authorities believe that there are almost 600,000 pleasure crafts in Italy. In 2004 there was a total of 71,014 watercrafts registered, including sailboats, motorboats and ships, all over 24 feet (7.5 meters) in length [registration is not required for shorter vessels], while in 2005 the overall number of registered craft was of 73,311 units. It is estimated that every year at least 4% of all registered craft become obsolete and need to be replaced.

This means that in 2005 alone 2,297 craft were registered, a 3.2% increase from the previous year's overall figure. There are several factors that allowed such an increase: (1) the implementation of "boater friendly" legislation has reduced fees for boat ownership and cut a great number of bureaucratic requirements on the past years; (2) the leasing formula, the so-called "Italian leasing", continues to boost the internal market. In 2005 the number of new leasing contracts grew by about 12% over the previous year.

The Italian Government, through its investment agency, Italia Navigando, is promoting new marinas and expanding existing ones, creating new berths and moorings. In 2005, 2,654 new moorings were created, a 2.1% increase from the previous year. Liguria alone experienced a 6% growth in the number of berths, while other important maritime regions such as Sicily and Campania experienced sustained growth. 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. The U.S. share of the pleasure boat market in Italy will probably grow further due to the competitive dollar. It is widely known that the price of US boats in Italy dropped by almost 30% in the last three years, thanks to the competitive dollar alone.

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Traditionally, outboard motorboats are the most common type of American boats imported into Italy. The United States 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 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 represents excellent opportunities for American companies.

The recreational Craft Directives section of the CE Mark legislation states that as of June 16, 1998, all boats manufactured outside of the E.U. 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

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Opportunities for American suppliers in the pleasure boat market are numerous. 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 United States has held a steady share of imports. In 2006, 11.2% of pleasure boats of all kinds imported to Italy came from the United States. The largest imported American item remains the outboard motorboat; in 2006, the U.S. held about 25% of this import market in Italy. According to analysts, this sector will continue to grow in view of the leasing formula that has become so popular in Italy recently.

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Major Events

Genoa International Boat Show, an annual exhibition held in Genoa and organized by UCINA (<http://www.ucina.it>), the foremost international exhibition for number of exhibitors and visitors.

UCINA – Unione Nazionale Cantieri e Industrie Nautiche ed Affini (Italian Marine Industry Association)

Piazzale J.F. Kennedy, 1

16129 – Genoa – Italy

<http://www.ucina.it>

Italia Navigando

Via Pietro Boccanelli, 30

00148 – Rome – Italy

<http://www.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:

Albina Parente

Commercial Specialist

American Consulate General, Naples

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e-mail: albina.parente@mail.doc.gov

AUTOMOTIVE PARTS AND SERVICES EQUIPMENT (APS)

Overview

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| | 2005 | 2006 | 2007 (estimated) |
|------------------------|--------|--------|------------------|
| Total Market Size | 19,663 | 22,400 | 28,460 |
| Total Local Production | 25,586 | 29,500 | 36,200 |
| Total Exports | 14,207 | 15,070 | 18,933 |
| Total Imports | 7,023 | 8,193 | 10,559 |
| Imports from the U.S. | 281 | 131 | 189 |

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=0.804 euro (2005), 0.797 euro (2006), and 0.69 (2007)

Yearly percentage changes are derived from euro currency figures to exclude currency rate fluctuations

Recent data from CSP (Centro Studi Promotor), one of the major automotive research organizations in Italy, www.centrostudipromotor.com/, note that sales of new cars in Italy in 2007 totaled 2.490.570 units (+ 7.7 percent over 2006). New federal incentives (which focus on environmental friendly vehicles) boosted the number of new car sales.

The result is positive, especially when taking into account the increased gasoline prices, the weak economic situation and the fiscal burden on car ownership. Forecasts for 2008 expect similar increases.

Due to the introduction of some new models, the local market leader based in Turin, Fiat Group (brands Fiat, Lancia, Alfa Romeo, Ferrari, and Maserati) should have more than 30 percent of the market, thus continuing its recovery from previous years crisis.

Many foreign groups are active in the market including PSA, and Renault from France; BMW, Porsche, and Volkswagen from Germany; Daihatsu, Mitsubishi, Honda, Subaru, Suzuki, and Toyota from Japan; Hyundai, Kia, and Ssangyong from South Korea. Chinese (Great Wall) and Indian (Mahindra, Tata) groups are entering the Italian market.

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 insignificant (GM also imports Chevrolets from South Korea).

SUV's are the most recent craze in Italy, but they are facing severe 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 cater to the requests of fashion leaders and the wealthy.

Italian drivers have 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 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 and petrol 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 develop jointly a small car, (engine and transmission supplied by Fiat), to be produced in a Polish Fiat plant and marketed from 2007-2008.

The market for automotive parts and service equipment declined during recent years, due to a 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.

Domestic 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, Inc., www.americanstandard.com, ArvinMeritor Inc, www.arvinmeritor.com, Collins & Aikman Co., www.collinsaikman.com, Dana, Inc., www.dana.com, Johnson Controls, Inc., www.johnsoncontrols.com, Key Plastics, LLC, www.keyplastics.com, Lear, Co., www.lear.com, Mark IV Automotive, www.markivauto.com, Tower Automotive, Inc., www.towerautomotive.com, TRW Inc., www.trw.com, Visteon Co., www.visteon.com.

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 U.S. are quite low even though some 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 some years ago. 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 will be 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 about 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 paying more periodic visits than before to the official garage networks. This strengthens the manufacturers' relations with the customers and allows the manufacturers to recover some of the profits that they lost in car selling, due to the increasing competition on the production side and increasingly favorable sales terms.

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 products' warranty for up to five years. Warranty extension is one of the few marketing tools that manufacturers can use to differentiate their competitive offer (the others being discounts and consumer grants).

Due also to the fact that some independent experts believe that there are minimal quality differences 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 Inc., 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 Inc., 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 grow in 2008. 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 the most important opportunities.

One of the latest crazes for Italians is info-mobility, and many car owners are installing satellite navigators, (even on compact cars). Tools 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/, and Phoenix Gold International, www.phoenixgold.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. CNG and LPG vehicles are among the few vehicles currently allowed to circulate any day of the week, as they abide by all the stringent regulations implemented to limit the pollution in city centers.

The 2006 edition of the Motorshow Business, in Bologna, Italy, was mainly focused on CNG and LPG equipment and solutions, with a vast display of components and accessories covering the entire sector for the conversion of vehicles to natural and propane gas, including both aftermarket and OEM systems www.motorshowbusiness.it/index.asp?m=4&l=3&p=4Homepage1. Additional information is available in the ENGVA website, www.engva.net/bolzano2005/ExhibitionIntro.aspx, which refers to the 11th annual European NGV's and H2V's Conference and Exhibition organized together with the 1st World Fair of NGV's, in 2005 in Bolzano, Italy.

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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 be placed into the Italian market. This is valid both for electronic apparatuses and for accessories. All U.S. companies that can promote the quality of their products may try to enter the market. As a rule, Italians are ready to take into consideration new products and to pay extra money for something that is, or seems to be, really innovative and new (fashion is also 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 be around two percent average annual increase for the next couple of years.

Opportunities

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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 tenders process.

Resources

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Trade shows:

The 6th 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, 28th-30th, 2008, www.myspecialcar.it/index.asp?m=1&l=3&p=1Home

The 6th edition of the 'Automotive Dealer Day', information, strategies, and instruments for the car trade, will be held in Verona, Italy, May 21st-22nd, 2008, www.dealerday.it/index.php?area=1&idpass=23&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 15th edition of 'Mondo Natura', the International Motor Home, Caravan, Camping and Outdoor Vacation Show, will be held in Rimini, September 13th-21st, 2008, www.mondonatura.it/

The 33rd edition of 'Motorshow', the International Car and Motorcycle exhibition, will be held in Bologna, December 5th-14th, 2008, www.motorshow.it/uk/index.asp.

The following website resources may be helpful: ANFIA - Associazione Nazionale fra Industrie Automobilistiche (The National Association of car manufacturing companies), www.anfia.it/english/default.htm; ACI (Automobile Club of Italy), www.aci.it/wps/portal/.cmd/cs/.ce/155/.s/1102/_s.155/1102; Centro Estero Camere di Commercio Piemontesi - Foreign Trade Office - Piemonte Chambers of Commerce, www.centroestero.org/EN/Page/t01/view_html?idp=16; Centro Studi Promotor, an automotive research organization, www.centrostudipromotor.com/; GIPA, an automotive research organization, www.gipa-auto.com/; UNRAE - Unione Nazionale Rappresentanti Autoveicoli Esteri (The National Union of the representatives of foreign vehicles), www.unrae.it/

SAFETY AND SECURITY EQUIPMENT (SEC)

Overview

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| | 2005 | 2006 | 2007 (estimated) |
|------------------------|-------|-------|------------------|
| Total Market Size | 3,909 | 4,146 | 4,927 |
| Total Local Production | 4,239 | 4,480 | 5,320 |
| Total Exports | 470 | 483 | 570 |
| Total Imports | 140 | 149 | 177 |
| Imports from the U.S. | 11.2 | 10.3 | 12.3 |

US\$ in millions: Exchange rate \$1= 0.815 euro (2004), 0.804 euro (2005) & 0.797 euro (2006).

The above statistics are unofficial estimates. Data regarding security equipment is elaborated by the Italian association ANCISS and statistics for the safety industry are collected by ANIMA.

The safety industry saw an overall increase in market sales of 3 percent in 2006 due mainly to a concerted effort by the national association ANIMA (Italian federation of mechanical and engineering industries and 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. 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 2006, increasing by 6.6 percent, with internal demand up by 7.9 percent. and imports up by 5.5 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 (up 17.4 percent compared to 2005). Other areas within this segment saw moderate growth. Forecasts for 2007 indicate similar growth.

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.

Demand for security continues to be significant, and remains a primary area of focus for the Italian Government. The 2008 national budget contains an additional 200 million euro compared to the previous year for security related expenditures, including funding to expand the police force and 100 million euro for modernization of vehicles, infrastructure and technology. Last year, 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 have been 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.

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. Opportunities should continue to present themselves 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.

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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 new 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. Increased investment can be expected by several government organizations, including ministries, which intend to enhance their facility security measures.

Port and maritime security has been a national priority, and port authorities continue to install necessary equipment throughout the country. Opportunities should continue to exist in major airports that will perform needed upgrades. The recently introduced U.S. legislation regarding container security should also provide specific opportunities for ports operating under the Container Security Initiative (CSI).

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 possibilities 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

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To fight terrorism more effectively and enhance protection for citizens, the European Union 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 ca. 140 million Euro. 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.

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 that should be published this year.

U.S. companies interested in public tender possibilities should consult Italian ministry websites for tender information. In addition, the U.S. Mission to the European Union 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.

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Trade shows:

Sicurezza and Sicurtech Expo 2008
Milan International Fairgrounds
November 25-28, 2008

The 14th edition of the Sicurezza biennial exhibition will be held November 25-28, 2008, 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. Information regarding potential participation during the 2008 edition is available on our website at www.buyusa.gov/en. Additional information regarding this trade show can be found by consulting the fair organizer's website: <http://www.fieramilanotech.it/?id=MjQ0LTUwNi00NjEtRU5H&>.

Fiera Milano Tech S.p.A.
<http://www.intelshow.com>

Websites and portals:

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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PET PRODUCTS (PET)

Overview

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| | 2005 | 2006 | 2007 (estimated) |
|--------------------------|-------|-------|------------------|
| Total Market Consumption | 3,118 | 3,243 | 3,929 |
| Food | 2,070 | 2,142 | 2,595 |
| Non-Food | 520 | 545 | 660 |
| Services | 534 | 556 | 674 |
| Imports from the U.S. | - | - | - |

US\$ in millions: Exchange rate \$1= 0.815 euro (2004), 0.804 euro (2005) & 0.797 euro (2006).

The above statistics are unofficial estimates.

In 2006, the Italian pet products market continued to grow, increasing by 4.5 percent in value. The leading factors for this growth are mainly three: a progressive reduction of home-cooked food for pets; the increasing importance of the role of pets in Italian families; and the pro-active role of distribution, both in the grocery channel (supermarkets and hypermarkets) and in specialized pet shops, which are all devoting more space to pet products.

In Italy there are now 60 million pets in a country of 58 million inhabitants. 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 7.4 million cats and seven million dogs in Italy. Assalzo-AcNielsen Observatory data states that there are 4.6 million families with at least one dog and 4.4 million with at least one cat, while five million families have other types of pets.

The role of pets in Italy has changed over the years. Pets living in households 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 progressive 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 overall pet product market can be broken down into three segments: Pet Food, Non-Food Pet Products, and Pet Sales and Services.

The market for industrial or commercial pet food has 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 (food for young, adult and older animals), lifestyle (high-energy or light diets), and health condition (foods for diets containing ingredients that prevent allergies or for special diets aimed at treating pet diseases) of pets. In short, dog and cat food is becoming more and more "customized".

Most recent forecasts show that the dog food segment in Italy has almost reached the value of cat food. In 2006, retail turnover for dog food was \$882 million while turnover for cat food was \$946.8 million. For cats, the consumption of wet pet food is still

predominant, with 74 percent of the market in value compared to 25.8 percent for dry food, leaving the snacks and treats segment with a marginal 0.2 percent. For dogs, on the other hand, the share in value of wet food is 55 percent, 34.7 percent for dry food and a more significant 10.3 percent for snacks and treats. 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.

Non-food products guarantee higher margins than food products and are becoming more interesting to large-scale distribution, although consumers still prefer to purchase litter, accessories, hygiene products, supplements and medicines from specialized shops. As pets are being spoiled more and more, the percentage of sales of accessories and the search for increasingly personalised products are also increasing. The pet care and comfort products segment, which accounts for one-fifth of the market, is worth about \$556 million, recording an annual increase of 4.4 percent between 2001 and 2006.

Best Products/Services

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Dry cat food and super premium dog food continue to be 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

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- Cat and dog snack food
- Pet accessories
- Healthcare products
- Veterinary services

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The U.S. Commercial Service promotes a U.S. Pavilion at "Zoomark International", the leading Italian Pet Products trade show - <http://www.zoomark.it>. The next edition will take place in Bologna in May 2009. For more information contact:

Simonetta Busnelli - Commercial Specialist
U.S. Commercial Service
American Consulate General

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Web: <http://www.buyusa.gov/italy/en/zoo2007.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 only pet sector 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) office:
<http://www.fas.usda.gov/>
U.S. Department of Agriculture FAS (Foreign Agricultural Service) office at the U.S.
Mission to the EU: <http://www.useu.be/agri/usda.html>

Zoomark International 2009 official show organizer is Vimax, vimax@zoomark.it

Agricultural Sectors

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In CY2007, Italy imported over \$900 million of U.S. food and agricultural products, including forestry products. Forest products, tree nuts, wheat, and seafood are the categories of products Italy most purchased from the U.S. Italy's total annual food and agriculture imports were \$25 billion, with over 70 percent coming from other EU-27 countries. Wine dominates Italy's food export profile, followed by fruits and vegetables, pasta and cheeses. The U.S. is Italy's largest non-EU market. The U.S. bought \$3 billion worth of Italian food and agricultural products in 2005, with wine comprising over \$1.2 billion of that total. Italy is the U.S.'s largest wine supplier.

Italy has a population of 58 million people who spend 20% of their disposable income on food. Economic growth in Italy is slow and consumer spending is stagnant. Italians are modifying their shopping patterns and purchasing behavior. With price inflation in the offing, Italians are expected to tighten their belts in 2008. In part, this will mean eating out less often.

Best Prospects for U.S. Agricultural Exports

Italian agri-food trade is dominated by products from the food-processing sector, demonstrating the importance of this sector within the Italian economy. Italy's agri-food trade is concentrated mainly within the European Union, with 69% of Italy's exports

destined for the EU and 71% of its imports sourced in the EU. However, U.S. bulk and intermediate commodities are used as ingredients or inputs for value-added Italian products that are re-exported. These products include bulk North American high-quality durum wheat used to produce pasta.

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 over \$130 million of wheat annually from the U.S. to produce the high quality pasta and bread for which the country is renowned. These imports are expected to continue in 2008 despite high global commodity prices.

Italy is the world's fifth largest importer of seafood products, with an annual per capita consumption of almost 25 kg of fish and seafood. While most of the imports are from EU 27 countries, In 2007 U.S. seafood exports to Italy reached a new record high of \$70 million. About 80% of this total is lobster, salmon and cuttlefish. Opportunities exist in the supply of fish, especially 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 berries, condiments, fruit juices, and tree nuts, sectors that have seen growth in recent years. Annual U.S. tree nut exports to Italy, and almonds in particular, exceed \$150 million. This is expected to continue despite new sanitary documentation required by the European Union.

Italy has a long tradition in woodworking and manufacturing hard and softwood products. The Italian wood industry imports 80 percent of the raw materials used for manufacturing finished products that are then re-exported. U.S. wood export opportunities exist for species not readily available in Europe. These include high-grade hardwood, mainly tulipwood, red alder and white and red oak, as well as other species such as ash, cherry and hard maple. Italian manufacturers are very receptive to working with new U.S. hardwood species. Well-established grading rules, efficient shipment and reliable delivery schedules from the U.S. are perceived as advantages. In 2007 Italy purchased over \$220 million of U.S. wood products.

The Italian Retail Food Sector

While Italian food marketing is still dominated by stand-alone Mom and Pop stores, modern trends are apparent with supermarkets and hypermarkets in evidence. Private labels are slowly appearing on the store shelves, however, Italy cannot yet be compared to the French or U.S. retail sector.

The north/south fragmentation within the Italian retail sector is very evident. AcNielsen reports that in 2004 there were more than 7,000 food retail stores in Italy. Over 50% of Italy's supermarkets, hypermarkets, and shopping malls are located in the North of Italy, while the south lags with fewer large retail outlets and an underdeveloped distribution network.

Italian food retailing remains highly fragmented, especially in the South, which is still home to more than 70,000 traditional shops, accounting for just 12% of food sales. Historically, none of the Italian grocery store chains had national coverage from north to south, but a few years ago Rinascente and Gruppo GS, through foreign joint ventures with Auchan and Carrefour, broke the mold by starting to expand to the south. Several

other large foreign retail groups are now interested in expanding their presence in the Italian market.

Consumer-oriented food exports to Italy are also on the rise. However, competition is fierce and EU import regulations are a major constraint. Italian citizens' relative affluence and higher disposable income have opened the market for other specialty food items. The pet care sector, for one, continues to expand, creating new opportunities for unique and high quality U.S. products.

Following are some of the constraints affecting the export of U.S. food products to Italy and the EU:

1. EU policy and health regulations. There are strict regulations issued by the EU to control the sale of health/dietetic and organic food products.
2. Political resistance to biotech products/ingredients. After the implementation of the EU regulations on biotech labeling for food and feed, all products must be labeled accordingly, with a tolerance level of 0.9 %.

While this measure has created limited impact on feed ingredients (whose biotech origin does not have to be reported on the final food product's label), the situation is completely different for foods. Virtually no biotech food products are sold in Italy, because of importer and supermarket chain concerns about consumer backlash.

3. Sanitary restrictions on the importation of U.S. beef and poultry, two products with great potential in the European Union.

For Additional Information:

Please go to the FAS Rome website at:
<http://rome.usembassy.gov/agtrade/>
or the FAS Washington website at:
<http://www.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) Piazzale Marconi 25,
Palazzo Italia,
00144 Eur-Roma
Tel: +39-06-5996966
Fax: +39-06-59946217
<http://www.ministerosalute.it/>

Ministero delle Economia e delle Finanze (Ministry of the Treasury) Agenzia delle
Dogane (Customs Agency) Via M. Carucci 71,
00143 Roma
Tel. +39-06-50241

<http://www.agenziadogane.it/wps/wcm/connect/ed>

Istituto per il Commercio Estero
(Italian Trade Commission)
Via Liszt 21
00144 Roma (EUR)
Tel: +39-06-59921
Fax: +39-06-5422-0066
<http://www.ice.gov.it/>
ANEIOA (National Importers/Exporters
Horticultural Association)
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 Assoc)
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>

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

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Chapter 5: Trade Regulations and Standards

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Import Tariffs

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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

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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

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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. For more information, see the CSEU REACH webpage at: <http://www.buyusa.gov/europeanunion/reach.html>.

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

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

Temporary Entry

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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

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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

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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

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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

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Overview

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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

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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.

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

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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

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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

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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

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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>

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/packsiz/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

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Trade Agreements

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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

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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>

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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Foreign direct investment in Italy is generally welcomed and encouraged. The current government, headed by Prime Minister Romano Prodi, offers strong rhetorical support for foreign investment and trimming bureaucratic obstacles to economic activity, but has been able to accomplish little in the way of substantive reform due to the fragility of the eight party center-left coalition. For example, members of Prodi's coalition prevented a 25 billion euro merger between the Spanish company Abertis and an Italian toll-road operator. GOI opposition to the so-called "Abertis-Autostrade" deal illustrates an unwillingness to allow foreign investment in large, high-profile Italian companies. Similarly, in April 2007, AT&T withdrew its bid for Telecom Italia, Italy's telecom company. AT&T did not specify the reason for its withdrawal, but may have been dissuaded by political opposition to the sale of Telecom Italian to a foreign company. Although Prime Minister Romano Prodi said he would not block the sale, he and several of his ministers said they hoped an "Italian solution" could be found. AT&T's decision reflects a widespread opinion that it is becoming harder to do business in Italy. GOI efforts to sell its 49.9 percent share of Alitalia, Italian flag carrier, have also been hampered by concerns about regulatory transparency, hostile labor unions, and the possibility of government intervention. In this case as well, an American-led group walked away when the opacity of the process was revealed and labor and political hostility emerged.

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 provides 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 does have the authority to restrict foreign investment in some cases. The government can 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. Industrial sectors such as defense and aircraft manufacturing are either closely regulated or are off-limits to foreign investors.

EU and Italian anti-trust laws give EU and Italian authorities the right to review mergers and acquisitions over a certain financial threshold. 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 of shareholders who agree to keep their shares for a minimum period.

Italy is the only EU member country to keep wide-ranging "golden share" regimes for privatized companies. According to EU data, there are 20 EU-based companies in which Member States hold a golden share -- five of these are Italian (Eni, Enel, Finmeccanica, Terna, and Telecom Italia).

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. The World Economic Forum's 2007-2008 World Competitive Survey ranked Italy 46th among the 122 countries surveyed; this is a slight improvement from Italy's ranking in 2006 of 47th, but does not reflect a substantial improvement in terms of performance. Italy's weak points are macroeconomic fragility (related to the level of public debt), inefficiency in the labor market, lack of infrastructure, and institutional and bureaucratic inefficiencies. Italy's strong points are the quality of health care and the primary education system, the diffusion of technologies, and the level of sophistication of the internal systems of Italian companies.

Press reports also cite difficulties in obtaining Italian visas to work in certain sectors (the fashion industry, for example). A measure passed as part of the 2008 budget will allow Italian consumers to file class action lawsuits against corporations. The measure goes into force in July 2008. Some observers predict class action lawsuits will become a powerful tool for consumers' rights, pointing to planned class action suits against a water company for water shortages and another against the President of the Campania Region for failure to resolve the region's waste emergency. The Italian industrialist's association, Confindustria, opposed the legislation, arguing it will threaten the competitiveness of Italian manufacturing. Some observers have warned this legislation may have unexpected consequences, but at this point it is too early to gauge its impact.

Conversion and Transfer Policies

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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 5,000 euro (USD7,500) 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

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The Italian constitution permits expropriation of private property for "public purposes," defined as essential services or indispensable for the national economy. In fact, compensation is guaranteed and must adequately compensate the proprietor for losses.

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 any GOI discrimination against U.S. investments, companies, or representatives in any specific sector of activity.

Dispute Settlement

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Italy's inefficient judicial system is frequently cited as a deterrent to foreign investors. Civil trials average seven years in length. U.S. investors in Italy can choose among different means of dispute resolution. The method chosen should be specifically set forth in a contract.

Though notoriously slow, the Italian legal system is consistent with 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 may engage in political partisanship. Italian courts accept and enforce foreign judgments only upon request.

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

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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.

The GOI offers incentives to encourage private sector investment in economically depressed regions, particularly southern Italy. (For more details, please visit the website: <http://www.investinitaly.com/>).

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 competition for investment, particularly as the enlargement of the EU to 27 members brought Italy into competition with low cost, low tax East European states. In addition, Germany's decision to cut its corporate tax rates by ten points made 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 finances by introducing compensatory measures. They include:

- setting new limits to the deductibility of interest;
- abolishing accelerated depreciation;
- revising the tax treatment of consolidated reporting; and
- increased enforcement of existing tax laws (cracking down on tax evasion).

Right to Private Ownership and Establishment

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

Protection of Property Rights

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Enforcement of Intellectual Property Rights (IPR) remains a serious problem in Italy. It does not meet standards of other developed Western European countries in IPR enforcement. Relatively few IPR cases are brought to trial, and judges are generally reluctant to sentence offenders to prison. The Customs Police actively seizes pirated and counterfeit goods along the border. Italy's national financial police force, the Guardia di Finanza, has grown more effective in IPR enforcement. However, many local governments do little to stop the sale of pirated and counterfeit goods by street vendors.

In April 2005, Italy enacted a new law empowering police to fine consumers of pirated and counterfeit items up to 10,000 euro.

In 2006, several municipalities, such as Florence, began to undertake aggressive publicity campaigns to alert Italians and foreign tourists of the new law.

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).

In 2000, the Italian Parliament enacted a long-awaited "anti-piracy" law, providing for higher criminal penalties, including prison sentences of up to four years, for copyright (IPR) violations. Largely because of the enactment of this law (thought to be among the best in the EU), Italy has since been removed from the U.S. Trade Representatives Special 301 IPR "Priority Watch List." Italy remains on the Special 301 Watch List, however, because of its continuing failure to enforce this and other IPR protection laws.

Copyrighted works sold in Italy generally must bear a sticker issued by SIAE, a royalty collection agency operating under authority from the Ministry of Culture. While the music and film industries are largely satisfied with the stickering system, software industry associations have complained the system remains overly burdensome and fails to provide adequate protection from piracy. In January 2001, the Italian government approved exemptions for software purchased for business use from the SIAE sticker requirement.

In 2005, Italy's Parliament passed legislation that some copyright industry associations believe weakens Italy's IPR legal framework. Italy's Internet piracy statute was revised to reduce criminal sanctions for on-line piracy conducted without a profit motive. While illegal file sharing technically remains a crime, only those who engage in piracy for monetary gain now face jail time, while all others face administrative fines only. In 2005, Parliament passed the "ex-Cirielli" law which shortened the period after which criminal cases pending trial are automatically dismissed. Separately, a broad amnesty was passed in 2006, which IP industries believe voided many sentences and criminal prosecutions against IPR pirates.

Transparency of Regulatory System

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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 and improve corporate governance and oversight. Italy also is subject to single market directives mandated by the EU, which are intended to harmonize regulatory regimes among EU countries.

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, and Jamaica.

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.

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

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Financial resources flow relatively freely in Italian financial markets and credit is allocated on market terms. Foreign participation in Italian capital markets is not restricted; foreign investors are able to get credit on local markets and have access to a variety of credit instruments. The Italian stock exchange ("Borsa Italiana") has fewer than 300 companies. In recent years, Borsa Italiana established two new segments of the market devoted to smaller companies: "STAR" and "Mercato Expandi," launched in 2001 and 2003, respectively. In 2007, the Borsa merged with the London Stock Exchange. There is some expectation that governance standards of the Milan market will improve as a result.

Financial services companies incorporated in another EU member state may offer investment services in Italy without establishing a local presence. U.S. and other firms based in non-EU member states may operate under authorization from Italian Companies and Stock Exchange Commission (CONSOB), the oversight authority for securities markets, corporate governance, and company audits.

Previously, Italian government bonds absorbed a large share of available domestic investment. This share has declined as interest rates on government bonds dropped during Italy's preparation for the EU economic and monetary union. Even with lower yields, Italian government bonds are considered a safe haven for domestic investors burned by defaults on Argentinean, as well as Parmalat and Cirio bonds.

Political Violence

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Political violence is a low threat to foreign investments in Italy.

Italy ratified the 1997 OECD Convention on Combating Bribery in September 2000. Italy has signed, but not ratified, the United Nations Convention Against Corruption, which was adopted in 2003 and came into force on December 14, 2005. Anecdotal evidence strongly suggests that corruption remains a serious problem, especially in southern Italy. For example, in the city of Taranto, corruption and the serious mismanagement of public funds resulted in the city's "bankruptcy," with 700 million euro of debt.

Transparency International's Corruption Perceptions Index 2007 ranked Italy the 41st least corrupt country in the world, up from its 2006 ranking of 45th. Italy is mentioned among the countries that have significantly improved their rating since the 2006 index. Nevertheless, it trails all West European states with the exception of Greece.

Corruption is punishable under Italian law. In January 2003, Italy enacted a law creating a High Commissioner to prevent and combat bribery within public administration. 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 September 2007, 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 Italy's largest "company" with sales of 90 billion euro, or seven percent of GDP. Organized crime is involved in racketeering, loan sharking, drug smuggling, and prostitution.

Researchers estimate Italy's underground economy may be equivalent to between 17 and 27 percent of GDP. A great deal of economic activity is kept "underground" to avoid taxation.

Bilateral Investment Agreements

As of December 2007, 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

2/22/2008

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

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The U.S. Overseas Private Investment Corporation (OPIC) does not operate in Italy. However, in March 2003, OPIC signed a Memorandum of Understanding with its Italian counterpart, SIMEST (Societa Italiana per le Imprese all'Estero), to expand cooperation, particularly on projects in third countries. Italy, through its Export Credit Agency, SACE, has signed a memorandum of understanding with the World Bank's Multilateral Investment Guarantee Agency (MIGA).

Labor

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Unemployment in Italy is moderate at 5.6 percent (third quarter 2007), below the average of 7.3 percent among euro zone countries (September 2007).

Italy's unemployment rate is currently at the lowest level since 1992. This reflects liberalized temporary labor regulations, legalization of some underground employment, and Italy's slight economic recovery. Traditional regional disparities remain unchanged, with the southern third of the country posting a 10.3 percent unemployment rate -- compared to 3.3 percent in northern and 4.7 percent in central Italy. Despite these differences, internal migration within Italy remains modest. Labor shortages in the North are often filled by unskilled and semi-skilled immigrants from Eastern Europe or North Africa.

Italy's labor force is fairly 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 educations do not earn substantially more than persons with upper secondary educations. Therefore, firms interested in investing in Italy may have difficulties finding highly specialized Italian employees.

There are legal obstacles to hiring and firing workers. Companies may bring in a non-EU employee only after the government-run employment office has certified that no qualified, unemployed Italian is available to fill the position.

Work visas are subject to annual quotas, although intra-company transfers are exempt from quota limitations. In recent years, the Italian labor market has become somewhat 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 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.

Foreign-Trade Zones/Free Ports

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There are two free trade zones in Italy, located in Trieste and Venice, both in the northeast. 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

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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 2006 totaled USD 29.9 billion (equal to 1.0 percent of GDP), well below its euro zone counterparts. Notably, inflows were exceeded by outflows - USD 34.1 billion in 2006.

Table 1: Italian Foreign Direct Investment Inflows by Economic Sector (Net) 2003-2006 (USD Millions) (1) (*)

| | 2003 | 2004 | 2005 | 2006 |
|-------------------------------|---------|---------|---------|---------|
| Agriculture | 108.5 | 234.8 | 511.8 | -662.1 |
| Energy | 1993.8 | 4463.3 | 10057.1 | 4104.3 |
| Industry | 5933.1 | 2016.2 | 6996.3 | 7549.0 |
| of which: | | | | |
| Machine | 2023.9 | 3690.7 | 1314.3 | 4871.9 |
| Chemical | 1066.8 | -3535.4 | 441.0 | 168.3 |
| Food | 2483.5 | 362.7 | 2388.8 | 1839.2 |
| Textiles | 353.4 | 513.0 | 544.1 | 810.3 |
| Mineral/Metal | 468.5 | 687.0 | 1315.5 | 143.2 |
| Other | -463.0 | 298.2 | 992.6 | -283.9 |
| Building and Public Works | 363.0 | 125.7 | 205.0 | 283.9 |
| Services | 6634.2 | 9576.4 | 925.5 | 18639.5 |
| of which: | | | | |
| Banking/Insurance | 2972.2 | 5749.1 | 1207.5 | 8810.3 |
| Trade | 410.4 | 36.0 | 653.4 | 3570.4 |
| Transportation/Communication | -412.6 | 516.8 | -1468.3 | 2027.6 |
| Other Services (Not For Sale) | 3664.4 | 3274.5 | 10532.9 | 4231.2 |
| T O T A L | 15031.9 | 16416.2 | 18695.7 | 29914.6 |

Table 2: Italian Direct Investment Outflows by Economic Sector (Net) 2003-2006
(USD Millions) (1) (*)

| | 2003 | 2004 | 2005 | 2006 |
|-------------------------------|---------|---------|---------|---------|
| Agriculture | 38.0 | 21.1 | 70.8 | 42.7 |
| Energy | 3450.7 | 5336.7 | 2675.8 | 3775.1 |
| Industry | 1332.9 | 7573.9 | 7629.8 | 13501.3 |
| of which: | | | | |
| Machine | -1393.3 | 4234.8 | 3684.5 | 9218.6 |
| Chemical | 721.2 | 1730.4 | 1730.4 | 2267.6 |
| Food | 295.2 | 151.6 | 206.2 | 623.1 |
| Textiles | 336.6 | 287.0 | 411.2 | 275.1 |
| Mineral/Metal | 274.0 | 246.0 | 600.0 | -224.9 |
| Other | 1099.2 | 924.1 | 997.5 | 1341.8 |
| Building And Public Works | 223.6 | 85.7 | 159.0 | -113.1 |
| Services | 1935.7 | 5037.3 | 7444.7 | 16881.9 |
| of which: | | | | |
| Banking/Insurance | 5492.6 | 2636.0 | 5164.6 | 10797.7 |
| Trade | 485.3 | 1060.9 | 923.0 | 1075.4 |
| Transportation/Communication | -8217.6 | -923.0 | 110.6 | 2069.1 |
| Other Services (Not For Sale) | 4175.4 | 2263.4 | 1264.6 | 2939.7 |
| T O T A L | 6980.9 | 18054.7 | 17980.1 | 34087.9 |

Table 3a: Stock of Foreign Direct Investment in Italy by Major Investors;
Year End 2003-2006 (USD Millions) (1)

| | 2003 | 2004 | 2005 | 2006 |
|----------------|-----------|-----------|-----------|-----------|
| United States | 19458.1 | 22448.3 | 21451.0 | 25826.1 |
| EU (3) | 114010.0 | 140651.5 | 145179.5 | 185773.4 |
| of which: | | | | |
| France | 21294.1 | 24608.6 | 25637.5 | 37040.8 |
| Netherlands | 26882.4 | 39009.4 | 40079.1 | 54304.3 |
| United Kingdom | 22266.6 | 26613.9 | 25434.5 | 30461.1 |
| Germany | 13797.2 | 14312.3 | 15309.3 | 11263.5 |
| Luxembourg | 18354.2 | 22336.5 | 24042.5 | 27911.7 |
| Sweden | 2967.5 | 3341.8 | 3034.2 | 3533.6 |
| Belgium | 2963.7 | 3335.1 | 1982.3 | 2353.1 |
| Spain | 1279.1 | 1941.0 | 4820.5 | 11764.2 |
| Other EU (4) | 4205.3 | 5286.9 | 4839.4 | 7141.0 |
| Switzerland | 18481.9 | 21872.7 | 20115.7 | 23446.6 |
| Liechtenstein | 1824.8 | 2105.9 | 1975.2 | 2330.7 |
| Japan | 2991.2 | 3595.2 | 3419.1 | 3967.1 |
| Argentina | 165.2 | 257.4 | 246.8 | 288.5 |
| Brazil | 78.8 | 128.7 | 184.2 | 320.2 |
| Other | 7806.0 | 9328.5 | 8747.3 | 10430.8 |
| T O T A L | 164,816.0 | 200,379.4 | 201,318.8 | 252,383.4 |

Table 3b: Stock Of Foreign Direct Investment In Italy by Major Investors;
Year End 2003-2006 (Percentage of Total)

| | 2003 | 2004 | 2005 | 2006 |
|----------------|-------|-------|-------|-------|
| United States | 11.8 | 11.2 | 10.7 | 10.2 |
| EU | 69.2 | 70.2 | 72.1 | 73.6 |
| France | 12.9 | 12.3 | 12.7 | 14.7 |
| Netherlands | 16.3 | 19.5 | 19.9 | 21.5 |
| United Kingdom | 13.5 | 13.3 | 12.6 | 12.1 |
| Germany | 8.4 | 7.1 | 7.6 | 4.5 |
| Luxembourg | 11.1 | 11.1 | 11.9 | 11.1 |
| Sweden | 1.8 | 1.7 | 1.5 | 1.4 |
| Belgium | 1.8 | 1.7 | 1.0 | 0.9 |
| Spain | 0.8 | 1.0 | 2.4 | 4.7 |
| Other EU (3) | 2.6 | 2.6 | 2.4 | 2.7 |
| Switzerland | 11.2 | 10.9 | 10.0 | 9.3 |
| Liechtenstein | 1.1 | 1.1 | 1.0 | 0.9 |
| Japan | 1.8 | 1.8 | 1.7 | 1.6 |
| Argentina | 0.1 | 0.1 | 0.1 | 0.1 |
| Brazil | 0.1 | 0.1 | 0.1 | 0.1 |
| Other | 4.8 | 4.6 | 4.3 | 4.2 |
| 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 2003-2006 (USD Millions) (2)

| | 2003 | 2004 | 2005 | 2006 |
|----------------|----------|----------|----------|----------|
| United States | 18420.5 | 18851.2 | 19617.5 | 26118.6 |
| EU | 150010.0 | 182521.4 | 178145.2 | 217375.5 |
| France | 20921.2 | 24344.5 | 23866.6 | 29574.4 |
| Netherlands | 48455.6 | 63268.1 | 65081.5 | 89822.1 |
| United Kingdom | 20270.3 | 24158.2 | 22617.5 | 24847.2 |
| Germany | 13065.1 | 15758.7 | 15004.7 | 18126.5 |
| Luxembourg | 21755.9 | 26363.3 | 25154.7 | 22632.4 |
| Sweden | 748.4 | 866.3 | 892.6 | 1087.0 |
| Belgium | 4569.5 | 5308.3 | 4944.5 | 6254.3 |
| Spain | 9871.1 | 10882.0 | 9866.6 | 12350.5 |
| Other EU (3) | 10352.9 | 11572.4 | 310716.6 | 12681.1 |
| Switzerland | 10954.9 | 10559.0 | 10007.1 | 11411.1 |
| Liechtenstein | 169.0 | 194.4 | 175.9 | 200.3 |
| Japan | 1137.7 | 1249.9 | 1164.1 | 1196.2 |
| Argentina | 2127.7 | 2178.3 | 2211.3 | 2308.3 |
| Brazil | 3473.1 | 3954.4 | 4935.1 | 5645.6 |
| Other | 22342.9 | 24901.6 | 26460.5 | 41685.1 |
| T O T A L | 208635.8 | 244410.2 | 243982.3 | 305940.7 |

Table 4b: Stock of Italian Direct Investment Abroad by Major Recipient;
Year End 2003-2006 (Percentage of Total)

| | 2003 | 2004 | 2005 | 2006 |
|----------------|-------|-------|-------|-------|
| United States | 8.8 | 7.7 | 8.0 | 8.5 |
| EU | 71.9 | 74.7 | 73.0 | 71.1 |
| of which: | | | | |
| France | 10.0 | 10.0 | 9.8 | 9.7 |
| Netherlands | 23.2 | 25.9 | 26.7 | 29.4 |
| United Kingdom | 9.7 | 9.9 | 9.3 | 8.1 |
| Germany | 6.3 | 6.4 | 6.1 | 5.9 |
| Luxembourg | 10.4 | 10.8 | 10.3 | 7.4 |
| Sweden | 0.4 | 0.4 | 0.4 | 0.4 |
| Belgium | 2.2 | 2.2 | 2.0 | 2.0 |
| Spain | 4.7 | 4.5 | 4.0 | 4.0 |
| Other EU (3) | 5.0 | 4.7 | 4.4 | 4.2 |
| Switzerland | 5.4 | 4.3 | 4.1 | 3.7 |
| Liechtenstein | 0.1 | 0.1 | 0.1 | 0.1 |
| Japan | 0.5 | 0.5 | 0.5 | 0.4 |
| Argentina | 1.0 | 0.9 | 0.9 | 0.8 |
| Brazil | 1.7 | 1.6 | 2.0 | 1.8 |
| Other | 10.6 | 10.2 | 11.4 | 13.6 |
| 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 2003-2006
(USD Millions) (2)

| | 2003 | 2004 | 2005 | 2006 |
|-------------------------------|---------|---------|---------|---------|
| Agriculture | 36.3 | 40.2 | 41.3 | 46.1 |
| Energy | 545.7 | 627.6 | 576.2 | 678.5 |
| Industry | 11812.3 | 13607.1 | 12958.7 | 15080.4 |
| of which: | | | | |
| Machine | 2635.8 | 2979.7 | 2792.2 | 3205.5 |
| Transportation Equipment | 782.2 | 902.5 | 830.0 | 971.0 |
| Chemical | 3162.7 | 3689.1 | 3447.5 | 4031.6 |
| Food | 1667.1 | 1920.3 | 2003.5 | 2321.5 |
| Textiles | 230.3 | 273.6 | 260.9 | 304.3 |
| Mineral/Metal | 395.5 | 451.9 | 433.3 | 502.0 |
| Other | 2938.7 | 3390.0 | 3191.3 | 3744.4 |
| Services | 7063.8 | 8173.4 | 7874.8 | 10021.1 |
| of which: | | | | |
| Trade | 853.6 | 987.0 | 933.9 | 1097.5 |
| Banking/Insurance | 3505.6 | 4008.2 | 3771.0 | 4789.2 |
| Transportation/Communication | 582.0 | 666.5 | 636.4 | 1055.3 |
| Other Services (Not For Sale) | 2122.7 | 2511.7 | 2533.5 | 3079.1 |
| T O T A L | 19458.1 | 22448.3 | 21451.0 | 25826.1 |

Table 5b: U.S. Investment in Italy by Economic Sector
 End-Year 2003-2006 (Percentage of Total)

| | 2003 | 2004 | 2005 | 2006 |
|-------------------------------|-------|-------|-------|-------|
| Agriculture | 0.2 | 0.2 | 0.2 | 0.2 |
| Energy | 2.8 | 2.8 | 2.7 | 2.6 |
| Industry | 60.7 | 60.6 | 60.4 | 58.4 |
| of which: | | | | |
| Machine | 13.6 | 13.3 | 13.0 | 12.4 |
| Transportation Equipment | 4.0 | 4.0 | 3.9 | 3.8 |
| Chemical | 16.3 | 16.4 | 16.1 | 15.6 |
| Food | 8.6 | 8.6 | 9.3 | 9.0 |
| Textiles | 1.2 | 1.2 | 1.2 | 1.2 |
| Minerals/Metals | 2.0 | 2.0 | 2.0 | 1.9 |
| Other | 15.0 | 15.1 | 14.9 | 14.5 |
| Other Services | 36.3 | 36.4 | 36.7 | 38.8 |
| of which: | | | | |
| Trade | 4.4 | 4.4 | 4.3 | 4.2 |
| Banking/Insurance | 18.0 | 17.9 | 17.6 | 18.5 |
| Transportation/Communication | 3.0 | 3.0 | 3.0 | 4.1 |
| Other Services (Not For Sale) | 10.9 | 11.1 | 11.8 | 12.0 |
| 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 2003-2006 (USD Millions) (2)

| | 2003 | 2004 | 2005 | 2006 |
|------------------------------|---------|---------|---------|---------|
| Agriculture | 51.3 | 52.3 | 62.6 | 71.1 |
| Energy | 1816.0 | 1831.8 | 1877.2 | 2075.1 |
| Industry | 7061.3 | 7254.8 | 7589.1 | 13080.4 |
| of which: | | | | |
| Machine | 2732.2 | 2777.2 | 2850.1 | 7910.4 |
| Transportation Equipment | 863.6 | 950.8 | 966.9 | 1001.3 |
| Chemical | 261.6 | 205.2 | 212.5 | 332.0 |
| Food | 264.1 | 273.6 | 289.3 | 304.3 |
| Textiles | 724.7 | 741.6 | 813.5 | 851.1 |
| Minerals/Metals | 1541.9 | 1589.1 | 1637.5 | 1724.6 |
| Other | 673.3 | 717.3 | 819.4 | 956.7 |
| Services | 9491.9 | 9719.6 | 10088.5 | 10892.0 |
| of which: | | | | |
| Trade | 1142.7 | 1177.4 | 1201.9 | 1241.1 |
| Banking/Insurance | 4434.3 | 4615.7 | 4796.9 | 5035.6 |
| Transportation/Communication | 274.1 | 232.0 | 242.0 | 278.0 |
| Other | 3640.8 | 3694.5 | 3847.7 | 4337.3 |
| T O T A L | 18420.5 | 18858.5 | 19617.5 | 26118.6 |

Table 6b: Italian Investment in the U.S. by Economic Sector --
 End-Year 2003-2006 (Percentage of Total)

| | 2003 | 2004 | 2005 | 2006 |
|------------------------------|-------|-------|-------|-------|
| Agriculture | 0.3 | 0.3 | 0.3 | 0.3 |
| Energy | 9.9 | 9.9 | 9.6 | 7.9 |
| Industry | 38.8 | 38.7 | 38.3 | 50.1 |
| of which: | | | | |
| Machine | 14.3 | 14.8 | 14.5 | 30.3 |
| Transportation Equipment | 4.5 | 4.7 | 4.9 | 3.8 |
| Chemical | 2.9 | 1.4 | 1.1 | 1.3 |
| Food | 1.4 | 1.4 | 1.5 | 1.2 |
| Textiles | 3.8 | 3.9 | 4.2 | 3.3 |
| Minerals/Metals | 8.3 | 8.4 | 8.3 | 6.6 |
| Other | 3.6 | 3.7 | 4.2 | 3.6 |
| Services | 51.0 | 51.5 | 51.4 | 41.7 |
| of which: | | | | |
| Trade | 4.0 | 6.2 | 6.1 | 4.8 |
| Transportation/Communication | 2.6 | 1.5 | 1.2 | 1.1 |
| Other | 20.4 | 19.7 | 19.6 | 16.5 |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 |

Table 7: Direct Investment by Origin and Destination End-Year 2006
(USD Millions) (4)

| | Foreign Investment in Italy | Italian Investment Abroad | Net Italian Position |
|----------------|--------------------------------|------------------------------|-------------------------|
| EU | 185773.4 | 217375.5 | 31602.1 |
| of which: | | | |
| France | 37040.8 | 29574.4 | -7466.4 |
| Netherlands | 54304.3 | 89822.1 | 35517.8 |
| United Kingdom | 30461.1 | 24847.2 | -5614.0 |
| Germany | 11263.5 | 18126.5 | 6863.0 |
| Luxembourg | 27911.7 | 22632.4 | -5279.3 |
| Sweden | 3533.6 | 1087.0 | -2446.6 |
| Belgium | 2353.1 | 6254.3 | 3901.2 |
| Spain | 11764.2 | 12350.5 | 586.3 |
| Other (3) | 7141.0 | 12681.2 | 5540.2 |
| Non-EU | 66610.0 | 88565.2 | 21955.2 |
| of which: | | | |
| USA | 25826.1 | 26118.6 | 292.5 |
| Switzerland | 23446.6 | 11411.1 | -12035.6 |
| Liechtenstein | 2330.7 | 200.3 | -2130.4 |
| Japan | 3967.1 | 1196.3 | -2770.8 |
| Canada | 940.7 | 1370.2 | 429.5 |
| Argentina | 288.5 | 2308.3 | 2019.8 |
| Brazil | 320.2 | 5645.6 | 5325.4 |
| Other | 9490.1 | 40314.9 | 30824.8 |
| T O T A L | 252383.4 | 305940.7 | 53557.3 |

(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:

| | 2003 | 2004 | 2005 | 2006 |
|-------------|-------|-------|-------|-------|
| Euro/Dollar | 0.894 | 0.805 | 0.805 | 0.796 |

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:

| | 2003 | 2004 | 2005 | 2006 |
|-------------|-------|-------|-------|-------|
| Euro/Dollar | 0.799 | 0.746 | 0.847 | 0.759 |

(3) Austria, Denmark, Finland, Portugal, Greece, Ireland (other EU 25 countries), plus Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia.

(4) Original data in euro and converted at the end-2006 exchange rate of one dollar = 0.759 euro.

Sources: Bank Of Italy Annual Report 2006.

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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American firms most frequently provide the Italian buyer with a price quote that includes packing costs, insurance, and freight (c.i.f. 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

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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

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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

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(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
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New York - Branch
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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. Sviluppo Italia S.p.A.

(The National Agency for enterprise and inward investment development).

Via Calabria 46

00187 Rome, Italy

Tel.: +39-06-421601

<http://www.sviluppoitalia.it/>

info@sviluppoitalia.it

Dr. Roberto Spingardi, 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 require 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.

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 2006, the EIB approved loans for projects worth EUR 53.3 billion, of which

around 14% 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

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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/cc/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

Sviluppo Italia S.p.A.

<http://www.sviluppoitalia.it/>

info@sviluppoitalia.it

Ministero dell'Economia e delle Finanze

(Ministry of the Economy and Finance)
www.tesoro.it
www.dt.tesoro.it
giovanni.sabatini@tesoro.it

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Chapter 8: Business Travel

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Business Customs

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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 inquiries 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

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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

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Every U.S. traveler must have a valid passport. No visa is required of U.S. citizens visiting Italy for less than three months, but one is required for longer stays. Under Italian law, tourists who plan to stay more than eight business days are required to obtain a permesso di soggiorno (permit of stay) within eight business days of their arrival. Tourists may request an application "kit" for the permesso di soggiorno from one of 14,000 national post offices (Poste Italiane). The kit must then be returned to one of 5,332 designated Post Office acceptance locations. Tourists will have to complete a form, provide a complete photocopy of their passport, present sufficient proof of their means of financial support, submit photographs, a photocopy of their insurance policy, photocopy proof of their return to the United States, and pay a fee. It is important that applicants keep a copy of the receipt issued by the Post Office. Failure to obtain the permit of stay within eight days is punishable by fine. Additional information may be obtained from an Italian immigration website via Internet at <http://www.portaleimmigrazione.it/>.

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.

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. 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>

Telecommunications

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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

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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

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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

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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 acceptable and sanitation is at American standards.

Local Time, Business Hours, and Holidays

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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 2008;

[American holidays (A) observed by the U.S. Embassy are also indicated]:

| | |
|---|--|
| January 1, Tuesday | New Year's Day (A&I) |
| January 6, Sunday* | Epiphany (I) |
| January 21, (3 rd Monday) | Martin Luther King's Birthday (A) |
| February 18, (3 rd Monday) | President's Day (A) |
| March 24, Monday | Easter Monday (I) |
| April 25, Friday | Anniversary of Liberation (I) |
| May 1, Thursday | Labor Day (A) |
| May 26, Last Monday | Memorial Day (A) |
| June 2, Monday* | Foundation of the Italian Republic (I) |
| July 4, Friday | Independence Day (A) |
| August 15, Friday | Assumption Day (I) |
| September 1, First Monday | Labor Day (A) |
| October 13, Second Monday | Columbus Day (A) |
| November 1, Saturday* | All Saints' Day (I) |
| November 11, Tuesday | Veterans' Day (A) |
| November 27, (4 th Thursday) | Thanksgiving Day (A) |
| December 8, Monday* | Feast of the Immaculate Conception (I) |
| December 25, Thursday | Christmas Day (A&I) |
| December 26, Friday | 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, 2007, Sunday | St. Ambrogio's Day |
| Florence: | June 24, 2007, Tuesday | St. John's Day |
| Rome: | June 29, 2007, Sunday | St. Peter and St. Paul's Day |
| Naples: | Sept. 19, 2007, Friday | St. Gennaro's Day |

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

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

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Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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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, Commercial Specialist
American Consulate Naples
Piazza della Repubblica
80122 Naples, Italy
Tel.: +39-081-583-8206
Fax: +39-081-761-1592
Email: Naples.Office.Box@mail.doc.gov

Alessandra Gola, Commercial Assistant
American Consulate Florence
Lungarno A. Vespucci 38 - 50123 Florence, Italy
Tel: +39 055 211 676 (Direct Line)
Tel: +39 055 266 95 230 (Main Switchboard Extension)
Fax: +39 055 283780

Embassy Web Site: <http://italy.usembassy.it>

Contacts for the Foreign Agricultural Service in U.S. Embassy Rome

<http://rome.usembassy.gov/agtrade>

Geoffrey W. Wiggin, 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: mearawr@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 Gesù 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?S
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
Web: www.federlegnoarredo.com

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 Trasformatori 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

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

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

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: redazionebni@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 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

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

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

Dewitt 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

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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

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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>

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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/>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.