



# 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 **2.4 trillion dollars** (IMF 2018). The domestic market offers many opportunities, with a population of more than **60 million** and a **per capita GDP (PPP) of 36,000 USD** (IMF 2018).

**Italian families continue to be among the least indebted in Europe:** debt represents 76.4% of net disposable income of Italian households, a far lower rate than the majority of European Countries (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 (150 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 2017). Italian manufacturing **trade surplus is the 5th amongst G20 countries** (Symbola 2018), excluding energy and mining, with a value of 99.1 billion USD (2016). We rank first, second or third for competitiveness in foreign trade in 8 macro-sectors out of 14, second only to Germany (9) and before China (5) (Symbola 2018).

## 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 related increase in tourist arrivals.

## Excellence in R&D and innovation

**32 Italian universities** are ranked in the top 500 world universities (The World University Rankings 2018), with **about 300,000 graduates per year overall**.

**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, Nano biotechnology, marine and maritime research in the Mediterranean area and beyond.

**Italy ranks 8th overall for scientific publications** (more than 1.5 million in the period 1996-2017). Our Country is the fifth worldwide for the **"impact factor" of its scientific publications**. The average of quotations is aligned to that of France and Germany, notably in the field of aerospace engineering and medicine (SJR 2018).

## 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**. Italy is the healthiest Country on earth (Bloomberg

2017) and is ranked **1st worldwide for UNESCO World Heritage** (54 sites in 2018).

As a result, **international tourist arrivals to Italy are around 50 million annually**, placing Italy **5th among the world's top destinations** (UNWTO 2018).

## Italy: greener than ever

Italy is the **global leader for photovoltaic contribution in the national electricity mix (8% in 2015)**, ahead of Germany (7.1%), Japan (below 4%) and the USA (less than 1%). **It 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%) (Symbola 2017).

Italy has one of the "greenest" manufacturing system: **Made in Italy products use less energy** than EU's big Four (13.7 million tonnes of oil per € million produced); when it comes to using **raw materials Italy ranks 2nd** behind the UK. **Agriculture ranks 1st** among the major EU Countries in terms of reduction of CO2 emissions. Green jobs in Italy total 3 million, 13.1% of jobs (Symbola 2018).

## Someone already noticed

According to the FDI Confidence Index, **Italy ranks 10th overall in 2018**, up from 13th in 2017 and 16th in 2016. This improvement was influenced by the **several reforms enacted in 2015-2017 to facilitate investments**, including those to streamline labour policies and make starting-a-business easier (A.T. Kearney 2018). **The Global Attractiveness Index 2017** maps 144 economies from all over the world: **Italy ranks 16th overall** (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 43,3 in 2018**.

In 2016, **mergers-and-acquisitions in Italy reached the highest level** since 2008, up to 58 billion USD (KPMG 2017).





## ITALY, THE PLACE FOR NEW AMBITIONS WORK IN PROGRESS



### Labour market: simpler, more stable, and more flexible

A comprehensive set of measures was introduced to increase flexibility and implement, among other things, **active labour market schemes** to better match work demand and supply.

### Civil justice: smoother and faster

**Faster debt restructuring, bankruptcy and liquidation proceedings.** Interim financing of insolvent business procedures, 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. The tax authority, in compliance with the principles of due process and simplification, went through a radical change in the way it interacts with taxpayers. **Cooperative compliance** and advance tax agreements have been introduced, making rules more predictable and reducing the risk of litigation. 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); 130% **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**, a brand new tool 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 ITA FDI-Desks** (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 Internationalization** (“Cabina di Regia per l’Italia internazionale”), a coordination and control centre for Italy’s international promotion 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.

### Invest in Friuli Venezia Giulia

**Agenzia Investimenti FVG** is the regional office, which promotes the attractiveness of the local economic context, giving comprehensive **information to businesses and investors** about facilitating measures, existing funding and the many settlement possibilities offered by **Friuli Venezia Giulia**. The Agency guides the companies through the first contacts with the **network of regional expertise** and supports the evaluation of possible investments, providing customized and timely communication. It also favours the **setting up of new enterprises in the region**, through the search for investors and the promotion of investment opportunities.