



INVEST IN ITALY

MANY REASONS TO INVEST IN ITALY

A country that ranks among the world's top economies and markets

Italy is the **3rd largest economy of the Eurozone** with a GDP (PPP) of more than **2.2 trillion dollars** (IMF 2016). The domestic market offers many opportunities, with a population of more than **60 million** and a **per capita GDP (PPP) of 36,300 dollars** (IMF 2016).

Italian families continue to be among the least indebted in Europe: debt represents 89% of net disposable income of Italian households (in Europe only Slovenia has a lower rate) (OECD 2016).

Strategic logistic hub

Italy represents a **strategic gateway to 500 million consumers** across the European Union and to **270 million** in northern Africa and the Middle East, and is **the main thoroughfare linking southern Europe to central and eastern Europe**.

Transport networks include **6,900 km of motorways** (AISCAT 2016), **1,000 km of high-speed rail** with a top speed of over 300 km/h (190 mph), in addition to more than 200 km under construction (RFI 2016) and strategic **ports for maritime freight and transshipment** along the Italian coast and islands. **The customs clearance process is fully digitized:** all customs declarations are submitted electronically and examined in real time.

Key world player in manufacturing and international trade

Italy is the **2nd largest manufacturing economy in Europe and the 7th top world manufacturer** (Centro Studi Confindustria 2016).

Italian manufacturing **trade surplus is the 5th amongst G20 countries**, exclusive of energy and mining, with a value of **103.8 billion dollars in 2015** (WTO 2016). Italy holds leadership positions for trade surplus in 899 products out of 5,117 marketed goods (according to the most detailed breakdown of world trade by industry): **1st in 353 products, 2nd in 227 products and 3rd in 319 products** (Fondazione Symbola 2017).

Proven global competitiveness in machinery and "Made in Italy" sectors

Investing in Italy means having access to unique **export knowhow in leading sectors**, such as **machinery and automation, fashion, design and food**.

Companies investing in Italy can also rely on extensive **networks of SMEs and many industrial clusters** throughout the country, able to supply **high-quality intermediate products** specifically tailored to meet customers' needs.

Since the middle class will increase in the future, global **demand for "Made in Italy" goods is expected to grow** in the coming years, with the attendant increase in tourist arrivals.

Competitive and skilled workforce

The cost of labour in Italy is below the Eurozone average. On an hourly basis, labour cost in Italy is about 26% lower than in France and about 22% lower than in Germany (Eurostat 2017).

19 Italian universities are ranked in the top 500 academic institutions in the world (Academic Ranking of World Universities 2016), with **about 300,000 graduates per year overall**.

Excellence in R&D and innovation

Research and innovation are widely integrated into industrial processes with a long tradition of excellence in many fields of life sciences (e.g. neurosciences), physics and engineering (e.g. robotics), and social sciences and humanities (e.g. high-tech archaeology).

Italian researchers, internationally recognized as highly productive in terms of articles and citations, **actively participate and/or lead R&D European networks**, such as the CERN physics laboratory, and top level research infrastructures of transnational interest in sectors such as aerospace, earth observation, system biology, nanobiotechnology, marine and maritime research in the Mediterranean area and beyond.

Italy ranks 8th overall for scientific publications (more than 1,200,000 in the period 1996-2014). The average of quotations is aligned to that of France and Germany, notably in the field of engineering and medicine (MIUR 2015).

Unparalleled quality of life and cultural offer

Italian cities are overflowing with ancient monuments and treasures, and this - combined with its world-famous art, culture, music, food and quality goods - gives Italy an **unparalleled quality of life**, which is the envy of the world. Italy is ranked **1st worldwide for UNESCO World Heritage** (51 sites as of end 2016).

As a result, **international tourist arrivals to Italy are more than 50 million annually**, placing Italy **5th among the world's top destinations** (Untwo 2017).

As the **3rd top global country brand** relating to 'experience' (Country Brand Index 2014), Italy inspires passion and interest over its heritage & culture, tourism and 'Made in Italy' goods. The 'Made in Italy' factor makes every brand unique and attractive.

First in the world for photovoltaics

Italy is the **global leader for its photovoltaic contribution into the national electricity mix (8% in 2015)**, ahead of Greece (7.4%), and Germany (7.1%), as well as countries like Japan (below 4%) and the USA (less than 1%).

Italy is first among the large EU countries for share of renewable energy in gross domestic consumption (17.1%) - this figure has almost tripled in the 2004-2014 decade, starting from 6.3% - followed by Spain (16.2%), France (14.3%), Germany (13.8%) and the UK (7%) (Fondazione Symbola 2017).

Someone already noticed

According to the FDI Confidence Index, **Italy ranks 13th overall in 2017**, up from 16th in 2016. Italy's improvement this year was influenced by the **several reforms enacted in 2015 and 2016 to facilitate investments**, including those to streamline labour policies and make starting-a-business easier (A.T. Kearney 2017).

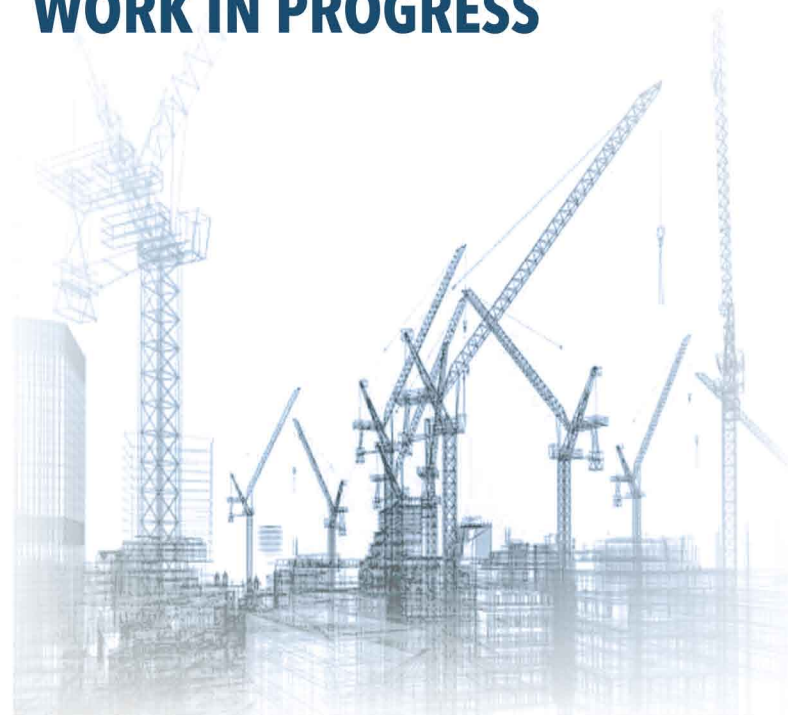
The Global Attractiveness Index 2016 maps 144 economies from all over the world: **Italy ranks 14th overall**, with **high dynamism and high sustainability of position** (The European House - Ambrosetti).

The Italian Association of Foreign Banks Index, measuring **Italy's attractiveness** on data gathered from foreign managers and institutional investors, **raised from 33.2 in 2014 to 47.8 today**. In 2015, **mergers-and-acquisitions in Italy reached the highest level** since 2007 (KPMG Report).





ITALY, THE PLACE FOR NEW AMBITIONS. WORK IN PROGRESS



Labour market: simpler, more stable, more flexible

A new employment contract with increasing protection depending upon employee seniority. **Standard compensation** in case of lay-offs with caps set by law. **Tax incentives** for performance-linked salaries. Streamlined unemployment benefits. **Significant reduction in the tax wedge.**

Civil justice: smoother and faster

Faster debt restructuring, bankruptcy and liquidation proceedings. Procedures for interim financing of insolvent business can now be implemented more quickly.

Faster dispute resolution through digitalized civil and administrative proceedings, dissemination of best practices, specialized business courts, incentives for out-of-court settlement.

New rules and tax breaks on foreclosure and credit recovery.

Tax administration: easier and predictable

New measures provide law certainty and predictability to investors. Abuse of law has been codified, with a defined scope of application. **Distinction between criminal and civil law liabilities** has been clarified. Post BEPS, arbitration on international tax disputes soon to be introduced in Italy's treaty network. **Cooperative compliance and advance tax agreements** have been introduced and enhanced, and are operational. An **Advance Tax Ruling on new investments** has been introduced to provide certainty in the determination of fiscal burden for big investors (willing to realize in Italy long-lasting and relevant investments). **New transfer pricing rules** fully aligned with international standards.

Individual taxation, tailored to attract human capital

No property tax on main dwellings.

Hefty tax breaks for qualified staff moving to Italy: 4-years tax exemption on 90% of remuneration for professors and researchers. 5-years tax exemption on 50% of remuneration for managers and professionals. 15-years substitute tax of 100,000 Euro on all foreign source income. Full tax exemption for long-term investments. Carried interest taxed as capital gain.

Corporate taxation: lighter, pro-R&D and innovation, and pro-growth

Reduced tax wedge on labour and business: permanent tax breaks amounting to 960 Euro per year per employee, since 2015; corporate tax rate reduced from 27.5% to 24.0%, starting from 2017.

Boosted investments: tax benefits for capital increase (ACE); 140% **super-depreciation for investments in new capital goods**; reforms and 1 billion Euro refinancing of Public Guarantee Fund for SME financing; **1 billion Euro support for large scale investments** (Development Contract).

Fostered innovation: 250% hyper-depreciation for high-tech machinery and equipment; 50% R&D tax credit; incentives for innovative SMEs and startups.

Patent box Regime

The Patent Box Regime aims to **improve development and exploitation of intellectual property (IP)**. This incentive entails an optional **partial tax exemption (up to 50%) from corporate tax** for income deriving from qualifying IP. The benefit is granted to taxpayers carrying out research and development activities related to IP.

Business Visa policy and new legal instruments for attracting foreign investors in Italy

Business Visa issued in 72 hours by the Italian diplomatic and consular net abroad; **Startup Visa**, a way to promote investments in Italy of creative and innovative entrepreneurs interested in our market; **Investor Visa**, an upcoming instrument to allow foreign entrepreneurs to reside and invest in Italy.

"Industria 4.0" national plan, 2017-2020 strategic measures

Innovative investments: stimulate private investments in I4.0 technology drivers; increase private expenditure in **research & development & innovation**; expand **open innovation relationships** between mature companies and high-tech startups.

Skills: spread the I4.0 culture through programs such as "Scuola Digitale" (to spread IT knowledge through the school system) and "Alternanza Scuola Lavoro" (to promote on-the-job learning); **develop I4.0 skills through vocational training**, strengthening "Istituti Tecnici Superiori" (Italian vocational schools); finance the **I4.0 Technological Clusters and Industrial PhDs**; create **Competence Centers and Digital Innovation Hubs**.

FDIs, a new priority for economic diplomacy

A stronger network for FDIs: 126 Embassies, 80 Consulates, 79 Italian Trade Agency (ITA) Offices, **9 FDI-Desks** of ITA (in **Istanbul, London, New York, Singapore, Tokyo, Dubai, San Francisco, Beijing** and **Hong Kong**).

9 FDI-Desks with a common goal: intercepting the economic players with the most promising investment intentions towards Italy, identifying their business needs and supporting them during the entire life cycle of the investment, with an emphasis on the early stages of the process.

Dedicated framework for international investors

FDI attraction is among the priorities of the Italian Government, that are discussed within the **Steering Committee for Italy's Internationalisation** ("Cabina di Regia per l'Italia internazionale"), a coordination and control centre for Italy's internationalisation policies. **The inter-ministerial Committee for FDI attraction facilitates large investment projects** and continuously works to simplify bureaucracy and legislation. **Dedicated structures and offices for FDI have been created within interested Ministries** and at regional and local levels.