



Doing Business in Italy:

2016 Country Commercial Guide for U.S. Companies

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Doing Business in Italy

Market Overview

- Italy is the world's 8th largest economy with a GDP of 1.6 trillion euro in 2015. Although Italy emerged from recession in the first quarter of 2015, Italian GDP remains well below its pre-crisis peak. Italy's GDP grew by 0.8% in 2015. Analysts predict that the Italian economy will see modest growth in 2016.
- In 2015 Italy was the 21st largest market for U.S. exports, which totaled approximately USD 17 billion, and the 6th largest export market in the EU, following the UK, Germany, Netherlands, Belgium and France.
- U.S. exports to Italy are increasing steadily and are concentrated in high-value sectors such as transportation machinery (12%), pharmaceuticals (11%) and electrical machinery (8%).
- In 2015, the United States was Italy's third largest destination for exports (\$39.4 billion), following Germany and France. The U.S. is Italy's 8th largest supplier.
- Based in part on structural reforms by the Italian Government, the Italian economy is beginning to move into a solid recovery after its longest recession in recent memory and there appears to be political momentum for improvements to Italy's investment climate.
- Italy's cumulative inward FDI investment equaled 17% of GDP, well below the EU average of 49%, in 2014. U.S. direct investment in Italy totaled USD 26.7 billion in 2014, ranking Italy 8th in Europe and less than half of U.S. investment in France and one-fourth the size of U.S. FDI in Germany. U.S. investment in Italy is concentrated in manufacturing, computer services and software, and energy, with significant industrial relationships in the aerospace and automotive sectors.
- The United States remained Italy's largest non-EU export market and was also Italy's fastest-growing export market in 2015.
- In 2014 Italian foreign direct investment in the U.S. totaled \$28.8 billion, supporting 130,900 U.S. jobs. Top industry sectors for Italian FDI include industrial machinery, automotive components, metals, software and IT services, communications and consumer products.
- Italy has a population of approximately 61 million. Industrial activity is concentrated in the north from Turin in the west through Milan to Venice in the east. This is one of the most industrialized and prosperous areas in Europe and accounts for more than 50% of Italy's national income. By contrast, Italy's southern region, or "Mezzogiorno" is less developed.
- The Italian economy is driven in large part by the manufacture of high-quality consumer goods produced by small and medium-sized enterprises, many of them family owned.
- Italy's current government formed in February 2014 when now 41-year old Florence mayor and Democratic Party (PD) leader Matteo Renzi replaced Enrico Letta as Prime Minister. Renzi's center left PD dominates his governing coalition, which includes the center-right "Popular Area" and the Civic Choice party.
- Renzi's government has ambitiously sought to increase Italy's growth potential through labor market, public administration, justice, and education reform, and by streamlining Italy's political institutions. As the Renzi government implements new reforms, opportunities for U.S. companies are likely to arise in many sectors.
- The Transatlantic Trade and Investment Partnership (T-TIP) with the EU is an ambitious and comprehensive trade and investment agreement that will promote transatlantic international competitiveness, jobs and growth. Negotiations are ongoing as of summer 2016, and both sides are eyeing the end of the year for concluding the negotiations.

Market Challenges

- Italy's growth lags below the EU average although domestic consumption appears to be rebounding. The Italian GDP grew marginally in 2015 and unemployment remains above EU averages.
- Italy is a mature and sophisticated market. U.S. entrants face strong competition from local and other EU companies in all market segments.
- Italy's regulatory environment is complex and at times 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 may go beyond the basic EU requirements.
- Small and medium-sized firms (SMEs) dominate Italy's economy, many of which are family-owned, comprising 99% of Italian businesses and producing 68% of Italy's GDP.
- Italy's SME sector has a higher proportion of firms employing fewer than ten people than the EU average. These companies contribute nearly half of total employment and one-third of value to the economy.

Market Opportunities

- U.S. firms enjoy opportunities in sectors where:
 - new regulations or programs (often imposed or initiated at the EU level) are creating demand;
 - new products/services with little or no domestic competition;
 - U.S. products offer clear technological, design, or price advantages.
- Best prospects for U.S. exports include: Airport and Ground Support Equipment, Alternative Fuel Vehicles, Biotechnology, Cosmetics and Toiletries, Cybersecurity, Medical Devices and Technologies, Pet Products, Renewable Energy Equipment, Safety and Security, Smart Grid technology and Travel and Tourism.
- Key U.S. exports in Italy include pharmaceutical products, industrial machinery and machine tools, electrical appliances, automobiles and auto parts, food and wine, tourism services, as well as textiles/fashion.
- Pharmaceuticals ranks first among manufacturing sectors for U.S. investments. In 2015 U.S. biopharmaceutical companies had an annual turnover of 6 billion euro (20% of the total industry).
- Italy hosts major trade shows that attract buyers from throughout Europe and beyond. The Commercial Service offers on-site support for U.S. exporters at most of the major international shows, or by request. Key trade shows taking place in Italy in 2016-2017 include Cosmoprof Bologna, European Utility Week, EICMA, Showcase USA-Italy and Zoomark.
- In 2015, U.S. agricultural, fish, and forestry exports to Italy were \$1.3 billion, whereas, U.S. imports from Italy reached \$4.2 billion. The United States exports bulk and intermediary products to Italy, namely wheat, soybeans, hides and skins, hardwood lumber and planting seeds. Many of the US products are inputs for value added Italian products like cured meats and cheeses, pasta, shoes, and furniture, which are then shipped to the United States.

Market Entry Strategy

- The cultivation and maintenance of personal relationships are a vital part of doing business in Italy. Finding the right Italian agent, distributor, or business partner is therefore essential to enter the Italian market. It is usually not effective to rely on agents or distributors in neighboring markets, despite the existence of the EU common market.

- The ideal candidate should already have a network of relationships that will open doors in the market and solid understanding of local business practices and regulations. For technical products, the potential partner should have the ability to provide Italian customers with after-sales service. Patience is essential as it may take two to three times longer than expected to establish a business.
- E-Commerce remains less developed in Italy due to factors such as a high level of credit card fraud, lack of trust in the postal system, limited broadband connectivity, and the traditionally less favorable return practices of Italian merchants. However, Italians do use the Internet extensively for social networking and information.
- The U.S. Commercial Service helps U.S. firms connect with key individuals and organizations through customized solutions including one-to-one meetings, company promotion events targeting customers and partners, market insights and advice, and participation in U.S. Pavilions at leading trade exhibitions. We offer regional customized solutions throughout Europe as well as country-specific programs.

Political and Economic Environment

Political Environment

Visit the U.S. State Department's website for background on Italy's political environment:

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

Selling US Products & Services

Using an Agent to Sell US Products and Services

Finding the right Italian agent, distributor, or business partner is essential to enter the Italian market. It is usually not effective to rely on agents or distributors in neighboring countries as an in-depth knowledge of the Italian market is necessary.

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with 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. 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. It also establishes the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that according to the Directive, parties may not derogate from 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 "vertical agreements." U.S. small- and medium-sized companies (SMEs) are often exempt from these regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of impacting 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. The EU has additionally indicated that agreements that affect less than 10 percent of a particular market are generally exempted (Commission Notice 2014/C 291/01).

Key Link:

http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2014.291.01.0001.01.ENG

The EU also looks to combat payment delays. Directive 2011/7/EU 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. Directive 2011/7/EU entitles a seller who does not receive payment for goods and/or services within 30 days of the payment deadline to collect interest (at a rate of eight percent above the European Central Bank rate) as well as 40 Euro as compensation for recovery of costs. For business-to-business transactions a 60-day period may be negotiated subject to conditions. 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://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:048:0001:0010:EN:PDF>

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. In addition, SOLVIT, a network of national centers, offers online assistance to citizens and businesses who encounter problems with transactions within the borders of the single market.

Key Links:

<http://www.ombudsman.europa.eu/home/en/default.htm>

http://ec.europa.eu/solvit/site/about/index_en.htm

Establishing an Office

To incorporate or register a new firm in Italy, applicants must execute a public deed of incorporation and company bylaws before a public notary and pay registration tax. It is necessary to register the company with the Social Security Administration (INPS) and receive a tax identification number and VAT number. The applicant will also want to register with the Accident Insurance Office (INAIL) and notify the competent Labor Office (DPLMO). The time to start a business in Italy typically takes much longer than in other European Union countries and particularly longer than in the U.S.

For more information please visit: <http://www.doingbusiness.org/data/exploreeconomies/italy/starting-a-business/>

Franchising

U.S. businesses looking to franchise within the European Union will likely find that the market is quite robust and friendly to franchise systems in general. There are a number of laws that govern the operation of franchises within the EU, but these laws are fairly broad and generally do not constrain the competitive position of U.S. businesses. The potential franchiser should take care to look not only at the EU regulations, but also at the local laws concerning franchising. More information on specific legislation can be found on the website of the European Franchise Federation: <http://www.eff-franchise.com/spip.php?rubrique21>

With a volume of €23,221 million in 2014, Italy is the fourth largest market for franchises in Europe, after France, Germany, and Spain. In 2014, the number of Italian franchises reached 49,773, the number of retail franchise stores increased to 7,355, and the number of franchisors grew by 14.5%. With its unique culture and ingrained entrepreneurial spirit, the Italian market presents both complex and interesting opportunities for franchising ventures. This means that potential franchisors must have the ability to adapt their franchise concept and have a strong organizational structure. Franchising is playing a significant role in the Italian market, proving to be one of the few sectors of the economy with a positive growth trend and considerable gains in profits (with a turnover of 4.2% in 2014) and employment, which since 2008 has grown by 4%. The number of employees in the franchising sector totals 186,507.

In 2014, 941 franchising networks were recorded in Italy, of which 845 were Italian and 96 foreign (master and regular franchisees were respectively 67 and 29). Northern Italy has a concentration of

more than half (57%) of the active networks, primarily found in city centers, commercial districts and shopping malls. However, active networks are rapidly expanding also in central and southern Italy. The average sales volume for a franchisor is around 24 million euros, whereas the franchisees' average initial investment varies from 50 to 150 thousand euros. Furthermore, between 2008 and 2014 the number of women willing to open a franchise store increased by 20%.

In the context of the Italian franchising landscape, industrial franchising, which involves the transfer of industrial production to the franchisee, is more complex than distribution or service agreements as they require the use and licensing of trademarks, patents, technical and commercial know-how, and significant capital outlay. For these reasons, industrial franchising arrangements are less popular in Italy as the distribution (consumer products, clothing and food) and services (real estate, hotel chains, personal and senior care) franchises. During the first four months of 2016, 30 new franchise stores have opened in the food sector (+3% in 2015) and fashion (+2.5% in 2015). In 2014, the food segment registered revenue of more than 7 billion euros, representing 31% of the annual franchising turnover. Moreover, due to its adaptability, flexibility and low initial financial investment, the service sub-sector has grown quickly over the last few years. In 2014, the amount of active networks in the service sector reached 487. Growing demand in the service segment along with increased interest in self-employment is likely to foster new franchising opportunities.

During the past two years, more and more franchises have opened in airports and train stations in addition to their traditional presence in malls, department stores and main streets. Traditionally, new franchise concepts have launched in large cities, such as Rome and Milan. Nevertheless, the creation of franchising business opportunities has also been successful in smaller cities. This trend is mainly due to the presence of a relatively large middle class with strong demand for new and sophisticated goods and services.

U.S. companies ranked in first place among foreign firms and the U.S. is a leader in the franchising market. U.S. food, beverage, and restaurants formulas and large hotel chains appeal to local businesses which are highly receptive to U.S. franchise concepts and enthusiastic to be identified with well-known American brands. The main factors determining successful market penetration are brand name recognition, strong promotion, competitive prices, and product quality. Other important considerations are promotion in mass market events, newspapers, radio and TV advertising.

Despite a number of market opportunities, U.S. firms interested in entering the Italian market should also be aware of the challenges for new entrants. We recommend that American companies do the following: conduct extensive market research; commit to building a sound, long-term business plan and allow enough flexibility to adjust their business model to accommodate differences in the Italian market; have a legally bound franchise agreement, detailed operations manual, good training program, and relevant support system in place; have a well-defined master licensee candidate profile to aid the search process; and work out a development schedule realistic to the master licensee.

Legislative Framework: In 2004 Italy enacted a general law on franchising and an implementing regulation in 2005. The relevant laws are: Act No. 129 of 6 May 2004 (the Franchising Act), Ministerial Decree No. 204 of 2 September 2005 (the Franchising Regulation), Act no. 287 of 10 October 1990 (the Italian Antitrust Law), Commission Regulation No. 330/2010 (EU Block Exemption Regulation on vertical restraints), and Act. No. 192 of 18 June 1998 (the Anti-Economic Abuse Law).

Most important communication platforms:

- AZFranchising: Magazine and communication agency that promotes growth of enterprises through development of franchising networks, providing industrial and operative know-how. www.azfranchising.com.
- Beesness: Quarterly magazine focused on franchising, retail and entrepreneurship for young entrepreneurs, professionals and businessmen. www.beesness.it.
- BeTheBoss.it: Franchising search engine to help find the best franchising opportunities in Italy by industry, investment, territory or company name. www.betheboss.it.
- Millionaire: Magazine and web platform dedicated to new business trends and franchising. www.millionaire.it and www.franchisingicity.it

Most important trade shows and events:

- Franchising Nord - May 28-29, 2016: B2B matchmaking event between franchisors and franchisees in a variety of industry sectors. www.fieradelfranchising.it.
- Salone Franchising Milano - Nov. 3-5, 2016: trade show focused on retail, franchising and e-commerce. www.salonefranchisingmilano.com/en.
- Bologna Licensing Trade Fair - April 3-April 6, 2017: trade fair dedicated to the business of subsidiary rights for companies and professionals dealing in the licensing business. www.bolognalicensing.com/nqcontent.cfm?a_id=923.
- Franchising & Retail Expo - April 2017: international franchising and retail show promoted by Assofranchising in partnership with Bologna Fiere SpA and Confcommercio. www.franchisingretailexpo.com/en/home/4651.html

Most important associations, organizations:

- Assofranchising: the Italian Franchising Association, member of EFF and WFC. www.assofranchising.it/en.
- Confimprese: the Italian Association of Retailers and Franchise Networks. www.confimprese.it.
- FIF: the Italian Franchising Federation. www.fif-franchising.it.

For more information on franchising opportunities in Italy please contact Commercial Specialist Elisa Martucci: Elisa.Martucci@trade.gov or +39 06 4674 2252.

Direct Marketing

The Italian data protection authority (DPA) “Il Garante della Privacy” oversees direct marketing in Italy, which has stricter rules than many other countries. Promotional offers often require the prior consent of the recipient in writing, with a clear way to opt out. Likewise, prior consent is required for profiling purposes or to transfer personal data to third parties. The DPA grants an exception for companies sending promotional emails to customers who have purchased similar goods or services.

According to the DPA's guidelines, even if personal data is available on the Internet, companies may not send automated promotional messages. Companies and firms may send promotional messages to their followers on social media as long as their followers have given consent to receiving promotional messages.

The EU has yet to adopt legislation harmonizing the direct-selling of consumer products. However, 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. In addition, it is important for exporters relying on a direct-selling business model to ensure they comply with member state requirements.

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 Data Privacy section above.

Distance Selling Rules

In 2011, the EU overhauled its consumer protection legislation and merged several existing rules into a single rulebook - "the Consumer Rights Directive". The provisions of this Directive have been in force since June 13, 2014. The Directive contains provisions on core information to be provided by traders prior to the conclusion of consumer contracts. It also regulates the right of withdrawal, includes rules on the costs for the use of means of payment and bans pre-ticked boxes.

Alternative Dispute Resolution

In 2013, the EU adopted rules on Alternative Dispute Resolution which provide consumers the right to turn to quality alternative dispute resolution entities for all types of contractual disputes including purchases made online or offline, domestically or across borders. A specific Online Dispute Resolution Regulation, operational in January 2016, sets up an EU-wide online platform to handle consumer disputes that arise from online transactions.

New Legislation

In December 2015 the European Commission released a package of two draft Directives, respectively on "contracts for the supply of digital content" and another on "contracts for the online and other distance sales of goods." This package addresses the legal fragmentation and lack of clear contractual rights for faulty digital content and distance selling across the EU. The package only addresses B2C contracts, although its scope uses a very broad definition of both digital content (including music, movies, apps, games, films, social media, cloud storage services, broadcasts of sport events, visual modelling files for 3D printing) and distance selling goods so as to cover Internet of Things (such as connected households appliances and toys). It also applies to transactions whether in the context of a monetary transaction or in exchange of (personal) consumer data. Healthcare, gambling and financial services are excluded. The

package is currently under scrutiny at both the European Parliament and Council. Its adoption is expected the first half of 2017.

Key Links:

Consumer Affairs Homepage:

http://ec.europa.eu/consumers/index_en.htm

Consumer Rights:

http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/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 amended three prior existing Directives and is designed to ensure that consumers are appropriately protected with 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://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

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 clear and easily accessible. 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). The European Commission has performed a stakeholder's consultation and is currently assessing the opportunity to propose a revision of the e-commerce Directive.

Joint Ventures/Licensing

For information on this topic please consult the Commerce Department's Country Commercial Guides on EU Member States: <http://export.gov/ccg/>

Selling to the Government

Government procurement in Europe is governed by both international obligations under the WTO Government Procurement Agreement (GPA) and EU-wide legislation under the EU Public Procurement Directives. U.S.-based companies are allowed to bid on public tenders covered by the GPA, while European subsidiaries of U.S. companies may bid on all public procurement contracts covered by the EU Directives in the European Union.

The EU directives on public procurement have recently been revised and new legislation on concession has also been adopted. Member States were required to transpose the provisions of the new directives by April 16, 2016. The four relevant legislations are:

- [Directive 2014/24/EU](#) (replacing Directive 2004/18/EC) on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts applies to the general sector;
- [Directive 2014/25/EU](#) (replacing Directive 2004/17/EC) coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors;
- [Directive 2009/81/EC on defense and sensitive security procurement](#). This Directive sets Community rules for the procurement of arms, munitions and war material (plus related works and services) for defense purposes, but also for the procurement of sensitive supplies, works and services for non-military security purposes;
- [Directive 2014/23/EU](#) on the award of concession contracts. A concession contract (either for the delivery of works or services) is conducted between a public authority and a private enterprise that gives the right to the company to build infrastructure and operate businesses that would normally fall within the jurisdiction of the public authority (e.g. highways).

The EU has three remedy directives imposing common standards for all Member States to abide by in case bidders identify discriminatory public procurement practices.

Electronic versions of the procurement documentation must be available through an internet URL immediately on publication of the Official Journal of the European Union (OJEU) contract notice. Full electronic communication (with some exceptions) will become mandatory for public contracts 4.5 years after the Public Contracts Directive 2014/24 comes into force (i.e. October 2018). For central purchasing bodies, the deadline is three years (April 2017).

Electronic invoicing (e-invoicing) will be introduced from the 3rd quarter of 2018, based on the requirement set forth in [Directive 2014/55/EU](#). The Directive makes the receipt and processing of electronic invoices in public procurement obligatory. Standards for e-invoicing are being developed by the European Committee for Standardisation (CEN).

There are restrictions for U.S. suppliers in the EU utilities sector, both in the EU Utilities Directive and in EU coverage of the GPA. Article 85 of Directive 2014/25 allows EU contracting authorities to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50 percent or give preference to the EU bid if prices are equivalent (meaning within a three percent margin). Moreover, the Directive allows EU contracting authorities to retain the right to suspend or restrict the award of service contract to undertaking in third countries where no reciprocal access is granted.

There are also restrictions in the EU coverage of the GPA that apply specifically to U.S.-based companies. U.S. companies are not allowed to bid on works and services contracts procured by sub-central public contracting authorities in the following sectors:

- Water sector
- Airport services
- Urban transport sector as described above, and railways in general
- Dredging services and procurement related to shipbuilding

Distribution and Sales Channels

For information on this topic please consult the Commerce Department's Country Commercial Guides on EU member states: EU Member States' Country Commercial Guides <http://export.gov/ccg/> .

Alternatively, search the Commerce Department's Market Research Library, available from: <http://www.export.gov/mrktresearch/index.asp> under Country and Industry Market Reports.

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 has generally 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.

The official European Gazette and the official Italian Gazette publish invitations to bid. 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: <http://export.gov/europeanunion/grantstendersandfinancing/index.asp>. For more information visit: http://www.wto.org/english/tratop_e/gproc_e/memobs_e.htm.

Visit http://ec.europa.eu/internal_market/publicprocurement/index_en.htm for access to EU public procurement announcements free of charge.

The Italian government does not typically purchase goods and services abroad unless they are difficult to procure locally through domestic sources, which includes subsidiaries, branches and agents of U.S. companies. We recommend that the U.S. firm have agent/distributor representation rather than try to deal directly with Italian government agencies.

Distribution & Sales Channels

U.S. 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 stores.

Express Delivery

Italian consumers have grown used to a fairly slow and at times unreliable domestic postal service. However, the rise of e-commerce is raising demands and expectations on speed and quality of service. While the range of delivery options available to online shoppers is expanding (including lockers and collection/return points across major cities), these are still in their infancy. As the e-commerce market develops, the options for alternative delivery points or timed slots will increase.

A number of express delivery options exist for U.S. SMEs wishing to ship goods to Italy. These include services offered by global logistics companies such as Fedex, UPS, DHL, TNT and others which usually guarantee a second business day delivery to Europe from the U.S. To date the B2C delivery has been dominated by national postal service Poste Italiane and local couriers SDA and Bartolini.

Most logistics companies will offer a range of options for international delivery at different price points to meet customers' needs. These usually feature different levels of tracking and insurance. Logistics companies can also help with bulk deliveries to help cut costs and provide advice on packaging, address formats and labelling.

Italian consumers will search for the lowest possible price. Therefore when domestic retailers offer speedy delivery, it may be worth exploring domestic fulfilment options in order to compete. Logistics companies either run their own fulfilment centers or can recommend reliable local fulfilment partners.

Selling Factors & Techniques

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 1,836 U.S. firms are represented in the Italian market through agents, branches, subsidiaries, or licenses. Of these, 931 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 tend to have excellent contacts within Eastern Europe and the Mediterranean Basin.

eCommerce

The European Union's Digital Single Market Initiative

Creating a Digital Single Market (DSM) is one of the ten priorities of the European Commission (EC). The overall objective is to bring down barriers, regulatory or otherwise, to unlock online opportunities in Europe, from e-commerce to e-government. By doing so, the EU hopes to have a way with the current 28 fragmented markets and create one borderless market with harmonized legislation and rules for the benefit of businesses and consumers alike throughout Europe.

The EC set out a high-level vision in its May 6, 2015 DSM Strategy which will be followed by a number of specific and concrete legislative proposals and policy actions to be developed in 2015-2016. They are broad reaching and include reforming e-commerce sector, VAT, copyright, consumer protection and data privacy laws. DSM-related legislation will have a broad impact on U.S. companies doing business in Europe.

The three main pillars of the strategy are:

Pillar I: e-commerce

- better access for consumers and businesses to online goods and services across Europe
- remove key differences between the online and offline worlds to break down barriers to cross-border online activity.

Pillar II: digital networks and services

- achieve high-speed, secure and trustworthy infrastructures and content services
- get the right regulatory conditions for innovation, investment, fair competition and a level playing field.

Pillar III: growth potential of the European Digital Economy

- invest in ICT infrastructures and technologies such as Cloud computing and Big Data, and research and innovation to boost industrial competitiveness and skills
- Increase interoperability and standardization

For more information: http://ec.europa.eu/priorities/digital-single-market/index_en.htm

DSM Strategy: <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52015DC0192&from=EN>

The Electronic Commerce Directive (2000/31/EC) provides rules for online services in the EU. It requires providers to abide by rules in the country where they are established (country of origin). Online providers must respect consumer protection rules such as indicating contact details on their website, clearly identifying advertising and protecting against spam. The Directive also grants exemptions to liability for intermediaries that transmit illegal content by third parties and for unknowingly hosting content.

Comprehensive Market Research on e-commerce in the EU is available upon request.

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

Value Added Tax (VAT)

The EU applies 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. From 1 January 2015, all supplies of telecommunications, broadcasting and electronic services are taxable at the place where the customer resides. In the case of businesses this means either the country where it is registered or the country where it has fixed premises receiving the service. In the case of consumers, it is where they are registered, have their permanent address, or usually live.

As part of the legislative changes of 2015, the Commission launched the Mini One Stop Shop (MOSS) scheme, the use of which is optional. It is meant to facilitate the sales of ESS from taxable to non-taxable persons (B2C) located in Member States in which the sellers do not have an establishment to account for the VAT.

This plan allows taxable persons (sellers) to avoid registering in each Member State of consumption. A taxable person who is registered for the Mini One Stop Shop in a Member State (the Member State of Identification) can electronically submit quarterly mini One Stop Shop VAT returns detailing supplies of ESS to non-taxable persons in other Member States (the Member State(s) of consumption), along with the VAT due.

The Commission has received numerous complaints in relation to the new rules on ESS and is in the process of revising them. The revised legislation is expected to be introduced by the end of 2016 and will include reduced rates for e-publications matching those of printed ones and a VAT simplification package for SMEs.

The most important pieces of legislation on VAT are the [EU VAT Directive 2006/112/EC](#) and its [Implementing Regulation 282/2011](#).

Further information relating to VAT on ESS:

http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/telecom/index_en.htm#onestopshop

Electronic commerce in Italy

Italy is a market to watch when it comes to e-commerce. Although the Italian digital economy lags behind other major European countries, it is poised to continue its upward trend in the next three years, with Business-to-Consumer (B2C), Business-to-Business (B2B), and Consumer-to-Consumer (C2C) transactions posting solid growth. We are seeing e-commerce growth of between 17 and 20 per cent each year in Italy – faster than the established markets of the UK and France, which is a clear sign of the country’s potential. Analysts estimate that Italian e-commerce turnover reached \$18.4 billion in 2015¹, equal to a 16 % growth compared to 2014. Foreign players and large electronic marketplaces dominated a larger part of this revenue.

Italy is Europe’s fourth largest consumer market. Its rate of e-commerce growth – expected to grow to more than 16 per cent in 2016 – makes it one of the fastest growing in Europe. Smartphone penetration is rising fast, taking mobile commerce with it and boosting total e-sales. Household consumption is similar to the levels found in France and Switzerland, at 60 per cent of GDP, and per capita purchasing power is higher than the \$14,565 a year average for Europe, at \$17,774.

B2B and E-procurement

When looking strategically at business opportunities in Italy, B2B e-commerce is essential. According to the Milan Polytechnic the estimated total value of B2B e-commerce activities in Italy is roughly \$220 billion, equivalent to only 7% of all B2B transactions in Italy. Roughly 70,000 Italian companies are involved in e-commerce activities and 60,000 of these interact with each other through Extranet or B2b portals. About 40 per cent of large enterprises, such as Alpitour or Enel, use custom-created extranet portal solutions to interact with thousands of their clients or suppliers. Smaller firms rely on established b2b wholesale portals such as Esprinet for electronic goods or Rhiag for automotive parts.

B2B e-commerce applications and e-procurement are registering continued growth. The most active players implementing B2B solutions are in the automotive, pharmaceutical, consumer goods, electronics and consumer electronics sectors. Specialized B2B applications in key “Made in Italy” sectors are also gaining momentum and experts estimate that 350 B2B platforms exist across different industries. Virtually all major Italian industrial groups and companies resort to e-procurement and forecasts indicate that in the next few years up to 80 % of all company purchases may be online.

The need for the Italian public sector to improve efficiency is driving the growth of e-procurement and significant developments are occurring in this field. In order to rationalize expenditures for goods and services, both the central and local Italian government offices utilize the Italian Public Administration eMarketplace (MEPA), an e-procurement platform managed by Consip SpA, the Italian Central

¹ E-Commerce B2C report, Milan Polytechnic Osservatori Digitali, October 2015

Purchasing body and owned by the Italian Ministry of Economy and Finance (MEF) through its division “Acquisti in Rete PA” (Public Procurement Online). MEPA connects Italian public bodies to thousands of suppliers all over Italy.

Experts forecast that public spending through this centralized e-procurement system will exceed \$55 billion by 2018 as centralized government spending rose to \$44 billion in 2014.

E-sourcing is mostly utilized by the public sector for the purchase of information technology equipment and office supplies, furniture, uniforms, personal safety devices, vehicles and suppliers for healthcare. 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.

For purchases with a value above the mandatory EU publication threshold, government bodies issue public tenders open to both domestic and foreign companies. To view announcements of tenders on public procurements visit: <http://export.gov/europeanunion/grantstendersandfinancing/index.asp>

B2C

B2C e-commerce sales in Italy totaled \$18.4 billion in 2015, an increase of 16 % over 2014. About 30% of Italian consumers have bought goods from non-Italian websites, mainly those in the UK, Germany and the U.S. About 8% of these international purchases originate in the U.S.²

The number of Italian web shoppers is increasing, accounting for nearly 17 million out of 36 million internet users. In spite of the positive trends, in absolute terms the Italian B2C e-commerce market in 2015 was still only worth one tenth of the UK market, one sixth of the German and one fifth of the French market. The number of repeating shoppers (at least one purchase per month) is 11.1 million, with an average expenditure of \$98 per transaction per person.

E-commerce penetration over total retail expenditures increased from 3% in 2013 to 4% in 2015, which is equal to a \$2.4 billion growth for the online retail sector. According to a study by Milan Polytechnic, one of the most notable factors driving market development in 2014 was the exponential growth of mobile commerce, which registered sales of \$2.1 billion via smartphone and \$4.4 billion via tablet. Mobile phone penetration in Italy is among the highest in the world, with 36 million users, 30+ million smartphones and close to 8+ million tablets. Social networking in Italy is booming and 28 million Italians are active social media subscribers with 22 million active mobile accounts. 26 million Italians are active Facebook subscribers, a rising number of mobile surfers also utilize smartphones and tablets to take advantage of exclusive offers presented to them through social media. Experts expect that mobile commerce sales will continue to grow exponentially, reaching \$9.5 billion by 2016. Purchases via smartphones are increasingly popular (+64% year on year) reaching a market share of 10% of all e-commerce transactions and account for 21% if purchases via tablet are also included.

Contrary to other major European countries, where sales of products represent 65-80% of the e-commerce market, in 2015 the services segment in Italy was worth 60%, and products represented 40%. However, this share should reach European levels in the next few years, with products increasing their share of electronic sales value. As for services bought online, the best performances were in travel and tourism (47% of the market value), insurance services (7.5%) and ticketing for events (5.5%). In terms of products bought online most transaction are in the information technology/consumer electronics (13%),

² Find E-Commerce Success in Italy, Asendia, July 2015

followed by apparel (9%) and books/music/video (4%). Some of the sectors with the highest growth in 2015 are those in the food and grocery, furniture and home living and beauty products.

Italian Exports

The total volume of sales from Italian websites to foreign customers is growing by 22% per year and has now reached a market value of \$3.6 billion. Major changes in the tourism sector (i.e. online portals and travel operators) impact this growth.

Security and Payment Technologies

Credit card usage in Italy lags behind the United States (and some European countries) and security is still a major concern of Italian users. Nonetheless, credit cards are the main method of payment for e-commerce transactions (estimated at 48% in 2015), followed by PayPal and other digital wallets (21%), and prepaid cards, bank transfer payments and cash-on-delivery³. While consumers in most Western European countries find a natural link between e-commerce and credit cards, Italy retains a strong prevailing culture of dealing in cash on delivery (14%). Prepaid cards issued by major banking institutions are gaining in popularity and are becoming the most frequently used type of payment card in Italy for online transactions by young people and people with generally lower income levels.

Strong differences in the methods of payment exist between the purchase of goods and services. Credit cards are utilized 99% of the time in the travel and tourism sector, and 65% in the insurance sector. On the other hand, cash-on-delivery still has a primary role in the information technology/ consumer electronics sector, and in the apparel, book/music/audiovisual and grocery sectors.

Analysts predict mobile payment services to grow significantly in the next two years and drive mobile commerce. EU Directives on Payment Services (PSD) and on Electronic Money into national legislation will also drive the development of these services. Italian legislation also 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, where companies resort to encryption, firewalls, secure protocols and digital certificates. Italian legislation recognizes the legal validity of digital signatures and digital contracts.

Key links:

http://ec.europa.eu/finance/payments/emoney/index_en.htm

http://ec.europa.eu/internal_market/payments/framework/index_en.htm

Most Popular Search Engines

Google is the most popular search engine, primarily its Italian version (www.google.it), but also in its .com version in English. The other most popular search engines are www.yahoo.it, www.virgilio.it, www.libero.it, <http://it.msn.com>, www.bing.com and www.tiscali.it.

U.S. companies can contact each search engine to submit their sites for listing free of charge, but can also subscribe to special advertising services for a fee. U.S. companies may also decide to hire local firms specialized in "web positioning" and search engine marketing services for website optimization. Although not required, it is advisable for any U.S. company that wishes to rank high on a local search engine to translate into Italian at least keywords and some text.

³ E-commerce Report, Casaleggio Associati, April 2016

Most Popular Online B2C Marketplaces

Popular marketplaces, offering products in a wide variety of categories, include www.amazon.it , www.ebay.it , www.mediashopping.it , www.aliexpress.it , www.subito.it , www.dmail.it , www.comproedono.it.

In addition, there are a range of online marketplaces specialized by sector. The following list is a selection and is not meant to be comprehensive.

Travel and tourism: www.edreams.it , www.expedia.it , www.it.lastminute.com , www.venere.com , www.volagratis.it , www.tripadvisor.it , www.opodo.it , www.kayak.it , www.skyscanner.com , www.trivago.it www.booking.com

Information technology and consumer electronics: www.bow.it , www.chl.it , www.eprice.it , www.euronics.it , www.monclick.it , www.mrprice.it , www.mediaworld.it , www.saturn.it , www.unieuro.com , and www.trony.it

Fashion: www.yoox.com , www.zalando.it , www.saldiprivati.com , www.privalia.com www.vente-privee.com , www.buyvip.com

Books, music and video: www.amazon.it , www.ibs.it , www.bol.it , www.mondolibri.it , www.unilibro.it and www.lafeltrinelli.it

Coupons: www.groupon.it , www.groupalia.it , www.glamoo.com and www.letsbonus.it are among the most important sites

In addition to these marketplaces – mostly B2C -- there are many B2B marketplaces and virtual malls specialized by industrial sector.

Trust Mark Programs

Sigillo Netcomm (Netcomm Seal): The Seal from the Netcomm Consortium, which is part of EMOTA - European Multi- Channel and Online Trade Association. The Netcomm Seal is the national version of the “EMOTA European Trust Mark”: Quality Certification Bureau Italia (<http://www.qcb.it/>).

Euro-Label (<http://www.euro-label.com/en/about-us/index.html>), the trust mark awarded to commercial websites that comply with the European Code of Conduct and which guarantees the reliability of international and national transactions.

Market Drivers

The main factors fueling the development of e-commerce in Italy will continue to be:

- 1) Improved Internet access infrastructure and wider availability of broadband connection;
- 2) A mobile and smartphone 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;
- 3) Recognition of e-commerce as a means to provide better support to customers and suppliers;
- 4) Improved consumer protection legislation;
- 5) Improved transaction security;
- 6) Italian legislation which recognizes the legal validity of digital signatures and digital contracts

Web Resources

Acquisti in Rete – AiR (“Public Procurement Online”) -- The AiR portal provides access to a fully functional e-procurement platform

https://www.acquistinretepa.it/opencms/opencms/menuLivello_1/header/Inglese/PROGRAM

Trade Promotion & Advertising

General Legislation

Laws against misleading advertisements differ widely from member state to member state within the EU. To respond to this issue 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 Audiovisual Media Services Directive lays down legislation on broadcasting activities allowed within the EU. Since 2009, the rules allowing for U.S.-style product placement on television and the three-hour/day maximum of advertising has been lifted. However, a 12-minute/hour maximum remains. Children's programming is subject to a code of conduct that includes a limit on 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 considered as legally binding on the seller.

The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten consumer protection rules. These rules 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 Links: http://ec.europa.eu/consumers/consumer_rights/unfair-trade/index_en.htm
<https://ec.europa.eu/digital-agenda/en/audiovisual-media-services-directive-avmsd>

Medicines

The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC as amended by Directive 2004/27/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.

Key Link:

http://ec.europa.eu/health/human-use/information-to-patient/index_en.htm

Nutrition & Health Claims

On July 1, 2007, a regulation on nutrition and health claims entered into force. Regulation 1924/2006 sets EU-wide conditions for the use of nutrition claims such as “low fat” or “high in vitamin C” and health claims such as “helps lower cholesterol.” The regulation applies to any food or drink product produced for human consumption that is marketed in the EU. Only foods that fit a certain nutrient profile (below certain salt, sugar and/or fat levels) are allowed to carry claims. Nutrition and health claims are only allowed on food labels if they are included in one of the EU’s positive lists. Food products carrying claims must comply with the provisions of nutritional labeling Directive 90/496/EC and its amended version Directive 1169/2011.

In December 2012 a list of approved functional health claims went into effect. The list includes generic claims for substances other than botanicals which will be evaluated at a later date. Disease risk reduction claims and claims referring to the health and development of children require an authorization on a case-by-case basis, following the submission of a scientific dossier to the European Food Safety Authority (EFSA). Health claims based on new scientific data will have to be submitted to EFSA for evaluation but a simplified authorization procedure has been established.

The development of nutrient profiles, originally scheduled for January 2009, has been delayed. The original proposal has been withdrawn. In October 2015 the European Commission released a new roadmap on the potential development of nutrient profiles and botanicals. To obtain stakeholders’ inputs, two consultations and an external study will be launched by mid-2017. Following this, the European Commission will assess the opportunity to proceed with a proposal and then potentially draft it. Nutrition claims, in place since 2006, can fail one criterion, i.e. if only one nutrient (salt, sugar or fat) exceeds the limit of the profile, a claim can still be made provided the high level of that particular nutrient is clearly marked on the label. For example, a yogurt can make a low-fat claim even if it has high sugar content but only if the label clearly states “high sugar content.” A European Union Register of nutrition claims has been established and is updated regularly. Health claims cannot fail any criteria.

Detailed information on the EU’s Nutrition and Health Claims policy can be found on the USEU/FAS website at <http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/nutrition-health-claims/> and in the [USDA Food and Agricultural Import Regulations and Standards EU 28 2014](#)

Key Link: <http://ec.europa.eu/nuhclaims/>

Food Information to Consumers

In 2011, the EU adopted a new regulation on the provision of food information to consumers (1169/2011). The new EU labeling requirements apply from December 13, 2014 except for the mandatory nutrition declaration which will apply from December 13, 2016.

Detailed information on the EU’s new food labeling rules can be found on the USEU/FAS website at <http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/eu-labeling-requirements/> and in the [USDA Food and Agricultural Import Regulations and Standards EU 28 2014](#)

Key link: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:304:0018:0063:EN:PDF>

Food Supplements

[Directive 2002/46/EC](#) harmonizes the rules on labeling of food supplements and introduces specific rules on vitamins and minerals in food supplements. Ingredients other than vitamins and minerals are still regulated by member states.

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. This list is updated most recently revised in 2014. A positive list of substances other than vitamins and minerals has not been established yet, although it is being developed. Until then, member state laws will govern the use of these substances.

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

Tobacco

The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed, though these are banned in many member states. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the Audiovisual Media Services Directive. A revised Tobacco Products Directive has been adopted and must now be transposed into national legislation by member states in 2016. The new legislation will include bigger, double-sided health pictorial warnings on cigarette packages and possibility for plain packaging along with health warnings, tracking systems.

Key link: <http://ec.europa.eu/health/tobacco/products/>

Trade promotion in Italy

The primary trade show organizers in Italy are:

Fiera Milano	http://www.fieramilano.it/
Bologna Fiere	http://www.bolognafiere.it/
Verona Fiere	http://www.veronafiere.it/
Rimini Fiera	http://www.riminifiera.it/
Fiere di Parma	http://www.fiereparma.it/

Primary national media outlets include:

TV

RAI	http://www.rai.it
Mediaset	http://www.mediaset.it/
Sky Italia	http://www.sky.it/ (pay TV)
Mediaset Premium	http://www.mediasetpremium.it/ (pay TV)

Press

Corriere della Sera	http://www.corriere.it/
Sole 24 Ore	http://www.ilsole24ore.com/
La Stampa	http://www.lastampa.it/
La Repubblica	http://www.repubblica.it/

Radio

Rtl 102.5	www.rtl.it
Rds	www.rds.it
Radio 105	www.105.net
Radio Italia	www.radioitalia.it
Radio Rai 1	www.radio1.rai.it
Radio 2	www.radio2.rai.it

Below is a list of key industry publications:

Apparel

Fashion	http://fashionmagazine.it/English.aspx
Linea Intima	http://www.lineaintima.net/index_eng.html
Intimo Piu' Mare	http://www.intimopiumare.com/

Architecture Engineering Building Products

Edilizia e territorio	http://www.ediliziaeterritorio.ilsole24ore.com/
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Automotive

Pneurama	http://www.pneurama.com/en/index.php
Quattroruote	http://www.quattroruote.it/

Construction Machinery

Quarry and Construction	http://www.edizionipei.it/uscite_riviste-quarry_and_construction.html
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Consumer Electronics

Trade – Consumer Electronics	http://www.e-duesse.it/Riviste/Trade-Consumer-Electronics
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E-commerce/Digitale

Corcom	http://www.corrierecomunicazioni.it/
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Energy

Nuova Energia	http://www.nuova-energia.com/
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Furniture

Interni	http://www.internimagazine.com/
DDN Design Diffusion News	http://www.designdiffusion.com/en/

Jewelry

VO + Jewels & Luxury Magazine	http://www.vicenzaoro.com/en/main/publications/vo-magazine
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Industrial Machinery

L'industria Meccanica	http://www.industriameccanica.it/
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Pet Products

Vimax <http://www.vimaxmagazine.it/sito/en/>
PetTrend <http://www.pettrend.it/>

Retail in Italy

Largo Consumo <http://www.largoconsumo.info/>

Sporting goods

Sport Industry <http://www.sportindustry.com>
TopSport <http://www.topsport.it/>

Tourism

Guida Viaggi www.Guidaviaggi.it
L'Agenzia di Viaggi www.lagenziadiviaggi.it
TTG Italia <http://www.ttgitalia.com/>

Pricing

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 familiar 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 the selling country.

Sales made on cash terms call for payment before delivery, on delivery, or shortly thereafter, typically within 10 days from the date of delivery. A two to five percent discount is given 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 U.S. suppliers are too rigid in their payment terms and have thus lost business to other suppliers. Financing is 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 U.S. exporters sometimes require such instruments, 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 U.S. 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. U.S. firms are increasingly using 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 International Group – AIG Global & Political Risk Insurance Co. ([AIG](#)), Multilateral Investment Guarantee Agency ([MIGA](#)) and other export credit insurers.

Quotes and Payment Terms

U.S. quotes, usually stated in dollars and on an [FOB](#) (Free on board) basis, are completely acceptable to Italian buyers. U.S. firms selling to a new customer typically require cash against documents for the first sale or two. After establishing credit, the importer pays by 30-, 60-, or 90-day letter of credit. In all cases, the U.S. exporter decides how to strike a balance between making the sale easier with liberal financing terms versus seeking a sale with more secure payment terms. When first starting out, U.S. 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, it is possible to adjust prices 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. You can find copies of the 90-page publication, Guide to INCOTERMS 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/> or from Dun & Bradstreet [Exporters' Encyclopaedia](#).

The Italian importer may examine the merchandise 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. The importer should present import licenses, if required, within the period for which they were issued.

[Sales Service/Customer Support](#)

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/growth/single-market/goods/free-movement-sectors/liability-defective-products/index_en.htm

Product Safety

The 1992 General Product Safety Directive introduced 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. The legislation is still undergoing review.

Key link: http://ec.europa.eu/consumers/consumers_safety/product_safety_legislation/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.

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 the Trade Regulations section of this report.

Key link: http://ec.europa.eu/consumers/consumer_rights/rights-contracts/sales-guarantee/index_en.htm

Due Diligence

The U.S. Commercial Service helps companies do due diligence through our International Company Profile (ICP) report. An ICP helps companies evaluate potential business partner reliability and capabilities. The reports include available information on the company and insights gleaned from our due diligence.

Product safety testing and certification is mandatory for the EU market. U.S. manufacturers and sellers of goods have to perform due diligence in accordance with mandatory EU legislation prior to exporting.

Local Professional Services

The following is a sample of service providers in Italy and the European Union. Please note that their inclusion in this guide is not an endorsement of their services.

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: <http://export.gov/europeanunion/businessserviceproviders/index.asp>.

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 EU Member States' Country Commercial Guides <http://export.gov/ccg/>.

Italian market research firms:

- **ACNielsen Italia:** www.acnielsen.it

- **Databank S.p.A.:** www.databank.it
- **Inter@ctive Market Research:** www.imrgroup.com
- **M&T Marketing & Trade S.r.l.:** www.marketingtrade.it

Italian commercial banks:

- **Intesa Sanpaolo S.p.A.:** www.intesasanpaolo.com
- **Unicredit Group S.p.A.:** <https://www.unicreditgroup.eu/en.html>
- **Banca Nazionale del Lavoro BNL S.p.A.:** www.bnl.it
- **Banca Monte dei Paschi di Siena S.p.A.:** www.mps.it

Principle Business Associations:

- **American Chamber of Commerce in Italy**, which is based in Milan: www.amcham.it.
- **Confindustria:** Confederazione Generale dell'Industria Italiana. The Confederation of Italian Industry is a principal trade association acting as an umbrella organization covering numerous industry trade associations: www.confindustria.it
- **AIAD** – Associazione Industrie per l’Aerospazio, i Sistemi e la Difesa: Italian Association of Aerospace and Defense Industries: www.aiad.it
- **ABI** - Associazione Bancaria Italiana: Italian Banking Association: www.abi.it/
- **ANFIA** - Associazione Nazionale fra Industrie Automobilistiche: Italian Automotive Industry Association: www.anfia.it
- **ANIA** - Associazione Nazionale fra le Imprese Assicuratrici: Italian Association of Insurance Companies: www.ania.it
- **ASSOFRANCHISING** – Associazione Italiana del Franchising: Italian Franchising Association: www.assofranchising.it
- **CONFAPI** - Confederazione Italiana della Piccola e Media Industria” Italian Confederation of Small and Medium Industries: www.confapi.org
- **FARMINDUSTRIA** – Associazione Nazionale dell’Industria Farmaceutica: Italian National Association of Pharmaceutical Industries: www.farmindustria.it
- **FEDERCHIMICA** – Federazione Nazionale dell’Industria Chimica: Italian Federation of Chemical Industries: www.federchimica.it
- **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: www.unioncamere.gov.it

For industry-specific business associations, please visit our best prospect section, which lists key contacts and resources by sector.

Limitations on Selling US Products and Services

We are not aware of any limitations on manufacturing or service sectors that prohibit non-Italians from owning or selling these businesses in Italy.

Selling U.S. Products and Services Web Resources

International players have a strong influence on business to consumer (b2c) retailing platforms in Italy, due in part to the low level of Italian firms selling online. The major online retailers in Italy are Amazon.it and eBay.it which together account for more than 30% of online retail sales. Our popular e-commerce sites include: Subito.it, Kijiji.it, Aliexpress.com, Zalando.it, Autoscout24.it, Groupon.it and more. Furthermore, ePrice.it and Saldiprivati.it are controlled by Banzai Srl, Italy's leading e-commerce operator.

There are many specialized wholesale business to business (b2b) platforms different industry sectors. Websites include Alibaba.com, Esprinet (wholesale distribution of IT and consumer electronics in Italy) and Rhiag (wholesale distributor of auto parts). These wholesale distributors offer the most efficient way for a U.S. SME to get a foothold in the Italian e-commerce b2b market.

EU websites:

Coordination of the laws of the member states relating to self-employed commercial agents (Council Directive 86/653/EEC):

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

Agreements of Minor importance which do not appreciably restrict Competition under Article 101(1) of the Treaty establishing the European Community:

http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2014.291.01.0001.01.ENG

Directive on Late Payment:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:048:0001:0010:EN:PDF>

European Ombudsman:

<http://www.ombudsman.europa.eu/home/en/default.htm>

EU's Data Protection Directive (95/46/EC):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1995:281:0031:0050:EN:PDF>

EU's General Data Protection Regulation (GDPR) (2016/679/EC):

<http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32016R0679&from=EN>

Safe Harbor:

<http://www.export.gov/safeharbor/>.

Information on contracts for transferring data outside the EU:

http://ec.europa.eu/justice/data-protection/document/international-transfers/transfer/index_en.htm

EU-U.S. Privacy Shield:

<https://www.commerce.gov/privacysield> or http://ec.europa.eu/justice/newsroom/data-protection/news/160229_en.htm

EU Data Protection Homepage: http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm

Consumer Rights Directive

http://ec.europa.eu/consumers/consumer_rights/rights-contracts/directive/index_en.htm

Distance Selling of Financial Services:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2002:271:0016:0024:EN:PDF>

E-commerce Directive (2000/31/EC): http://ec.europa.eu/internal_market/e-commerce/index_en.htm

VAT on Electronic Service:

[EU VAT Directive 2006/112/EC](#) and its [Implementing Regulation 282/2011](#).

The Unfair Commercial Practices Directive:

<http://ec.europa.eu/consumers/rights/>

Nutrition and health claims made on foods - Regulation 1924/2006

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:012:0003:0018:EN:PDF>

Regulation on Food Information to Consumers:

[Regulation 1169/2011](#)

EU-28 FAIRS EU Country Report on Food and Labeling requirements:

[USDA Food and Agricultural Import Regulations and Standards EU 28 2014](#)

Health & Nutrition Claims http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

Tobacco

http://ec.europa.eu/health/tobacco/policy/index_en.htm

Product Liability:

http://ec.europa.eu/growth/single-market/goods/free-movement-sectors/liability-defective-products/index_en.htm

Product Safety

http://ec.europa.eu/consumers/consumers_safety/product_safety_legislation/index_en.htm

Legal Warranties and After-Sales Service:

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01999L0044-20111212&qid=1395670475658&from=EN>

Copyright: http://ec.europa.eu/internal_market/copyright/index_en.htm

European Patent Office (EPO)

<http://www.european-patent-office.org/>

Office for Harmonization in the Internal Market (OHIM)

<http://oami.europa.eu/>

World Intellectual Property Organization (WIPO) Madrid

<http://www.wipo.int/madrid/en>

U.S. websites:

IPR Toolkit: http://www.stopfakes.gov/sites/default/files/europeanunion_toolkit.pdf

EU Public Procurement:

<http://export.gov/europeanunion/marketresearch/eufundingandgovernmentprocurementsectors/index.asp>

Trade Regulations, Customs, & Standards

Import Tariff

U.S. exports to the European Union enjoy an average tariff of just three percent. All the same, U.S. exporters should consult “The Integrated Tariff of the Community”, referred to as TARIC (Tarif Intégré de la Communauté), to identify the various rules which apply to specific products being imported into the customs territory of the EU. 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.

Key Link:

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

Trade Barriers

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:

<https://ustr.gov/sites/default/files/2015%20NTE%20Combined.pdf>

Information on agricultural trade barriers can be found at the following website:

<http://www.usda-eu.org/>

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://export.gov/europeanunion/>

Import Requirements & Documentation

The TARIC (Tarif Intégré de la Communauté), described above, is available to help determine if a license is required for a particular product. Moreover, the European Commission maintains an export helpdesk with information on import restrictions of various products.

http://www.exporthelp.europa.eu/thdapp/display.htm?page=rt%2Frt_ImportRestrictions.html&docType=main&language=en

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: EU Member States' Country Commercial Guides <http://export.gov/ccg/> or conduct a search on the Commerce Department's Market Research Library, available from:

<http://www.export.gov/mrktresearch/index.asp>.

Import Documentation

The Single Administrative Document

The official model for written declarations to customs is the Single Administrative Document (SAD). The SAD describes goods and their movement around the world and is essential for trade outside the EU, or of non-EU goods. Goods brought into the EU customs territory are, from the time of their entry, subject to customs supervision until customs formalities are completed. Goods are covered by a Summary Declaration which is filed once the items have been presented to customs officials. The customs authorities may, however, allow a period for filing 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 is filed 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.

The Summary Declaration can be made on a form provided by the customs authorities. However, customs authorities may also allow the use of any commercial or official document that contains the specific information required to identify the goods. The SAD serves as the EU importer's declaration. It encompasses both customs duties and VAT and is valid in all EU member states. The declaration is made by whoever is clearing the goods, normally the importer of record or his/her agent.

European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. Information on import/export forms is contained in Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of 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.

More information on the SAD can be found at:

http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/sad/index_en.htm

Regulation (EC) No 450/2008 laying down the Community Customs Code (so-called the "Modernized Customs Code") aimed at the adaptation of customs legislation and at introducing the electronic environment for customs and trade. This Regulation entered into force on June 24, 2008 and was due to be applicable once its implementing provisions were in force by June 2013. However, the Modernized Customs Code was recast as a Union Customs Code (UCC) before it became applicable. The Union Customs Code (UCC) Regulation entered into force in October 2013 and repealed the MCC Regulation. Its substantive provisions went into effect on May 1st 2016.

http://ec.europa.eu/taxation_customs/customs/customs_code/union_customs_code/index_en.htm

Economic Operator Registration and Identification (EORI)

Since July 1, 2009, all companies established outside of the EU are required to have an EORI number if they wish to lodge a customs declaration or an Entry/Exit Summary declaration. All U.S. companies should use this number for their customs clearances. An EORI number must be formally requested from

the customs of the specific member state to which the company exports. Member state custom authorities may request additional documents to be submitted alongside a formal request for an EORI number. Once a company has received an EORI number, it can use it for exports to any of the 28 EU member states. There is no single format for the EORI number. Once an operator holds an EORI number s/he can request the Authorized Economic Operator (AEO: see below under “MRA”) status, which can give quicker access to certain simplified customs procedures

More information about the EORI number can be found at

http://ec.europa.eu/taxation_customs/dds2/eos/eori_home.jsp?Lang=en

U.S. - EU Mutual Recognition Arrangement (MRA)

Since 1997, the U.S. and the EU have had an [agreement](#) on customs cooperation and mutual assistance in customs matters. For additional information, please see

http://ec.europa.eu/taxation_customs/customs/policy_issues/international_customs_agreements/usa/index_en.htm

In 2012 the United States and the EU signed a new Mutual Recognition Arrangement (MRA) aimed at matching procedures to associate one another’s customs identification numbers. The MCC introduced the Authorized Economic Operator ([AEO](#)) program (known as the “security amendment”). This is similar to the United States’ voluntary Customs–Trade Partnership Against Terrorism ([C-TPAT](#)) program in which participants receive certification as a “trusted” trader. AEO certification issued by a national customs authority and is recognized by all member state’s customs agencies. As of April 17, 2017 an AEO can consist of two different types of authorization: “customs simplification” or “security and safety.” The former allows for an AEO to benefit from simplification related to customs legislation, while the latter allows for facilitation through security and safety procedures. Shipping to a trader with AEO status could facilitate an exporter’s trade as its benefits include expedited processing of shipments, reduced theft/losses, reduced data requirements, lower inspection costs, and enhanced loyalty and recognition. Under the revised Union Customs Code, in order for an operator to make use of certain customs simplifications, the authorization of AEO becomes mandatory.

The United States and the EU recognize each other’s security certified operators and will take the respective membership status of certified trusted traders favorably into account to the extent possible. The favorable treatment provided by mutual recognition will result in lower costs, simplified procedures and greater predictability for transatlantic business activities. The newly signed arrangement officially recognizes the compatibility of AEO and C-TPAT programs, thereby facilitating faster and more secure trade between U.S. and EU operators. The agreement is being implemented in two phases. The first commenced in July 2012 with the U.S. customs authorities placing shipments coming from EU AEO members into a lower risk category. The second phase took place in early 2013, with the EU re-classifying shipments coming from C-TPAT members into a lower risk category. The U.S. customs identification numbers (MID) are therefore recognized by customs authorities in the EU, as per Implementing Regulation 58/2013 (which amends EU Regulation 2454/93 cited above):

http://ec.europa.eu/taxation_customs/resources/documents/customs/procedural_aspects/general/imp_lementing_regulation_58_2013_en.pdf

Additional information on the MRA can be found at:

<http://www.cbp.gov/newsroom/national-media-release/2013-02-08-050000/eu-us-fully-implement-mutual-recognition-decision>

Revised AEO guidelines (published March 2016):

http://ec.europa.eu/taxation_customs/resources/documents/customs/policy_issues/customs_security/a_eo_guidelines_en.pdf

Batteries

The EU Battery Directive adopted in 2006 ([Directive 2006/66](#)) applies to all batteries and accumulators placed on the EU market. This includes automotive, industrial and portable batteries. The Directive seeks 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. The European Commission publishes a FAQ document – last updated in May 2014 - to assist interested parties in interpreting its provisions. For more information, see our market research report: <http://www.export.gov/europeanunion/marketresearch/index.asp>

Registration, Evaluation and Authorization and Restriction of Chemicals (REACH)

REACH applies to all chemicals manufactured or imported into the EU in quantities exceeding one metric ton. The regulation entered into force in 2007 (Regulation 1907/2006) and touches virtually every industrial sector, from automobiles to textiles. REACH imposes a registration obligation on all entities affected by the one metric ton criteria by May 31, 2018. The European Chemicals Agency (ECHA) is the agency responsible for receiving and ensuring the completeness of such registrations. U.S. companies without a presence in Europe need to rely on an EU-based partner, typically either an importer or a specialized ‘Only Representative’.

In addition to the registration requirement, U.S. exporters should carefully review the REACH ‘Candidate List’ of Substances of Very High Concern (SVHCs) and the ‘Authorization List’. Under certain conditions, substances on the Candidate List are subject to communication requirements prior to their export to the EU. Companies seeking to export chemicals on the ‘Authorization List’ will require an authorization. The Candidate List can be found at: <http://echa.europa.eu/web/guest/candidate-list-table>. The Authorization List is available at <http://echa.europa.eu/addressing-chemicals-of-concern/authorisation/recommendation-for-inclusion-in-the-authorisation-list/authorisation-list>
Waste Electrical and Electronic Equipment (WEEE) Directive

EU rules on WEEE, while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. The Directive requires U.S. exporters to register relevant products with a national WEEE authority or arrange for this to be done by a local partner. The WEEE Directive was revised on July 4, 2012 and the scope of products covered was expanded to include all electrical and electronic equipment. This revised scope will apply from August 14, 2018 with a phase-in period that has already begun. U.S. exporters seeking more information on the WEEE Directive should visit:

<http://apps.export.gov/article?id=European-Union-Waste-Electrical-and-Electronic-Equipment-WEEE>

Restriction on Hazardous Substances RoHS

The ROHS Directive imposes restrictions on the use of certain chemicals in electrical and electronic equipment. It does not require specific customs or import paperwork however, manufacturers must self-certify that their products are compliant and affix a “CE” mark. The 2011 revisions to the ROHS Directive significantly expanded the scope of covered products. Generally, U.S. exporters have until July 22, 2019 to bring products into compliance that were once outside the scope. U.S. exporters seeking more information on the RoHS Directive should visit:

https://trade.my.salesforce.com/kA7t000000080Or?srPos=0&srKp=ka7&lang=en_US

Cosmetics Regulation

The EU legislation harmonizing the regulation of cosmetic products has applied since July 11, 2013. The most controversial element of the regulation was the introduction of an EU-wide system for the notification of cosmetic products to the European Commission prior to their placement on the EU market. Only an EU-established entity may submit such a notification. Therefore U.S. exporters must either retain a “Responsible Person” to act on their behalf, rely on their exporter, or establish a presence in the EU.

For more general information, see:

<http://apps.export.gov/article?id=The-EU-Cosmetics-Regulation>

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). The vast majority of these certificates are uniform throughout the EU but the harmonization process is still ongoing. Most recently, certificates for a series of highly processed products including chondroitin sulphate, hyaluronic acid, hydrolyzed cartilage products, chitosan, glucosamine, rennet, isinglass and amino acids are being harmonized. Until harmonization is finalized, 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://www.usda-eu.org/trade-with-the-eu/eu-import-rules/certification/fairs-export-certificate-report/>.

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. The U.S. fishery product sanitary certificate is a combination of Commission Decision 2006/199/EC for the public health attestation and of Regulation 1012/2012 for the general template and animal health attestation. Unlike for fishery products, the U.S. shellfish sanitation system is not equivalent to that of the EU’s. The EU and the U.S. are currently negotiating a veterinary equivalency

agreement on shellfish. In the meantime, the EU still has a ban in place (since July 1, 2010), that prohibits the import of U.S. bivalve mollusks, in whatever form, into EU territory. This ban does not apply to wild roe-off scallops.

Since June 2009, the only U.S. competent authority for issuing sanitary certificates for fishery and aquaculture products is the U.S. Department of Commerce, National Marine Fisheries Service (NOAA-NMFS).

In addition to sanitary certificates, all third countries wishing to export fishery products to the EU are requested to provide a catch certificate. This catch certificate certifies that the products in question have been caught legally.

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU (stephane.vrignaud@trade.gov) or visit the following NOAA dedicated web site:

http://www.seafood.nmfs.noaa.gov/export/export_certification/export_certification.html

U.S. Export Controls

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of some commercial items, including "production" and "development" technology.

The items that BIS regulates are often referred to as "dual use" since they have both commercial and military applications. Further information on export controls is available at:

<http://www.bis.doc.gov/licensing/exportingbasics.htm>

BIS has developed a list of "red flags," or warning signs, intended to discover possible violations of the EAR. These are posted at: <http://www.bis.doc.gov/enforcement/redflags.htm>

Also, BIS has "Know Your Customer" guidance at: <http://www.bis.doc.gov/Enforcement/knowcust.htm>

If there is reason to believe a violation is taking place or has occurred, report it to the Department of Commerce by calling the 24-hour hotline at +1(800) 424-2980, or via the confidential lead page at: <https://www.bis.doc.gov/forms/eeleadsntips.html>

The EAR does not control all goods, services, and technologies. Other U.S. government agencies regulate more specialized exports. For example, the U.S. Department of State has authority over defense articles and services. A list of other agencies involved in export control can be found on the BIS web <http://www.bis.doc.gov>.

It is important to note that in August 2009, the President directed a broad-based interagency review of the U.S. export control system, with the goal of strengthening national security and the competitiveness of key U.S. manufacturing and technology sectors by focusing on current threats, as well as adapting to the changing economic and technological landscape. As a result, the Administration launched the Export Control Reform Initiative (ECR Initiative) which is designed to enhance U.S. national security and strengthen the United States' ability to counter threats such as the proliferation of weapons of mass destruction.

The Administration is implementing the reform in three phases. Phases I and II reconcile various definitions, regulations, and policies for export controls, all the while building toward Phase III, which will create a single control list, single licensing agency, unified information technology system, and enforcement coordination center.

For additional information on ECR see: <http://export.gov/ecr/index.asp>

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. A list of upcoming seminars can be found at: <https://www.bis.doc.gov/seminarsandtraining/index.htm>

For further details about the Bureau of Industry and Security and its programs, please visit the BIS website at: <http://www.bis.doc.gov/>

Temporary Entry

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 (USD 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.

The U.S. Council for International Business sells carnets at the following locations:

- 1212 Avenue of the Americas, New York, NY 10036, (212) 354-4480; or 1400 K Street NW, Suite 905, 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/Marking Requirements

Summary

There is a broad array of EU legislation pertaining to the marking, labeling and packaging of products, with neither an “umbrella” law covering all goods nor any central directory containing information on marking, labeling and packaging requirements. This overview is meant to provide the reader with a general introduction to the multitude of marking, labeling and packaging requirements or marketing tools to be found in the EU.

Introduction

The first step in investigating the marking, labeling and packaging legislation that might apply to a product entering the EU is to draw a distinction between what is mandatory and what is voluntary. Decisions related to mandatory marking, labeling and/or packaging requirements may sometimes be left to individual member states. Furthermore, voluntary marks and/or labels are used as marketing tools in some EU member states. This report is focused primarily on the mandatory marks and labels seen most often on consumer products and packaging, which are typically related to public safety, health and/or environmental concerns. It also includes a brief overview of a few mandatory packaging requirements, as well as more common voluntary marks and/or labels used in EU markets.

It is also important to distinguish between marks and labels. A mark is a symbol and/or pictogram that appears on a product or its respective packaging. These range in scope from signs of danger to indications of methods of proper recycling and disposal. The intention of such marks is to provide market surveillance authorities, importers, distributors and end-users with information concerning safety, health, energy efficiency and/or environmental issues relating to a product. Labels, on the other hand, appear in the form of written text or numerical statements, which may be required but are not necessarily universally recognizable. Labels typically indicate more specific information about a product, such as measurements, or an indication of materials that may be found in the product (such as in textiles or batteries).

OVERVIEW

Mandatory Marks & Labels

- Textiles
- Household Appliances
- Cosmetics
- Pricing
- Dangerous Substances
- Footwear
- Explosive Atmosphere
- Units of Measurement
- Electrical & Electronic Equipment
- Automotive

- Tire labeling
- Maritime
- Materials in Contact with Food
- Noise Emissions
- Recycling - Separate Collection
- Wood packaging
- Energy Efficiency

Voluntary Marks and Labels

- Cup/Fork Symbol (material in contact with food)
- Eco-Label
- Green Dot
- Energy Star
- 'e' Mark
- Recycling Marks

APPLICABILITY OF VOLUNTARY AND MANDATORY MARKS AND LABELS

Countries in the European Union (EU)

- | | | |
|------------------|---------------|------------------|
| • Austria | • Germany | • Poland |
| • Belgium | • Greece | • Portugal |
| • Bulgaria | • Hungary | • Romania |
| • Croatia | • Ireland | • Spain |
| • Cyprus | • Italy | • Sweden |
| • Czech Republic | • Latvia | • Slovakia |
| • Denmark | • Lithuania | • Slovenia |
| • Estonia | • Luxembourg | • United Kingdom |
| • Finland | • Malta | |
| • France | • Netherlands | |

Additional Countries of the European Economic Area (EEA) and European Free Trade Association (EFTA)

- Iceland
- Norway
- Switzerland (EFTA)
- Liechtenstein

Candidates to Membership:

- Albania
- Macedonia
- Montenegro
- Serbia

- Turkey

MANDATORY MARKS AND LABELS

CE MARKING

This is probably the most widely used and recognized marking required by the EU. Found in all “New Approach” legislation with a few exceptions, the CE marking demonstrates that a product meets all essential requirements (typically related to safety, health, energy efficiency and/or environmental concerns). CE marking is required for the following products/product families:



- Cableway installations
- Civil explosives
- Construction products
- Electrical/electronic products
- Electromagnetic compatibility
- Low voltage
- Restriction of Hazardous Substances
- Energy efficiency
- Equipment and protective systems in potentially explosive atmospheres (ATEX)
- Gas appliances
- Hot water boilers
- Lifts
- Machinery
- Medical devices (3)
- Non-automatic weighing instruments
- Personal protective equipment
- Pressure equipment
- Radio equipment
- Recreational crafts
- Refrigeration appliances
- Simple pressure vessels
- Toys

For each “New Approach” directive there is a separate list of references to harmonized European standards, the use of which provides the manufacturer with the ‘presumption of conformity’ with essential requirements. While other non-EU standards may be used to demonstrate a product’s compliance with the applicable directive(s), the manufacturer will have to provide detailed information regarding the compliance process. An array of standardized safety warning symbols/pictograms may also be applicable to each of the above product categories.

In 2008, the EU adopted a package of measures known as the New Legislative Framework which provides a regulatory ‘toolbox’ for new and revised EU product safety legislation. The framework is designed to improve market surveillance, more clearly define the responsibilities of manufacturers, importers and distributors, and clarify the meaning of CE marking across a wide-range of product groups. In February 2014, to align product harmonization legislation with the provisions of the NLF (most notably Decision 768/2008), the European Union adopted an "Alignment Package" consisting of eight revised CE marking directives. These newly aligned directives will be applicable in 2016.

For more information

http://ec.europa.eu/growth/single-market/ce-marking/index_en.htm

http://ec.europa.eu/growth/single-market/european-standards/harmonised-standards/index_en.htm

http://ec.europa.eu/growth/single-market/goods/new-legislative-framework/index_en.htm

<http://apps.export.gov/article?id=Revised-CE-Marking-Laws-Applicable-in-2016>

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THE WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT DIRECTIVE (WEEE)



This directive is designed to tackle the rapidly increasing waste stream of electrical and electronic equipment, and complements European Union measures on landfills and waste incineration. Increased recycling of electrical and electronic equipment, in accordance with the directive requirements, limits the total quantity of waste going to final disposal. This directive affects the following product categories:

- Large and small household appliances
- Consumer equipment
- Lighting equipment
- IT and Telecommunications equipment
- Electrical and Electronic Tools
- Toys and Sports equipment
- Medical Devices
- Monitoring and control equipment
- Automatic dispensers

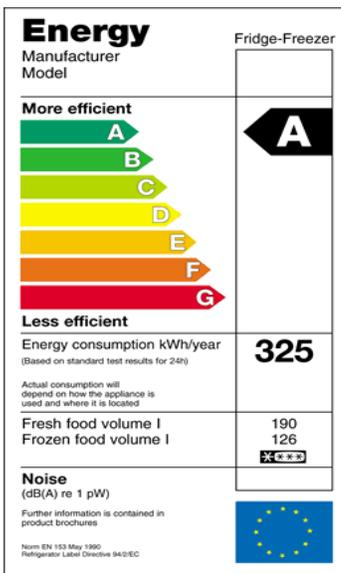
The symbol shown above must be displayed on all products that fall under this directive, and indicates that the product is not to be discarded with normal household waste. It is a required mark on batteries. In instances where this symbol cannot be displayed on the equipment itself, it should be included on the packaging.

For more information

Directive 2012/19/EU is available online at:
http://ec.europa.eu/environment/waste/weee/legis_en.htm

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ENERGY LABELING



Directive 2010/30/EU “on the indication by labeling and standard product information of the consumption of energy and other resources by energy-related products” sets a framework for the adoption of product-specific directives on the proper energy efficiency labeling for each concerned product. This 2010 directive broadens substantially the energy labeling scope.

Suppliers are to supply free of charge labels or product fiches containing information about consumption of electric or other energy sources to their dealers. Dealers display labels in a visible and legible way and make the fiche available in product brochure or other literature.

For more information

<http://ec.europa.eu/energy/en/topics/energy-efficiency/energy-efficient-products>

Directive 2010/30/EU:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:153:0001:0012:EN:PDF>

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DEVICES FOR USE IN POTENTIALLY EXPLOSIVE ATMOSPHERE (ATEX)



In addition to applying a CE marking for products falling under the ATEX Directive (2014/34/EC), it is necessary to display the Ex mark, which is a specific marking of explosion protection. Located next to the 'Ex' mark will be a symbol designating the product group or category as specified in the directive.

The revised ATEX Directive (2014/34/EC) was adopted in February 2014 as part of the New Legislative Framework alignment package. It replaced the existing directive and became applicable on April 20, 2016.

For more information

http://ec.europa.eu/growth/sectors/mechanical-engineering/atex/index_en.htm

Directive 2014/34/EU:

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0034&from=EN>

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NOISE EMISSION OF OUTDOOR EQUIPMENT



Machines used outdoors are subject to CE marking requirements. Noise emission levels are covered separately. The sample mandatory label shown above specifies noise emission levels.

For more information

http://ec.europa.eu/growth/sectors/mechanical-engineering/noise-emissions/index_en.htm

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MARITIME



The “steering wheel” mark shown above is the equivalent of CE marking for marine equipment. It applies to equipment for use on board any new EU ship, wherever the ship is situated at the time of construction, and to equipment placed on board existing EU ships, whether for the first time or to replace equipment already carried on board. It does not apply to equipment already on board on the date on which the directive entered into force in 1997. The directive applies to the following equipment categories:

- Life-saving appliances
- Marine pollution prevention
- Fire protection
- Navigation equipment
- Radio-communication equipment

A revised Marine Equipment Directive (2014/90/EC) was adopted in July 2014 and will be applicable on September 18, 2016.

For more information

Directive 96/98/EC on Marine Equipment is available online at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:1996L0098:20101210:EN:PDF>

Directive 2014/90/EC is available online at:

http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.257.01.0146.01.ENG

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TEXTILES

Textile products must be labeled or marked whenever they are put onto the market for production or commercial purposes (sale). The names, descriptions and details of a textile’s fiber content must be indicated on products available to consumers. With the exception of trademarks or the name of the undertaking, information other than that required by the directive must be listed separately. Member States may require that their national language be used on the labeling and marking required by the directive.

For more information

http://ec.europa.eu/growth/sectors/fashion/textiles-clothing/legislation/index_en.htm

Commercial Specialist

FOOTWEAR



lining & sock

Labels must convey information relating to the upper, the lining and insole sock, and the outer-sole of the footwear article. The information must be conveyed by means of approved pictograms or textual information, as defined by the directive.

The label must be legible, firmly secured and accessible, and the manufacturer or his authorized agent established in the Community is responsible for supplying the label and for the accuracy of the information contained therein. Only the information provided for in the directive need be supplied. There are no restrictions preventing additional information being included on the label.

For more information

http://ec.europa.eu/growth/sectors/fashion/footwear/index_en.htm

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COSMETICS

Containers and/or packaging (in certain cases) must bear, in indelible, easily legible and visible characters, the following:

- The name, trade name and address, or registered office of the manufacturer or person responsible for marketing the cosmetic product within the Community
- The nominal contents at the time of packaging (by weight or volume)
- The date of minimum durability indicated by "Best before end", for products with a minimum durability of less than 30 months. In this case the following must figure on the packaging:



- The period after opening during which the product can be used without harm to the consumer, for products with a minimum durability of less than 30 months (indicated by a symbol representing an open cream jar, as shown below)



- Particular precautions for use
- The batch number or product reference, for identification
- The product's function

If it is impossible for practical reasons to print on the packaging all the conditions of use and particular warnings, an enclosed leaflet, label or tape has to be provided and the following symbol has to be on the packaging:



The Member States are to draw up procedures for providing the information set out above in the case of cosmetic products that have not been pre-packaged. The product function and list of ingredients also have to appear on the container or packaging. Member States may stipulate that the information on the label is provided in their national or official language(s).

About the labeling of nanomaterials present in cosmetics:

The Cosmetics regulation indicates that from July 2013 “all ingredients present in the form of nanomaterials shall be clearly indicated in the list of ingredient” and that “the names of such ingredients shall be followed by the word ‘nano’ in brackets”.

For more information

Regulation 1223/2009 is available online at:

http://ec.europa.eu/growth/sectors/cosmetics/legislation/index_en.htm

Market Research Report on “EU Cosmetics Legislation”

<http://apps.export.gov/article?id=The-EU-Cosmetics-Regulation>

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DANGEROUS SUBSTANCES

New Regulation on the Classification, Labeling and Packaging of Chemicals



The labeling of dangerous substances must indicate the following:

- The name of the substance
- The origin of the substance (the name and address of the manufacturer or distributor)
- The danger symbol and an indication of danger involved in the use of the substance
- A reference to the special risks arising from such dangers.

The dimensions of the label must not be less than a standard A8 sheet (52 x 74mm), and each symbol must cover at least one-tenth of the label's surface area. Member States may require their national language(s) to be used in the labeling of dangerous substances. Where the packaging is too small, the labeling may be affixed in some other manner. The packaging of products considered dangerous which are neither explosive nor toxic may go unlabeled if the product contains such small quantities of dangerous substances that there is no danger to users.

Symbols must be employed if the substance can be defined as any one of the following (as shown above): explosive, oxidizer, flammable, harmful, toxic irritant, corrosive, or harmful to environment. Containers of hazardous substances should include, in addition to the appropriate symbols, a raised triangle to alert the vision-impaired to their contents. Note that this directive has undergone numerous amendments relating, amongst other things, to the marking and labeling of additional substances. Accordingly, it is advisable to consult all literature.

Regulation 1272/2008 introduces new classification, labeling and packaging requirements for chemicals based on the Worldwide United Nation's Globally Harmonized System (UN GHS). It will gradually replace the Dangerous Substances Directive (65/548/EEC) and the Dangerous Preparations Directive (1999/45/EC) – and repeal them respectively in December 2010 and June 2015.

For more information

Regulation 1272/2008/EC on the classification, labeling and packaging can be found at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:353:0001:1355:EN:PDF>

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Legal Metrology and Metric Units of Measurement

This legislation specifies permissible ranges of nominal quantities, container capacities and the weights or volumes of prepackaged products. Manufacturers are advised to take note that all labels require metric units, although dual labeling is also acceptable.

For more information

http://ec.europa.eu/growth/single-market/goods/building-blocks/legal-metrology/index_en.htm

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PRICE DISPLAY

The directive requires an indication of the selling price, and price per unit of measurement, on all products offered to consumers. The aim is to improve the information available to the consumer and to facilitate price comparison. This information must be unambiguous, clearly legible and easily identifiable. If advertising mentions the item's selling price, it must also indicate its unit price. For products sold in bulk, the unit price is the only item whose indication on the label is mandatory. National authorities may provide alternatives for products sold by small retail business operations.

For more information

Directive 98/6/EC, on the indication of the prices of products offered to consumers, available online at:

http://eur-lex.europa.eu/resource.html?uri=cellar:b8fd669f-e013-4f8a-a9e1-2ff0dfee7de6.0008.02/DOC_1&format=PDF

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AUTOMOTIVE



Nearly every vehicle component must be certified for safety as specified under the various directives relating to automobiles. The number shown in the rectangle on the label indicates the particular Member State in which the approval process was conducted. A “base approval number” must also be provided adjacent to this certification. This four-digit number will correspond to the directive and type of device in question. The country-number correlation is as follows (this is not an exhaustive list):

1	Germany	6	Belgium	18	Denmark
2	France	9	Spain	21	Portugal
3	Italy	11	UK	23	Greece
4	Netherlands	13	Luxembourg	24	Ireland

For more information:

All existing directives on motor vehicles, in chronological order, available online at:
http://ec.europa.eu/growth/sectors/automotive/legislation/index_en.htm

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Photometry



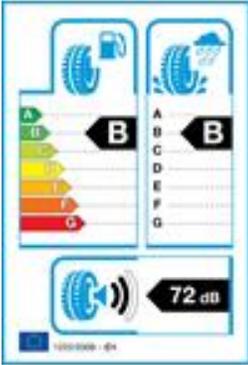
A similar marking is an ‘E’ surrounded by a circle, which applies to the testing of headlight lamps, brake light lamps and turning signal lamps of all vehicles seeking EU market entry. These include consumer vehicles, low-volume production trucks, light and heavy goods vehicles, trailers, motorcycles, cranes, agriculture and forestry tractors, and special-purpose and off-road vehicles.

For more information:

http://ec.europa.eu/growth/sectors/automotive/legislation/index_en.htm

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TIRE LABELING



Tire label legislation requires that tire manufacturers declare fuel efficiency, wet grip and external rolling noise performance of C1, C2 and C3 tires (i.e. tires mainly fitted on passenger cars, light and heavy duty vehicles).

The objective of the regulation is better information for the consumer and a contribution to a more energy efficient transport policy.

For more information:

<http://ec.europa.eu/energy/en/topics/energy-efficient-products-and-labels/tyres>

Directive 1222/2009/EC:

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009R1222&from=EN>

Directive 228/2011/EC:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:062:0001:0016:EN:PDF>

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PACKAGING MATERIAL

The EU Packaging and Packaging Waste Directive harmonized member state legislation regarding packaging material composition and the management of packaging waste. Composition of packaging material is addressed in a series of EU-wide standards. For the management of packaging waste through recycling targets and collection and recycling systems, member states have adopted voluntary marking mentioned in the following report.

For more information

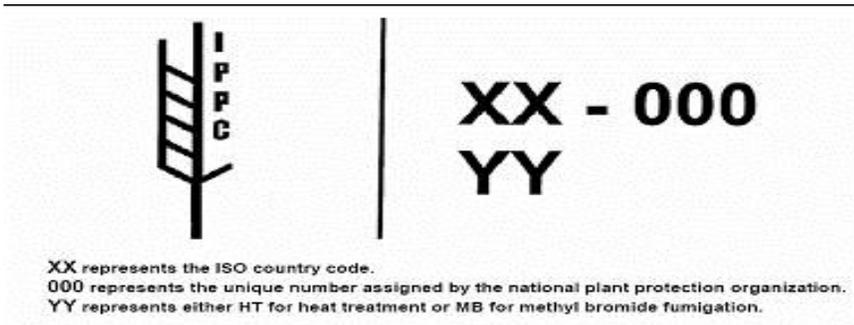
Directive 94/62/EC, available online at:

<http://ec.europa.eu/environment/waste/packaging/legis.htm>

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Wood Packaging



Like the United States, the EU has adopted legislation to ensure pest control in wood packaging. The marking used for regulated materials is based on the International Plant Protection Convention compliance symbol shown above.

For more information

http://ec.europa.eu/food/plant/plant_health_biosecurity/non_eu_trade/wood_packaging_dunnage/index_en.htm

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VOLUNTARY MARKS AND LABELS

MATERIALS IN CONTACT WITH FOOD



Manufacturers of containers, plates, cups, and other material that is intended to come into contact with food are required to check the compliance of their product with EU chemical safety requirements. Using the symbol shown above shows compliance with these requirements. It is mandatory to comply with the legislation, but the use of the symbol is voluntary.

For more information

http://ec.europa.eu/food/safety/chemical_safety/food_contact_materials/legislation/index_en.htm

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THE e-MARK



The e-mark, shown above, acts as a metrological "passport" to facilitate the free movement of prepackaged goods. It guarantees that certain liquids and other substances have been packed by weight or volume in accordance with the

directives. While compliance is not mandatory, free movement throughout the EU is guaranteed for prepackaged products that do comply with the provisions of the directive.

Containers with an e-mark also bear an indication of the weight or volume of the product, known as its “nominal” weight or volume. The packer (or importer, if the container is produced outside the EU) is responsible for ensuring that the containers meet the directive’s requirements.

For more information

http://ec.europa.eu/growth/single-market/goods/building-blocks/legal-metrology/pre-packaging/index_en.htm

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THE ECO-LABEL



The European Eco-label enables European consumers, including public and private purchasers, to easily identify officially approved green products across the European Union, Norway, Liechtenstein and Iceland. Introduced in 1992, the label communicates to the customer that the marked products meet specific eco-friendly criteria that have been developed to apply to everyday consumer goods and services.

The symbol may apply to the following 27 product and services groups:

All purpose cleaners and cleaners for sanitary facilities	Household cleaning products	Textile products
Bed mattresses	Laundry detergents	Tissue paper
Campsite Services	Light bulbs	Tourist accommodation service
Copying and graphic paper	Lubricants	Vacuum cleaners
Detergents for dishwashers	Paints and varnishes	Washing machines
Dishwashers	Personal computers	Wooden coverings
Footwear	Printed paper products	Wooden furniture
Furniture	Refrigerators	
Growing media and Soil improvers	Soaps, shampoos and hair conditioners	
Hand dishwashing detergents	Soil improvers	
Hard floor coverings	Televisions	
Heat pumps	Textile coverings	

Manufacturers should be aware that similar eco-friendly markings are often used nationally, such as the Nordic Swan or the German Blue Angel, shown below.



The Eco-label program has recently been expanded to cover fish and fishery products. This means that eco-labeled products have been produced in accordance with specific environmental standards.

Private Eco labels have been developed by the seafood industry to “influence the purchasing decision of consumers and the procurement policies of retailers selling seafood products, in order to reward producers involved in responsible fishing and aquaculture practices leading towards sustainable use of natural resources.”

There are multiple eco-label schemes, and logos, developed by a variety of operators and according to different characteristics. This confusing situation has led to a need for harmonization and coherence. In response, the UN Food and Agriculture Organization (FAO) has developed a “Guideline for the Eco-Labeling of Fish and Fishery Products from Marine Capture Fisheries” (<http://www.fao.org/docrep/012/i1119t/i1119t.pdf>).

The U.S. government has decided not to engage in the development of such marketing tool. Instead, NOAA Fisheries has developed a comprehensive website where stakeholders, including consumers, can find facts about a specific species of fish and related fisheries. Consumers can then make their own purchasing choice:

<http://www.fishwatch.gov/>

The European Commission is currently preparing, at the request of the European Parliament and the Council, a feasibility report on options for a Union-wide eco-label scheme for fishery and aquaculture products. Some EU member States have already created their own National eco label.

For more information

European Eco-label website

http://ec.europa.eu/environment/ecolabel/index_en.htm

http://ec.europa.eu/dgs/maritimeaffairs_fisheries/consultations/ecolabel/index_en.htm

Contact: office.brusselsec@trade.gov

NOAA Fisheries Representative to the EU:

stephane.vrignaud@trade.gov

RECYCLING



The “mobius loop” (sometimes known as the “chasing arrows”), based on an international standard, may be found on products throughout Europe and is meant to help consumers identify and participate in recycling schemes for product

packaging and materials. As well as being used on printed packaging, the chasing arrows symbol is sometimes featured in the molds of glass, metal, paper, or plastic products. Various kinds of loops indicate whether the product is recyclable, recycled or contains recycled material.

For more information

http://europa.eu.int/comm/environment/waste/waste_topics.htm

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Plastics



The symbol above is an example of how a plastic’s type may be indicated on a product. As part of the EU voluntary identification system for plastics, the following marks are used for the most common types of plastics (Decision 97/129/EC):

EU Number	Abbreviated Description	Full Plastic Description
1	PET	Polyethylene Terephthalate
2	HDPE	High Density Polyethylene
3	PVC	Poly Vinyl Chloride
4	LDPE	Low Density Polyethylene
5	PP	Polypropylene
6	PS	Polystyrene

Glass



There are no EU-wide symbols used to designate the recyclable nature of glass. However, it is certainly encouraged on the national level with an array of symbols. The two shown above are only a small sample of the total existing to show recyclability.

For more information

Contact: office.brusselsec@trade.gov

THE ENERGY STAR



The Energy Star, shown above, is a voluntary labeling program to help consumers identify the most energy-efficient office equipment on the market, i.e. computers, monitors, printers, copiers, scanners and multifunction devices. The Energy Star may be placed on products that meet or exceed energy-efficiency guidelines. Initiated by the United States, agreement with the EU was signed in December 2000 and then renewed in 2006 with the goal of coordinating the labeling program in the two markets. The agreement lays out a common set of energy-efficiency specifications, with a common logo that doubles as a marketing tool.

For more information

https://www.energystar.gov/index.cfm?c=partners.intl_implementation#europe

Contact: office.brusselsec@trade.gov

GREEN DOT



The Green Dot system is a scheme in which participating bodies coordinate the collection, sorting and recovery of used packaging. This system is actually administered according to national packaging laws (adhered to by packaging manufacturers, fillers, retailers and importers), and it should be noted that all participating national systems operate independently. The umbrella organization, PRO-Europe, is responsible for managing the Green Dot labeling system in Europe. More than 460 billion pieces of packaging marked with the Green Dot, shown above, are distributed worldwide. Interested applicants should contact one of the national administering authorities.

<http://www.pro-e.org/>

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Prohibited and Restricted Imports

The Tarif Intégré de la Communauté (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 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.

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

Customs Regulations

The following provides information on the major regulatory efforts of the EC Taxation and Customs Union Directorate:

The Union Customs Code (UCC) was adopted in 2013 and its substantive provisions apply from 1 May 2016. It replaces the Community Customs Code (CCC). In addition to the UCC, the European Commission has published delegated and implementing regulations on the actual procedural changes. These are included in Delegated Regulation (EU) 2015/2446, Delegated Regulation (EU) 2016/341 and the Implementing Regulation (EU) 2015/2447.

There are a number of changes in the revised customs policy which also require an integrated IT system from the customs authorities. In April 2016 The European Commission published an implementing decision (number: 2016/578) on the work program relating to the development and deployment of the electronic systems of the UCC.

Homepage of Customs and Taxation Union Directorate (TAXUD) Website

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

Customs Valuation – Most customs duties and value added tax (VAT) are expressed as a percentage of the value of goods being declared for importation. Thus, it is necessary to dispose of a standard set of rules for establishing the goods' value, which will then serve for calculating the customs duty.

Given the magnitude of EU imports every year, it is important that the value of such commerce is accurately measured for the purposes of:

- economic and commercial policy analysis;
- application of commercial policy measures;
- proper collection of import duties and taxes; and
- import and export statistics.

These objectives are met using a single instrument - the rules on customs value.

The EU applies an internationally accepted concept of 'customs value'.

The value of imported goods is one of the three 'elements of taxation' that provides the basis for assessment of the customs debt, which is the technical term for the amount of duty that has to be paid, the other ones being the origin of the goods and the customs tariff.

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

Trade Standards

Overview

Products tested and certified in the United States to American regulations and 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 legislation and standards created under the New Approach are harmonized across the member states and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking.

The concept of New Approach legislation is slowly disappearing as the New Legislative Framework (NLF), which entered into force in January 2010, was put in place to serve as a blueprint for existing and future CE marking legislation. Existing legislation has been reviewed to bring them in line with the NLF concepts, which means that, as of 2016, new requirements will have to be addressed and new reference numbers will have to be used on declarations of conformity. The date of applicability depends on the product category. For example, the new Electromagnetic Compatibility Directive (2014/30/EU) replaced the existing law and became applicable on April 20, 2016.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations (mandatory) and technical standards (voluntary) might also function as barriers to trade if U.S. standards are different from those of the European Union. For more information about the NLF, go to <http://ec.europa.eu/growth/single-market/goods/new-legislative-framework/>.

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://www.usda-eu.org>

There are also export guides to import regulations and standards available on the Foreign Agricultural Service's website: <http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/certification/fairs-export-certificate-report/>

Standards

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:

1. CEN, European Committee for Standardization, handling all other standards (<http://www.cen.eu/cen/pages/default.aspx>)
2. CENELEC, European Committee for Electrotechnical Standardization (<http://www.cenelec.eu/>)
3. ETSI, European Telecommunications Standards Institute (<http://www.etsi.org/>)

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 delegate experts to 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 provides some of 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 legislation. Mandates – or requests for standards - can be checked on line at: <http://ec.europa.eu/growth/tools-databases/mandates/index.cfm?>

Given the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its 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, Belarus, Israel, and Morocco among others. Another category, called "partner standardization body" includes the standards organization of Mongolia, Kazakhstan and Australia, which are not likely to become a CEN member or affiliate for political and geographical reasons.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. Other than their respective annual work plans, CEN's "what we do" page provides an overview of standards activities by subject. Both CEN and CENELEC offer the possibility to search their respective database. ETSI's portal (http://portal.etsi.org/Portal_Common/home.asp) links to ongoing activities.

The European Standardization system and strategy was reviewed in 2011 and 2012. The new standards regulation 1025, adopted in November 2012, clarifies the relationship between regulations and standards and confirms the role of the three European standards bodies in developing EN harmonized standards. The emphasis is also on referencing international standards where possible. For information, communication and technology (ICT) products, the importance of interoperability standards has been recognized. Through a newly established mechanism, a "Platform Committee" reporting to the European Commission will decide which deliverables from fora and consortia might be acceptable for public procurement specifications. The European standards bodies have been encouraged to improve efficiency in terms of delivery and to look for ways to include more societal stakeholders in European standardization.

Key Link: http://ec.europa.eu/growth/single-market/european-standards/policy/index_en.htm

Conformity Assessment

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, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice regarding 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. Conformity assessment bodies in individual member states are listed in NANDO, the European Commission's website.

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 system is known as the Keymark. Neither CENELEC nor ETSI offer conformity assessment services.

Product Certification

To sell products in the EU market of 28 member states as well as in 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. The CE marking process is very complex and this section attempts to provide some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC or ETSI, and referenced 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. As market surveillance was found lacking, the EU adopted the New Legislative Framework, which went into force in 2010. As mentioned before, this framework is like a blueprint for all CE marking legislation, harmonizing definitions, responsibilities, European accreditation and market surveillance.

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 local contact established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration 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

Independent test and certification laboratories, known as notified bodies, have been officially accredited by competent national authorities to test and certify to EU requirements.

"European Accreditation" (<http://www.european-accreditation.org>) 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 to appropriate EN and ISO/IEC standards.

Publication of technical regulations

The Official Journal is the official publication of the European Union. It is published daily on the internet and consists of two series covering adopted legislation as well as case law, studies by committees, and more (<http://eur-lex.europa.eu/oj/direct-access.html?locale=en>). It also lists the standards reference numbers linked to legislation (http://ec.europa.eu/growth/single-market/european-standards/harmonised-standards/index_en.htm).

National technical regulations are published on the Commission's website <http://ec.europa.eu/growth/tools-databases/tris/en/> to allow other countries and interested parties to comment.

National Institute of Standards and Technology's (NIST) Notify U.S. Service

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

Labeling and Marketing

Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary systems, national voluntary labeling schemes might still apply. These systems 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. 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 the language of the country of consumption.

Contact Information

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100 Bureau Dr.

Mail Stop 2100

Gaithersburg, Maryland 20899

Tel: (301) 975-5627

Website: <http://www.nist.gov/director/sco/index.cfm>

CEN – European Committee for Standardization

Avenue Marnix 17

B – 1000 Brussels, Belgium

Tel: 32.2.550.08.11

Fax: 32.2.550.08.19

Website: <http://www.cen.eu>

CENELEC – European Committee for Electrotechnical Standardization

Avenue Marnix 17

B – 1000 Brussels, Belgium

Tel: 32.2.519.68.71

Fax: 32.2.519.69.19

Website: <http://www.cenelec.eu>

ETSI - European Telecommunications Standards Institute

Route des Lucioles 650

F – 06921 Sophia Antipolis Cedex, France

Tel: 33.4.92.94.42.00
Fax: 33.4.93.65.47.16
Website: <http://www.etsi.org>

SBS – Small Business Standards

4, Rue Jacques de Lalaing
B-1040 Brussels
Tel: +32.2.285.07.27 Fax : +32-2/230.78.61
Website: <http://sbs-sme.eu/>

ANEC - European Association for the Co-ordination of Consumer Representation in Standardization

Avenue de Tervuren 32, Box 27
B – 1040 Brussels, Belgium
Tel: 32.2.743.24.70
Fax: 32.2.706.54.30
Website: <http://www.anec.org>

ECOS – European Environmental Citizens Organization for Standardization

Rue d'Edimbourg 26
B – 1050 Brussels, Belgium
Tel: 32.2.894.46.68
Fax: 32.2.894.46.10
Website: <http://www.ecostandard.org>

EOTA – European Organization for Technical Assessment (for construction products)

Avenue des Arts 40
B – 1040 Brussels, Belgium
Tel: 32.2.502.69.00
Fax: 32.2.502.38.14
Website: <http://www.eota.eu/>

Trade Agreements

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

Licensing Requirements for Professional Services

The recognition of skills and qualifications acquired by EU citizens in EU Member States, including the corresponding recognition procedures and charges are, in correspondence with article 165 of the TFEU, the responsibility of Member States. Similarly, recognition of skills and qualification earned in third countries is also a national responsibility.

However, the European Commission takes initiatives to facilitate recognition procedures. For example:

- Recognition of professional qualifications obtained in one Member State for the purposes of access and pursuit of regulated professions in another Member State is subject to Directive 2005/36.
- Recognition of qualifications for academic purposes in the higher education sector, including school-leaving certificates is subject to the *Lisbon Recognition Convention*. The ENIC-NARIC network provides advice on (cross-border) recognition of these qualifications.

Recognition in other cases is assessed and granted (or denied) by the receiving educational provider or employer. For them to be able to recognise skills and qualifications **understanding of the level, content and quality** is needed. The Commission currently explores the possibilities on how to better support these recognition decisions.

The “Your Europe” website maintains a webpage dedicated to help citizens what the regulated professions are and what document are needed for their recognition in each Member State. Please see:

http://europa.eu/youreurope/citizens/work/professional-qualifications/recognition-of-professional-qualifications/index_en.htm

To operate in Italy, foreign professionals who have obtained licenses outside of the European Union must request recognition of their qualification from the Italian Ministry of Justice. There are different application forms depending on the legal status of the foreigner applying for the recognition of the qualification. The applicant may be required to pass a qualifying examination. For more information visit: https://www.giustizia.it/giustizia/it/mg_3_4_17.wp?tab=m. Please note that the website is not in English and will need to be translated.

Trade Regulation Web Resources

EU websites:

Online customs tariff database (TARIC):

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

The Modernized Community Customs Code MCCC):

http://europa.eu/legislation_summaries/customs/do0001_en.htm

ECHA: <http://echa.europa.eu>

Taxation and Customs Union:

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

Security and Safety Amendment to the Customs Code - Regulation (EC) 648/2005:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF>

Electronic Customs Initiative: Decision N° 70/2008/EC

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:023:0021:0026:EN:PDF>

Modernized Community Customs Code Regulation (EC) 450/2008):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:145:0001:0064:EN:PDF>

Legislation related to the Electronic Customs Initiative:

http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

Export Help Desk

http://exporthelp.europa.eu/thdapp/index_en.html

What is Customs Valuation?:

http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/european/index_en.htm

Customs and Security: Two communications and a proposal for amending the Community Customs Code:

http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm

Establishing the Community Customs Code: Regulation (EC) n° 648/2005 of 13 April 2005
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF>

Pre Arrival/Pre Departure Declarations:

http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/prearrival_predeparture/index_en.htm

AEO: Authorized Economic Operator:

http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/aeo/index_en.htm

Contact Information at National Customs Authorities:

http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm

New Legislative Framework:

<http://ec.europa.eu/growth/single-market/goods/new-legislative-framework/>

Cenelec, European Committee for Electrotechnical Standardization:

<http://www.cenelec.eu/>

ETSI, European Telecommunications Standards Institute:

<http://www.etsi.org/>

CEN, European Committee for Standardization, handling all other standards:

<http://www.cen.eu/cen/Pages/default.aspx>

Standardisation – Mandates:

http://ec.europa.eu/growth/single-market/european-standards/requests/index_en.htm

ETSI – Portal – E-Standardisation :

http://portal.etsi.org/Portal_Common/home.asp

CEN – Sector:

<http://www.cen.eu/work/areas/Pages/default.aspx>

CEN - Standard Search:

<http://standards.cen.eu/dyn/www/f?p=CENWEB:105::RESET:::>

Nando (New Approach Notified and Designated Organizations) Information System:

<http://ec.europa.eu/enterprise/newapproach/nando/>

Mutual Recognition Agreements (MRAs):

<http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=mra.main>

European Co-operation for Accreditation:

<http://www.european-accreditation.org/home>

Eur-Lex – Access to European Union Law:

<http://eur-lex.europa.eu/en/index.htm>

Standards Reference Numbers linked to Legislation:

http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm

What's New:

http://ec.europa.eu/growth/news/index_en.htm

National technical Regulations:

<http://ec.europa.eu/growth/tools-databases/tris/en/>

NIST - Notify U.S.:

<http://www.nist.gov/notifyus/>

Metrology, Pre-Packaging – Pack Size:

http://ec.europa.eu/growth/single-market/goods/building-blocks/legal-metrology/index_en.htm

European Union Eco-label Homepage:

<http://ec.europa.eu/environment/ecolabel/>

U.S. websites:

National Trade Estimate Report on Foreign Trade Barriers:

<https://ustr.gov/sites/default/files/2015%20NTE%20Combined.pdf>

Agricultural Trade Barriers:

<http://www.usda-eu.org/>

Trade Compliance Center:

<http://tcc.export.gov/>

U.S. Mission to the European Union:

<http://useu.usmission.gov/>

The New EU Battery Directive:

<http://www.export.gov/europeanunion/marketresearch/index.asp>

The Latest on REACH:

<http://export.gov/europeanunion/reachclp/index.asp>

CE Marking:

http://www.export.gov/cemark/eg_main_017267.asp

WEEE and RoHS in the EU:

<http://export.gov/europeanunion/weeerohs/index.asp>

Overview of EU Certificates (FAS):

<http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/certification/fairs-export-certificate-report/>

Center for Food Safety and Applied Nutrition:

<http://www.fda.gov/Food/default.htm>

Investment Climate Statement

Executive Summary

Italy's economy, the eighth largest in the world, is fully diversified, but dominated by small and medium-sized firms (SMEs), which comprise 99.9 % of Italian businesses. Italy is an original member of the 19-nation Eurozone. Germany, France, the United States, Spain, Switzerland, and the United Kingdom are Italy's most important trading partners, with China continuing to gain ground. Tourism is an important source of external revenue, as are exports of pharmaceutical products, furniture, industrial machinery and machine tools, electrical appliances, automobiles and auto parts, food and wine, as well as textiles/fashion. Italy continues to lag behind many industrialized nations as a recipient of foreign direct investment, and Italy does not have a bilateral investment treaty with the United States.

Italy's relatively affluent domestic market, proximity to emerging economies in North Africa and the Middle East, and assorted centers of excellence in scientific and information technology research remain attractive to many investors. The government remains open to foreign investments in shares of Italian companies and continues to make information available online to prospective investors. The Italian government's efforts to implement new investment promotion policies to position Italy as a desirable investment destination were undermined in part by Italy's ongoing economic weakness and lack of consistent progress on structural reforms that could repair the lengthy and often inconsistent legal and regulatory systems, unpredictable tax structure and layered bureaucracy. However, Italy's economy has emerged from its longest recession in recent memory and the current government is making progress on its efforts to improve Italy's investment climate.

Table 1

Measure	Year	Index or	Website Address
TI Corruption Perceptions index	2015	61 of 167	http://www.transparency.org/cpi2015
World Bank's Doing Business	2016	45 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	31 of 143	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country (\$M USD, stock	2014 (last available)	USD 26.7 billion	BEA/

World Bank	2014		data.worldbank.org/indicator/NY.GNP.PCAP.CD
GNI per capita	(last available)	USD 34,270	

Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Italy welcomes foreign direct investment (FDI). As a European Union (EU) member state, Italy is bound by the Union's treaties and laws. Under the EU treaties with the United States, Italy is generally obliged to provide national treatment to U.S. investors established in Italy or in another EU member state. Exceptions include access to government subsidies for the film industry (limited to EU member states); capital requirements for banks domiciled in non-EU member countries; and restrictions on non-EU-based airlines operating domestic routes. Italy also has investment restrictions in the shipping sector.

EU and Italian antitrust laws provide local authorities with the right to review mergers and acquisitions over a certain financial threshold. The Italian government may block mergers involving foreign firms if it is determined to be essential to the national economy (e.g., network industries) or if the government of the foreign firm applies discriminatory measures against Italian firms. Foreign investors in the defense or aircraft manufacturing sectors are more likely to encounter resistance from the many ministries charged with approving foreign acquisitions. Finmeccanica, a state-controlled defense conglomerate, operates domestically in these sectors.

Although many former monopoly operators have been partially privatized, the Government of Italy (GOI) retains a controlling interest, either directly or through the state-controlled sovereign wealth fund Cassa Depositi e Prestiti (CDP), in shipbuilder Fincantieri (72.5 percent), postal and financial services provider Poste Italiane (64.7 percent), electricity provider ENEL (25.5 percent), oil and gas major Eni (30 percent), defense conglomerate Finmeccanica (30.2 percent), natural gas infrastructure firm Snam (30.1 percent), as well as electricity transmission provider Terna (29.85 percent). Moreover, while it does not own any shares in former monopoly Telecom Italia (TI), the GOI retains a de facto veto power over ownership and investment decisions thought to pose a danger to national security (golden share), claiming that TI is of strategic importance because it still owns the largest portion of Italy's telecommunications infrastructure. Government policy in these key economic sectors may take into account the interests of these specific firms.

According to the latest available figures from the Italian Trade Commission (ICE) from December 2011, 8,492 foreign companies operate in Italy, employing 886,254 workers with overall sales of €498.5 billion. According to UNCTD, in 2014, total FDI stock in Italy was 17.4 percent of GDP.

Other Investment Policy Reviews

There has been no OECD, WTO or UNCTAD investment policy review the past three years. However, Italy cooperates with the European Commission and OECD to produce country reports on the economic situation, which may include investment climate issues (links to both: <http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations> and <http://www.oecd.org/italy/>).

Laws/Regulations of Foreign Direct Investment

Italy is bound by EU laws.

Business Registration

Italy has a business registration website, available in Italian and English, administered through the Union of Italian Chambers of Commerce: <http://www.registroimprese.it>.

The online business registration process is clear and complete. Foreign companies may use the online process. Before registering a company online, applicants must obtain a certified e-mail address and digital signature, a process that may take up to five days. A notary is required to certify the documentation. The precise steps required for the registration process depend on the type of business being registered. The minimum capital requirement also varies by type of business. Generally, companies must obtain a value-added tax account number (*partita IVA*) from the Italian Revenue Agency, register with the social security agency *Istituto Nazionale della Previdenza Sociale* (INPS), verify adequate capital and insurance coverage with the Italian workers' compensation agency *Istituto Nazionale per L'Assicurazione contro gli Infortuni sul Lavoro* (INAIL), and notify the regional office of the Ministry of Labor. According to the World Bank Doing Business Index 2016, it takes five procedures and 5.5 days to start a business in Italy. Additional licenses may be required, depending on the type of business to be conducted.

The GOI has an investment promotion agency to promote inward investment, *Invitalia*. In addition, the Italian Trade Agency (ICE) has set up a "Foreign Investment Department" to assist those wanting to set up a new business in Italy (<http://www.investitaly.com/en/>). In addition, many Italian localities have introduced one-stop shops to serve as a single point of contact for potential investors and provide advice in obtaining necessary licenses and authorizations. These services are available to all investors.

The GOI defines SMEs in line with the EU definition (<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32003H0361&locale=en>). Italy provides incentives to certain SMEs (e.g., "innovative SMEs"), which would also be available to qualifying foreign-owned companies.

Industrial Promotion

Italy does not limit its investment attraction efforts to specific industries. Information about available programs is available on the websites listed above.

Privatization Program

The GOI has committed to privatize €16 billion in state-owned assets in 2016 and 2017 (€8 billion in each year). The privatizations fall into two categories: minority stakes in state-owned companies and underutilized real estate holdings. The GOI will sell shares of state-owned companies through the Milan Stock Exchange (*Borsa Italiana*), while real estate sales are conducted through public bidding processes (typically online). The GOI sold shares in the national postal provider (*Poste Italiane*) in 2015. By year-end 2017, the GOI plans to sell minority stakes in the national railroad company (*Ferrovie dello Stato – FS*) and the air traffic controller (*ENAV*). The GOI solicits and encourages foreign investors to participate in its privatizations. The privatizations are easy to understand, non-discriminatory and transparent.

Screening of FDI

Italy does not actively screen, review or approve FDI. However, EU and Italian antitrust laws provide local authorities with the right to review mergers and acquisitions over a certain financial threshold. The Italian government may block mergers involving foreign firms if it is determined to be essential to the national economy or if the government of the foreign firm applies discriminatory measures against Italian firms. This practice has been rarely used and has not been the subject of complaints from U.S. companies.

Competition Law

The Italian Competition Authority (AGCM) is responsible for reviewing transactions for competition-related concerns. AGCM may examine transactions that restrict competition in Italy as well as the broader EU market. As a member of the EU, Italy is also subject to interventions by the European Commission Competition Directorate (DG COMP).

Conversion and Transfer Policies

Foreign Exchange

In accordance with EU directives, Italy has no foreign exchange controls. There are no restrictions on currency transfers; there are only reporting requirements. Banks are required to report any transaction over EUR 1,000 due to money laundering and terrorism financing concerns. Profits, payments, and currency transfers may be freely repatriated. Residents and non-residents may hold foreign exchange accounts. In 2016, the GOI raised the limit on cash payments for goods or services to €3,000 (from €1,000). Payments above this amount must be made electronically. Enforcement remains uneven. The rule exempts e-money services, banks and other financial institutions, but not payment services companies.

Italy is a member of the European Monetary Union (EMU), with the euro as its official currency. Exchange rates are floating.

Remittance Policies

There are no limitations on remittances, though transactions above €1,000 must be reported.

According to the Financial Action Task Force, Italy has a strong legal and institutional framework to fight money laundering and terrorist financing and authorities have a good understanding of the risks the country faces. There are areas where improvements are needed such as its money laundering investigative and prosecutorial action on risks associated with self-laundering, standalone money laundering, and foreign predicate offences, and the abuse of legal persons.

Expropriation and Compensation

The Italian constitution permits expropriation of private property for "public purposes," defined as essential services or measures indispensable for the national economy, with fair and timely compensation.

Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Italian law is based on Roman law and on French Napoleonic code law. The Italian judicial system consists of a series of courts and a body of judges employed as civil servants. The system is unified, every court being part of the national network. Though notoriously slow, the Italian civil legal system meets the 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. Foreign investors in Italy can choose among different means of dispute resolution, including legally binding arbitration.

In January 2012, the government introduced new "business tribunals" in each of Italy's 20 Regions intended to expedite the resolution of shareholder disputes, intellectual property disputes and other corporate matters, but not to adjudicate business disputes such as contract disputes. These courts are resolving the majority of their cases within one year, much more quickly than general civil courts. The government also introduced measures designed to streamline the legal system, and to promote alternative dispute resolution techniques, such as mediation and the decriminalization of minor offenses. The World Justice Project's 2015 Rule of Law Index scored Italy as 19th out of the 24 countries in the Western Europe and North America Region, unchanged from the previous year.

In 2014, the government introduced a package of justice reforms intended to reduce the backlog of civil cases and speed newly filed cases to conclusion. These reforms included a new emphasis on alternative dispute resolution and methods to make collecting judgments easier. In a positive sign, a civil court in Torino halved the average duration of its civil cases by implementing new internal practices: assigning one judge to the case, thus increasing accountability, and requiring judges to transfer incomplete cases to a colleague if going on an extended leave. The judge responsible for these changes now serves as a legal reform advisor to the Presidency of the Council of Ministers and is working to expand these changes nationwide. In 2016, the government introduced a new package of justice reforms intended to

build on the 2014 efforts. The 2016 reforms will expand the jurisdiction of the business tribunals to hear commercial contract disputes and increase the use of arbitration. The 2016 reforms should be implemented by year-end 2016.

Italy is a member state to the World Bank's International Centre for the Settlement of Investment Disputes (ICSID convention). Italy has signed and ratified the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention). Italian law recognizes and enforces foreign court judgments.

Bankruptcy

Italy's bankruptcy regulations are somewhat analogous to U.S. Chapter 11 restructuring, and allow firms and their creditors to reach a solution without declaring bankruptcy. In recent years, the judiciary's role in bankruptcy proceedings has been reduced in an attempt to simplify and expedite proceedings. In August 2015, the Italian parliament passed a package of changes to the bankruptcy law, including measures to ease access to interim credit for bankrupt companies and restructure debts. Implementing regulations are expected by the end of 2016. In the World Bank's Doing Business Report 2016, Italy ranks 23rd out of 189 economies in the category of Ease of Resolving Insolvency.

Investment Disputes

Italy has had very few investment disputes involving a U.S. person in the last 10 years. Post identified less than five such active disputes at the time of the drafting of this report.

International Arbitration

Italy is a party to the following international treaties relating to arbitration:

- The 1927 Geneva Convention on The Execution of Foreign Arbitral Awards (entered into force on 12 February 1931);
- The 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (entered into force on 1 May 1969);
- The 1961 European Convention on International Commercial Arbitration (entered into force on 1 November 1970) and;
- The 1965 Washington Convention on the Settlement of Investment Disputes Between States and Nationals of Other States (entered into force on 28 April 1971).

Italy's Code of Civil Procedure (Book IV, Title VIII, Sections 806-840) governs arbitration in Italy, including the recognition of foreign arbitration awards. Italian law is not based on the UNCITRAL Model Law; however, many of the principles of the Model Law are present in Italian law.

Parties are free to choose from a variety of Alternative Dispute Resolution methods, including mediation, arbitration, and lawyer-assisted negotiation.

ICSID Convention and New York Convention

Italy is a member state to the World Bank's, International Centre for the Settlement of Investment Disputes (ICSID convention). Italy has signed and ratified the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention). Italian civil law (Section 839) provides for and governs the enforcement of foreign arbitration awards in Italy.

Duration of Dispute Resolution – Local Courts

In the World Bank's Doing Business Report, Italy ranks 111 out of 189 economies in the category of Enforcing Contracts, averaging 1,120 days to resolve the typical contract case. Judges grant often lengthy continuances.

[Performance Requirements and Investment Incentives](#)

WTO/TRIMS

The GOI is in compliance with World Trade Organization (WTO) Trade-Related Investment Measures (TRIMs) obligations. Foreign investors face specific performance requirements only in the telecommunications sector.

Investment Incentives

The GOI offers modest incentives to encourage private sector investment in targeted sectors (e.g., innovative companies) and economically depressed regions, particularly southern Italy. The incentives are available to eligible foreign investors as well. Incentives include grants, low-interest loans, deductions and tax credits. Some incentive programs have a cost cap, which may prevent otherwise eligible companies from receiving the incentive benefits once the cap is reached. The GOI applies cost caps on a non-discriminatory basis, typically based on the order that applications were filed.

Italy provides an incentive for investments by SMEs in new machinery and capital equipment (“New Sabatini Law”), available to eligible companies regardless of nationality. This investment incentive provides financing, subject to an annual cost cap. Sector-specific investment incentives are also available in targeted sectors.

The Italian tax system does not discriminate between foreign and domestic investors. Corporate income tax (IRES) rates are 27.5 percent. In addition, companies may be subject to a regional tax on productive activities (IRAP) at a 3.9 percent rate. The World Bank estimates Italy’s total tax rate at 64.8 percent of commercial profits in 2015, the highest rate in the EU. As of March 2015, employers may also claim an IRAP deduction for each permanent new hire.

Several U.S. multinationals have sought U.S. Embassy assistance in dealing with Italy’s tax enforcement, with some expressing concerns that the Italian Revenue Agency targeted large companies. According to the companies, Italian tax investigations may focus on corporate accounting practices deemed legitimate in other EU Member States, creating inconsistencies and uncertainty.

Research and Development

The Minister of Education, University and Research (MIUR) has identified, funded, and signed Framework Program Agreements with eight "National Technology Clusters," public-private partnerships, including companies, universities and research institutions focused on strategic sectors (Intelligent Factory, Green Chemistry, Life Sciences, Transport and Shipping, Agrifood, Aerospace, Technology for Smart Communities and Smart Living Technologies). The Clusters facilitate cooperation between public and private researchers and venture capitalists, support the research and development of key technologies, strengthen industrial research activities, and promote innovation in small- and medium-sized enterprises.

U.S.-owned and other foreign firms operating in Italy are able to participate in GOI-financed research and development programs. However, R&D initiatives funded by the EU may be subject to additional restrictions (administered by the EU).

Performance Requirements

Italy does not mandate local employment. Non-EU nationals who would like to establish a business in Italy must have a valid residency permit or be nationals of a country with reciprocal arrangements. For a list of countries with reciprocal arrangements, please see: <http://www.esteri.it/mae/en/ministero/servizi/stranieri/condizreciprocita/>.

Work permits and visas are readily available and do not inhibit the mobility of foreign investors. As a member of the Schengen Area, Italy typically allows short-term visits (up to 90 days) without a visa. The Italian Ministry of Foreign Affairs has specific information about visa requirements: <http://vistoperitalia.esteri.it/home/en>.

As a member of the EU, Italy does not follow forced localization policies in which foreign investors must use domestic content in goods or technology.

Limits on Foreign Control

Under the EU treaties with the United States, Italy is generally obliged to provide national treatment to U.S. investors established in Italy or in another EU member state. Exceptions include access to government subsidies for the film industry (limited to EU member states); capital requirements for banks domiciled in non-EU member countries; and restrictions on non-EU-based airlines operating domestic routes. Italy also has investment restrictions in the shipping sector.

EU and Italian antitrust laws provide Italian national local authorities with the right to review mergers and acquisitions over a certain financial threshold. The Italian government may block mergers and acquisitions involving foreign firms if it is determined to be essential to the national strategic interest or if the government of the foreign firm applies discriminatory measures against Italian firms. Foreign investors in the defense or aircraft manufacturing sectors are more likely to encounter resistance from the many ministries charged with approving foreign acquisitions.

Protection of Property Rights

Real Property

According to the World Bank, Italy ranks 24th worldwide for the ease of registering property down two positions from 2015. Real property registration takes an average of 16 days, requires four procedures and costs an average of 4.4 percent of the value of the property. Real property rights are enforced in Italian courts. Mortgages and judgment liens against property exist in Italy and the recording system is reliable. Although Italy does not publish official statistics, post estimates that less than 10 percent of the land in Italy does not have clear title.

Intellectual Property Rights

Italy was removed from the Watch List in USTR's 2014 Special 301 Report, primarily due to the Italian Communications Authority's (AGCOM's) December 12, 2013 issuance of a new regulation to combat digital copyright theft. The regulation, which entered into force on March 31, 2014, provides AGCOM with the administrative authority to block domestic sites and access to international sites offering illegal content. This streamlined procedure to address illegal content has greatly reduced the need to go through a lengthy court process. In the two years since its inception, this regulation has effectively allowed AGCOM to block access to pirate websites and has seen an increase in sites voluntarily cooperating with rights holders to remove copyrighted material. Italy has remained off of the Special 301 report and continues to monitor and take down pirated materials.

Although Italy does not release data on a regular basis, an October 2014 government report said that between 2008 and 2013, Italian authorities made 99,748 seizures of counterfeit products, totaling 334 million pieces, with a value of €3.8 billion (\$4.25 billion).

Italian IPR advocates have noted that the Government of Italy has enacted new reforms to the judicial system that decriminalizes many IPR violations. Part of a larger effort to reform the judicial system and clear out a lengthy backlog of cases, the reforms allow local magistrates to use discretionary authority for prosecution of crimes which provide for a jail sentence of five years or less. As most IPR crimes fall under this sentencing limit, some stakeholders are concerned that IPR violators will not face penalties for infringements.

Copyrighted works sold in Italy generally must bear a sticker issued by SIAE, Italy's royalty collection agency operating under loose authority from the Ministry of Culture. Business software is exempted although obtaining this exemption requires extensive paperwork. The music and film industries assert the system has become overly burdensome and costly, and has failed to provide adequate protection from piracy.

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).

Italy does not appear on USTR's notorious market report

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Embassy point of contact:

RomeECON@state.gov

Local lawyers list: <http://italy.usembassy.gov/acs/professionals/lawyers/lawyers-main.html>

Data Privacy and Protection

Current Situation: the New General Data Privacy Regulation

The EU data privacy framework is currently going through a legislative transition.

The EU's general data protection Directive (95/46/EC) adopted in 1995 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.

On May 4th 2016, the new General Data Protection Regulation (GDPR) was published in the EU Official Journal. The text was initially proposed in 2012. The GDPR will replace the 1995 Data Privacy Directive. However, there will be two-year transition period to allow companies and organizations (including those U.S. entities that receive data from European customers) to comply with the numerous new requirements introduced. The transition period will end on May 25, 2018. Among the many requirements are the mandatory appointments of a Data Protection Officer in organizations that fill certain criteria and an obligation to report personal data breaches.

The main benefit businesses expect is the ability to operate under a harmonized legal regime across the 28 Member States. This is viewed as an improvement, although less so than the originally envisioned cornerstone concept of one-stop-shop, i.e. companies dealing with one main Data Protection Authority for all their operations in Europe.

For more information:

Full GDPR text: <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32016R0679&from=EN>

Official press release: [http://europa.eu/rapid/press-release MEMO-15-6385 en.htm](http://europa.eu/rapid/press-release_MEMO-15-6385_en.htm)

Transferring Customer Data to Countries outside the EU

The EU's current Data Protection Directive, which will be fully replaced by the General Data Protection Regulation (GDPR) as of May 25, 2018, provides for the free flow of personal data within the EU but also for its protection when it leaves the region's borders. The Safe Harbor Framework between the United States and the EU was negotiated in

response to the European Union's 1995 Data Privacy Directive, which prohibits companies from transferring personal data of EU citizens to countries which have not been deemed to provide an "adequate" level of data protection, as determined by the European Commission, unless one of several limited exceptions applies. While the United States has never sought to be deemed adequate as a general matter, Safe Harbor was a self-certification program administered by the U.S. Department of Commerce (USDOC) that allowed for certified companies to transfer a limited category of commercial data to the United States in compliance with EU law. However, on October 6, 2015 the European Court of Justice handed down a ruling in *Schrems vs. Data Protection Commissioner* that invalidated the U.S.-EU Safe Harbor Framework as a means to legally transfer commercial data from the EU to the United States.

Current legal alternatives to the Safe Harbor Framework are limited. EU-based exporters or U.S.-based importers of personal data can also satisfy the adequacy requirement by using appropriate safeguards, for instance by including data privacy clauses in the contracts they sign with each other. 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, and were complemented in 2010 by contractual clauses on "sub-processing" (outsourcing by an EU based exporter of its processing activities to other sub-processors outside the EU). Companies must bear in mind that the transfer of personal data to third countries is a processing operation that is subject to EU data protection legislation.

EU countries' Data Protection Authorities (DPAs) and large multinational companies have also developed "binding corporate rules" (BCRs). A BCR is the international code of practice that a multinational corporation follows for transfers of personal data between the companies belonging to that corporation (worldwide intra-group transfer). BCRs are suitable for closely-knit, highly hierarchically structured multinational companies but not for loose conglomerates. The process of negotiation and approval of the BCRs is currently lengthy and complex, and has not yet been attempted by small or medium-sized companies.

The legal environment for data transfers to the United States continues to evolve and so companies that transfer EU citizen data to the United States as part of a commercial transaction should consult with an attorney, who specializes in EU data privacy law, to determine what options may be available for a particular transaction.

For more information, go to <http://www.export.gov/safeharbor/>.

The EU-U.S. Data Privacy Shield

In February 2016, the United States and European Commission reached a political agreement on the new EU-U.S. Data Privacy Shield. If approved by the EU, the new agreement will be the successor to the U.S.-EU Safe Harbor Framework and will impose obligations on company participants to ensure that EU citizen data transferred to the United States for commercial purposes is transferred and protected in a manner consistent with EU law. Before the agreement can go into effect, the EU must complete its internal approval process. Once in place, the Privacy Shield will allow certified program participants to transfer commercial data to the United States. The EU hopes to have completed its internal approval process sometime in 2016. Until such time as the agreement is approved by the EU and the Privacy Shield program is officially launched companies cannot rely on it as a means to transfer commercial data from the EU to the United States.

For more information on the EU-U.S. Privacy Shield, go to <https://www.commerce.gov/privacysshield> or http://ec.europa.eu/justice/newsroom/data-protection/news/160229_en.htm.

Transparency of the Regulatory System

Italy is subject to single market directives mandated by the EU, which are intended to harmonize regulatory regimes among EU countries.

Italy is slowly tackling some of the red tape and other obstacles that have hampered business in the past. The World Bank's 2016 edition of its "Doing Business" guide ranks Italy 45th out of 189 countries, (up 11 places from last year and 20 places from two years ago) for ease of doing business. A "liberalization" decree in 2012 provided limited incentives for entrepreneurs under age 35 starting a new businesses, including cutting the registration fee to one euro and reducing filing requirements. The government issued a broader simplification decree in 2012 that eliminated 15 obsolete laws to reduce the amount of red tape and fees required for anyone seeking to open a business. In 2012, the government passed a decree providing tax credits for startups and incubators, as well as for private infrastructure investment. The decree also authorized creation of a new "Desk Italia" that provides a single contact point at the Ministry of Economic Development to attract FDI and support investors willing to invest in Italy. Desk Italia was subsequently followed by Destinazione Italia, a package of measures designed to simplify and improve the investment climate via a combination of both parliamentary actions and administrative procedures in cooperation with local Chambers of Commerce, regional authorities, the Institute for Foreign Trade (ICE) and Invitalia, Italy's agency to promote inward investment and economic development, owned by the Italian Ministry of Economic Development.

The government gives notice of draft regulations; there is a public comment process. The notice includes a general analysis of the proposed regulation, the draft regulation, and some specific questions on the approach taken by the regulators in drafting the proposal.

Efficient Capital Markets and Portfolio Investment

The GOI welcomes foreign portfolio investments, which are generally subject to the same reporting and disclosure requirements as domestic transactions. Financial resources flow relatively freely in Italian financial markets and capital is allocated mostly on market terms. Foreign participation in Italian capital markets is not restricted. In practice, many of Italy's largest publicly-traded companies have foreign owners among their primary shareholders. While foreign investors may obtain capital in local markets and have access to a variety of credit instruments, access to equity capital is difficult. Italy has a relatively underdeveloped capital market and businesses have a long-standing preference for credit financing. The limited venture capital available is usually provided by established commercial banks and a handful of venture capital funds.

Italy's regulatory system adequately encourages and facilitates portfolio investment. Italy's financial markets are regulated by the Italian securities regulator (CONSOB), Italy's central bank (the Bank of Italy) and the Institute for the Supervision of Insurance (IVASS). CONSOB supervises and regulates Italy's securities markets (e.g., the Milan Stock Exchange). The Bank of Italy supervises banks and other financial institutions, with the European Central Bank (ECB) assuming supervisory responsibilities for the largest Italian banks in 2015. IVASS supervises and regulates insurance companies. Liquidity in the primary markets (e.g., the Milan exchanges) is sufficient to enter and exit sizeable positions, though Italian capital markets are small by international standards. Liquidity may be limited for certain less-frequently traded investments (e.g., bonds traded on the secondary and OTC markets). Liquidity measures, turnover and trading information for the Milan Stock market can be found here:

<http://www.borsaitaliana.it/borsaitaliana/statistiche/statistiche.en.htm>.

In general, Italian policies generally facilitate the flow of financial resources to markets. Dividends and royalties paid to non-Italians may be subject to a withholding tax, unless covered by a tax treaty. Dividends paid to permanent establishments of non-resident corporations in Italy are not subject to the withholding tax. A full list of countries subject to tax treaties can be found on the Revenue Agency website:

<http://www.agenziaentrate.gov.it/wps/content/Nsilib/Nsi/Documentazione/Fiscalita+internazionale/>

In 2009, the United States and Italy enacted an income tax agreement to prevent double-taxation of each other's nationals and firms, and to improve information sharing between tax authorities.

On January 10, 2014 representatives of the governments of Italy and the United States in Rome signed an intergovernmental agreement to implement provisions of U.S. law known as FATCA (Foreign Account Tax Compliance Act). The FATCA intergovernmental agreement (IGA) allows for the automatic exchange of information between tax authorities and reflects an agreement negotiated between the United States and five European Union countries (France, Germany, Italy, Spain, and the United Kingdom). The automatic exchange of information takes place on the basis of reciprocity, and includes accounts held in the United States by persons resident in Italy and those held in Italy from U.S. citizens and residents. FATCA officially entered into force in Italy on July 8, 2015.

In 2015, the GOI signed tax information exchange agreements (TIEAs) with Switzerland, Lichtenstein, the Vatican, Andorra, the Cayman Islands and Monaco removing these countries from Italy's black list of tax avoidance countries. Italy also removed Guernsey, Jersey, Mauritius, the Isle of Man, Malaysia, Singapore and the Philippines from its black list in 2015.

Italy imposed a financial transactions taxes (FTT, a.k.a. Tobin Tax) beginning in 2013. Financial trading is taxed at 0.1 percent in regulated markets and 0.2 percent in unregulated markets. The FTT applies to daily balances rather than to each transaction. The FTT applies to trade in derivatives, with fees ranging from €0.025 to €200. Also, high frequency trading is subject to a 0.02 percent tax on trades occurring every 0.5 seconds or faster (e.g., automated trading). The FTT does not apply to "market makers," pension and small-cap funds, transactions involving donations or inheritances, purchases of derivatives to cover exchange/interest-rate/raw-materials (commodity market) risks, and financial instruments for companies with a capitalization of less than €500 million.

The GOI has sought to curb widespread tax evasion by improving enforcement and changing popular attitudes. GOI actions include a public communications effort to reduce tolerance of tax evasion; increased and very visible financial police controls on businesses (e.g., raids on businesses in vacation spots at peak holiday periods); and audits requiring individuals to document their income. The GOI is also engaged in limiting tax avoidance. In February 2014, Italy's Parliament approved the enabling legislation for a package of tax reforms, many of which entered into force in 2015. The tax reforms aim to institutionalize OECD best practices to encourage taxpayer compliance, including by reducing the administrative burden for taxpayers through the increased use of technology such as e-filing, pre-completed tax returns, and automated screenings of tax returns for errors and omissions prior to a formal audit. The reforms also offer additional certainty for taxpayers through programs such as cooperative compliance and advance tax rulings (i.e., binding opinions on tax treatment of transactions in advance) for prospective investors.

The GOI and the Bank of Italy have accepted and respect IMF obligations, including Article VIII.

Credit is allocated on market terms, with foreign investors eligible to receive credit in Italy. In general, credit in Italy remains largely bank-driven. In practice, foreigners may encounter limited access to finance, as Italian banks may be reluctant to lend to prospective borrowers (even Italians) absent a preexisting relationship. Although a wide array of credit instruments are available, bank credit remains constrained following the financial crisis. Credit conditions have begun to loosen in 2016.

Money and Banking System, Hostile Takeovers

The Italian banking system weathered the 2007-2013 financial crisis without resorting to government intervention. Italy's central bank, the Bank of Italy (BOI), is a member of the Eurosystem and the European Central Bank (ECB). In addition to ECB supervision of larger Italian banks, BOI maintains strict supervisory standards. The banking system remains sound and capital ratios exceed ECB thresholds though banks' profit margins have suffered since 2011 as a result of tightening European supervisory standards and requirements to increase banks' capital. The recession brought a pronounced worsening of the quality of banks' assets, which further dampens banks' profitability. The ratio of non-performing loans (NPLs) on total outstanding loans increased significantly, especially for lending to non-financial firms. NPLs have more than doubled since the crisis to reach €200 billion and accounted for 10.1 percent of all loans as of July 2015. The BOI expects NPLs to peak in 2016.

Italian banks remain exposed to sovereign risk, as Italian banks increased their holdings of Italian government bonds to €389 billion in 2015. Weak demand and risk aversion by banks continue to constrain lending, with banks tightening lending criteria. The latest business surveys show that credit conditions are easing, but availability of credit remains constrained, especially for smaller firms. Although banks loans to households returned to growth at the end of 2015, Italian bank lending to businesses was essentially unchanged from a year earlier, after falling by 5.3 percent in 2014.

The banking system in Italy has consolidated significantly since the financial crisis, but there are too many Italian banks and the GOI is taking steps to encourage consolidation and facilitate acquisitions by outside investors. As of September 2015, there were 646 banks in Italy, 26 fewer than a year earlier. In 2015, the GOI approved a reform of Italy's 37 cooperative banks (popolari), which together account for approximately 25 percent of Italian bank loans. The reform requires cooperative banks with annual revenue above €8 billion to convert to joint-stock companies within 18 months. For the 10 cooperatives banks covered by the reform, this will end the "one shareholder one vote" governance that allowed small stakeholders to remain in control of the largest cooperative banks. The Italian banking sector remains overly concentrated on physical bank branches for delivering services, further contributing to sector-wide inefficiency and low profitability. Electronic banking is available in Italy, but adoption remains below Eurozone averages.

The London Stock Exchange owns Italy's only stock exchange: the Milan Stock Exchange (Borsa Italiana). The exchange is relatively small -- 356 listed companies and a market capitalization of only 34.8 percent of GDP in 2015. Although the exchange remains primarily a source of capital for larger Italian firms, Borsa Italiana created "AIM Italia" in 2012 as an alternative exchange with streamlined filing and reporting requirements to encourage SMEs to seek equity financing. Additionally, the GOI recognizes that Italian firms remain overly reliant on banks for financing and have initiated some programs to encourage alternative forms of financing, including through venture capital and corporate bonds.

The Italian Companies and Stock Exchange Commission (CONSOB), is the Italian securities regulatory body.

Most non-insurance investment products are marketed by banks, and tend to be debt instruments. Italian retail investors are conservative, valuing the safety of government bonds over most other investment vehicles. Less than ten percent of Italian households own Italian company stocks directly. Several banks have established private banking divisions to cater to high-net-worth individuals with a broad array of investment choices, including equities and mutual funds.

There are no restrictions on foreigners engaging in portfolio investment in Italy. Financial services companies incorporated in another EU member state may offer investment services and products in Italy without establishing a local presence.

Any investor (Italian or foreign) acquiring a stake in excess of two percent of a publicly traded Italian corporation must inform CONSOB, but does not need its approval. Any Italian or foreign investor seeking to acquire or increase its stake in an Italian bank equal to or greater than ten percent must receive prior authorization from the Bank of Italy (BOI). Acquisitions of holdings that would change the controlling interest of a banking group must be communicated to the BOI at least 30 days in advance of the closing of the transactions. IVASS approval and advance authorization are required for any significant acquisition in ownership, portfolio transfer or merger of insurers or reinsurers. Regulators retain the discretion to reject proposed acquisitions on prudential grounds (e.g., insufficient capital in the merged entity).

Competition from State-Owned Enterprises

The Italian government has in the past owned and operated a number of monopoly or dominant companies in certain strategic sectors. However, beginning in the 1990s and through the early 2000s, the government began to privatize most of these state-owned enterprises.

Notwithstanding this privatization effort, the Government of Italy (GOI) retains 100 percent ownership of the national air traffic controller (*ENAV*), the national railroad company (*Ferrovie dello Stato*) and road network company (*ANAS*). The GOI holds a 99.56 percent share of RAI, the national radio and television broadcasting network. In addition, the GOI holds a controlling interest, either directly or through the state-controlled sovereign wealth fund *Cassa Depositi e Prestiti* (CDP), in shipbuilder *Fincantieri* (72.5 percent), postal and financial services provider *Poste Italiane* (64.7 percent), electricity provider *ENEL* (25.5 percent), oil and gas major *Eni* (30 percent), defense conglomerate *Finmeccanica* (30.2 percent), natural gas infrastructure firm *Snam* (30.1 percent), as well as electricity transmission provider *Terna* (29.85 percent). Moreover, while it does not own any shares in former monopoly *Telecom Italia* (TI), the GOI retains a de facto veto power over ownership and investment decisions thought to pose a danger to national security (golden share), claiming that TI is of strategic importance because it still owns the largest portion of Italy's telecommunications infrastructure.

The GOI also owns a controlling interest in the national development bank and sovereign-wealth fund *Cassa Depositi e Prestiti*, which invests in public sector projects and in companies of public interest such as electricity transmission operator *Terna* and gas distributor *Snam*. However, the companies are operating in a competitive environment (domestically and internationally) and are increasingly responsive to market-driven decision-making rather than GOI demands. In addition, many of the state-controlled entities are publicly traded, which provides additional transparency and corporate governance obligations, including equitable treatment for non-governmental minority shareholders.

State-controlled entities are subject to the same tax treatment and budget constraints as fully private firms. Additionally, industries with state-controlled entities remain open to private competition.

A full list of GOI shareholdings is available at:

http://www.dt.mef.gov.it/en/attivita_istituzionali/partecipazioni/elenco_partecipazioni/index.html

In terms of employment, *Poste Italiane* is Italy's largest SOE, with 142,000 employees nationwide in 2015. Italy's largest SOEs ranked by market capitalization in 2015 were *Eni* (with \$177 billion in assets worldwide), *ENEL* (\$201.6 in assets) and *Finmeccanica*.

As an EU member, Italy is covered by EU government procurement rules.

OECD Guidelines on Corporate Governance of SOEs

The GOI appoints the top management and members of the board for companies in which it holds a controlling interest. Once appointed, SOE management is not directly accountable to Italian government officials. SOEs are generally managed at arm's length as private-sector entities, to comply with EU state aid rules. The GOI does not intervene with the day-to-day operations of SOEs and adopts a more passive role as a portfolio investor for its minority shareholdings.

As Italy's national development bank, CDP has the mission of supporting Italian economic growth through long-term investments (e.g., funding of national infrastructure projects). To carry out this mission, CDP often takes a more active role in furthering and implementing GOI industrial policies than do other SOEs. Since 2004, CDP has not been part of the Government of Italy's national accounts. To maintain its status as a separate non-public entity, all CDP transactions must ensure a return on investment for its shareholders.

Sovereign Wealth Funds

GOI launched the Italian Strategic Fund (*Fondo Strategico Italiano* - FSI) in 2011. FSI is wholly owned by the GOI, through CDP (80 percent ownership) and the Bank of Italy (20 percent ownership). As of 2015, FSI had €6 billion in capital, with €3.7 billion of this invested in 11 portfolio companies. FSI generally adopts a passive role by purchasing minority interests as a non-managerial investor. It does not hold a majority stake in any of its portfolio companies. FSI invests solely in Italian companies with the goal of furthering the expansion of companies in growth sectors. FSI provides information on its funding, investment policies, criteria and procedures on its website

(<http://www.fondostrategico.it/en/index.html>). FSI is open to capital investments from outside institutional investors, including foreign investors. As of March 2016, FSI has signed co-investment agreements with Qatar Holding, the Kuwait Investment Authority (KIA), China Investment Corporation (CIC), RDIF (a Russian fund) and the Korea Investment Corporation. FSI is a member of the International Working Group of Sovereign Wealth Funds and follows the Santiago Principles. FSI hosted the 2015 meeting of the International Working Group in Milan.

Responsible Business Conduct (RBC)

There is a general awareness of expectations and standards for responsible business conduct. Enforcement is generally fair, through the slow pace of civil justice may delay individuals' ability to seek effective redress for adverse business impacts. In addition, EU laws and standards on RBC apply in Italy. In the event that Italian courts fail to protect an individual's rights under EU law, it is possible to seek redress to the European Court of Justice (ECJ).

CONSOB has enacted corporate governance, accounting, and executive compensation standards to protect shareholders. Information on corporate governance standards is available at:
<http://www.consob.it/main/en/consob/publications/rcg/index.html>.

Independent NGOs are able to do their work freely in Italy. Additionally, Italy's three largest trade union confederations actively promote and monitor RBCs. They serve on the advisory body to Italy's National Contact Point (NCP). Unions are able to work freely in Italy.

Since 2000, when it signed the Declaration on International Investment and Multinational Enterprises, Italy has supported and encouraged compliance with the OECD's Guidelines for Multinational Enterprises ("Guidelines"), which are recommendations addressed by governments to multinational enterprises operating in or from adhering countries (the OECD members plus Argentina, Brazil and Chile). The Guidelines provide voluntary principles and standards for corporate social responsibility, in a variety of areas including employment and industrial relations, human rights, environment, information disclosure, competition, taxation, and science and technology.

Key links: OECD Guidelines: <http://www.oecd.org/dataoecd/12/21/1903291.pdf>

Full text in English: <http://www.oecd.org/dataoecd/56/36/1922428.pdf>

The Italian National Contact Point (NCP) for encouraging observance of the Guidelines in Italy and for ensuring that the Guidelines are well known and understood by the national business community and by other interested parties is located in the Ministry of Economic Development. The NCP spreads and enforces the Guidelines; disseminates related information; and promotes collaboration among national and international institutions, the economic world and civil society. Italy's National Action Plan on Corporate Social Responsibility is available online. Internationally, the NCP works with the OECD Investment Committee and international stakeholders.

Key link: Italian NCP: <http://pcnitalia.sviluppoeconomico.gov.it/en/>

The NCP also maintains a list of partners and stakeholders that are involved in CSR. The list can be found here:
<http://pcnitalia.sviluppoeconomico.gov.it/en/partners>

Italy encourages responsible supply chains and has provided operational guidelines for Italian businesses to assist them in supply chain due diligence.

Italy is a member of the Extractive Industries Transparency Initiative (EITI). The Italian Ministry of Foreign Affairs works internationally to promote the adoption of best practices.

Political Violence

Political violence is not a threat to foreign investments in Italy, but corruption, especially associated with organized crime, can be a major hindrance, particularly in the south – see next section.

Corruption

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law. Corruption and organized crime are significant impediments to investment and economic growth in parts of Italy and cost the country an estimated €60 billion annually in wasted public resources. Successive Italian governments have been engaged in the fight against corruption

Legislative Approaches to Corruption

In 2012, the Italian parliament passed an **anti-corruption law** promoting transparency in public administration and prohibiting persons found guilty of serious crimes from holding public office. The law also provided for the appointment of an Anti-Corruption High Commissioner to head the new National Anti-Corruption Authority (ANAC – previously known as CiVIT), which is responsible for adopting a public administration anti-corruption plan; monitoring its implementation; recommending measures to be taken by other agencies; and conducting inspections and investigations in conjunction with the financial police. The legislation included stiffer penalties for those convicted of bribery-related offenses, protective measures for whistleblowers, and requirements for greater transparency in public contracts. It also prohibits anyone convicted of a serious crime from holding certain public administration positions. In March 2014, Prime Minister Renzi nominated respected prosecutor Raffaele Cantone, already a national figure for his courageous anti-mafia work, to head ANAC. In March 2015, Parliament approved another corruption law, which further stiffened penalties for corruption crime and criminalized accounting fraud. In January 2016 the Italian Senate gave final approval to a law reforming public contracts. The law strengthens ANAC's powers to police public contracting and attempts to address some of the inefficiencies that may lead to delays and corruption in public works projects (limiting appeals, making it harder to change a project once it is already underway, and facilitating direct payment of smaller companies by the public administration).

In 2014, Italy's anti-money laundering laws specifically enhanced due-diligence procedures for politically exposed persons, defined as any person who has been entrusted with important political functions, as well as the immediate family members of these individuals. (This encompasses anyone from the head of state to members of the executive body in State-owned companies.) The law does not apply to members of political parties who are not serving in a public role. While anti-corruption laws and trials garner headlines, they have been only somewhat effective in stopping corruption. Italy has improved in Transparency International's Corruption Perceptions Index each year since 2012, though it still ranks behind 29 European countries.

Recent Corruption Cases in Italy

In 2015, there was a continuation of a major public sub-contracting scandal in Rome known as Mafia Capitale, which exposed not only public corruption but ties between organized crime groups and municipal officials. In November 2015, 46 individuals were placed on trial in connection with Mafia Capitale, the second-largest corruption trial in Italy's history. The services affected by the Mafia Capitale corruption scandal ranged from recycling to providing food and shelter for refugees. As of January 2016, four individuals had been convicted of corruption with sentences ranging from one year and ten months to two years and four months.

Impact on Private Companies

It is important for U.S. companies, irrespective of their size, to assess the business climate in the market in which they will be operating or investing, and to have effective compliance programs or measures to prevent and detect corruption,

including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the anticorruption laws of both the foreign country and the United States in order to comply with them and, where appropriate, they should seek the advice of legal counsel. Relevant Italian laws include Italian legislative decree No. 231 of 08/06/2001, No. 146 of 16/03/2006, No. 81 of 09/04/2008 and No. 190 of 06/11/2012. According to Italian law a private party who is unlawfully induced to give or promise money or other advantage to a public officer or person charged with a public service commits an offence. It is likewise an offence for a person to take advantage of his or her relationship with a public officer for the purpose of receiving or promising money or other kind of economic advantage.

In order to avoid liability, Italian companies and foreign companies operating in Italy must demonstrate that they have put into place adequate organizational, management and control structures to detect and prevent corruption. These structures are described as the organizational model in Articles 6 & 7 of legislative decree 231/2001. Business associations also encourage such measures. For example, the by-laws of Italy's main business association (Confindustria) require it to expel members found to be paying protection money and to assist those in reporting extortion attempts to authorities.

While the U.S. Embassy has not received specific complaints of corruption from U.S. companies operating in Italy, commercial and economic officers are familiar with high profile cases that may impact U.S. companies (such as the corruption allegations linked to Milan Expo (see above)). The Embassy has received requests for assistance by companies facing a lack of transparency and complicated bureaucracy, particularly in the sphere of government procurement and specifically in the aerospace industry. There have not been any reports of government failure to protect NGOs that investigate corruption (such as Transparency International Italy).

U.S. Foreign Corrupt Practices Act

In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/fcpa/>.

Other Instruments

It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. Italy is party to the OECD Antibribery Convention and the UN Convention, and has signed and ratified both the Civil and Criminal Law Conventions on Corruption within the Council of Europe. However, Italy has not yet ratified the COE's additional protocol on corruption. Italy also works to counter corruption through various international bodies such as the International Chambers of Commerce, International Business Leaders Forum, International Association of Anti-Corruption Authorities, and the G20 Anti-Corruption Working Group. Italy also has local branches/networks of the Global Organization of Parliamentarians Against Corruption, Transparency International, and UN Global Compact. Generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention

The OECD Antibribery Convention entered into force in February 1999. As of April 2016, there are 41 parties to the Convention including the United States (see <http://www.oecd.org/daf/anti-bribery/WGBRatificationStatus.pdf>). Major exporters China and India are not parties, although the U.S. Government strongly endorses their eventual accession to

the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. Italy ratified the 1997 OECD Convention on Combating Bribery and implemented its provisions in September 2001.

UN Convention

The UN Anticorruption Convention entered into force on December 14, 2005, and there are 178 states and signatories to it as of December 2015 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Italy enacted the United Nations Convention against Corruption in 2009.

Council of Europe Criminal Law and Civil Law Conventions

Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of January 2015, the Criminal Law Convention has 50 parties and the Civil Law Convention has 42. Italy is a party to both. (See http://www.coe.int/t/dghl/monitoring/greco/default_en.asp.)

Free Trade Agreements

While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. Italy does not have an FTA with the U.S.

Local Laws

U.S. firms should familiarize themselves with local anticorruption laws. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel. Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Corruption is punishable under Italian law. Italian criminal law provides sentencing guidelines and grants the presiding judge discretion to impose the sentence consistent with the guidelines. Most corruption in recent years has involved government procurement or bribes to tax authorities. Bribes are not considered deductible business expenses under Italian tax law.

Assistance for U.S. Businesses

The U.S. Department of Commerce offers services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in major U.S. and foreign cities, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report a Trade Barrier" Website at [http://tcc.export.gov/Report a Barrier/index.asp](http://tcc.export.gov/Report_a_Barrier/index.asp).

Guidance on the U.S. FCPA

The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Commerce, U.S. Department of Commerce Website at <https://ogc.commerce.gov/collection/office-chief-counsel-international-commerce>. More general information on the FCPA is available at the Websites listed below.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

Information about the U.S. Foreign Corrupt Practices Act (FCPA), including the Lay-Person's Guide to the FCPA, is available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>.

Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: <http://www.oecd.org/corruption/oecdantibriberyconvention.htm>. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/daf/anti-bribery/oecdantibriberyrecommendation2009.htm> and <http://www.oecd.org/daf/anti-bribery/44884389.pdf>

General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: <http://2010-2014.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>.

Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 167 countries and territories around the world. The CPI is available at: <http://www.transparency.org/cpi2015>. In the 2015 CPI report, TI placed Italy in 61st position (an improvement of eight places) alongside Lesotho, Montenegro, Senegal and South Africa. While highly publicized anti-corruption enforcement activities have been underway for years, there is general agreement that a high level of corruption limits Italy's economic growth and ability to attract foreign investment. TI also publishes an annual Global Corruption Report (GCR) which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/research/gcr>.

The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 215 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government

Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.aspx#home> . The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.

The World Economic Forum publishes the Global Enabling Trade Report, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/reports/global-enabling-trade-report-2014> .

Additional country information related to corruption can be found in the U.S. State Department's annual Human Rights Report available at <http://www.state.gov/g/drl/rls/hrrpt/>.

Global Integrity, a nonprofit organization, publishes its annual Global Integrity Report, which provides indicators for 109 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <https://www.globalintegrity.org/research/reports/> .

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Italy has signed and ratified the UN Anticorruption Convention.

Italy has signed and ratified the OECD Convention on Combatting Bribery.

Resources to Report Corruption

Autorità Nazionale Anticorruzione (ANAC)
c/o Galleria Sciarra
Via M. Minghetti, 10 - 00187 Roma
Phone: +39 06 367231
Fax: +39 06 36723274
Email: protocollo@pec.anticorruzione.it
Whistleblower hotline phone: +39 02 49520512
Giorgio Frascini
Whistleblowing.it
Via Vigano 4
21045 Gazzada Schianno (VA)
giorgiofrascini@whistleblowing.it

Transparency International Italia
Via Zamagna 19
20148 Milano – Italy
Phone: +39 02 40093560
Fax: +39 02 406829
Email: info@transparency.it
Report corruption at: <https://alac.transparency.it/#/>

Bilateral Investment Agreements

Bilateral Taxation Treaties

Italy has not signed a bilateral investment treaty with the United States.

Italy has bilateral investment agreements with the following countries:

Albania, Algeria, Angola, Argentina, Armenia, Azerbaijan, Bahrain, Bangladesh, Barbados, Belarus, Belize (signed, not in force), Bolivia, Bosnia and Herzegovina, Brazil (signed, not in force), Cameroon, Cape Verde (signed, not in force), Chad, Chile, China, Congo, Cote d'Ivoire (signed, not in force), Croatia, Cuba, Cyprus (signed, not in force), Democratic Republic of Congo (signed, not in force), Djibouti (signed, not in force), Dominican Republic, Ecuador, Egypt, Eritrea, Ethiopia, Gabon, Georgia, Ghana (signed, not in force), Guatemala, Guinea, Hong Kong, India, Indonesia, Iran, Islamic Republic of, Jamaica, Jordan, Kazakhstan, Kenya, Korea, DPR of (signed, not in force), Korea, Republic of, Kuwait, Lebanon, Libya, Macedonia, Republic of, Malawi (signed, not in force), Malaysia, Mauritania (signed, not in force), Mexico, Moldova, Republic of, Mongolia, Morocco, Mozambique, Namibia (signed, not in force), Nicaragua (signed, not in force), Nigeria, Oman, Pakistan, Panama, Paraguay (signed, not in force), Peru, Philippines, Qatar, Russian Federation, Saudi Arabia, Senegal (signed, not in force), Serbia, South Africa, Sri Lanka, Sudan (signed, not in force), Syrian Arab Republic, Tanzania, United Republic of, Tunisia, Turkey, Turkmenistan (signed, not in force), Uganda, Ukraine, United Arab Emirates, Uruguay, Uzbekistan, Venezuela (signed, not in force), Vietnam, Yemen, Zambia (signed, not in force), Zimbabwe (signed, not in force).

Bilateral Taxation Treaties

Italy has a bilateral taxation treaty with the United States. The text of the treaties is available at <https://www.irs.gov/Businesses/International-Businesses/Italy---Tax-Treaty-Documents>

Several U.S. multinationals have sought U.S. Embassy assistance in dealing with Italy's tax enforcement, with some expressing concerns that the Italian Revenue Agency targeted large companies. According to the companies, Italian tax investigations may focus on corporate accounting practices deemed legitimate in other EU Member States, creating inconsistencies and uncertainty.

OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) does not operate in Italy.

Italy's Export Credit Agency, SACE, is a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

Labor

As a result of its longest and deepest recession since World War II, Italy's unemployment rate peaked at 13.1 percent in November 2014. Italy emerged from recession in 2015 and unemployment has since ebbed, but remained high, at 11.5 percent in January 2016 and above the Eurozone average of 10.3 percent. The youth unemployment rate more than doubled during the financial crisis, exceeding 43 percent in 2014. Though youth unemployment has since declined, it remains elevated (37 percent in January 2016) and one of the highest among EU members. In 2015, there were an estimated 2.2 million young Italians not in education, employment or training (NEETs), more than 22 percent of all young Italians, which is one of the highest ratios in the EU. Long-term unemployment is also elevated, leading to a permanent reduction in human capital and earnings potential. In 2015, seven percent of the Italian labor force had sought unsuccessfully for more than 12 months to find employment. Official unemployment data do not account for temporarily laid-off employees who receive benefits from Italy's "wage guarantee fund" (for struggling or restructuring companies). Additionally, many Italians dropped out of the unemployment statistics, as they became discouraged and stopped looking for work. Italy's labor force participation rates are among the lowest in the EU, particularly among women, the young and the elderly. Low labor force participation may be partially attributable to the informal economy, which Italy's statistics agency estimates as 12.9 percent of Italian GDP. The GOI aims to alleviate youth unemployment through the EU Youth Guarantee Fund as well as vocational programs.

The productivity of Italy's labor force is below the EU average. Many Italian employers report an inability to find qualified candidates for highly-skilled vacancies, demonstrating significant skills mismatches in the Italian labor market. Many well-educated Italians find more attractive career opportunities outside of Italy, with large numbers of Italians taking advantage of EU agreements on freedom of movement to work in the United Kingdom, Switzerland or Germany. There is no reliable measure of Italians working overseas, as many expatriate workers do not report their whereabouts to the Italian government. Skilled labor shortages are a particular problem in Italy's industrialized north.

On paper, companies may bring in a non-EU employee after the government-run employment office has certified that no qualified, unemployed Italian is available to fill the position. In reality, the cumbersome and lengthy process acts as a deterrent to foreign firms seeking to comply with the law; language barriers also prevent outsiders from competing for Italian positions. Work visas are subject to annual quotas, although intra-company transfers are exempt from quota limitations.

With the goal of modernizing Italy's notoriously inflexible labor market, the Renzi government enacted the Jobs Act as the centerpiece of its structural reform agenda. Passed by Parliament in December 2014 and implemented through legislative decrees in 2015, the Jobs Act is a package of structural reforms to Italy's labor market. The Jobs Act removed a key obstacle to hiring new employees by removing employees' unqualified right to seek reinstatement, almost always via lengthy court cases (known as "Article 18" of the Italian labor code). The new law provides greater legal certainty to employers by permitting employee reinstatement only in discrimination cases. Article 18 also discouraged employers from hiring employees on indefinite contracts, with employers preferring to hire temporary employees. Often, "temporary" employees were essentially permanent employees, as employers renewed the contracts repeatedly. The GOI introduced a hiring incentive in 2015 for employers to hire workers on indefinite contracts, granting them a three-year exemption from employers' contributions to social security for each new permanent employee. In 2016, the exemption was reduced to two years and 40 percent of employers' contributions.

As of January 2016, the Jobs Act appears to be contributing to its stated goal of encouraging indefinite employment. In 2015, 1.44 million labor contracts received the hiring incentive, of which about one-third were conversions from temporary contracts. From January 2015 to January 2016, the number of employed Italians has increased by more than 299,000, marking the highest number of Italians at work since July 2011. The number of Italians on indefinite contracts increased by 426,000 over the same period, as employers increasingly converted employees from temporary to open-ended contracts. Despite the recent improvement, the GOI and the European Commission continue to forecast that Italy's unemployment rate will remain in double digits until 2020 as employers increasingly seek to improve worker productivity and increase hours for existing workers, rather than hire additional new workers.

Indefinite employment contracts signed before March 2015 would be governed by the June 2012 labor regime, which allows firms to conduct layoffs and firings with severance pay. Under the 2012 system, according to Article 18 of the workers' statute of 1970, judges could order reinstatement of dismissed employees (with back pay) if they find the dismissal was pretext for discriminatory or disciplinary dismissal. In practice, dismissed employees reserved the right to challenge their dismissal indefinitely, often using the threat of prolonged legal proceedings or an adverse court ruling to negotiate additional severance packages with employers.

Employment contracts signed since March 2015 are governed by the new rules under the labor market reform (Jobs Act), which provides employment contracts with protections increasing with job tenure. During the first 36 months of employment, firms may dismiss employees for bona fide economic reasons. Under the new regime, dismissed employees must appeal their dismissal within 60 days and reinstatements are limited.

Regardless of the reason for termination of employment, all former employees are entitled to receive mandatory severance payments from their employer (*TFR - trattamento di fine rapporto*), equal to 7.4 percent of the employee's annual gross compensation for each year worked.

Other Jobs Act measures enacted in 2015 include universal unemployment and maternity benefits, as well as a reduced number of official labor contract templates (from 42 to six). The unemployment insurance (ASDI) provides up to six months of coverage for laid off workers. The GOI also provides worker retraining and job placement assistance, but services vary by region and implementation of national active labor market policies remains in process. Italy also offers other social safety net protections to all residents, designed to tackle poverty.

The GOI must still implement remaining Jobs Act measures, expected in 2016, including a statutory minimum wage (Italy does not currently have a national minimum wage, as wages are set through sector-wide collective bargaining) and a nationwide agency for job training and placement.

Italy does not waive existing labor laws in order to attract or retain investments. All the benefits including the hiring incentives in the 2015 and 2016 budgets are available to all eligible companies operating in Italy.

Historical regional labor market disparities remain unchanged, with the southern third of the country posting a significantly higher unemployment rate (e.g., more than 25 percent in Calabria, at the southern end of the peninsula) than northern and central Italy (e.g., 4.8 percent in Bolzano, a northern region bordering Austria). Despite these differences, internal migration within Italy remains modest, while industry-wide national collective bargaining agreements set equal wages across the entire country. Immigrants from Eastern Europe and North Africa often supplement the shortages in the north of unskilled and semi-skilled labor.

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 UGL has been associated with the World Confederation of Labor (WCL). The confederations negotiate national-level collective bargaining agreements with employer associations, which are binding on all employers in a sector or industry irrespective of geographical location.

Collective bargaining is widespread in Italy, occurring at the national-level (primarily to reflect inflation and cost-of-living adjustments) and industry-level (to reflect productivity and profitability). Firm-level collective bargaining is limited. The Italian Constitution provides that unions may reach collective agreements that are binding on all workers. There are no official estimates of the percentage of the economy covered by collective bargaining agreements. A 2014 estimate from union officials projected collective bargaining coverage at 80 percent (for national-level bargaining) in 2014, with less coverage for industry-level agreements and minimal coverage for company-level agreements. Collective agreements may last up to three years, though recent practice is to renew collective agreements annually. Collective bargaining establishes the minimum standards for employment, through employers retain the discretion to apply more favorable treatment to some employees covered by the agreement.

Labor disputes are handled through the civil court system, though they are subject to specific procedures. Before entering the civil court system, parties must first attempt to resolve their disputes through conciliation (administered by the local office of the Ministry of Labor) and/or through specific union-agreed dispute resolution procedures.

In cases of proposed mass layoffs or facility closures, the Ministry of Economic Development may convene a tripartite negotiation (Ministry, company and union representatives) to attempt to reach a mutually acceptable agreement to avoid the layoff or closure.

There were no strikes during the last year that posed investment risks. The Italian Constitution recognizes an employee's right to strike. Strikes are permitted in practice, but typically short-term (e.g., one working day) to draw attention to specific areas of concern. In addition, workers (or former employees) commonly participate in

demonstrations to show opposition to proposed job cuts or facility closings, but these demonstrations have not threatened investments. In addition, frequent strikes among local transportation providers may limit citizens' mobility.

Foreign Trade Zones/Free Ports/Trade Facilitation

The main free trade zone in Italy is located in Trieste, in the northeast. At Trieste FTZ, customs duties are deferred for 180 days from the time the goods leave the FTZ and enter another EU country. The goods may undergo transformation free of any customs restraints. An absolute exemption is granted from any duties on products coming from a third country and re-exported to a non-EU country. Legislation to create other FTZs in Genoa and Naples exists, but has yet to be implemented. A free trade zone operated in Venice for a period but is being restructured. Currently, goods of foreign origin may be brought into Italy 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.

A "tax free zone" has also been approved and financed by the Government of Italy for the Province of Caltanissetta in central Sicily with €50 million in European structural funds. The project was to have been launched in 2013, but has not moved out of the planning and discussion phase.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2015	\$1.814 trillion	2014	\$2.141 trillion	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2013	\$17.3 billion	2014	\$26.7 billion	BEA data

Host country's FDI in the United States (\$M USD, stock positions) 2013 \$34.1 2014 \$21.8 billion BEA data

Total inbound stock of FDI as % host GDP 2014 17.4% UNCTAD 2014 Data

* Italian GDP data taken from Istat, the official statistics agency. Italian FDI Data are from the Bank of Italy and are the latest available. ISTAT publishes preliminary year end GDP data in early February and issues revised data in early March. OECD 2015 Average Exchange Rate (1 USD = €0.901) used to convert official host country GDP data to dollars. Provide sources of host country statistical data used, specify name of institution that collects the data and when yearend data is published.

Table 3: Sources and Destination of FDI

The statistics below show Italy's largest investment partners to be within the European Union and the United States. This is consistent with Italy being fully integrated with its EU partners and the United States.

Direct Investment from/in Counterpart Economy Data 2014

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)

Inward Direct Investment			Outward Direct Investment		
Total Inward	339,895	100%	Total Outward	485,342	100%
Luxembourg	68,504	20.2%	Netherlands	79,101	16.3%
Netherlands	65,163	19.2%	Spain	42,132	8.7%
France	61,249	18.0%	Germany	40,555	8.4%
United Kingdom	38,675	11.4%	Austria	31,620	6.5%
Germany	26,514	7.8%	United States	29,908	6.2%

"0" reflects amounts rounded to +/- USD 500,000.

Table 4: Sources of Portfolio Investment

The statistics below show Italy's largest investment partners to be within the European Union and the United States. This is consistent with Italy being fully integrated with its EU partners and the United States.

Portfolio Investment Assets 2014

Top Five Partners (Millions, US Dollars)

Total	Equity Securities			Total Debt Securities				
All Countries	1,162,588	100%	All Countries	649,327	100%	All Countries	513,261	100%

Luxembourg	428,631	37%	Luxembourg	399,026	61%	France	89,280	17%
France	153,642	13%	Ireland	73,908	11%	Germany	57,971	11%
Ireland	92,530	8%	France	64,362	10%	Spain	57,580	11%
United States	75,985	7%	United States	29,194	4%	United States	46,791	9%
Germany	74,346	6%	United Kingdom	28,241	4%	Netherlands	43,556	8%

Contact for More Information

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Trade & Project Financing

Methods of Payment

U.S. firms most frequently provide the Italian buyer with a price quote that includes packing costs, insurance, and freight (CIF or CIP 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, U.S. 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.

Banking Systems

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 (Italy's central bank) must authorize the establishment of any new bank. As of November 2014, the European Central Bank (ECB) assumed primary supervisory responsibility for "significant banks" and may exercise supervision over less significant national banks. As of 2015, there are 14 banking groups in Italy deemed "significant" and therefore subject to ECB supervision.

U.S. firms seeking to finance major portions of their capital investment outside the United States may find capital available in Italy. As of September 2015, there were 646 banks in Italy, 26 fewer than a year earlier. Currently, the country's largest private banks, by assets are: Intesa Sanpaolo and UniCredit Group. As of 2013, these two banks combined accounted for over 55 percent of total bank assets in Italy and are a principal source of credit information. U.S. bank branches in Italy can also assist in financing capital investment.

Italy's banking sector has undergone significant consolidation since the mid-nineties, decreasing from approximately 1,000 banks through mergers, takeovers or asset transfers, liquidations or, the conversion of a bank into a financial company, which involved 60 percent of total Italian banking assets. This consolidation process is expected to continue over the next several years amid government measures to boost the international competitiveness of the Italian banking sector. A March 2015 reform that requires Italy's largest cooperative banks (*banche popolari*) to convert to joint-stock

companies within 18 months aims to encourage consolidation and also make the converted banks more attractive targets for foreign purchasers seeking to enter the Italian market.

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 (the Bank of Italy). Larger Italian banks usually have branches in one or more U.S. cities.

The Bank of Italy follows euro notes issues, performs credit, financial and market supervision, and regulates bank mergers. The Bank of Italy Governor's term is for six years in line with European Central Bank (ECB) standards, and the Governor is limited to two terms in office. Banking competition oversight responsibilities are divided between the Bank of Italy and Italy's anti-trust authority. CONSOB, Italy's security markets and company accounting regulator, holds authority to raid firms suspected of securities violations and to impound evidence.

A prohibition on non-bank companies (either Italian or foreign) acquiring more than 15 percent of a bank's capital was abolished by the legislature in late 2008, with the aim of implementing a new European directive. Firms have used complex cross-shareholding arrangements to fight off takeover attempts in the financial sector. Still, the presence of foreign intermediaries in the Italian market increased in the last several years.

Foreign Exchange Controls

In accordance with EU directives, Italy has no foreign exchange controls. There are no restrictions on currency transfers; there are only reporting requirements. Banks are required to report any transaction over EUR 1,000 due to money laundering and terrorism financing concerns. Profits, payments, and currency transfers may be freely repatriated. Residents and non-residents may hold foreign exchange accounts. In 2016, the GOI raised the limit on cash payments for goods or services to €3,000 (from €1,000). Payments above this amount must be made electronically. Enforcement remains uneven. The rule exempts e-money services, banks and other financial institutions, but not payment services companies.

Italy is a member of the European Monetary Union (EMU), with the euro as its official currency. Exchange rates are floating.

US Banks & Local Correspondent Banks

Several U.S. banks perform services in Italy through branches, subsidiaries, or representatives. Many U.S. banks provide their commercial customers with services such as bank reports on overseas buyers, assistance for letters of credit, and foreign exchange. Citigroup, JP Morgan Chase, and Bank of America, as well as numerous smaller, regional banks maintain offices in Italy.

Project Financing

EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and projects in a number of key sectors (e.g., environmental, transportation, energy, telecommunications, tourism, public health). A number of centralized financing programs are also generating procurement and other opportunities directly with EU institutions.

The EU supports economic development 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 candidate and neighbor countries.

The EU provides project financing through grants from the EU budget and loans from the European Investment Bank. Grants from the EU Structural and Investment Funds program are distributed through the member states' national and regional authorities. Projects in non-EU countries are managed through the Directorate-Generals Enlargement, Development and Cooperation (EuropeAid), Humanitarian Aid and Civil Protection (ECHO).

EU Structural and Investment Funds (ESIF)

EU Structural Funds, including the European Regional Development and the European Social Fund, were created in 1975 with the aim to mitigate economic and social differences between the regions of the European Union. New budgets are approved every 7 years for all member states. The budgets and the allocation of funding between the different priorities (social, economic or environmental) are based on the conclusions of the “Partnership Agreements” (PAs) which are negotiated between the European Commission and the member state national authorities. For the period of 2014 – 2020, the EU has earmarked 352 billion euros for regional development and cohesion policy projects. For information on approved programs that will result in future project proposals, please visit:

http://ec.europa.eu/regional_policy/index_en.cfm

For projects financed through ESIF, member state regional managing authorities 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 develop a sound understanding of the country’s cohesion policy indicators.

Tenders issued by member states’ public contracting authorities for projects supported by EU grants are subject to EU public procurement legislation. All ESIF projects are co-financed by national authorities and many may also qualify for a loan from the European Investment Bank and EU research funds under Horizon 2020, in addition to private sector contribution. For more information on these programs, please see the market research section on the website of the U.S. Mission to the EU: <http://export.gov/europeanunion/marketresearch/index.asp>

The Cohesion Fund

The Cohesion Fund is another instrument of the EU’s regional policy. Its 63 billion euro (2014-2020) budget is used to finance projects in two areas:

- Trans-European transport projects including transport infrastructure; and
- Environment, including areas related to sustainable development and energy for projects with environmental benefits.

The fund supports projects in member states whose Gross National Income (GNI) per inhabitant is less than 90 % of the EU average, such as Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

These projects are, in principle, co-financed by national authorities, the European Investment Bank, and the private sector:

Key Link: http://ec.europa.eu/regional_policy/thefunds/cohesion/index_en.cfm

Other EU Grants for Member States

Other sets of sector-specific grants such as Horizon 2020 or the Structural Funds offer assistance to EU member states in the fields of science, technology, communications, energy, security, environmental protection, education, training and research. Tenders related to these grants are posted on the websites of the European Commission and the relevant Member State authorities. Participation is usually restricted to EU-based firms or tied to EU content. Information pertaining to each of these programs can be found at: http://ec.europa.eu/grants/index_en.htm

External Assistance Grants

“Development and Cooperation – EuropeAid” is the Directorate–General (DG) responsible for implementing EU development policies through programs and projects across the world. Its 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 in these calls for tender is reserved for enterprises located in the EU member states or in the beneficiary countries and requires that the products used to respond to these projects are manufactured in the EU or in the aid recipient country. Consultants of U.S. nationality employed by a European firm are allowed to participate. European subsidiaries of U.S. firms are eligible to participate in these calls for tender. For more information: http://ec.europa.eu/europeaid/index_en.htm

The EU provides specific Pre-Accession financial assistance to the accession candidate countries that seek to join the EU through the “Instrument for Pre-accession Assistance” (IPA). The European Neighborhood Instrument (ENI) provides assistance to countries that are the Southern Mediterranean and Eastern neighbors of the EU. ENI is the follow-up to the European Neighborhood Policy program (ENPI) covering the countries of Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the occupied Palestinian territory, Syria, Tunisia and Ukraine). The ENI budget is 15.4 billion euros for 2014-2020. Additional information can be found at: http://ec.europa.eu/world/enp/index_en.htm

Instrument for Pre-accession Assistance II (IPA II) is an EU program for pre-accession countries that provides support for political and economic reforms, preparing the beneficiaries for the rights and obligations that come with EU membership and that are linked to the adoption of the *acquis communautaire* (the body of European Union law that must be adopted by candidate countries as a precondition to accession). These programs are intended to help build up the administrative and institutional capacities of these countries and to finance investments designed to aid them in complying with EU law. IPA II runs from 2014 to 2020 and finances projects in: Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Iceland, Kosovo, Montenegro, Serbia, and Turkey. The budget of IPA II for 2014-20 is 11.7 billion euros.

For more information, see:

http://ec.europa.eu/enlargement/instruments/overview/index_en.htm#ipa2

The **Connecting Europe Facility (CEF)** is an EU financing mechanisms that uses the EC budget as well as the Cohesion Funds to finance projects in 3 key areas: energy, transport and telecom. It has been created by Regulation 1316/2013 in 11 December 2013.

Along with the European Fund for Strategic Investments (EFSI), CEF is expected to play a role in bridging the investment gap in Europe, which is one of the Commission's top priorities. In all three main categories the focus is on creating better conditions for growth and jobs. Annual and multi-annual work programmes specify the priorities and the total amount of financial support allocated for these priorities in a given year.

Only actions contributing to projects of common interest in accordance with Regulations 1315/2013, No 347/2013 and a Regulation on guidelines for trans-European networks in the area of telecommunications infrastructure, as well as program support actions, are eligible for support.

Projects supported through the CEF mechanism focus on the following:

- cleaner transport modes,
- high speed broadband connections, and
- the use of renewable energy (in line with the Europe 2020 Strategy), integration of the internal energy market, reduction of the EU's energy dependency and ensuring security of supply.

The total budget of the CEF for the period 2014 to 2020 is set at €33.24 billion. This amount is distributed between the main priority areas as follows:

- a) transport sector: €26.2 billion, of which €11.3 billion is transferred from the Cohesion Fund to be spent in line with this Regulation exclusively in Member States eligible for funding from the Cohesion Fund;
- b) telecommunications sector: €1.14 billion;
- c) energy sector: €5.85 billion.

Please see: <https://ec.europa.eu/inea/en/connecting-europe-facility>

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 a non-profit banking institution, the EIB assesses reviews and monitors projects, and offers cost-competitive, long-term lending. Best known for its project financial and economic analysis, the EIB makes loans to both private and public borrowers for projects supporting four key areas: innovation and skills, access to finance for smaller businesses, climate action, and strategic infrastructure.

While the EIB mostly funds projects within the EU, it lends outside the EU as well (e.g., in Southeastern Europe, Africa, Latin America, and Pacific and Caribbean states). In 2013, the EIB loaned 75 billion euros for projects, an increase of 37% over 2012. 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.

The EIB presents attractive financing options for projects that contribute to the European objectives cited above, as EIB lending rates are lower than most other commercial rates.

Projects financed by the EIB must contribute to the socioeconomic objectives set out by the EU, such as fostering the development of less favored regions, improving European transport and environment infrastructure, supporting the activities of SMEs, assisting urban renewal and the development of a low-carbon economy, and generally promoting growth and competitiveness in the EU. The EIB website displays lists of projects to be considered for approval.

<http://www.eib.org/projects/pipeline/index.htm>

For more information, see our report on the EIB:

<http://export.gov/europeanunion/marketresearch/index.asp>

Web Resources

EU websites:

The EU regional policies, the EU Structural and Cohesion Funds: http://ec.europa.eu/regional_policy/index_en.htm

EU Grants and Loans index: http://ec.europa.eu/grants/index_en.htm

EuropeAid Co-operation Office: http://ec.europa.eu/europeaid/index_en.htm

EU tenders Database: <http://ted.europa.eu/TED/main/HomePage.do>

The European Investment Bank: <http://www.eib.org>

EIB-financed projects: <http://www.eib.org/projects/index.htm?lang=-en>.

U.S. websites:

Market research section on the website of the U.S. Mission to the EU: <http://export.gov/mrktresearch/index.asp>

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.ustda.gov/>

SBA's Office of International Trade
<http://www.sba.gov/about-offices-content/1/2889>

U.S. Agency for International Development: <http://www.usaid.gov>

Business Travel

Business Customs

In general, good business practice in the United States apply when doing business in Italy. Business people in Italy appreciate prompt replies to their inquiries and expect all correspondence to be acknowledged. We recommend conservative business attire 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 U.S. counterparts; therefore, it is best to refrain from using first names until a solid relationship is 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 U.S. approach of "getting down to business" is 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.

Italian buyers appreciate style, quality, and service, but are also interested in delivered price. Take care 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

Italy has a moderate rate of violent crime, 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 Naples' Centrale at Piazza Garibaldi. More detailed information on travel to Italy is available from the following Department of State website: <http://travel.state.gov/content/passports/en/country/italy.html>

Visa Requirements

Every U.S. traveler must have a valid passport which must be valid for at least six months beyond the planned date of departure from the Schengen area. No visa is required of U.S. citizens travelling to Italy for tourism or general business for less than 90 days. A visa is required for longer stays. Under Italian law, all non-residents are required to complete a *dichiarazione di presenza* (declaration of presence). Tourists arriving from a non-Schengen-country (e.g. the United States) should obtain a stamp in their passport at the airport on the day of arrival. This stamp is considered the equivalent of the declaration of presence. Tourists arriving from a Schengen-country (e.g. France) must request the declaration of presence form from a *commissariato di zona* (local police office), the *questura* (police headquarters) or their place of stay (e.g. hotel, hostel, campgrounds) and submit the form to the police or to their place of stay within eight business days of arrival. The registration form submitted to the hotel management upon check-in, signed by the tourist on arrival, constitutes the declaration of presence. The hotel will provide a copy of this form to the tourist who can show it to police officers, if requested. If the declaration of presence is filed with the police, it is important that applicants keep a copy of the receipt issued by the Italian authorities. Failure to complete a declaration of presence is

punishable by expulsion from Italy. For more information please refer to the [Ministry of Foreign Affairs](#) and the [Polizia di Stato](#).

U.S. citizens planning to work in the country must obtain a work visa in the United States from the Italian Embassy or an Italian Consulate before entering Italy. The prospective Italian employer must first obtain approval for a work permit. This permit is usually granted only for specialized work or skills. The prospective Italian employer files an application at an *Ufficio Provinciale del Lavoro e della Massima Occupazione* (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 in the United States. There are Italian consular offices in all of the largest U.S. cities. It is necessary to initiate the application process at least three to four months before the visa is 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. If approved, the Italian Embassy or Consulate will issue the appropriate visa and the person must then apply for a *permesso di soggiorno* (permit of stay) within eight business days of arrival in Italy.

For further information concerning entry requirements for Italy, travelers can consult the Italian Embassy website at http://www.ambwashingtondc.esteri.it/ambasciata_washington/en/, contact the Consular Section of the Embassy of Italy at 3000 Whitehaven Street, NW, Washington, DC 20008, telephone: +1(202) 612-4400, or fax +1 (202) 518-2154, or the nearest Italian Consulate General in Boston, Chicago, Detroit, Houston, Los Angeles, Miami, New York, Philadelphia, or San Francisco.

Currency

The official currency in Italy is the euro. Dollars not widely accepted. 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.

Telecommunications/Electric

Italy's telephone dialing procedures require that the city code be a 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. Many of these stations cater to tourists and also provide easy access to international calling.

Transportation

Rental automobiles are available at numerous locations. A valid state driver's license is acceptable, accompanied by an international license (which serves as a translation only). High speed trains run between major cities and there are slower regional trains. Highways are well maintained and have well serviced rest stops including restaurants, gas stations etc.

Language

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

Medical services are good and medical standards compare with those in the United States. Common medical needs are easily accessible, and special supplies are normally available on short notice, including most pharmaceuticals. An international certificate of vaccination is not required for travelers from the United States. Drinking water is generally acceptable, although in the Naples area the use of bottled water is recommended.

Local Time, Business Hours and Holidays

Local Time

The time zone for Italy is 6 hours ahead of U.S. Eastern Standard Time, except during periods at the beginning and end of daylight savings time (Italy begins daylight savings time later in the year and ends earlier than in the U.S.)

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 2016-2017: [U.S. holidays (A) observed by the U.S. Embassy are also indicated]:

January 1, Friday	New Year's Day (A&I)
January 6, Wednesday	Epiphany (I)
January 18, Monday	Martin Luther King's Birthday (A)
February 15, Monday	President's Day (A)
March 28, Monday	Easter Monday (I)

April 25, Monday	Anniversary of the Liberation (I)
May 1, Sunday	Labor Day (I)
May 30, Monday	Memorial Day (A)
June 2, Thursday	Foundation of the Italian Republic (I)
June 24, Friday	St. John's Day (I) (Florence only)
June 29, Wednesday	St. Peter and St. Paul's Day (I) (Rome only)
July 4, Monday	Independence Day (A)
July 15, Friday	St. Rosalia Day (I) (Palermo only)
August 15, Monday	Assumption Day (I)
September 5, Monday	Labor Day (A)
September 19, Monday	St. Gennaro's Day (I) (Naples only)
October 10, Monday	Columbus Day (A)
November 1, Tuesday	All Saints' Day (I)
November 11, Friday	Veterans' Day (A)
November 24, Thursday	Thanksgiving Day (A)
December 7, Wednesday	St. Ambrogio's Day (I) (Milan only)
December 8, Thursday	Feast of the Immaculate Conception (I)
December 25, Sunday	Christmas Day (A&I)
January 1, Sunday	New Year's Day (A&I)
January 6, Friday	Epiphany (I)
January 16, Monday	Martin Luther King's Birthday (A)
February 20, Monday	President's Day (A)
April 17, Monday	Easter Monday (I)
April 25, Tuesday	Anniversary of the Liberation (I)
May 1, Monday	Labor Day (I)

May 29, Monday	Memorial Day (A)
June 2, Friday	Foundation of the Italian Republic (I)
June 24, Saturday	St. John's Day (I) (Florence only)
June 29, Thursday	St. Peter and St. Paul's Day (I) (Rome only)
July 4, Tuesday	Independence Day (A)

Temporary Entry of Materials or Personal Belongings

Italy participates in the International Convention to Facilitate the Importation of Commercial Samples and Advertising Materials. Samples of negligible value imported to promote sales enjoy 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 1400 K Street NW, Suite 905, 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@trade.gov

Travel Related Web Resources

Bureau of Consular Affairs' homepage:
<http://travel.state.gov/>

State Department information site:
<http://www.state.gov/>

United States Visas:

<https://travel.state.gov/content/travel/en.html>

U.S. Embassy website:

<http://italy.usembassy.gov/visa.html>

Italian Embassy website:

www.ambwashingtondc.esteri.it

Italian Culture, Customs and Etiquette:

<http://www.kwintessential.co.uk/resources/global-etiquette/italy-country-profile.html>

Leading Sectors for US Exports & Investments

Agricultural Sector

Overview

Macro Economic Situation & Key Demographic Trends

Italy has a diversified economy, divided into a developed industrial north, dominated by private companies, and a less-developed agricultural south, with persistent high unemployment. The Italian economy is driven in large part by the manufacture of high-quality consumer goods produced by small and medium-sized enterprises, many of them family owned. Italy is the third-largest economy in the euro-zone, but exceptionally high public debt burdens and structural impediments to growth have rendered it vulnerable to scrutiny by financial markets. It is a net agricultural importer. Most raw materials and ingredients are imported, as Italy's economic strength is in the processing and the manufacturing of goods, primarily in small and medium-sized family-owned firms.

In 2015, U.S. agricultural, fish, and forestry exports to Italy were \$1.3 billion, whereas, U.S. imports from Italy reached \$4.2 billion. The United States exports bulk and intermediary products to Italy, namely wheat, soybeans, hides and skins, hardwood lumber and planting seeds. Quantities exported in a given year can fluctuate widely depending on the internal European feed grain and wheat supply and demand situation as well as external competitive factors with third country suppliers. Many of the US products are inputs for value added Italian products like cured meats and cheeses, pasta, shoes, and furniture, which are then shipped back to the United States.

Bilateral Ag Trade 2015 (Food, Fish and Forestry)

Total U.S. Exports to Italy: \$1.3 billion

Total U.S Imports from Italy: \$4.2 billion

Leading Products:

Tree nuts: \$290 million

Wheat: \$248 million

Forest products: \$152 million

Fish products: \$88 million

Beef & beef products: \$73 million

Planting Seeds: \$59 million

Hides & Skins: \$51 million

Wine & Beer: \$44 million

Wine & Beer: \$1.76 billion

Veg. oils (olive): \$549 million

Cheese: \$304 million

Snack Foods: \$155 million

Red Meat Preparations: \$120 million

Forest products: \$99 million

Roasted and Instant Coffee: \$98 million

Processed fruits & vegetables: \$82 million

Agriculture is one of Italy's key economic sectors, accounting for around 2% of GDP. Italy's agriculture is typical of the northern and southern division found within the European Union. The northern part of Italy produces primarily grains, soybeans, meat, and dairy products, while the south specializes in fruits, vegetables, olive oil, wine, and durum wheat. Even though much of its mountainous terrain is unsuitable for farming, approximately 4% of the population is employed in farming. Most farms are small, with the average size being only seven hectares. Italy has a diversified industrial economy with roughly the same total and per capita output as France or the United Kingdom. Italian industries, including the food-processing sector, rely heavily on imports of raw materials. Italy is one of the largest agricultural producers and food processors in the European Union (EU).

Best Prospects for U.S. Agricultural and Fish Exports

U.S. bulk and intermediate commodities are used as ingredients or inputs for value-added Italian products that are re-exported. North American high-quality durum wheat, for example, is used to produce pasta. Opportunities exist for tree nuts, wheat, hides and skins, and wood/lumber - all sectors that have seen growth in recent years.

Best Products Prospects

A. U.S. products in the Italian market that have good sales potential:

Wild salmon from Alaska
Lobster
Dried plums
Tree nuts
Wheat
Tex Mex and other ethnic foods

B. Products not present in significant quantities but which have good sales potential:

Dressings and sauces/condiments
Snacks
Scallops
Chocolate
Specialty/Microbrew Beer

C. Products not present because they face significant trade barriers:

Beef, other than that sold thru the High Quality Beef Quota
Poultry
Processed food products containing biotech ingredients

Italian Food Importers and Retailers

Most imported food products enter the Italian market through brokers or specialized traders. Imported products from North America often enter Italy indirectly via the Netherlands' Port of Rotterdam or directly by air. Wholesalers are the main customers for fish and seafood products, as they purchase and distribute to numerous small restaurants and hotels. Most of the processed food and raw material sourcing decisions are made directly by the restaurant chef and/or hotel Food Purchasing Director. Restaurants, hotels, and catering companies tend to rely on importers, wholesalers, and food manufacturers, while trattorias and pizzerias purchase directly from large retail food outlets. While there are Category Associations for the Hotel and Food Service sectors, each establishment operates independently when it comes to sourcing decisions

In Italy, the food retail and distribution sector is extremely fragmented and resistant to change. Consolidation remains low and traditional grocery stores continue to represent the majority share of the outlets, followed by open-air markets. In fact, the sector is one of the most fragmented and least saturated in Western Europe with fewer large retailers and many small local retail stores. Nonetheless, consolidation is slowly gaining momentum, with Italian and foreign operators starting to expand their network of stores, particularly in the south of the country.

For a complete overview of the Italian Food Retail sector, including characteristics of the grocery retail sector and how best to place U.S. products in the Italian market, please see the **FAS Rome GAIN Report IT1588, Italian Food Retail and Distribution Sector**: <http://italy.usembassy.gov/agtrade.html>.

Italian Food Processing Ingredients Sector

The Italian food processing industry continues to be highly fragmented, and depends almost entirely on imports of raw materials, many of which come from other EU countries. Italian consumers continue to prefer fresh products rather

than canned or frozen. In Italy, the 10 leading food-processing companies account for around 40 % of the sector’s sales, and growth areas include chilled ready meals, frozen pizza, soups, and healthy foods.

Please see **FAS Rome GAIN Report 15105, Italian Food Processing Ingredients Sector** for a complete overview and characteristics of the processing retail sector and how best to place U.S. ingredients in the Italian market.

<http://italy.usembassy.gov/agtrade.html>

The Italian Hotel and Food Service Industry

Every year more than 48 million tourists visit Italy, making it the world's fifth most attractive tourist destination. The Italian Hotel and Food Service Industry is a lucrative and growing sector however, it is also diverse and fragmented. Many small establishments dominate Italy, including: bed and breakfasts, youth hostels, camping facilities, resorts and rural tourism.

Please see **FAS Rome GAIN Report IT15916 Food Service - Hotel Restaurant Institutional** for a complete overview and characteristics of the food service sector in Italy. <http://italy.usembassy.gov/agtrade.html>

Advantages and Challenges for U.S. Exporters in Italy

Advantages	Challenges
High consumer interest in new products.	Competition from similar food products produced in other EU countries that enter tariff free.
The tourism industry increases demand for hotel, restaurant, and institutional products.	Price competition is fierce.
U.S. products are viewed as “trendy, new and innovative,” especially those with added benefits of health and lifestyle.	Strong cultural presumptions that Italian food products are superior to those of foreign suppliers.
Growing niche market for ethnic foods. Italians are traveling more, becoming aware of foreign cuisines.	Supermarket and hypermarket shelf space and product placement is expensive. Therefore, relationships with Italian trade contacts and channels of distribution are critical for marketing the product.
Exchange rate fluctuations can affect imports of U.S. products.	Customs duties, sanitary and technical requirements and differences in labeling can give products from other EU countries a competitive advantage in terms of costs.
U.S. fast food chains, theme restaurants, and the food processing industry often request U.S. origin ingredients.	In-grained political opposition to modern biotechnology leads distribution chains to avoid GMO products.

Food and Agriculture Import Requirements

To the extent that European Union food laws have been harmonized, Italy’s food laws and regulations follow European Union rules. The main principle of the single market concept is to ensure that all food products, whether produced in the EU or imported from a third country, can move freely throughout the EU if they comply with uniform requirements. In Italy, food safety is the primary responsibility of the Italian Ministry of Health, while food production is the primary responsibility of the Italian Ministry of Agriculture. In some cases, other Italian Ministries may have responsibilities, such as the Ministry for Productive Activities on standards, labeling and trade promotion, or the Ministry of Economy and Finance on customs and duties.

Please see **FAS Rome GAIN Report IT1499 Italy’s Food and Agricultural Import Regulations and Standards** for a complete overview of Italian and EU requirements and **FAS Rome GAIN Report IT15107 Italy’s Food and Agricultural Import Regulations and Standards – Export Certification**.

<http://italy.usembassy.gov/agtrade.html>

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Alternative Fuel Vehicles

Overview

Unit: USD millions

	2014	2015 est.	2016 est.	2017 est.
Total Market Size	5,500	4,600	4,600	4,600
Total Local Production	3,700	3,150	3,150	3,150
Total Exports	1,800	1,550	1,550	1,550
Total Imports	3,600	3,000	3,000	3,000
Imports from the U.S.	190	150	150	150
Exchange Rate: 1 USD	0.75	0.9	0.9	0.9

Source: Estimates on several sources

Italy is one of the most important European automotive markets, with 1.57 million new registered passenger vehicles sold in 2015, which represented a 15.75% increase compared to 1.36 million sold in 2014. The market for new light commercial vehicles (under 3.5 tons) was 134,234 units in 2015, an increase of 12.8% over 2014.

In 2015 automotive import and export figures totaled, respectively, 19.75 billion USD (1,269,645 units) and 8.85 billion USD (324,065 units). In 2014 the import of new cars totaled 21.44 billion USD (1,185,476 units), with exports accounting for 10.4 billion USD (318,002 units).

In 2015, local manufacturers had a 28.5% market share of the passenger vehicles market. FCA (Fiat-Chrysler Automobiles) is the only significant auto manufacturer producing cars and light commercial vehicles in Italy. Fiat acquired 100% of Chrysler on January 1, 2014. FCA's strong position is mainly due to its range of affordable city cars. FCA has a manufacturing joint venture partnership in the light commercial vehicles sector with the French PSA Group (which includes the Citroen, DS and Peugeot brands).

Alternative Fuels

Alternative fuel vehicles represent a sizable share of the Italian car market, making up 18% of the vehicles sold in Italy, up from 16% in 2014 and totaling one of the largest percentages in Europe. In 2015 211,178 new vehicles sold were dual fuel (Gasoline + LPG or Liquid Petroleum Gas), Gasoline + CNG (Compressed Natural Gas), CNG, LPG, Hybrid and Electric, at 13.5% of the market. In 2014, 218,786 dual fuel vehicles were sold at 16% of the market. Gasoline + LPG (or pure LPG) vehicles accounted for 120,699 in 2015 (7.7% of the market), down from 123,850 units (or 9.1%) in 2014.

The number of new Gasoline plus CNG (or pure CNG) vehicles registered in 2015 was 62,913 (or 4%), down from 72,362 in 2014. In 2015 hybrid vehicles sales accounted for 26,114 units (1.7%), whereas in 2014 their market share was 1.5% (21,474 units). Pure electric vehicles comprised a small share of around 1,452 vehicles in 2015 (up from 1,100 in 2014), a constant 0.1% market share.

The current compressed natural gas fleet in Italy is the largest in Europe, accounting for about 70% of the European CNG fleet and 25% of LPG vehicles. Italy is the leading European country concerning CNG vehicles with almost 1.5 million units. Alternative fuel vehicles currently registered in Italy total around 3 million (i.e. 2 million LPG and 775,000 CNG) and rely on a widespread distribution network (3,000 LPG and 1,050 CNG refilling stations).

Italy has the largest network of CNG filling stations in Europe, comprising 35% of the total. However, the distribution network (for both LPG and CNG) is quite underdeveloped in Southern Italy (including Sardinia and Sicily), especially as CNG is concerned.

EC directives demanding CO₂ reductions are a driving factor for the development of the LPG and CNG stock in Italy, resulting in Gasoline plus CNG and Gasoline plus LPG powered vehicles.

Sub-Sector Best Prospects

Used Vehicles and LPG/CNG Retrofitting

There is a significant market for used vehicles in Italy: in fact, sales of used cars exceeded 4.6 million in 2015. Some of these vehicles (especially the largest) are retrofitted to LPG/CNG, which keeps their operating costs low. In the last 15 years, LPG retrofitting has reached more than 2 million units, whereas CNG retrofitting has recorded 400,000 units.

Retrofitting from gasoline (or even diesel) to LPG or CNG ranges in cost from \$600-\$2,200. Actual costs depend upon the technology of the retrofitted vehicle -- the more complex the technology is, the more expensive the retrofitting. The total turnover of retrofitting vehicles was estimated at \$270 million in 2014, whereas the turnover of alternative fuels vehicles sales was about \$ 4.4 billion in 2015, down from 5.2 billion in 2014.

The importance of both CNG and LPG markets allows Italian components manufacturers to be among the leaders in these specific market niches. Companies such as Landi Renzo and BRC are well known worldwide. In particular, Landi Renzo SpA, operates in the U.S: <http://www.landiusa.com/>. About 80% of revenues come from exports. Over 6,000 car repair shops throughout Italy handle retrofitting. Electrical retrofitting will soon be possible at an affordable rate, with costs around 10,000 Euro.

Production

Italy's total local vehicle production in 2015 was about 1,014,000 vehicles, with a significant increase from 700,000 in 2014. This data includes 663,000 cars and 351,000 light commercial vehicles (+26.9%). The decrease in fuel prices between 2014 and 2015 fostered the recovery of the Italian automotive market, particularly in the traditional fuel vehicles sector, reducing the economic advantages of alternative fuel vehicles.

A major piece of the automotive market in 2015 was FCA Jeep Renegade, produced in Melfi, Italy. More than 1.2 million units of this vehicle were sold globally in 2015, marking a sales record in the EMEA region. Its production accounted for 49.8% of Jeep share market.

The Italian automotive industry is mainly concentrated in Turin and the Piedmont region: around 50% of the 2,600 companies (with 170,000 employees) active in Italy in the sector, including components' manufacturers, are established there. Some FCA models, such as Panda, 500 and Ypsilon, are manufactured in Poland or in Turkey, whereas the Punto model and the Alfa Romeo models are still manufactured in Italy. In addition, many models currently sold under the Fiat and Lancia brands are rebranded U.S. models (for example, the Fiat Freemont is the Dodge Journey).

It is very difficult to determine which part of the alternative fuel production is actually made in Italy or imported. FCA models are LPG/CNG factory fitted so the value of local vs imported production depends on where the vehicle comes from. Foreign manufacturers tend to fit their vehicles with Gasoline plus LPG or Gasoline plus CNG devices in Italy. As stated before, LPG and CNG fittings are usually produced in Italy. Electric and hybrid cars are primarily imported.

Hybrid and Electric 2 and 3 Wheelers

In 2015 about 900 electric 2 and 3 wheelers were registered thanks to government incentives. Piaggio is the leading Italian manufacturer of electric bikes, as well as the largest European 2 and 3 wheelers manufacturer, producing both the hybrid MP3 scooter and an electric version of its 4 wheelers light commercial vehicle 'Porter'.

Opportunities

The increasing importance of the Italian market concerning alternative fuels (namely LPG and CNG models) offers interesting opportunities for the following categories of U.S. suppliers:

1. Suppliers of diagnostic equipment needed to maintain gasoline engines converted to dual fuel (gasoline + LPG and gasoline plus CNG);
2. Suppliers of refueling stations, including parts and components. The increasing number of LPG and CNG vehicles requires suitable refueling stations allowing self-service refueling. Self-service is still very rare (it was prohibited until recently for safety reasons);
3. Suppliers of electric two-wheelers. There is interest in the Italian market for these electric vehicles, e.g. from police forces looking for vehicles fit for silent, reliable and economic patrolling.

Web Resources

Trade shows:

Oil & non Oil - S&TC, October 11-13, 2016, Verona, Italy: focused on car wash, alternative fuels, downstream, service stations (11th edition); www.oilnonoil.it/onolleng/home.htm

EICMA, November 8-13, 2016, Milan, Italy: The major international motorcycle exhibition (74th edition); www.eicmausa.com/ and www.eicma.it/en. EICMA is the largest motorcycle event in the world. CS will provide strong support to U.S. companies interested in exhibiting and meeting new business partners during this event. Marazita and Associates, Canoga Park, CA, vmarazita@gmail.com, will organize a U.S. Pavilion grouping U.S. exhibitors.

Motor Show, December 3-11, 2016, Bologna, Italy: an international sport show (41th edition): www.motorshow.it

Automotive Dealer Day, May 17-19, 2016, Verona, Italy: focused on the automotive distribution industry: <http://www.dealerday.it/?lang=en>

Autopromotec 2017: the 27th edition will be held in May 20-24, 2017 in Bologna, Italy. This is a major automotive equipment and aftermarket products show: <http://www.autopromotec.com/en/home>. Autopromotec, the most important European show in this sector in 2015, devoted major focus to the new trends towards dual fuel in the heavy-duty vehicles (diesel + gas). This is one of the interesting future trends.

Major Associations:

ACI - Automobile Club of Italy, www.aci.it

ADIRA - Italian Association of Independent Spare Parts Distributors, www.adira.it

AICA - Italian Automotive Service Equipment Manufacturers Association, www.asso-aica.it

ANCMA - Italian Association of Cycles, Motorcycles and Accessories, www.ancma.it

ANFIA - Italian Association of the Automotive Industry, www.en.anfia.it/

CENTRO ESTERO INTERNAZIONALIZZAZIONE PIEMONTE - Foreign Trade Office – Piedmont - Chambers of Commerce, www.centroestero.org/index.php?lang=eng
In particular, the project “From Concept to Car”: www.fromconcepttocar.com

CENTRO STUDI PROMOTOR - An automotive research organization, www.centrostudipromotor.com

EUROPA - Summary of EU legislation, http://europa.eu/legislation_summaries/environment/air_pollution/l28186_en.htm

GIPA - An automotive research organization: www.gipa.eu

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<http://export.gov/italy>

Airport and Ground Support Equipment

Overview

Unit: USD millions

	2014	2015	2016 (estimated)	2017 (estimated)
Total Market Size	3,520	3,550	3,610	3,660
Total Local Production	2,620	2,640	2,660	2,690
Total Exports	1,500	1,530	1,550	1,550
Total Imports	2,400	2,440	2,500	2,520
Imports from the U.S.	1,050	1,080	1,100	1,110
Exchange Rate: 1 USD	0.75	0.90	0.90	0.90

The above statistics are unofficial estimates.

Italy is an important European market for airport and ground support equipment. The positive growth seen in 2015 is proof that the Italian airport network is a driver of economic growth and contributes substantially to European passenger connectivity. Italian airports handled almost 157 million passengers in 2015, up 4.5% over the previous year. Analysts predict that the growth trend started in 2014 will continue. Airports with the greatest passenger movement include Rome Fiumicino, Milan Malpensa, Bergamo, Milano Linate, Venice and Catania. Air freight cargo activity remained fairly stable with 941,107 tons transiting through Italian airports last year, recording an increase of 4.3% with respect to 2014. The Milan Malpensa Airport represents nearly 50% of total Italian cargo traffic and recorded an increase of 8.8% last year. FedEx has selected Malpensa to be a primary European hub, demonstrating the importance of the Malpensa airport system.

The Italian airline market is fragmented with both full service and low-cost carriers. The principle carrier is Alitalia, formally Alitalia-SAI, which as of January 2015 became a new entity with 49% owned by Abu Dhabi-based Etihad Airways and 51% owned by the former Italian stakeholders of Alitalia-CAI. The National Agency for Flight Assistance, ENAV, provides air traffic control and navigation services. The Italian Civil Aviation Authority, ENAC, has oversight of civil aviation including certification and control authority. ENAC's role is to improve security and safety systems such as runway extensions, anti-intrusion systems, scanners, metal and explosive detectors, tracking systems and other airport and ground support equipment and emergency systems and services.

A key focus area is the Single European Sky, Europe's flagship project for reforming air traffic management. The objective is to improve airport capacity, ground handling operations performance, and reduction of carbon footprint. Experts estimate Air traffic to nearly double by 2030, and the foreseeable capacity crunch has led the European Commission, supported by Airports Council International (ACI) Europe, to ask Member States to develop national strategies. Analysts expect the European market to grow with increased medium- and long-term investments, both private and public, for airport expansion, upgrading of existing structures and purchase of new equipment and systems.

Sub-Sector Best Prospects

European Union ([EU Regulation n. 1087](#)) published on October 27, 2011 requires that all explosive detection systems (EDS) meet standard 3 specifications by September 1, 2020. Consequently, for passengers and hand luggage, international airports will gradually adopt the latest technologies to meet these mandatory requirements.

Italian airport authorities will continue to focus on improvements in areas such as anti-intrusion systems, automated baggage handling systems (BHS), approach surveillance radars, sea rescue equipment, precision approach path indicators and radars, digital x-ray systems, fire detection and extinguishing equipment and the broad range of services

related to airport and ground handling operations. For passengers and hand luggage, airports are also adopting the latest technologies in hand and window metal detectors (HMD and WMD) as well as explosive trace detection systems (ETDS). Other technologies with strong prospects include primary explosive detection systems (PEDT) and EDS for cargo luggage, and multi-level systems with threat image projection software for mail and parcels. Analysts expect U.S. industry to maintain its competitive edge as it is recognized for its technological leadership in advanced products and quality standards.

Opportunities

Over the last few years, the Italian Government has been actively at work to revamp this strategic industry, establishing an independent transport regulation authority in September 2013 to regulate issues such as taxation and infrastructure plans at national airports, railways, roadways and ports. Significant regulatory developments followed and a new airport fee scheme was introduced, putting an end to a decade-long policy paralysis.

In 2014, the Italian Government initiated a review of its airport infrastructure with the objective of rationalizing spending and expansion strategies, and improving intermodal accessibility to strengthen competitiveness and increase economic growth. The government approved the national airport plan at the end of 2015, identifying airports of strategic value. Three airports are considered strategic for intercontinental connectivity (Roma Fiumicino, Milano Malpensa, Venezia); 10 identified as strategic under the Trans-European Transport Network (TEN-T) framework (Torino, Bologna, Pisa, Firenze, Naples, Bari, Lamezia Terme, Palermo, Catania and Cagliari); and the remaining 25 were deemed to be of national interest.

Since 2000, 1.7 billion USD of investment in airport infrastructures have been made, initially utilizing public and EU funding, and more recently through private investments by airport management companies. A list of Italian airports that have presented master plans and investment values can be found in ENAC's website: https://www.enac.gov.it/Aeroporti_e_Compagnie_Aeree/Aeroporti_italiani/Master_Plan/index.html. The Milan Airports management company Sea S.p.A. invested \$1.5 billion in infrastructure upgrades in preparation for the World Expo 2015.

A major expansion plan continues in the Rome Fiumicino Airport managed by Aeroporti di Roma (AdR) S.p.A. Experts expect the total number of passengers to transit the Rome Fiumicino Airport to reach 110 million by 2044. The project, which will run through 2044 and involves private investments of over \$14 billion, was officially presented in December 2011 and is part of the City of Rome's strategic growth plan to develop and implement an efficient infrastructure network. The development plan is divided in 2 parts: the first, in full swing, focuses on the expansion of the northern territory; the second part (awaiting authorization) will concentrate on future expansion to the south and will include the enlargement of the current airside and landside infrastructure.

The current development phase will increase airport capacity through the construction of a second terminal equipped with two new runways. Experts expect a total of 400 million USD in investments this year. We expect that an extension of Terminal 3 to be completed by the end of 2016, adding 90,000 square meters, two boarding areas and a state-of-the-art commercial center. Mid-term developments (2020) include the creation of new terminals, baggage handling systems and ground rapid transit systems. Furthermore, airport infrastructures will integrate transportation infrastructures in the wider context of an integrated mobility plan with high speed rail service to Florence, Bologna, Venice, Milan and Naples. The total investment by AdR, the City of Rome, ANAS (road infrastructure) and RFI (railways) is \$8.7 million of which TEN-T funding covers \$4.8 million.

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 U.S. companies. In order to be considered as a source for Italian government purchases, it is recommended that the U.S. firm be represented by an agent/distributor rather than approaching Italian government agencies directly.

The official European Gazette and in the official Italian Gazette ([Gazzetta Ufficiale](#)) publish invitations to bid. The "Selling to the government" section of the Country Commercial Guide document provides an overview of EU legislation regarding public procurement. In Italy, for contracts below the community thresholds, use of e-procurement platforms is widely established and encouraged. The "Code of Contracts" (D.Lgs 163/2006), introduced by directives 2004/17/CE and 2004/18/CE, emphasizes the role of new technologies in support of the supplier selection process. The adoption of purchasing portals ensures efficiency, time savings, fair competition, transparency and proportionality.

Web Resources

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

Ministry of Infrastructure and Transportation: <http://www.mit.gov.it/>

Aeroporti di Roma (AdR) S.p.A.: <http://www.adr.it/fiumicino>

AdR expansion project:

<http://www.adr.it/web/aeroporti-di-roma-en-/azn-airport-expansion>

Sea S.p.A.: <http://www.seamilano.eu/en>

ENAC: <https://www.enac.gov.it/Home/>

ENAV SpA: www.enav.it

Gazzetta Ufficiale: www.gazzettaufficiale.it

European Union: www.europa.eu

Italian tax administration: <http://www1.agenziaentrate.gov.it/english/>

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Overview

DATA 2014	TOTAL COMPANIES		ITALIAN PURE BIOTECH COMPANIES		RED BIOTECH (LIFE SCIENCES) COMPANIES	
NUMBER OF COMPANIES	384	+1.6%	225	+0.9%	277	0.4%
TURNOVER	8,576.	+4.2%	670	+2.4%	8,278	+4.3%
INVESTMENTS	1,666	+4.5%	206	+1.8%	1,568	+4.2%
EMPLOYEES IN R&D	7,285	+2.8%	1,992	+1.1%	5,761	+1.6%

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USD in millions: Exchange rate USD 1 = 1.11(2015)

The importance of the biotech industry to growth and competitiveness in Europe is clear, recognized as a Key Enabling Technology (KET) under the EU’s Horizon 2020 plan to exploit current and future know-how and boost technological innovation and industrial leadership. Today, the majority of innovative medicines, as well as many diagnostic products, are developed or manufactured using biotechnology. Worldwide, biotech medicines represent 20% of commercialized drugs, 40% of authorized drugs and 50% of drugs under development. In Italy there are already 110 biotech drugs available.

In recent years, the biotech industry in Italy has seen extraordinary development due to excellent academic and industrial research and the value of the technology and products developed. The total number of Italian biotech companies in 2014 was 384. More than half of the companies are *pure biotech*, firms with core business activities linked to biotechnology. The total turnover is over 8.5 billion euro (with an increase of 4.2% compared to 2013), while investments in R&D amounted to 1.6 billion with about 7,300 employees in research.

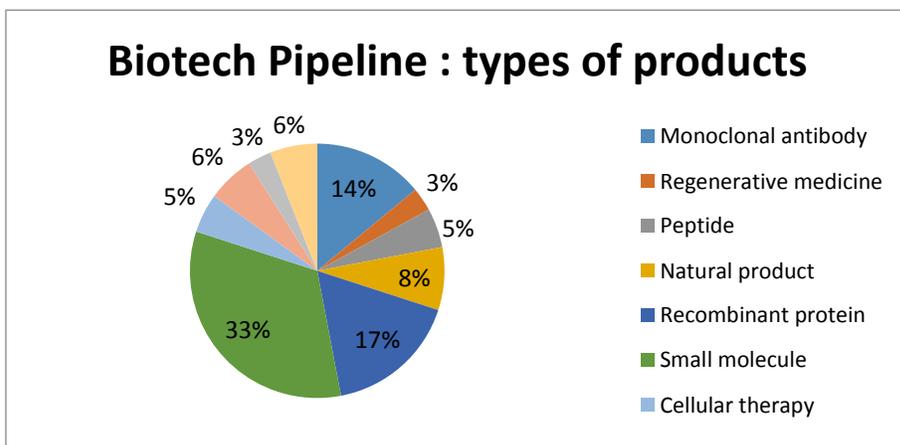
The *red biotech* (life sciences or health) sector in Italy, as in other countries, is the most developed and accounts for the largest number of companies (72%). Most of the turnover is produced by pharmaceutical and medical devices biotech companies (92%) with an increased number of projects both in diagnosis and therapies. In Italy there are about 100 laboratories (public research centers and university labs), 47 Scientific and Research Hospitals (IRCCS) and about 200 companies.

The major therapeutic areas where Italian biotech companies are focused with clinical trials include oncology, infectious diseases, inflammatory disease, neurological disease and cardiovascular diseases.

Over 45% of the projects in the pipeline (discovery phase included) are biopharmaceuticals, which includes monoclonal antibodies, recombinant proteins and advanced therapies (cellular, genetics and regenerative medicine).

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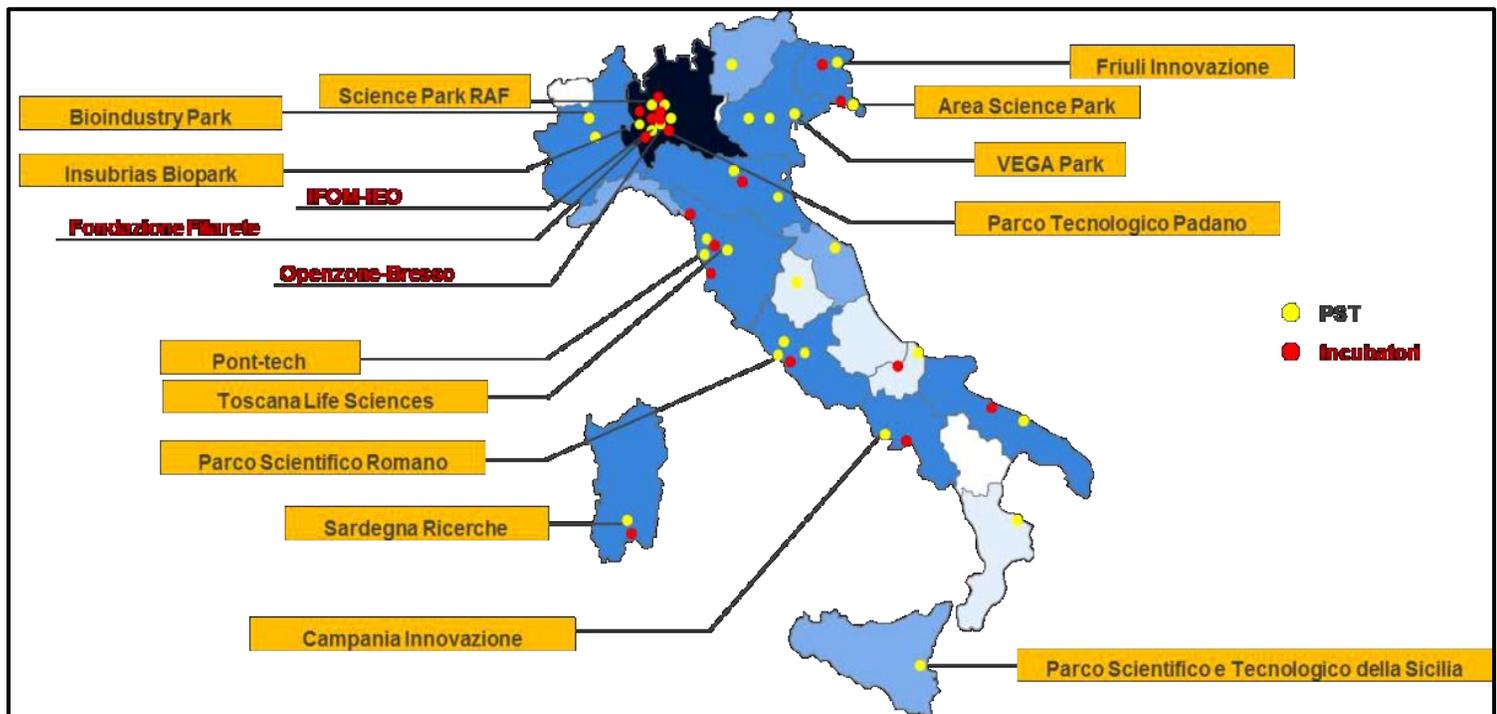
In 2014, out of 158 projects, 41.1% were in the pre-clinical phase:

- Discovery: 45
- Pre-clinical: 65
- Phase I: 16
- Phase II: 26
- Phase III: 6

In terms of orphan drugs and advanced therapies, 9 Italian pure biotech companies have received at least one Orphan Drug Designation (ODD), while three products from Italian companies have obtained final market access:

- Defibrotide (Defitelio®): the first Italian biotech product, a life-saving drug for the treatment of the veno-occlusive hepatic disease
- Safinamide (Xadago®): a therapy for the Parkinson disease
- Holoclar (Holoclar®): advanced therapy for patients with corneal burns

The majority of Italian biotech companies develop as start-ups or spin-offs from university or industry. The *pure biotech* companies are located in scientific parks or incubators (47%), in universities or research labs (25%) or are independent (28%). The scientific parks are fundamental network centers for research, enterprise and capital, allowing very small companies to access the resources to grow.



Centro Studi Assobiotec

The small and medium size biotech companies in Italy are often incubators of innovative products for the biopharmaceutical industry. A number of U.S. manufacturers of biotech products are present in the Italian healthcare market including Celgene, Biogen, AbbVie, Amgen, Alexion, Bristol-Myers Squibb, Eli Lilly and Pfizer, maintaining wholly owned subsidiaries in Italy.

Sub-Sector Best Prospects

Human Technopole

A strong opportunity for Italian and U.S. companies lies in the Human Technopole project, a science and research campus with over 1,600 researchers, which will be developed on the 100-hectare area in the northwestern part of Milan occupied in 2015 by the Expo. The Italian Institute of Technology (IIT) of Genoa and the Edmund Mach Foundation will coordinate the project and the Italian government will inject 150 million euro per year for the next ten years. The project will focus on genomics, big data, aging and nutrition and took inspiration from U.S. research and innovation hubs such as the Massachusetts Institute of Technology and Silicon Valley. IBM has already announced the launch of the first Watson Health European Center of Excellence near the Human Technopole, investing up to 150 million USD over the next several years to encourage the development of a pan-European ecosystem for healthcare reform, research and health-tech start-ups.

Government Incentives

In recent years the Italian government has adopted a number of incentives to support innovation and foster economic growth:

- recognition of the status of “innovative” start-ups
- introduction of a tax credit on research
- preferential tax policy on revenue generated by intellectual property rights
- recognition of the status of “innovative” SMEs

Venture capitals and business angels

Furthermore, a number of initiatives to finance new enterprises in the Life Sciences sector have been recently launched, such as the venture capital fund Panakes (www.panakes.it) dedicated to biomedical technologies and medical devices, the fund Principia III Health (www.principiasgr.it) and Italian Angels for Biotech (IAB -- www.italianab.it), created by entrepreneurs, managers and scientists to support ideas and talent in this sector.

Partnering opportunities

The major partnering event in Europe for U.S. companies is BIO-Europe, the largest partnering conference serving the global biotechnology industry. It annually attracts leading dealmakers from biotech, pharma and finance along with the emerging companies. The conference features around 3,500 attendees and 19,200 one-to-one meetings. This year the conference will be in Cologne, Germany, November 7-9, 2016 (<http://www.ebdgroup.com/>)

The Italian event to boost business, partnering and networking opportunities is “Meet in Italy for Life Sciences”, which will take place in Rome October 26-28, 2016. The previous event featured 300 participants and about 1,400 one-to-one meetings. (<https://www.b2match.eu/mit4ls2016>).

Requirements

Biopharmaceuticals

The primary regulatory authority for biopharmaceuticals in Italy is the Ministry of Health. All products must be registered with the Ministry of Health’s pharmaceuticals committee, Commissione Unica del Farmaco (CUF). The key agency which regulates the market for pharmaceuticals is AIFA (Italian Drug Agency). Market regulation is based on EU Directive 65/65/EEC, 75/318/EEC and 75/319/EEC. Long term measures implemented by the Italian government including a lengthy drug approval process and drug expenditure ceilings make Italy a challenging market for innovative pharmaceutical companies.

Biotech Medical Devices

Medical device regulations for EU member states are governed by the following three EU medical device directives: *Active Implantable Medical Devices Directive* (90/385/EEC), *Medical Devices Directive* (93/42/EEC) and *In Vitro*

Diagnostic Medical Device Directive (98/79/EEC). 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. Proposals for two new regulations intended to replace the three EU medical device directives were published by the European Commission in September 2012.

The designated competent authority for medical devices in Italy is the Directorate General of Medical Devices and Pharmaceutical Services at the Ministry of Health. New-to-market medical devices must be registered and have a unique identification number in the National Health System directory (*Repertorio*). We suggest that U.S. companies designate a third party in Italy to register their products with the Minister of Health.

Clinical trials

In Italy, clinical trials are regulated by a legislative decree, entered into force in January 2004 (decreto legislativo 24 giugno 2003, n.211). The decree transposes the EU Directive 2001/20/EC concerning the implementation of good clinical practice in the conduct of clinical trials on medicinal products for human use. For pharmaceuticals, the responsible authority is AIFA while for medical devices it is the Italian Ministry of Health.

Web Resources

MINISTERO DELLA SALUTE

(Ministry of Health)

www.salute.gov.it

AIFA

(Italian Drug Agency)

www.aifa.it

ASSOBIOTEC

(Italian Association of Biotechnology)

www.assobiotec.it

CLUSTER ALISEI (Advanced Life Sciences in Italy)

Association to promote and enhance innovation

www.clusteralisei.it

FARMINDUSTRIA

(Italian Trade Association for Pharmaceuticals)

www.farmindustria.it

ASSOBIOMEDICA

(Italian Trade Association for Medical Devices)

www.assobiomedica.it

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U.S. Commercial Service

Kira.Migliorini@trade.gov

<http://export.gov/italy>

Overview

Unit: USD millions

	2014	2015	2016 (estimated)	2017 (estimated)
Total Market Size	12,889	13,018	13,148	13,279
Total Local Production	10,621	11,064	11,507	11,967
Total Exports	3,769	4,188	4,607	5,068
Total Imports	1,877	1,915	1,953	1,992
Imports from the U.S.	67	77	89	103
Exchange Rate: 1 EUR to USD	1.3285	1.1095	1.1100	1.1100

Source: *Cosmetica Italia – The Italian Association of Cosmetics Industries*

The Italian cosmetics market is the fourth largest in Europe (covering 13% of the European market volume) behind France, Germany and UK, but ranks first in terms of the number of SMEs. The Italian beauty industry is sophisticated and highly developed: the Italian supply chain of the cosmetic industry comprises 120,000 companies and 220,000 employees.

Cosmetics consumption in Italy is currently valued at 9.5 billion euros with a positive growth rate of 1% in 2015. In 2015 Italians saw the second highest number of cosmetics buyers in Europe, whereas Germany, France and Spain witnessed negative growth in the sector. The Italian beauty market has proven to be anti-cyclical, particularly given the growth of new sales channels, such as single-brand retail, e-commerce and direct sales. Italian beauty products are recognized throughout the world, both in traditional and emerging markets, for innovation and customer service. In 2015, 18% of Italian consumers affirmed that they had consumed more in cosmetics, in spite of the economic crisis. Simultaneously, another trend, defined as “quality sobriety”, has been confirmed among Italian buyers. According to the 2015 Beauty Report edited by Cosmetica Italia, the Italian Association of Cosmetic Industries, 62% of consumers declared that the crisis forced them to be more careful with cosmetics expenses.

Italy has a large domestic beauty and fragrances industry, which includes several multinational beauty companies. Cosmetica Italia reports that in 2015 domestic demand increased by 1%, in comparison with the slight contraction in 2014. In 2015, Italian imports totalled 1,685 million euros and have grown by 2% with respect to 2014.

Sub-Sector Best Prospects

Although highly competitive, there is potential for growth in several sectors of the Italian cosmetics industry. Body care, hair, face, and hygiene products, and alcoholic perfumery continue to dominate the market and account for 80% of all cosmetics sales. Cosmetica Italia reports that body care products comprise 17% of the total marketplace with an amount of 1,335 million euro. Facial care, hair care and body hygiene products follow with the highest market shares of 16%, 14%, and 14% respectively. They are followed by perfumery, which in 2015 increased by one percentage point and is expected to further increase in 2016. The total value of perfumery products on the cosmetics market amounts to 2.1 billion euros, followed by oral hygiene, face make-up, and other minor categories. Despite the impact of the economic downturn, there was strong growth for make-up products, in particular eye products, and make-up boxes. Eyeliners and eye pencils account for 35% of the total consumption of make-up products, with a value of more than 121 million euros.

Best prospects exist in facial skin anti-aging creams and lotions, cosmeceuticals, innovative body and slimming treatments, raw materials, and naturally derived products. Italian consumers are increasingly attuned to a wellness culture and products that are natural or contain natural active ingredients, derived from plant and vegetable extracts, remain popular. Substances such as aloe vera, lavender, and essential oils are used in the production of locally made

products. Italy imports nearly all its cosmetic ingredients. For this reason, demand for raw materials will increase as Italy continues to sell its products abroad.

Additionally, esthetic medicine has demonstrated an anti-cyclical market purchasing pattern with an annual growth rate greater than 10%. Analysts expect positive trends in the plastic surgery sector, which has a solid market share. Potential exists also for polyvalent creams, firming lotions, innovative products focused on areas such as anti-aging and anti-wrinkle creams, cellulite treatments, etc., as well as primer products.

The economic crisis has led to the development of different purchasing habits as consumers have started exploring products via alternative channels. Consequently, new marketing and consumption patterns have emerged through e-commerce, new door-to-door channels, and the purchase of cosmetics through GDO, or gross organized distribution. In 2014, products sold through wholesalers and chains (gross organized distribution or GDO) accounted for 45% of total cosmetic sales with a commercial value of 4.2 billion euros. Although less dynamic than in past years, pharmacy retail continues to be one of the most important avenues for purchasing cosmetics with a share of 19% of market sales in 2014 and a commercial value of 1.8 billion euros. Perfumeries represented a market share of 22% and a value of 2.1 billion euros, remaining a selective channel for cosmetics purchases. This segment has experienced a recovery of one percentage point in the second semester of 2015, with a total value of approximately 2,100 million euros. The Internet has yet to become a mainstream method for Italian consumption, while mail orders increased by 5% and door-to-door sales increased by 3%. The herbalist shop market, expected to grow by 2% in 2016, experienced a 3% increase in 2015, with a market share of 10% and a value of more than 430 million euros.

Opportunities

In order to be competitive in the Italian market, American companies should be prepared to heavily invest in promoting their products and brands. U.S. firms need to be able to effectively promote their image and appeal to Italian tastes and fashion preferences. Packaging is also a key component: products should be packaged in a well-presented and eye-catching fashion.

There are ample opportunities for U.S. exporters in the Italian cosmetics market. From 2014 to 2015, U.S. exports of cosmetics to Italy grew by over 15%, ahead of countries like UK, Germany, and Belgium, traditional strong markets for U.S. cosmetics. Products which have seen stronger results include raw materials (+173%), preparations for use on the hair (+32%), and beauty, make-up, and skin care preparations (+14%).

In order to sell cosmetics products in Italy a U.S. company must have an Italian representative (subsidiary/representative, agent/distributor or importer) whose company is properly registered in Italy. All ingredients used in cosmetics products are subject to stringent European and Italian regulations guaranteeing consumer protection. In November 2009, the EU adopted a new cosmetics regulation, 1223/2009, which replaced 76/768/EEC; this law entered into effect on July 11, 2013. This change simplified the earlier directive, enhancing the safety of cosmetics products and strengthening market surveillance. Specifically, to be placed on the EU market, all products must have a designated “responsible person” (e.g. a manufacturer or an importer) who is responsible for EU regulation compliance. The “responsible person” ensures that a Cosmetic Product Safety Report is conducted for each product (including those already on the market). Additionally, cosmetic products sold in the EU must be produced according to Good Manufacturing Practices (GMP), which are outlined in EN ISO 22716:2007. For additional information on Cosmetics Legislation in the European Union please visit:

http://ec.europa.eu/consumers/sectors/cosmetics/documents/revision/index_en.htm

Web Resources

Cosmetica Italia – Italian Association of Cosmetic Industries

Via Accademia, 33

20131 Milan
Tel.: +39 02 2817731
www.cosmeticaitalia.it

Ministero della Salute - Ministry of Health
Directorate General for Cosmetics and Toiletries
Viale Giorgio Ribotta, 5
00144 Rome
Tel.: +39 06 59943199
www.salute.gov.it/portale/p5_11.jsp

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<http://export.gov/italy>

Overview

Unit: USD millions

	2013	2014	2015 (est.)	2016 (est.)	2017(est.)
Total Market Size	1,400	1,495	1,620	1,485	1,590
Total Local Production	490	525	565	515	550
Total Exports	210	225	245	225	240
Total Imports	1,120	1,195	1,300	1,195	1,280
Imports from the US	790	845	915	835	895
Exchange Rate: USD/Euro	0.75	0.7527	0.7510	0.9009*	0.9009*

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Estimates for 2016 and 2017 are calculated on an average total market size growth of 10% in 2016 and 7% in 2017. The above data are unofficial estimates gathered from Assinform Italian ICT Industry Association; CLUSIT Italian Cyber-Security Association; and other trade and press sources.

Italy is the fourth-largest market for both ICT and telecommunications equipment and services in the European Union. Italy is also one of the largest and most advanced mobile communications markets in Europe. According to the latest figures published by the International Telecommunication Union (ITU), Italy has an internet user base of 36 million people, and 30 million of these connect via mobile phone and/or tablet.

Much like the rest of the world, cyber-attacks in Italy have risen in number and severity in recent years. Throughout 2015 the awareness level has continued to grow and companies are gradually increasing the resources they allocate to security tools in order to respond to cyber threats. The Italian trade association CLUSIT estimates that total damage caused by cybercrime in Italy in 2014 was close to \$10 billion. According to the 2016 CLUSIT Report on ICT Security in Italy, cybercrime has increased by 30% in the past year, while the number of serious digital attacks has risen by 16% (from 873 in 2014 to 1,012 in 2015). Espionage activities grew by 39%, while the number of attacks to critical infrastructures increased by 154%.

The perceived vulnerability and the need for compliance with national and international legislation make cybersecurity a priority, not only for large Italian enterprises and government agencies, but also for small- and medium-sized Italian companies. Research indicates that 74% of Italian SMEs have been faced with cybersecurity threats in the last 12 months.

Official statistics are unavailable on the value of the cybersecurity market but trade sources estimate that expenditures for ICT security in Italy in 2015 were close to \$1.5 billion. According to Milan Polytechnic, the total expenditure in Information security and Privacy IT has increased in Italy over the last year by 7%. This growth is consistent with projections for the overall cybersecurity sector to continue to develop at an annual rate of 5-10% over the next three years.

The spread of cloud computing, social media, wireless connectivity, e-commerce and big data is having a major impact on the security of information systems in the increasingly open and mobile Italian market. According to the Microsoft Security Intelligence Report⁴, in the second quarter of 2015 the rate of malware vulnerabilities in Italy was slightly higher than the world average (15.3% vs. 14.8%) and considerably higher than the 10 to 13 percent rate of countries such as the United States, the UK and France. Attack techniques exploiting unknown vulnerabilities are growing, followed by SQL

⁴ Microsoft Security Intelligence Report Volume19 Regional Threat Assessment Italy
<https://www.microsoft.com/security/sir/default.aspx>

Injection, Distributed Denial of Service (DDoS), account cracking and APT (Advanced Persistent Threat). Likewise, corporate espionage attacks for sensitive financial information, business plans and other trade secrets are growing at an annual rate of 40%. As a result, the need for cybersecurity investment is critical.

The Italian market for cybersecurity is driven by investments by large companies, where the majority of top management is attuned to the increasing risk of intrusion into business information systems. Italian firms are also becoming more aware and concerned about internal threats to data confidentiality, integrity, availability and authentication. The financial/banking and utilities sectors are the top end-users of ICT security in Italy, followed by the defense, national and local government, manufacturing, transportation and telecommunications sectors.

Medium-sized companies, which represent a considerable portion of Italian enterprises, and to a lesser extent smaller companies, are increasingly investing in ICT security, often choosing cloud security to take advantage of the most advanced available solutions. In many small Italian companies there remains resistance at the managerial level to approve specific expenditures for ICT security plans, mainly because businesses and government perceive security as a cost rather than an investment. Nonetheless, the situation is changing rapidly.

The government is gradually recognizing cybersecurity as a top national challenge. In the wake of the November 2015 Paris attacks, the Italian government has set aside \$166 million to strengthen the country's cybersecurity capability. In February 2016 the Italian government presented the first ever National Cyber Security Framework (NCSF) which derives much from the Framework for Improving Critical Infrastructure Cybersecurity developed by the U.S. National Institute of Standards and Technology (NIST). The voluntary framework serves as a common reference to identify existing and future sector standards and regulations. According to Cyber Intelligence and Information Security Center of the Sapienza University in Rome, city governments, local units of the National Healthcare System, and public hospitals are the most vulnerable to cybersecurity threats.

Businesses are increasingly perceiving cybersecurity as a core business requirement and security spending will continue to grow, particularly in light of the many areas which need to be improved to reduce vulnerability. The most important market drivers include:

- 1) An increased ICT security awareness and the willingness to comply with legislation;
- 2) Challenges stemming from the adoption of new technologies and new business models requiring the implementation of security measures such as secure mobility and virtualization;
- 3) New Italian government measures and expected investments to protect digital identity and critical infrastructure from increasing cyber assaults;
- 4) The implementation of cross-industry and industry-specific Italian legislation calling for security measures to protect privacy/personal data and for compliance with national and international norms (such as the upcoming EU General Data Protection Regulation (GDPR)); and
- 5) The implementation of industry-specific legislation, calling for compliance with national and international norms, such as the Basel 3 and similar Italian legislation for the corporate/banking sector, and SCADA security for critical infrastructure.

Within this context it is important to highlight the new Public System for Digital Identity Management (SPID) that the Italian government launched in March 2016. SPID is a new solution for Italian citizens to access all online services with the same digital identity. Experts predict that 3 million Italian citizens will start using this centralized system in 2016 which will allow access to healthcare appointments, school enrollments, pension contributions and more. With the increase in the supply of digital services, public entities will have to increase the security of the information stored and transferred online.

U.S. technology is highly regarded in Italy, and strong opportunities exist for American companies offering innovative and sophisticated products, as well as data and value-added services. Italy is a signatory of the Information Technology

Agreement (ITA), a multilateral agreement which eliminates tariffs on specific technology products for member countries. No trade tariffs apply to many of the information technology and telecommunications products imported from the United States.

Sub-Sector Best Prospects

Opportunities exist in the following areas:

Software: Mobile security; Cloud security; secure content management; identity and access management solutions, including solutions for controlling access to physical and virtual servers; security/vulnerability management solutions; strong authentication software solutions; Identity Relationship Management (IRM) for Internet of Things (IoT).

Services: Security management policy development; risk and vulnerability assessment; policy audit; policy enforcement consulting; management support consulting; managed security services; remote monitoring and management of security technologies.

Hardware: Unified Threat Management (UTM) appliances; firewall/VPN appliances; intrusion detection/ prevention systems; secure content management appliances.

Opportunities

The implementation of European Union legislation and actions through the National Strategic Framework and the National Cybersecurity Plan will facilitate the growth of this market. As part of its Digital Agenda program, the Italian government is planning to make considerable investments in the area of digital identity protection to increase the security levels of digital transactions and therefore the trust of consumers; to guarantee that online privacy and data laws are enforced to protect citizens' identities; and to activate warning systems to notify citizens when security breaches occur.

Web Resources

National Strategic Framework for Cyber-Security

<http://www.cybersecurityframework.it/en>

Clusit – Italian Cyber-Security Association

<https://www.clusit.it/homee.htm>

AIIC - Italian Association of Critical Infrastructures' Experts

http://www.infrastrutturecritiche.it/aiic/index.php?option=com_content&view=article&id=219&Itemid=125

CIS - Cyber Intelligence and Information Security Center of the Sapienza University

<http://www.cis.uniroma1.it/en>

Assinform - Italian ICT Industries Association http://www.assinform.it/english_version/_profilo_eng.htm

Agenzia per l'Italia Digitale – Italian Digital Agenda

<http://www.agid.gov.it>

SPID - Public System for Digital Identity Management

<http://www.spid.gov.it/>

Public Administrations make purchases through 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://export.gov/europeanunion/>

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Pet Products

Overview

Unit: USD Thousands

	2013	2014	2015	2016
				(estimated as of Jan. 2016)
Total Market Size	2,384,000	2,440,000	2,280,000	N/A
Total Exports	N/A	27,565,513	24,447,655	18,986,138
Total Imports	N/A	61,090,665	50,872,463	44,283,950
Imports from the U.S.	N/A	1,288,820	1,241,806	N/A
Exchange rate: 1 USD	0.75	0.75	0.84	0.90

The Italian market for pet food and care products is very strong and continues to grow in value and volume terms, despite the crisis that affected the sector in the last few years. In 2015 the Italian market for cat and dog food grew 0.9% with a combined turnover of \$2,280 billion and a total volume of 551,200 tons sold, respectively \$1,060 million dog food (46.5% of the market) and \$1,220 cat food (53.5% of the market), and \$171 million snacks & treats for dog and cat, representing a very positive signal for the industry.

In particular, sub-sectors like pet care, premium and super premium pet food continue to show strong market performance. The recent trend indicates that pet owners are more likely to treat their pets with greater care, for example by choosing special foods tailored to the pet's specific nutritional requirements. Italy is an interesting and lucrative market for U.S. pet food as demand continues to grow. Leading factors for this growth include the increased importance of pets in Italian families and better marketing via large-scale outlets and specialized stores.

Italy—with a population of 60 million people—has a pet population of 60 million, including the largest cat and dog populations in Europe. Pet ownership in Italy is as follows: Cats - 7.5 million, Dogs – 7.0 million, Rodents – 1.7 million, Reptiles – 1.3 million, Fish – 30 million, and Birds – 13.0 million. Over 3 out of 10 Italian families own at least one pet. The role of pets in Italy has changed over the years. Modern Italian families increasingly have pets for companionship. This new role is a result of Italy's changing demographics, family structure, and general regard for animals. As said above, the increased number and importance of pets translates into greater care and into higher expenditures for food, health, accessories, and services.

According to Euromonitor data, in 2015 the Italian pet products market grew by 4% and has reached sales worth EUR 617 million. This strong performance shows that pet owners want to find ways to improve their pets' lives, for example through healthcare products, branded clothing and beauty products as well as 'natural' products.

The growth has been registered in the sub-sectors of pet food for cat and dog with a growth of 0.9% and in particular in the dog and cat snack and treats area with a growth of 11.2%. This dynamic performance results in particular thanks to the functional snacks for oral hygiene, in fact hygiene treatments reported a growth of 25.2%. Accessories also reported a 3% increase in sales from 2014.

Pet food for 'other' pets (i.e., not cats or dogs) amounted to USD 20,2 million. Bird food accounts for 36,9 percent share of the 'other' category. Food for rodents ranks second, accounting for 27,8 percent of the 'other' pet food. The market for turtle food ranks third, and remained stable.

The Italian legislation

Italian law has increasingly taken into consideration pets in recent years, starting with the 1991 law requiring owners to register their pets with the Bureau of Vital Statistics for Pets. Law 198/2004 makes it a crime to abandon a dog or cat, and Law 120/2010 makes it obligatory to assist an animal in distress after a traffic accident. Law 201/2010 against the

illegal trade in unregistered puppies, as well as the very recent law extending the ban against poisoned lures and baited traps. In 2013 reform of condominium regulations makes life easier for pet owners by establishing that it is no longer legal to prohibit the ownership or keeping pets in an apartment. In the future, there is optimism for the institutional recognition of pets as members of the family, with the right/obligation to be registered in the 2021 Census, as well as the recognition by the Italian Constitution that animals are sentient beings.

Furthermore, in September 2015 Italy's Parliament approved the prohibition of pet's requisition in case of business failure.

SUB-SECTOR BEST PROSPECTS

Pet owners devote special attention to the health of their pets and increasingly demand specific types of pet food. As a result, besides premium and super-premium food, different products according to breed, size and age and a wide variety of pet foods that meet very specific needs related to lifestyle (high-energy or light diets) and health condition (for diets that prevent allergies or address certain diseases) are increasingly popular in the Italian market. Italian demand for dog and cat food has become more "specialized." A current trend involves natural and holistic pet food products, which guarantee either natural or biological ingredients, without artificial food coloring or preservatives. Among the most sought after ingredients are vegetables, healing herbs, fruit and cereals. Many consumers are showing a preference for snacks and treats that are preservative-free, and contain healthy ingredients such as fruit and cereals. Products such as these are now purchased for their functional role for pets, for example dental hygiene. The best performances are expected from dog and cat treats and mixers thanks to new product development as well as consumers paying greater attention to their pets' health and hygiene needs.

The pet care market also continues to benefit from increased attention paid to the wellbeing of pets and rising pet humanization, and is expected to grow since pets are increasingly being considered as family members and so deserving of good quality products. In the market for pet care products, the best prospects include health and anti-parasitic agents and leashes, hypoallergenic and biodegradable beauty products formulated with organic extracts, brushes, bones and dental chews. Pet hygiene products and anti-parasite remedies are particularly on the rise.

Best sellers among accessories to penetrate the Italian market include cat beds and pillows, toys, leashes, bowls, cages, aviaries, aquariums, tortoise terrariums.

The market for luxury pet products has continuously grown in the last few years. The sale of clothes, jackets and raincoats, cushions, hairclips and collars, carriers and fashionable hats for pets contributes to the growth of the market in general. These products are usually sold in pet boutiques. For the Italian pet luxury market in particular, it is crucial that products are innovative and are of original and aesthetic design.

U.S. PET FOOD EXPORTS TO ITALY

Data Source:

U.S. Department of Agriculture FAS (Foreign Agricultural Service) office at the American Embassy in Rome, Italy

General Recommendations on How to Export Pet Food to Italy

U.S. manufacturers who wish to export pet food to the EU must source only ingredients from certain approved suppliers, produce the materials under stringent EU requirements and specific processing parameters, and contact the APHIS Area Office for the State in which the production facility is located for more information (**Regulation (EU) 142/2011**).

In Italy and the EU, pet food is not regulated by one specific piece of legislation. The EU's feed marketing legislation covers food for companion animals as well as food for all other animals. Pet food is often also subject to the EU's veterinary legislation which has different product coverage than the feed marketing legislation. The veterinary legislation covers products of animal origin and hay/straw as these present a risk for spreading animal diseases. The

EU's approach in dealing with these risks consists of a system of mandatory consignment notification and inspection at port of entry as well as product establishment approval and export certification in the country of origin. Specific certification rules have been developed for various product groups, including 'animal by-products'. The EU's animal by-product legislation contains several certificates required for successfully shipping pet food with animal origin ingredients.

All exports of U.S. pet food to the European Union must comply with EU requirements which include rules on labeling, hygiene, animal health, certification and the use of additives. U.S. pet food exporters must verify the full set of import requirements with their EU customers. Final import approval is subject to the importing country's rules as interpreted by border officials at the time of product entry.

General Information on the EU Feed and Pet Food Labeling Requirements

European Parliament and Council **Regulation 767/2009** sets out rules for the labeling and marketing of feed and pet food in the EU. The main objective is the harmonization and simplification of feed legislation by setting out general and specific labeling requirements for feed materials, compound feed and medicated or dietetic feed for both food and non-food producing animals. The new rules will not only apply to on-pack labels but also to other information systems (e.g. Internet and advertising). Feed and pet food not complying with **Regulation 767/2009** and with the provisions on feed additives (**Regulation 1831/2003**) will not be allowed on the EU market. Mandatory labeling information must be given in a clearly legible and indelible way, in the official language (s) of the Member State where the product is marketed. Feed and pet food marketed in bulk or in unsealed packages and containers must be accompanied by a document containing all mandatory labeling information (**Regulation 767/2009**).

Conditions for mixing veterinary medicine into feed are set out in **Directive 90/167/EEC**. In September 2014, the European Commission presented a proposal, whose adoption is expected in the first half of 2016, to replace the outdated **Directive 90/167/EEC**, with the scope of explicitly including medicated feed for pets.

Commission **Regulation 68/2013** establishes a catalogue of feed materials. The annex contains three parts and the use of the Catalog is voluntary, but where it is used all relevant provisions have to be complied with. Commission **Recommendation 2011/25/EU** establishes guidelines for the distinction between feed materials, feed additives, biocidal products and veterinary medicinal products.

For additional information visit the links below:

- Exporting Pet Food to the EU:
<http://gain.fas.usda.gov/Recent%20GAIN%20Publications/EXPORTING%20PET%20FOOD%20TO%20THE%20EU%20Brussels%20USEU%20EU-27%208-7-2012.pdf>
- EU-27 Feed and Pet Food Labeling Requirements:
<http://gain.fas.usda.gov/Recent%20GAIN%20Publications/EU%20Feed%20and%20Pet%20Food%20Labeling%20Requirements%20Brussels%20USEU%20EU-27%209-24-2010.pdf>
- EU-27 FAIRS Export Certificate Report:
<http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Certification%20Brussels%20USEU%20EU-27%2012-28-2012.pdf>
- European Commission – Health & Consumers DG – Animal Nutrition:
http://ec.europa.eu/food/food/animalnutrition/index_en.htm
- Catalog of Feed Materials (Commission Regulation 68/2013 of Jan. 16, 2013): <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2013:029:SOM:EN:HTML>
- Guidelines for Preparation of Regulation (EU) Export Certificates:
https://www.aphis.usda.gov/aphis/ourfocus/animalhealth/sa_export_from_us/sa_animal_products/sa_international_regulations/sa_products_eu_not_for_human_consumption/

Opportunities

Trade Show: **Zoomark International**
May 11-14, 2017 Bologna Fiere, Italy

The Zoomark trade fair is the largest pet product show in Italy and the second most important pet products show in Europe. Zoomark alternates years with the largest show Interzoo in Nuremberg, Germany which was certified by the U.S. Department of Commerce in 2015. Zoomark draws exhibitors from over 40 countries as well as 22,760 qualified buyers and visitors from 82 countries. In 2015 nearly all exhibitors saw immediate sales and/or agreements. The U.S. Commercial Service in Milan has been organizing a U.S. Pavilion at Zoomark since 1997, in cooperation with the American Pet Products Association (APPA) and the U.S. Department of Agriculture's Foreign Agricultural Service Office in Rome. Since 2015 B-For International (b-for.com/zoomark) has managed the U.S. Pavilion. CS staff based in Milan can provide both exhibitors and other U.S. visitors a range of export-promotion services aimed at assisting your entry to or increase of your presence in the Italian and international markets.

U.S. Pavilion organizer at Zoomark:

B-For International

Anna Shaw - Zoomark International USA Representative

Email: ashaw@b-for.com

Phone: +1(540)373-9935

b-for.com/zoomark

Web Resources

The major U.S. Trade Associations in the pet sector are:

American Pet Products Association (APPA): www.americanpetproducts.org

World Pet Association (WPA): www.worldpetassociation.org/

Pet Food Institute: www.petfoodinstitute.org/

The major Italian Associations in the pet sector are:

Scivac: <http://cms.scivac.it/en>

Assalco: www.assalco.it/

U.S. Commercial Service Contacts:

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Medical Devices and Technology

Overview

Unit: USD millions

	2014	2015 Estimated	2016 Estimated	2017 Estimated
Total Market Size	9,506	9,677	9,851	10,028
Total Local Production	7,126	7,254	7,457	7,591
Total Exports	4,200	4,275	4,328	4,405
Total Imports	6,580	6,698	6,528	6,645
Imports from the U.S.	428	435	470	554

Exchange rate USD 1 = 1.11(2015)

The above statistics are unofficial estimates based on reports and statistics from: Assobiomedica, BMI, Espicom, U.S. Dept of Commerce Bureau of Census and Eurostat.

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. The Italian market for medical equipment and supplies is the fourth largest in Europe following Germany, France and the UK with about 4,300 companies (including 44% distributors, 52% producers and 4% service providers) and a workforce of 70,000. The medical device market (including dental and optical devices) was valued at approximately USD 9.5 billion in 2014 with imports accounting for USD 6.5 billion and expected growth of 1.8% this year. Aside from medical devices, consumable products represent the largest market segment (20.9%) followed by diagnostic imaging (15.5%) and patient aids (15.1%). The Italian government is the primary purchaser of medical equipment. Public hospitals account for over 75% of medical device sales, while private sector sales comprising the remaining 25 percent. Despite having a considerable local manufacturing industry, the domestic market for medical equipment is highly dependent on imports. Major suppliers include The Netherlands, Germany, Belgium, France, and the United States, which had a 6.5% share of Italian imports, valued at USD 428,460 million in 2014. Major US imports include diagnostic imaging, dental and patient aids.

The budgetary pressures and escalating costs of healthcare systems are moving Italy towards value-based health care: new products need to provide better health outcomes in cost-effective ways. In fact, the public healthcare system is likely to develop value- and quality-based pricing models and request data and analytics for cost-effective evidence. Opportunities for companies with very innovative products are rising compared to traditional products. Preventive care, remote monitoring and early identification of at-risk-patients are increasingly valued.

The manufacturing sector in Italy is heterogeneous, made by a broad network of small and micro businesses and technological start-ups, which account for 1,983 firms (13% multinationals) with 40,000 employees. The local market is strong in the production of diagnostic imaging equipment, contrast media for imaging, cardiology equipment, sterilizers, implantable pacemakers, hospital furniture, anesthesia equipment, respiratory apparatus, dialysis equipment and dental products ranging from instruments to dental chairs. The highest concentration of medical devices companies are in Northern Italy, primarily in the regions of Lombardy, Veneto, and Emilia Romagna, which is important hub for major medical device companies.

A significant number of U.S. manufacturers of medical equipment are present in the Italian healthcare market (about 60 companies with 5,700 employees and USD 2.7 billion domestic revenue. Some U.S. suppliers maintain wholly owned subsidiaries in Italy and sell equipment imported from the United States or from plants in other foreign countries. Another significant U.S. presence consists of the numerous companies represented by local importers and distributors. Since U.S. technology and standards are highly regarded and recognized, we believe that U.S. companies will maintain their strong market position in the future.

Sub-Sector Best Prospects

Medical Devices

The best sales potential for U.S. manufactured medical equipment is in the following areas: home care equipment, remote monitoring equipment, 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, ophthalmic equipment, monitoring equipment, telemedicine equipment and services. The Italian market is receptive to high quality and technologically advanced diagnostics and therapeutic equipment and products.

With an increasing attention to reforming and improving healthcare management, medical devices companies providing services and solutions as add-ons to their products will also have opportunities in the Italian market. The services will enhance the value proposition of existing products for patients (e.g. services to identify the appropriate patients for the use of a device, training for nurses on new procedures and products, partnership with hospitals to increase efficiency)

E-Health

The European e-Health market has an estimated value of around USD 20 billion with an annual growth of 3 %. Considering that the demand for healthcare products and services will rise significantly in coming years, the information technology applied to the healthcare systems is a key enabler for delivering more effective and efficient health care. Analysts estimate that in Italy the ICT expenditure in healthcare totals USD 1.8 billion corresponding to 1.3% of the total healthcare expenditures, which is less than many other developed countries which average 2.5% to 3%. However, after years where the ICT expenditures have declined, in 2014 the ICT budget has grown in all sectors: USD 1.2 billion spent by the healthcare organizations, USD 422 million spent directly by the Regions, USD 88 million spent by over 47,000 general practitioners and USD 26 million by the Italian Ministry of Health.

Strategic areas which will see investments over the next 3 years include electronic health records, cloud computing, administrative management, digital management of drugs, ePrescription, Mobile Health and business intelligence and clinical governance.

Requirements

It is up to the National Government to issue specific regulations governing the procurement of medical equipment. Recently the government reorganized the healthcare procurement system into 33 procurements centers. Most purchases are made by public tender and are open to both domestic and foreign companies. Announcements of tenders on public procurements are available on the National Procurement Center, CONSIP (www.consip.it).

It is difficult for foreign firms to 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.

Medical device regulations for EU member states are governed by the following three main EU medical device directives: *Active Implantable Medical Devices Directive (90/385/EEC)*, *Medical Devices Directive (93/42/EEC)* and *In Vitro Diagnostic Medical Device Directive (98/79/EEC)*. 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. Proposals for two new regulations intended to replace the three EU medical device directives published by the European Commission in September 2012.

The designated competent authority for medical devices in Italy is the Directorate General of Medical Devices and Pharmaceutical Services at the Ministry of Health. New-to-market medical devices must be registered and have a unique identification number in the National Health System directory (*Repertorio*). We suggest that U.S. companies designate a third party in Italy to register their products with the Minister of Health. The online registration is available on the Ministry of Health website:

http://www.salute.gov.it/portale/temi/p2_6.jsp?lingua=italiano&id=395&area=dispositivi-medici&menu=registrazione

Web Resources

MINISTERO DELLA SALUTE

(Ministry of Health)

www.salute.gov.it

ASSOBIOMEDICA

(Italian Association of Medical Equipment Manufacturers)

www.assobiomedica.it

AIOP

(Italian Associazione of Private Hospitals)

www.aiop.it

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<http://export.gov/italy>

Renewable Energy

Overview

Italy remains one of the most important international markets for renewable technologies. In 2015 40.5% of the total electrical production in Italy came from renewable sources, including hydroelectric power, and approximately 34% of the country's demand for electricity was satisfied by renewables. Overall renewable power sources installed in Italy in 2015 totaled 50.3 GW, 30GW of which were installed after 2008. Hydroelectric plants and solar plants make up about a third each of total renewable plants present in Italy, while the remainder consists of wind, biomass and geothermal plants. Operation and maintenance services related to the renewable power plants installed in Italy in 2015 generated revenue of € 960 million (approx. \$1.05bn). However, in 2015 only 890MW of new renewable power were installed in Italy (almost half consisting of wind farms) and investments amounted to €2 billion, a noticeable drop compared to investments in the 2010-2013 period. There was a significant drop in the installation of new mid-size plants. However, overall installations in 2015 grew by 35% compared to 2014, and activity in the sector has generally resumed. Here is a snapshot of past year performances in the major renewables market segments:

Hydroelectric power

Overall installed hydroelectric power in Italy at the end of 2015 amounted to 18,448 MW. In 2015 110 MW of new hydroelectric power plants were installed, totaling €500 million.

Solar power

Overall installed solar power in Italy at the end of 2015 amounted to 18,610 MW. In 2015 290MW of new solar power plants were installed, for a value of around €558 million (approx. \$619 million); this was a 25% decrease compared to the previous year. 51% of the plants were installed in the residential sector. Most of the plants installed were less than 1MW in power and 2015 confirmed the downward trend in new installations overall.

Wind power

By the end of 2015, installed wind power in Italy totaled 9,080 MW. Four times as many new wind power plants were installed compared to the previous year, for an annual total of 423 MW and a value of €670 million (approx. \$743 million). Most of the new installations consisted of plants sized 5MW and above, with two thirds located in the southern region of Basilicata. However, the primary cause of the fourfold increase was due to bureaucratic delays that were resolved in 2015, which led to an increase in installations that year.

Biomass and Geothermal

Overall installed biomass power in Italy totaled 4,200 MW in 2015, with no relevant growth over the previous year. Between 2010 –2015 geothermal power grew in importance although they still comprise only a small portion of the overall renewable energy produced in Italy.

Upcoming changes in the legislation affecting tariffs and incentives will significantly impact market growth. A generous Feed-in-Tariff (FiT) regime and renewable portfolio standards have driven Italy's renewable energy market since 2005, but the incentives proved costly to the Italian government. In response to rising costs and economy-wide fiscal challenges, Italy introduced a mechanism for reducing FiT rates in 2012, as well as an cap on overall spending and a registry system to control future capacity installations.

Feed-in premiums replaced fixed tariffs for larger PV projects in June 2013. Shortly thereafter, Italy's national grid operator, GSE, announced that FiT spending to support solar development had reached the €6.7 billion (approx. \$7.43bn) cap. As a result, there is currently no FiT scheme in place to support new solar PV installations, but these installers can still benefit from tax deductions for renovation works and from Italy's "net metering" scheme. Incentives for non-solar renewables were originally capped at €5.8bn (approx. \$6.4bn) and it appears that that threshold was almost reached at the end of 2015, although in the next two years (2016 and 2017) it is likely that further resources will be made available for a total of over €763 million (approx. \$846.9bn). Alarmingly, a new law has drastically reduced

resources devoted to the revamping of plants. During 2015 the residential electrical tariff scheme also changed, reducing the marginal cost of kWh as consumption progresses and favoring those who consume significant amounts of power (between 3,000 and 4,000 kWh per year). The impact of this measure on renewable power producers has yet to be determined.

Sub-Sector Best Prospects

Milan's Politecnico University, a leading authority in energy and technology research, published a forecast of new renewable installations in Italy for the 2016 – 2020 period, as follows:

Source	Total installed power at e.o.y. 2015 (in MW)	New installations 2016-2020 – worst case (in MW)	New installations 2016-2020 best case (in MW)	% growth (worst case – best case)
Photovoltaic	18,610	600 – 1,000	2,800 – 3,200	4 – 14%
Wind	9,080	1,100 – 1,300	3,000 – 3,800	11 – 27%
Hydro	18,448	80 – 160	240 – 320	1 – 2%
Biomass	4,208		480 – 560	11%
Other renewables	800	50 – 100		7 – 9%
Total	51,146	1,830 – 2,510	6,570 – 7,980	4 – 13%

Wind Power

Wind Power technologies present the strongest growth opportunities in the near future. The implementation of a new incentive system based on tenders (i.e. developers can bid for new installations that will be subject to incentives, up to a total of 800MW capacity) will greatly influence the evolution of the wind power market in Italy. The government will also free up of about 2GW worth of wind power currently subject to the “green certificate” incentive scheme, which is a tradable commodity proving that certain electricity is generated using renewable energy sources. Typically one certificate represents generation of 1 MWh of electricity incentive scheme, thereby making that amount of power available for the construction of new wind power plants. A third factor is the speeding up of the authorization process for the substitution of technologically obsolete turbines (i.e. “revamping”). Even taking into account the worst case scenario which eliminates incentives for the freeing up of existing resources and for the revamping, the wind power sector should enjoy a double digit growth.

In 2016, Prime Minister Matteo Renzi called for further development of the renewables sector, particularly in wind and geothermal, which could take the form of new installations and a revamping of wind power infrastructure. U.S. wind energy exporters, facing stiff competition from European suppliers, will likely need to offer wind turbine component parts, or a niche product where they have a competitive advantage. Most Italian wind developers will likely source turbines, towers, and other large equipment from local or regional manufacturers located elsewhere in the European Union. Nevertheless, exporters of services associated with these products may find some opportunities, although analysts expect exports to be limited.

Geothermal Power

Italy is an important player in the production of electricity from geothermal sources. Out of the 2.3 GW of geothermal power installed in Europe, 916MW are in Italy, mostly in the region of Tuscany. A positive trend that started in 2014 continued in 2015 and there is now also an estimated 40MW worth of geothermal plants that could benefit from revamping. Interest in geothermal energy appears to be growing, and given the United States’ competitive position in the industry, early stage geothermal development assistance, like resource mapping, could entice enough Italian interest in the sector that investment and development may follow.

Operations and maintenance

Operation and maintenance services related to the renewable power plants installed in Italy in 2015 generated revenue of € 960 million (approx. \$1.05bn). The operations and maintenance market for existing renewable plants continues to be lucrative: for photovoltaic plants alone, the 2015 turnover amounted to €447 million (approx. \$496 million). Between 2016 and 2018 most warranties and contracts for PV plants will expire and be up for renegotiation. Operations and maintenance turnover for wind power plants in 2015 totaled €365 million (approx. \$405 million) and for biogas amounted to €130 million (approx. \$144.2 million). However, firms that are already present in Italy are likely to get the lion's share of this market because of their physical proximity to the plants that will need the operations and maintenance services.

Web Resources

Trade shows:

POWER-GEN Europe
Milan, June 21-23, 2016

http://www.powergeneurope.com/en_GB/index.html

POWER-GEN Europe, also known as PGE, is Europe's premier power event dedicated to electric power generation. It features solutions for both traditional and renewable power producers. The U.S. Commercial Service will support U.S. exhibitors and visitors to the show.

Please contact: Federico.Bevini@trade.gov

Ecomondo/Keyenergy
Rimini, November 8 – 11, 2016

<http://en.keyenergy.it/>

Largely known as a showcase for waste and wastewater processing technologies, Ecomondo also features wind power, biomass and energy efficiency technologies.

Key English language websites:

- AUTORITA' PER L'ENERGIA ELETTRICA ED IL GAS - Regulatory Authority for Electricity and Gas - <http://www.autorita.energia.it/it/inglese/index.htm>
- ENEA – National Agency for New Technologies, Energy and Sustainable Economic Development - <http://old.enea.it/com/ingl/default.htm>
- GSE SpA - Gestore dei Servizi Elettrici – Agency promoting the development of renewable energy sources and managing the FIT program – <http://www.gse.it/en/Pages/default.aspx>

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<http://www.export.gov/italy/>

Safety and Security Equipment

Overview

Unit: USD millions

	2014	2015 (estimated)	2016 (estimated)	2017 (estimated)
Total Market Size	2,300	2,323	2,338	2,361
Total Local Production	2,360	2,384	2,400	2,424
Total Exports	250	253	256	259
Total Imports	190	192	194	196
Imports from the U.S.	8	8.5	9	9
Exchange Rate: 1 USD	0.75	0.90	0.90	0.90

The above statistics are unofficial estimates. Data source is the Italian association Anie Sicurezza. Latest available data published is for 2014.

In Italy and across Europe, there exist major challenges in enhancing homeland security and combating illegal immigration and crime. In the context of the European Security Agenda, areas with security concerns include: transportation, finance, customs, education, maritime security policy, information technologies, energy and public health.

The Italian safety and security equipment market, which includes fire and security equipment industries, was valued at around \$2.3 billion USD in 2014. Italy has an established domestic safety and security industry with a reputation for high quality products. Italian production is well distributed across the various security equipment product categories. Primary U.S. players including Honeywell, GE Security, UTC Fire and Security, and DuPont, are present in the market.

The Italian security and building automation market saw an overall increase of 5% in 2014, marking the third consecutive year of upturn following the economic crisis. Given that Italy is seeing timid signs of recovery following a deep recession, the security market is flourishing. The CCTV segment registered the largest growth (10.9%) in 2014, due in part to the move away from analog toward digital solutions. Analysts expect the growth trend to continue in the near term due to tax incentives introduced by the 2016 Stability Law for private citizens who purchase video surveillance systems. The anti-intrusion segment also registered a substantial increase in demand in 2014, up 7.6% over the previous year. Other components, including fire detection and access control, saw a slight improvement of just over 1 percentage point. A key market driver will continue to be specialized, customized solutions.

End users are varied and include private and public organizations, banks, and private citizens. While public spending will remain weak in the near term, continued opportunities exist among large organizations, banks and private citizens. Residential crime has increased dramatically since 2009, bringing with it an augmented sense of vulnerability and insecurity. In fact, a recent study shows that the percentage of citizens who consider residential security a priority has grown exponentially in the last 10 years. About 75% of private citizens have invested in residential security systems, compared to 56% a decade ago.

Sub-Sector Best Prospects

Equipment with the greatest sales potential includes:

- Protective clothing for law enforcement and first responders
- Chemical, biological, radiological and nuclear (CBRN) solutions and tools

- Advanced video surveillance monitoring solutions
- Security solutions for local and regional rail and high-speed rail, including related infrastructure
- Supply chain security, traceability, prevention and recovery
- Protection systems for critical ICT and other networked infrastructures
- Platform/sensor land border detection systems
- Land border surveillance solutions
- Airport passenger and baggage screening equipment
- Cargo/container scanning equipment
- Automated home protection solutions

Italian end users have high consideration for advanced and sophisticated American technology. Security products with new and innovative features tend to do well. Strong after-sales service, maintenance and training are essential to success.

Opportunities

A major focus remains the protection of critical infrastructure. The European Program for Critical Infrastructure Protection (EPCIP) is the framework for activities for the improvement of the protection of critical infrastructure in Europe. Threats include criminal activities, natural disasters and other causes of accidents. The 2008 Directive on European Critical Infrastructures has a sectoral scope, applying only to the energy and transport sectors.

Opportunities exist in the aviation, maritime, supply chain and rail security areas as a result of security measures mandated by regulatory bodies. Other promising areas include smart cities and cybersecurity. For more information please refer to the cybersecurity best prospect in this document.

In the air transportation field, the recently approved national airport strategy should result in opportunities in a number of Italian airports. A major expansion plan continues in the Rome Fiumicino airport managed by Aeroporti di Roma (AdR) S.p.A. Experts predict a total of 400 million USD in investments this year alone. Please refer to the Airport and Ground Support Equipment best prospect section for more information.

U.S. companies should consult Italian Ministry websites for tender information. In addition, the U.S. Mission to the EU (CSEU) 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://export.gov/europeanunion/grantstendersandfinancing/index.asp>.

Partnerships with local representatives are a key factor to successful market penetration in Italy. The US Commercial Service in Italy can assist in identifying suitable partners.

Web Resources

European Union Portal:
http://europa.eu/index_en.htm

Italian Government
<http://www.governo.it/>

Italian Ministry of Interior:
<http://www.interno.it/>

ANIE Sicurezza

Italian Trade Association representing the security, fire detection, CCTV, access control and building automation industry
<http://aniesicurezza.anie.it/>

Security portals:

<http://www.securindex.com/>

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

Includes a complete list of UNI (Italian Organization for Standardization) standards by segment.

Rome Airports Expansion Project:

<http://www.adr.it/web/aeroporti-di-roma-en-/azn-airport-expansion>

EPCIP information:

http://ec.europa.eu/justice_home/funding/cips/funding_cips_en.htm

Italian tax administration: <http://www1.agenziaentrate.gov.it/english/>

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Smart Grid Technologies

Overview

Italy's growth in the production of electricity from renewable sources is due in part by the European Union's 20-20-20 strategy: 20% cut in greenhouse gas emissions from 1990 levels, 20% of EU energy produced from renewables and 20% improvement in energy efficiency. These targets will significantly impact the Italian electrical network. Renewable sources already cover 33.7% of Italy's national energy consumption and there are more than 550,000 "prosumers" (producers + consumers of electricity) already connected to the electrical grid.

Although foreign energy sources currently constitute 80% of Italy's primary needs, Italy has a strong appetite for renewable electricity sources. Italy must develop its electrical network to improve efficiency, sustainability, connectivity and security. In short, a "Smart Grid" is essential for the functioning of Italy's electrical distribution system.

The key utility player in the Smart Grid arena in Italy is ENEL: with over €75 billion in revenues it is the largest utility in Italy and one of the biggest and most innovative worldwide. Before electrical system liberalization took place in Italy, there was a virtual monopoly with ENEL being the only vertically integrated national and public operator. In 1999 Law Decree 79/99 separated vertically integrated companies into generation, transmission, distribution and retail activities. In 1999 the government privatized ENEL and in 2007 fully privatized the electricity retail market. Now any customer can now sign contracts with any electricity supplier. "ENEL Distribuzione" remains the primary Italian Distribution System Operator (DSO), covering 86% of Italy's electricity demand.

ENEL has developed numerous Smart Grid Projects, including: "Electric Mobility", in conjunction with ENI, RER, ACEA, Poste Italiane, and the National Mobility Plan; "ADDRESS interactive energy", a large-scale Integrated Project co-funded by the European Commission to enable the active participation of small and commercial consumers in the power market; and Grid4EU, the biggest smart grid project to be funded by the European Union, bringing together a consortium of 6 European energy distributors (Enel, ERDF, Iberdrola, CEZ Distribuce, Vattenfall Eldistribution and RWE). Enel was also responsible for designing and creating a Smart Grid for the distribution of electricity inside the Milan World Expo 2015 and for the public lighting of the communal areas at the Expo: each substation was connected by optical fiber in order to get a fast communication. Enel also installed advanced metering solutions which allowed the tracking of energy consumption and real time management of electric facilities to foster efficient energy use.

Other leading electrical utilities in Italy include Edison, A2A, Eni, Iren, Acea, Hera, Dolomiti Energia, Ascopiave and Acsm-Agam. Besides ENEL, approximately 140 other Distribution System Operators (DSOs) operate the electricity distribution networks in Italy (with 49 DSOs having less than 1,000 customers). The most important local operators are A2A, Acea, Irice, Deval, Hera.

AEEGSI is the independent body which regulates, controls and monitors the electricity, gas and water markets in Italy. AEEGSI has demonstrated awareness of the need for greater consumer involvement through the introduction of a bi-hourly rate to encourage responsible energy use. Despite these efforts, there is still a lack of more incisive actions to stimulate the consumer to become an active player in the electrical network. AEEGSI has several smart grid pilot projects aimed at large scale development, such as in Isernia, with Acea, in Lambrate and Gavardo, in Villeneuve, in S. Severino Marche, in Terni.

Finally, TERNIA is the national transmission system operator regulated by AEEGSI. TERNIA owns over 98% of the transmission grid and is responsible for planning, operating and maintaining the transmission system. On January 31, 2012 TERNIA presented the Development Plan of the National Electricity Transmission Grid for 2012-2021 which includes investments in over 7 billion euro to increase the efficiency for the electricity system and reduce CO₂ emissions.

Sub-Sector Best Prospects

Key areas where Italy is investing in Smart Grids include the integration of renewables, grid automation (primary and secondary substations), operating centers, and distributed (renewable) generation. One specific area of opportunity is represented by smart meters and related technologies.

Currently about 35 million smart meters are installed in Italy, primarily as a result of the "Telegestore" remote management project, developed by the ENEL Distribuzione DSO in 2000. These are produced by ENEL and manufactured primarily in Italy or Europe, or installed by the other DSOs. In spite of widespread diffusion, the current smart meter infrastructure existing in Italy would need to fully exploit the potential of the other smart solutions with which it is meant to interface. Starting in 2016 the 33 million meters that were installed in 2006 will have to be substituted because they are reaching the end of their lifecycle and must be changed within 3 years. ENEL chose PLC technology to transfer smart meter data to the nearest data concentrator and GSM technology to send the data to data centers. Enel and the Italian government have agreed a new action plan to bring broadband connection and 30 Mbps Internet access to the entire country by 2020. ENEL will take advantage of its existing infrastructure to bring optical fiber grid to the majority of Italian households. For this purpose, a new organization, Enel Open Fiber, will have responsibility for realizing this plan.

At an industry panel Alberto Biancardi, Commissioner of Italy's Authority for Electricity, Gas and Water (AEEGSI), noted that in Italy's case, with 35 million smart meters already installed, there is a strong need for devices that can dialogue with a wider set of operators.

Web Resources

European Utility Week –November 15-17, 2016 Barcelona, Spain

<http://www.european-utility-week.com/>

European Utility Week (EUW)2016 is the premier business, innovation and information platform connecting the smart utility community. The event focuses on regional and global developments in Grid Optimization, Renewables, Energy Storage, Smart Metering, Smart Cities, Smart Homes, Energy Services & Efficiency, Intelligent Buildings, Data Management, Analytics and IoT, Cyber Security, Smart Gas and Smart Water. As the premier event in the European utility calendar, it serves as an annual meeting point for the community and will be attended by 12,000 international visitors, 450 speakers and 600 exhibitors. **Italy will be the partner country for EUW 2016 and there will be high-level attendance expected from Italian utilities, municipalities, universities and public institutions.** The U.S. Commercial Service will connect U.S. exhibitors and visitors with the key stakeholders in the European smart grid arena.

Key English language websites:

- **Enel:** <https://www.enel.com/en-gb/Pages/index.aspx>
- **List of DSOs in Italy:** Please refer to the following dedicated website from Terna: <https://www.terna.it/en-gb/sistemaelettrico/impresedistributrici.aspx> - please follow the instructions and subsequently click on "Elenco Imprese Distributrici". Not in English but a reliable source to obtain a complete list of Italian DSOs
- **AEEGSI- Italian Regulatory Authority for Electricity Gas and Water:** <http://www.autorita.energia.it/it/inglese/index.htm>
- **Terna:** <http://www.terna.it/en-gb/homepage.aspx>

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<http://www.export.gov/italy/>

Travel and Tourism

Overview

	2011	2012	2013	2014	2015
Italian Travelers to the U.S.	892,000	831,000	839,000	963,000	430,000* (*Jan-June)
% Change	6%	-7%	1%	15%	6%* (Year to Date)
Total Italian Travel & Tourism Exports (Millions of USD)	3,547	3,448	3,621	3,300	
% Change	11%	-3%	5%	-9%	

Data Sources: U.S. Department of Commerce, National Travel & Tourism Office (NTTO)*

** Note: 2014 and 2015 arrivals data include a technical-processing change that increases the 1+ night visitor counts for overseas countries compared to previous years (prior to 2014).*

Analysts expect the global market for outbound tourism to grow by 4.6% in 2016 despite worldwide economic factors, violent conflicts and terrorist attacks as well as the refugee crisis in Europe. Italy ranks as the 12th largest inbound market to the United States and the 4th in the European Union after the U.K., Germany and France.

The market for Italian tourism to the U.S. continued to grow in the first six months of 2015 with a 6% increase, in addition to the record growth of 15% in 2014. In 2014, there were over 963,000 Italian visitors to the U.S., setting a new record for arrivals. Preliminary data for January to June 2015 show an increase of 5.6% to 430,403 Italian arrivals.

Italian tourism to the U.S. has increased continuously in the last ten years, from 471,000 visitors in 2004 to 964,000, in 2014. Total expenditures by Italians in the United States were 3.3 billion USD in 2014, down by 10% from 2013. Moreover, with a per capita spending of 3,400 USD per trip in 2014, Italians visiting the U.S. are among the highest spenders from Europe, with an average household income of 79,500 USD.

The United States continues to be the preferred long-haul destination for Italian tourists. According to the Bank of Italy, in 2014, the U.S. ranked first for Italians traveling to a long-haul destination, with over nineteen million overnights. Italian visitors to other long-haul destination countries rank far behind: China and Australia recorded 9.4 and 6.5 million overnights by Italian travelers respectively, followed by Brazil with 5.7 million overnights. The main competitors in recruiting affluent Italian travelers are countries like Australia and South Africa which are investing heavily in tourism promotion programs.

The following carriers offer daily non-stop service between the U.S. and Italy: U.S. carriers American Airlines, Delta and United; Italian carriers Alitalia and Meridiana; and Emirates Airlines. Direct flights are offered from major cities (Milan, Rome and Venice) and smaller cities during the summer (Naples, Pisa and Palermo) to a number of American destinations including Atlanta, Boston, Charlotte, Chicago, Detroit, Los Angeles, Miami, New York, Minneapolis, Philadelphia and Washington DC. During the summer months, almost thirty non-stop flights connect Italy to the United States, most of them with daily departures, amounting to over 180 direct flights each week. In the spring of 2016 Delta inaugurated a new seasonal non-stop service between Rome and Minneapolis, demonstrating the growth potential for this market.

According to data published by the Italian Civil Aviation Authority (ENAC), the Milan Malpensa to New York JFK route continues to be the most popular non-EU route in Italy with 671,989 commercial passengers followed by Milan Malpensa to Dubai route (652,192 passengers) and Rome Fiumicino to New York JFK route with 635,001 passengers.

In terms of hotel bookings, most major U.S. hotel chains exist in Italy: Best Western International, Fairmont and Raffles, Hilton Worldwide, Hyatt, Marriott International, Sonesta Collection, Starwood and Wyndham Hotel Group.

Travel Planning: Italian tour operators are generally small- and medium-sized companies and cover market niches, with a few exceptions including Alpitour (Viaggidea brand for U.S.-packaged tours), Hotelplan, and Kuoni. The Visit USA Association Italy counts among its membership most of the largest tour operators specialized in selling the United States (see VUSA's website: <http://www.visitusaita.org>). Italy boasts around nine thousand travel agencies, ninety percent of which are members of travel network groups. The four largest groups are: Geo Spa, Welcome Travel, Uvet/ITN and Bluvacanze.

Italians are gradually turning away from travel agencies to source travel information. In 2014, 26% choose a travel agency for trip planning, down nine percent from the previous year. Online travel agencies are on the rise and account for 32% of sources used for trip planning. Other sources of information include airlines, personal recommendations and national/state travel offices.

E-Commerce: The Italian tourism market continues to be dominated by the steady growth of e-commerce and mobile sales. According to the 2015 edition of the e-commerce survey conducted by Politecnico di Milano and Netcomm, travel related e-commerce in Italy is growing at a rate of 11% since 2012 and is worth an estimated \$9.5bn which is roughly 37% of the entire value of e-commerce operations in Italy (\$20bn). 16% of the travel e-commerce is directed towards hotel bookings, 13% towards tour packages and 72% towards air tickets. Analysts expect the use of mobile e-commerce in the tourism industry to reach a 20% market share in 2016.

American digital companies account for the vast majority in this market with Amazon, Booking and Expedia totaling 70% of total e-commerce sales. For instance, Expedia accounts for almost fifteen % of all travel booking from Italy towards the U.S.

Opportunities

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

New York takes the majority of arrivals with just over 50% while Florida and California account for 21% and 19% of Italian arrivals. Nevada and Massachusetts round out the top states with 10% and 7% of all Italian arrivals to the U.S. Texas has seen the most growth since 2009, posting strong growth in the last two years. The other two fastest growing states for number of visitors between 2009 and 2013 are Pennsylvania and Arizona.

In terms of top cities most visited by Italians, New York City dominates with 49.4% of arrivals, and Miami, Los Angeles, Las Vegas and San Francisco have traded places over the last 5 years as the next top places visited. They account for in between 15% and 10% of arrivals. The Florida Keys has seen the fastest growth since 2009.

New York and New Jersey continue to be the first port of entry for Italian travelers into the U.S. with a 40% market share but have seen their market share decrease by 5% in the first 6 months of 2015. Miami has seen the fastest growth in 2015 with an increase by 16% to reach a market share of 18%. Other key gateways for Italian travelers are Los Angeles and Chicago, both growing by more than 20% per year.

Daily Non-Stop flights from Italy to the U.S. 2016

From	To	Airline	Aircraft type	Notes
Rome	Atlanta	Delta	B767-400	Daily; Twice Daily from June 17 to Sept 6
	Boston	Alitalia	A330	Daily
	Charlotte	AA	A330-300	Seasonal - Apr to Oct
	Chicago	Alitalia	A330	Seasonal –from May 27 to Oct 1
	Chicago	AA	B767-300 / B777-200	Seasonal –Mar to Oct
	Chicago	United	B777	Seasonal –from May to Sept 24
	Detroit	Delta	A330-300	Daily from May 2 to Oct 29
	Los Angeles	Alitalia	A330 / B777	Seasonal - from Apr 26 to Nov 6
	Miami	Alitalia	A330 / B777	Daily
	Minneapolis	Delta	B 767-300	Seasonal - from June 2 to Sept 6
	New York JFK	AA	B767-300 Retrofit	Seasonal –May to Oct
	New York JFK	Alitalia	A330 / B777	Twice Daily
	New York JFK	Delta	A330-300	Daily
	New York EWR	United	B767-400	Seasonal - from Mar to Nov
	Philadelphia	AA	A330-300	Daily
Washington DC	United	B767-400	Seasonal - from April 6 to Oct	
Milan	Atlanta	Delta	B767-300	Seasonal from Jun 17 to Sept 6
	Miami	AA	B767-300	Daily
	New York EWR	United	B777	Daily
	New York JFK	Delta	A330-300	Daily
	New York JFK	AA	B767-300 Retrofit	Daily
	New York JFK	Alitalia	A330 / B777	Daily
	New York JFK	Emirates	A380	Daily
Venice	Atlanta	Delta	B767-400	Seasonal
	New York EWR	United	B767-400	Seasonal - from April to Sept 24
	New York JFK	Delta	B767-400	Daily from April 5 to Oct 29
	Philadelphia	AA	A330-300	Seasonal -Apr to Nov
Naples	New York JFK	Meridiana	B767-300	Seasonal - from Apr to Oct
Palermo	New York JFK	Meridiana	B767-300	Seasonal - from Apr to Oct
Pisa	New York JFK	Delta	B757-200	Seasonal - May 27 to Sept 6

This document is accurate to our best understanding as of March 3 2016.
Flights subject to change without prior notice

Web Resources

Trade Events

Event: TTG Incontri – Brand USA Pavilion

Date: October 13-15 2016

Venue: Rimini

Web: <http://www.ttgincontri.it/>

The U.S. Commercial Service in Italy will support the U.S. delegation at the Brand USA Pavilion. TTG Incontri is participating in the Trade Fair Certification program of the U.S. Department of Commerce.

Event: Showcase USA-Italy

Date: March 5-7 2017 (just before ITB in Berlin)

Venue: Naples

Web: <http://www.visitusaita.org/>

Showcase USA-Italy is the only marketing event exclusively dedicated to promote Italian tourism towards the United States. U.S. exhibitors can meet with high-quality Italian companies, focused on promoting tourism to the U.S. Our team will provide participants a complete and all-inclusive program of matchmaking appointments with Italian companies and media, logistical assistance, on-site business counseling and support, as well as pre-event briefings.

Web Resources

- U.S. Department of Commerce, International Trade Administration, Office of Travel and Tourism Industries: <http://travel.trade.gov/>
- Travel Trade & Destination Marketing Associations:
 - Visit USA Association Italy: <http://www.visitusaita.org/>
 - U.S. Travel Association: <http://www.ustravel.org/>
 - BrandUSA <http://www.discoveramerica.com>
 - Italian Tourism Agency <http://www.enit.it>

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