UK TRADE & INVESTMENT

Doing business in Italy

Are you a member of a UK company wishing to export overseas?

Interested in entering or expanding your activity in the Italian market? Then this guide is for you!

The main objective of this **Doing Business Guide** is to provide you with basic knowledge about Italy; an overview of its economy, business culture, potential opportunities and an introduction to other relevant issues. Novice exporters, in particular will find it a useful starting point.

Further assistance is available from the UKTI team in Italy. Full contact details are available at the end of this guide.

Important Information - Sanctions and Embargoes

Some countries maybe subject to export restrictions due to sanctions and embargoes placed on them by the UN or EU. Exporting companies are responsible for checking that their goods can be exported and that they are using the correct licences.

Further information is available on the **Businesslink site**

The purpose of the Doing Business guides, prepared by UK Trade & Investment (UKTI), is to provide information to help recipients form their own judgments about making business decisions as to whether to invest or operate in a particular country. The Report's contents were believed (at the time that the Report was prepared) to be reliable, but no representations or warranties, express or implied, are made or given by UKTI or its parent Departments (the Foreign and Commonwealth Office (FCO) and the Department for Business, Innovation and Skills (BIS)) as to the accuracy of the Report, its completeness or its suitability for any purpose. In particular, none of the Report's contents should be construed as advice or solicitation to purchase or sell securities, commodities or any other form of financial instrument. No liability is accepted by UKTI, the FCO or BIS for any loss or damage (whether consequential or otherwise) which may arise out of or in connection with the Report.

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Introduction

Italy is one of the world's top exporters and has the world's eighth largest economy with a GDP of $2,055,412bn in 2010. It is one of the founders of the EU and a member of GATT/WTO and OECD as well as the G7 group of industrialised countries and the European Monetary Union. Thanks to its geographical position it is a gateway to the whole Mediterranean.

It has well-established political, defence and trade relationships with UK and is one of UK's largest markets.

Italy is a bicameral democracy established in 1946. The present government is headed by PM Mario Monti.

The government has introduced new measures to reduce public debt and foster growth. It is reacting actively to global economic slowdown and sovereign debt strains in the euro area.

Strengths of the market

In brief these are:

- A strategic location, gateway to the Mediterranean and a crossway between Europe, Africa and the Middle East
- A European Union market with a population of about 60 million
- Good infrastructure and high level of internationalisation
- Long standing trade and political relationships with the UK
- An economic structure that can be complementary to the British economy
- Wide appreciation for British professional services and technologies, but also upper market consumer goods
- Easy access from the UK with low cost flights from several UK regional airports
- A large number of SMEs that require professional services for their international growth
- A high number of trade exhibitions with global appeal
- The active presence of UK Trade & Investment (UKTI) and British Chamber of Commerce. VisitBritain and The British Council also have offices in Italy

Opportunities in Italy

Key sectors identified by UK Trade & Investment in Italy include:

- Clothing, footwear and fashion
- Construction
- Creative and media
- Defence and Security
- Environment
- Finance
- Food and Drink
- Healthcare
- ICT

Milan will host the World Expo in 2015 www.expo2015.org/, under the theme of “Feeding the Planet, Energy for Life”. This will involve not only agro-alimentary sectors and opportunities extend beyond to a variety of different areas including: scientific and applied research, pharma industry, dietetics, biotech, quality control, catering, packaging, logistics, transportation, distribution, environmental protection, education and training, non-profit food co-ops, credit and finance, construction and infrastructure, fairs and congresses, cultural events, wellness, sport and tourism. To respond to this, Expo is building strategic partnerships with the business world. As of February 2012, over 70 countries had already signed for their official participation. Work is due to start shortly on this large-scale event and it is expected that this multi-sector project will be the

catalyst to propel Milan forward. Infrastructure projects are also planned and with British expertise from both the London Olympics and Glasgow Commonwealth Games, UK companies should be well placed to capitalise on some of these opportunities.

Trade in goods between UK and Italy

Bilateral trade - UK exports to Italy

Italy is a key trading partner of the UK and a valued partner in the EU. In 2011 UK/Italy bilateral general trade in goods was worth £23.99bn. In the same year Italy was UK's 7th largest export market.

UK Trade in goods with the world 2011 and 2010 Totals – UK Exports (HMRC statistics in £ millions)

Country	£ millions 2011	£ millions 2010	%change	Rank 2011	Rank 2010	Change in ranks
USA	38,949	37,413	4	1	1	0
Germany	33,038	28,539	16	2	2	0
France	23,056	20,262	14	3	4	1
Netherlands	22,671	20,537	10	4	3	-1
Irish Rep	17,219	16,375	5	5	5	0
Belgium	15,354	12,946	19	6	6	0
Italy	9,888	**8,798**	**12**	**7**	**8**	**1**
Spain	9,449	9,700	-3	8	7	-1
China	8,773	7,225	21	9	9	0

The Top UK exports to Italy by value in 2011 were:

1. Machinery & transport equipment (SITC 7): £4.024bn

The best performers in this group were road vehicles (SITC 78), electric machinery, app & appliances (SITC 77), power generating machinery & equipment (SITC 71), general industrial machinery & equipment & machines (SITC 74)

2. Chemicals & related products (SITC 5): £2.014bn

Best performers: medicinal & pharma products (SITC 54)

3. Miscellaneous manufactured articles (SITC 8): £1.214bn

Best performers: articles of apparel and clothing (SITC 84) and professional scientific & controlling instruments & appliances (SITC 85)

4. Manufactured goods classified chiefly by materials (SITC 6): £1.123bn

Best performers: non-ferrous metals (SITC 68)

5. Mineral fuels (SITC 3): £ 610.761bn

6. Food & live animals (SITC 0): £418.051bn

7. Crude materials, inedible, except fuels (SITC 2): £352.983

8. Beverages & tobacco (SITC1): £99.783

Bilateral trade - UK imports from Italy

In 2011 Italy was UK's 7th largest trade partner for imports, behind Germany, USA, China, Netherlands, Norway, France and Belgium.

Detailed statistics available upon registration at HM Revenue & Customs UKTRADEINFO at https://www.uktradeinfo.com/index.cfm?task=Home

Political overview

Founding member of the North Atlantic Treaty Organisation (NATO) in 1949 and of the European Economic Community (precursor of the European Union) in 1957, a member of GATT/WTO, OECD, G7, OSCE, Council of Europe and European Monetary Union, the Italian Republic came into existence in June 1946 after the end of the Second World War. Under the 1948 Constitution, the Head of State is the President, who is indirectly elected for a 7 year term. The current President, Giorgio Napolitano, was elected in May 2006 and became the first former Communist to fill the post.

Parliament has legislative powers and is composed of a Senate and a Chamber of Deputies, both directly elected and with equal authority.

At the last parliamentary elections in April 2008, the centre-right coalition called the Partito della Libertà (Party of Freedom) prevailed and Silvio Berlusconi, the billionaire entrepreneur owner of Mediaset who had already led three executives in 1994 and later in the period 2001-2006, became the Prime Minister. His government recently had to face serious difficulties because Italy suffered the consequences of the turmoil on international financial markets started in summer 2011. Under pressures from the European Central Bank (ECB) and other EU nations, two austerity plans of about €48bn in mid July and €54bn in September 2011 were approved and made law. They were designed to balance Italy's budget by 2013 and convinced the ECB to buy Italian bonds to help manage national debt. However markets displayed doubts about Italy's ability to implement its package. Because of sovereign debt strains and domestic and international pressures, Silvio Berlusconi resigned. His term came to an end almost two years short of its scheduled end in spring 2013.

A new government led by Mario Monti, a highly esteemed economist with previous experience as European Commissioner from 1994 to 2004, was formed on 16 November 2011. Monti also retained for himself the position of Finance Minister. His new "technical" government is composed of experts in their own fields who are not members of political parties.

The key issues facing the government include trying to tackle the large public debt and driving forward the stagnant economy, in order to regain the confidence of foreign markets. On 23 December 2011 the Parliament approved the €30bn austerity package proposed by the Monti government to reduce the deficit and balance the budget in 2013. If summed up to the measures approved by the previous Berlusconi's cabinet in summer 2011, the plan envisages corrections for almost €76bn in 2013 and €81bn in 2014. It contains budget cuts and growth-boosting measures. Other measures approved and made law in January 2012 aim at the liberalisation of trades, professions and services. The following phases of the package will focus on further cuts of public spending and red tape for citizens and businesses. They will be followed by new regulation and stimulus for the labour market.

One key element that will be welcomed by British companies is the will to reduce the time taken for payments of government contracts down to 60 days.

Useful links:

- www.governo.it Italian Government portal
- www.sviluppoeconomico.gov.it Ministry for Economic Development
- www.italia.gov.it/itagov2 Directory of Public Administration websites

- www.bancaditalia.it Bank of Italy

Economic overview

Facts and figures

In 2010 Italy ranked as the world's 8th largest economy behind USA, China, Japan, Germany, France, UK and Brazil. According to the IMF World Economic Outlook of September 2011, in 2010 the GDP at current prices totalled $2,055.114bn (€1,548.816bn). Per capita GDP at current prices in 2010 was $34,058 (€25,668). By comparison the statistics for UK were $2,250.209bn and $36,164 respectively.

Projected change of Real GDP: -2.2% for 2012; 0.6% for 2013 (IMF World Economic Outlook Update, January 2012).

The unemployment rate was about 8.5% in 2011, with youth unemployment at 30% in December 2011.

Italian real economy declined in 2009 with a GDP drop of 5.3% and started a slow recovery in 2010, though remaining below the pre-crisis peak. In 2010 exports rose by 16% over 2009, but imports, especially of energy, also went up and so did the trade deficit.

Imports, exports and main sectors of economy

Together with Germany and the Netherlands Italy is one of the most tightly connected economies through trade linkages with the rest of Europe. However Italian companies have not yet been able to fully exploit opportunities in new high-growth emerging economies. According to national statistics institute Istat (www.istat.it), the main sectors of economic activity expressed as percentages of GDP in the 4th quarter of 2010 were: bank, real estate and professional services (27.17%); commerce, hotels, transport and communications (23.97%); other services (21.36%); manufacturing industry (19.96%); construction (4.91%); agriculture, forestry and fishing (2.63%).

UNCTAD statistics for Italy:

Total trade in merchandise and services in 2010

Exports: $545.486bn Imports: $554.980bn Balance: -$9.494bn

Total trade in merchandise in 2010:

Exports: $447.505bn Imports: $483.642bn Balance: -$36.137bn

Total trade in services in 2010:

Exports: $97.981bn Imports: $110.030bn Balance: -$12.049bn

More precisely, in Italy in 2010 the total value of exports in merchandise and services showed an increase over 2009 ($507.910bn) but was still below 2008 figures ($660.727bn). Also the total imports in merchandise and services were below 2009 and 2007 figures. Therefore, for the first time since 1989, in 2010 the balance was negative by $9.494bn.

By comparison, UNCTAD statistics for UK show:

Total trade in merchandise and services in 2010

Exports: $643.447bn Imports: $682.337bn Balance: -$38.890bn

Total trade in merchandise in 2010:

Exports: $405.384bn Imports: $558.308bn Balance: -$152.924bn

Total trade in services in 2010:

Exports: $238.063bn Imports: $168.693bn Balance: $69.370bn

More information at http://unctadstat.unctad.org

Due to the absence of raw materials and the scarcity of hydrocarbons, the Italian economy is reliant on manufacturing and the processing of goods. Italy, which has a diversified industrial base, ranked 7th in the 2010 list of the biggest manufacturers in the world, and 2nd behind Germany in Europe (HIS Global Insight figures, manufacturing output per capita). Exports in manufacturing are currently driving the growth. According to statistics issued by Istat, in 2009 the best performers in the manufacturing sector exports were machinery and appliances, followed by metal products (other than machinery), vehicles and trailers, food and drink and tobacco, electric appliances and non-electric domestic appliances, chemicals, pharmaceuticals, rubber and plastics, clothing, leather goods.

Italy is therefore one of the leaders in the production of machinery (2011 was a record year for packaging machinery) and supplies for industrial production, but it is correctly associated also with luxury lifestyle and design – just think of fashion and accessories, sports cars, ships and leisure boats, furniture and furnishings with a high design content.

In addition, Italy is the European leader for food quality and safety and for the number of organic farms. It is synonymous with fine food and high-quality processed food products, many of them with guarantee of origin and quality. The total value of the combined agri-food sector equals 15% of the GDP and Italian wine is driving exports by value. The largest food companies are Ferrero and Parmalat-Lactalis Italia.

In Italy, tourism is responsible for a large part of the turnover in the service sector and contributed by a value of 13% to GDP in 2010. With the largest historic heritage in the world and 46 UNESCO World Heritage sites, Italy is one of the world's favourite tourist destinations. The Italian Government Tourist Board is ENIT (www.enit.it). Growth estimates are above 13% for 2011 and 2012. In 2010 Italy confirmed its position as the 5th world's tourist destination by value and number of visitors. In 2008 Italy was also the 4th biggest spender in terms of international travel. The UK is an appreciated destination.

Italy has a limited number of large multinational companies. The top ten Italian companies are ENI (2010 turnover: €98.5bn), Enel (€71.9bn), Exor-Fiat (€59 bn), Telecom Italia, Gse, Finmeccanica, Edizione, Esso Italiana, Edison, Poste Italiane.

A key strength of the Italian economy is its flexible SMEs – 92% of them family owned – that represent the largest majority of Italian enterprises. Of them, 98% of companies have less than 20 employees. SMEs contribute to about 70% of GDP, employ two thirds of workers and have created in the past five years 80% of new jobs. Italian SMEs reacted to the recent international crisis and to the growing pressure of competitors from emerging countries partly by outsourcing production and/or focussing on high-quality goods and services.

The small size of companies is often offset by business structures such as the so called distretti industriali [industrial districts, supplier clusters] which include more than 10,000 companies, and a capillary network of local banks. Statistics published in October 2011 show that many of these

dynamic manufacturing structures have recovered well and exports have increased considerably especially in sectors like footwear and machine tools, reaching pre-crisis values. The most brilliant SMEs in the past three years have also been those that have relied on e-commerce.

Italian exporters cannot rely on a well-structured state support. Interestingly, 46% of medium-size exporters turn to external consultants for their internationalisation, outsourcing activities related to legal and contractual aspects of their business.

Confindustria (www.confindustria.it), the federation of Italian industry, represents over 146,000 companies, with a total of 5,439,000 workers. It includes 25 sector federations and 99 trade associations. SMEs are part of CONFAPI, Confederazione Italiana della Piccola e Media Industria Privata (http://web.confapi.org).

Borsa Italiana (www.borsaitaliana.it), the Italian stock exchange, is based in Milan. Privatised in 1996, it merged in 2007 with the London Stock Exchange. STAR is the segment of the stock exchange that includes SMEs with high growth potential.

Inward and outward investment

International inward investment in Italy totalled $337,401 million, and outward investment $475,598 million in 2010 (UNCTAD figures). In 2010-11 Italian investors tended to choose non-EU countries and specifically India, Northern and Central-Southern America as their favourite new destinations. According to the Bank of Italy, net Italian investment in the UK totalled €3,391 million in 2009. Italian companies created over 2900 jobs in the UK during the 2009-10 financial year, either through first-time investment or through the expansion of their existing UK activities.

Currently there are over 1000 Italian companies active in the UK, a number that is on the rise. They take advantage of the dedicated support provided by the UKTI Investment Team in Italy. The team, which can be contacted by email at inwardinvestment.milan@fco.gov.uk, is based at the Consulate in Milan and in the Naples office. Through a range of free and confidential services the local Investment team provide specific, dedicated support to Italian investors. The UK-Italy Business Awards, which acknowledge the formidable contribution of Italian investors to the UK economy, take place annually at Palazzo Mezzanotte, home of Borsa Italiana, part of the London Stock Exchange Group.

Public debt and household wealth

A key issue for the Italian government is the very large public debt, €1,905bn in November 2011, which corresponds to a debt/GDP ratio of 121% and exposes the country to loss of confidence by financial markets.

That said, Italy has the lowest public deficit in Europe, 4.6% of GDP in 2010, and forecasts for 2012 are below 3%. The Italian government confirmed in January 2012 that it will reach a structurally balanced budget in 2013.

The economic crisis has reduced the purchasing power of Italian families, especially of employees. But their indebtedness is low and household savings are still relatively high. 68% of Italians own a house and 41% of Italian families' debts are represented by house mortgages.

The Bank of Italy report *La ricchezza delle famiglie italiane 2010* [The wealth of Italian families] issued on 14 December 2011 shows that Italian households are the most affluent within the G7 group of countries. The survey considers real estate property and financial assets as well as debts: the average net wealth is worth €356,375 per family, and €142,481 per capita. At the end of 2009 the net wealth of Italian families was about 8.3 times higher than the gross disposable income, it was 8.1 for UK and 7.46 for France – and at the end of 2010 this value was almost reconfirmed (8.2 times). At the end of 2009 debts corresponded to 82% of disposable income (100% for France and Germany and 170% for UK).

However in the past few years there has been a growing divide and 10% of households owned almost 45.9% of the total wealth in 2010. According to Aipb, the Italian association of private bankers, in 2010 the wealth of Italian households with family assets exceeding €500,000 reached €896 bn, a 3.2% increase on 2009. Wealth distribution is also geographically uneven: per capita incomes of Italy's northern regions are amongst the richest in Europe, whereas several areas in the South, where unemployment is higher, are far behind. In 2010 Lombardy had the highest mean monthly expenditure (€2,896) whereas Sicily had the lowest (€1,668).

As far as private consumption is concerned, according to the Italian revenue agency, Italians bought 206,000 luxury cars at an average price of €103,000 in 2009. In 2011 Italy was also the world leader for smartphone diffusion, with at least 20 million pieces sold.

Universities and R&D centres

Italy has a very large number of universities of all sizes throughout the country. The largest Italian universities with well-established R&D activities are in Milan, Turin, Bologna, Rome and Naples. In 2011 the Ministry for University, Research and Education launched a series of structural reforms to achieve greater efficiency and improve quality by rigorous assessment, so that Italian universities can attract more foreigners and retain the many young brains that go abroad looking for higher wages and better careers. Italy is known for its cutting-edge innovation in fashion and design, and R&D investment in areas such as energy, aerospace, robotics, physics, ICT, life sciences, agri-food, cultural heritage conservation and nanotechnologies. In this area, Italy is second in terms of funds received through FP7, retaining fourth position in the other three thematic areas.

Italy hosts Elettra Synchrotron Light Laboratory, and is building the SuperB Factory, a major international research centre for fundamental and applied physics, which involves the construction of a large underground electron-positron collider. Italian researchers score quite high in terms of publications per capita and of impact (according to a OECD survey, Italy ranks before the US). Innovation by design has led to incredible growth for business.

For more information see the Innovation Union Competitiveness Report 2011, http://ec.europa.eu/research/innovation-union/pdf/competitiveness-report/2011/countries/italy.pdf

In July 2011 Confindustria published a map of companies' skills on research and innovation which explores 11 industrial areas. The map which is continuously updated includes 700 examples of excellence and gives a clear picture of the state of industrial research in Italy.

Population

Italy has a resident population of about 60.6 million (as at December 2010) and is one of the most urbanised European countries with heavy concentrations within and outside the main cities in the Po Valley and Veneto in the North, Campania in the South and Valdarno plain in Tuscany. However, several parts of the country are mountainous and under populated.

The lowering birth rate of Italians has been counterbalanced since 2007 by the increasing presence of immigrants from non EU and new EU member countries. As at 1st January 2011, in Italy there were about 4,570,000 resident immigrants with legal permits, 335,000 more than the previous year.

Life expectancy at birth is 81 years, one of the highest in the world.

Geography and climate

With an area of about 301,000 sq km, mainland Italy is a long and mountainous peninsula. Italy also includes the large islands of Sicily and Sardinia. Within its geographical territory, there are the very small independent states of the Vatican City in Rome and the Republic of San Marino.

The country has a temperate climate, but conditions and temperatures vary considerably because of the distance between the north and south and to differences in altitude of the country. It is generally continental in the north and Mediterranean along most of the coasts, especially along the Tirreno Sea and in the islands. Italy's natural attractions are quite varied and widely appreciated. More than 21% of the national territory is included in environmentally protected areas.

Getting here and advice about your stay

EU nationals entering Italy should have a valid passport. For stays of less than 90 days a residence permit is not required for EU citizens. Thereafter, they need to register with the Italian authorities in the municipality in which they are domiciled.

In order to register, EU citizens have to provide documentation proving that they are employed, studying or engaged in vocational training. Otherwise, they must give evidence of having sufficient financial resources.

British citizens who lose their passports should contact the nearest British Consulate for advice. They should report the loss of passport to the local police initially and obtain a copy of the police report (*denuncia*). Other general advice about living and working in Italy can be found on the consular pages of the UK in Italy website: http://ukinitaly.fco.gov.uk/en/

Air travel is the only realistic option for business travel to Italy, but car or train journeys are other possibilities. All major airlines service Italy, as do a number of low-cost airlines. Flights are relatively inexpensive.

Italy has a network of over 23,000 km of railways, of which 800 km of high-speed railways already completed. Useful links: www.trenitalia.com, www.italotreno.it. It has 6,500 km of motorways, the latter subject to tolls, two intercontinental hub airports and 24 freight villages. A series of ports serve all parts of the country. Italy is the 2nd largest European country for maritime freight and its top ten commercial ports are distributed nationwide: Gioia Tauro, Genoa, La Spezia, Livorno, Taranto, Cagliari, Naples, Venice, Trieste and Salerno.

FCO Travel Advice

The FCO website has travel advice to help you prepare for your visits overseas and to stay safe and secure while you are there.

For advice please visit the FCO Travel section

Time and dialling code

Central European time (CET) with European daylight savings.

From the UK the international dialling code for Italy is 0039 followed by local codes. Example: 0039 02 (local Milan code) private number. Free online telephone directories at
http://www.paginegialle.it/index_ing.html
http://www.paginebianche.it/

Electricity supply

Electrical power is supplied at 220 V, 50 Hz. Plugs are type L CEI 23-16/VII with 3 round pins in a row.

Preparing to export to Italy

If you are a first time exporter or an experienced company considering Italy, visit www.ukti.gov.uk and contact your local International Trade Adviser, just use our postcode searcher, labelled as "Contacts in your Region" on our export landing page.

UKTI teams in Italy operate from the British Consulate General in Milan, the office in Naples and the British Embassy in Rome. The local Investment team can also help potential Italian investors to set up in the UK and their track record and list of services is first class.

UKTI teams in Italy can provide a range of services to British-based companies wishing to grow their business in the Italian market. These services include the provision of market information, validated lists of agents/potential partners, key market players or potential customers; establishing the interest of such contacts in working with the company and arranging appointments.

In addition, they can also organise events for UK-based companies to meet contacts or promote a company and its products/services. Both the Ambassador's Residence in a prestigious setting in Rome, and Milan Consulate, with its conference room and renovated covered terrace in the heart of Milan, are available for hire for presentations, workshops and events.

UKTI Communications Team in Milan deals with all aspects of commercial publicity on behalf of UK-based companies, promoting their business through the website http://UKinItaly.fco.gov.uk in Italian and also through the Italian national and specialised press. The team offers a flexible range of services.

You can commission these services under which are chargeable and operated by UK Trade & Investment (UKTI) to assist British-based companies wishing to enter or expand their business in overseas markets. Under this service, the Embassy's Trade & Investment Advisers, who have wide local experience and knowledge, can identify business partners and provide the support and advice most relevant to your company's specific needs in the market.

To find out more about commissioning work, please contact your local UKTI office. See www.ukti.gov.uk

How to do business in Italy

What companies should consider when doing business

Italy is an advanced and competitive market. The quality of the product or service is important and price is another significant factor. Personal relationships also play a key part in business. Italy is a member of the EU and uses the Euro as its currency. Standard European business practices apply. Companies should not expect immediate results, should be prepared to invest time and money in the market and can expect to wait some time before seeing a real return. It can take some considerable time for an Italian distributor or an agent to establish customers for your product. Be patient if you wish to succeed here and stay in contact with your representatives to ensure that they keep you up to date with developments and market conditions.

Key areas for business

The Italian economy still shows strong local differences. Most industries and service companies are located in northern and central regions. Milan is Italy's financial centre. Per capita incomes of the northern regions are among the richest in Europe. According to a recent survey by SDA Bocconi, the technology and ICT readiness is higher in Emilia Romagna, Lombardy, Veneto, Friuli Venezia Giulia, Trentino Alto Adige, Piedmont, Tuscany, Liguria, Marche, Lazio.

Trade exhibitions in Italy

Italy hosts many specialised trade exhibitions that have become global points of reference for their sectors. Participation in these events can create business opportunities in Italian and foreign markets. Please contact the local UKTI teams in UK and Italy for further information about representation at the following trade fairs. They include:

- Beauty products: Cosmoprof (www.cosmoprof.com), Bologna
- Bicycles and motorcycles: EICMA (www.eicma.it), Milan
- Construction: SAIE (www.saie.bolognafiere.it) and CERSAIE (www.cersaie.it), both in Bologna; MADE EXPO (www.madeexpo.it), Milan
- Engineering: EMO (www.emo-milan.com), machine tools and BI-MU Sfortec (www.bimu-sfortec.com), machine tools, subcontracting, both in Milan
- Fashion and accessories: Pitti Immagine Uomo, Pitti Immagine W and Pitti Immagine Bimbo (www.pittimmagine.com), Florence; Milano Fashion Week (www.cameramoda.it) including White (www.whiteshow.it), Mi Milano Prêt-à-porter (www.mimilanopretaporter.fieramilano.it); Touch, Cloud Nine, neoZone (www.pittimmagine.com/corporate.html), Milan; Macef (www.macef.it) costume jewellery, Milan; Mido (www.mido.com), eyewear, Milan; Vicenza Oro Fairs (www.vicenzaoro.org), jewellery, Vicenza; Micam (www.micamonline.com), footwear, Milan; Mipel (www.mipel.com) leather goods, Milan; Expo Riva Schuh (www.exporivaschuh.it), footwear, Riva del Garda; Sposa Italia Collezioni (www.sposaitaliacollezioni.it)
- Food and food processing: CIBUS (www.cibus.it), food industry, Parma. SIGEP (www.sigep.it), supplies for ice cream, confectionery and artisan bakery, Rimini
- Furniture and design: Salone del Mobile (www.cosmit.it), Milan. Includes biennal events Euroluce, lighting, and Eurocucina, kitchen furniture
- Hospitality and catering: Host (www.host.fieramilano.it), Milan
- Houseware and giftware: Macef (www.macef.it), Milan
- HVAC: MCE Mostra Convegno Expocomfort (www.mcexpocomfort.it), Milan
- Leisure Boats: Boat Show (www.genoaboatshow.com), Genoa
- Packaging: Ipack-ima (www.ipack-ima.com), Milan
- Picture frames, mouldings, graphics: Quadrum Saca (www.quadrumsaca.com), Bologna
- Publishing: International Children's Book Fair (www.bolognachildrensbookfair.com), Bologna
- Tourism destinations and services: BIT (www.bit.fieramilano.it), Milan
- Textiles: Milano Unica (www.milanounica.it), textiles for apparel, Milan; Proposte (www.propostefair.it), furnishing textiles, Cernobbio; Pitti Filati (www.pittimmagine.com/it/fiere/filati), yarns, Florence

- Vehicles: Motor Show (www.motorshow.it), Bologna
- There are also several national and international fairs that can offer export opportunities to UK-based companies and can be good occasions to create new partnerships:
- Perfumery: Fragranze (www.pittimmagine.com/it/fiere/fragranze), Florence; Esxence (http://esxense.com), Milan
- Construction: Progetto Fuoco (www.progettofuoco.com), fireplaces, Verona; Greenbuilding (www.greenbuildingexpo.eu), green solutions, Verona
- Crafts: Artigiano in Fiera (www.artigianoinfiera.it), Milan
- Education & Training: ExpoTraining (http://expotraining.it), Milan; ABCD Education Show (www.ABCD-online.it), Genoa; Exposcuola (www.exposcuola.it)
- Energy and renewables: Ecomondo (www.ecomondo.com), Rimini; Energethica (www.energethica.it), Turin and Florence; Key Energy (www.keyenergy.it), Rimini; LivinLuce (www.livinluce.com), Milan; EnerMotive (www.enermotive.com), Milan, Solarexpo (www.solarexpo.com), Verona; Geotherm, (www.geothermexpo.com), Ferrara; ZeroEmission (www.zeroemissionrome.eu/), Rome
- Food & Drink: Salone del Gusto (www.salonedelgusto.it) good, clean and fair food,Turin; Cheese (www.cheese.slowfood.it) cheese with slow food criteria, Bra; Marca (www.marca.bolognafiere.it) own label products, Bologna; Slowfish (www.slowfish.it), fish with slow food criteria, Genoa; Sapore (www.saporerimini.it), F&D for the catering industry, Rimini; Tuttofood (www.tuttofood.it) general F&D, Milan
- Food technologies: CibusTech (www.cibustec.it) food machinery, Parma; SIAB (http://www.siabweb.com), bakery machinery, Verona
- Furniture, furnishings, interior decoration: ABITAMI (www.macef.it/), Milan
- Gardening: Flormart Miflor (www.flormart.it) plants & equipment, Padua
- Health: Exposanità (www.senaf.it/fiera.asp?FieraId=107), healthcare, Bologna
- Hi-tech: HTE Hi.Tech.Expo (www.hitechexpo.eu), Milan
- Hotel equipment: SIA Guest (www.siarimini.it), Rimini
- Hygiene/safety in working places: Ambiente lavoro (www.ambientelavoro.it), Bologna
- Maritime industry subcontractors: Seatec (www.sea-tec.it), Carrara
- Natural products: Sana (www.sana.it), housing, F&D, clothing, Bologna
- Oil & gas: OMC (www.omc.it), Ravenna
- Outdoor & leisure equipment: Sun (www.sungiosun.it), garden and beach equipment, Rimini
- Pet products: Zoomark (www.zoomark.it), Bologna
- Railways: Expoferroviaria (www.expoferroviaria.com), Turin
- Water treatment: Hydrica (www.hydrica.org), Padua
- Yarns: Filo (www.filo.it), Milan

Advertising and commercial publicity

The main international advertising agencies are present in Italy. Large local firms, as well as numerous smaller Italian agencies, are also able to offer services in the field of advertising.

The UKTI Italy team also has an established commercial publicity service, which can help advertise an event, service or product throughout Italy in several ways.

For further information about this opportunity to enhance success in Italy, please contact the UKTI Communications Team at the British Consulate General Milan, Email: communicationsmilan@fco.gov.uk or visit the website http://ukinitaly.fco.gov.uk.

Market entry and start up considerations

Like in other parts of Europe, selling to Italy is best achieved by appointing an agent or a distributor: this can be the key to success in this market. Partnership can be another option. Common forms of partnerships in Italy are: Srl (Ltd), SpA (Plc), Sas or Snc (Sole trader). Care should be taken in drawing up a written contract with the assistance of a professional lawyer.

The British Chamber of Commerce for Italy (http://www.britchamitaly.com), with some 400 members representing a wide range of industries and professions, can also help companies. It offers a wide range of professional and other business support services, which also include VAT collection, due diligence and credit collection, either through its own means or through those of its members.

Financial assistance and professional services

ABI (www.abi.it), the Italian banks association, has over 1000 members (March 2010 figures) which have hitherto provided much of the corporate governance for local industry. The leading Italian banks are Unicredit, Intesa Sanpaolo, Montepaschi, Banco Popolare and UBI. They are increasingly rationalising services, and forming alliances within larger groups with national and international banks. The principal Italian banks have representative offices in the City of London, and reciprocal trading arrangements with British banks.

The British banking presence in Italy is growing and offers a complete range of services including retail banking. The local offices of British international legal and other professional business management services provide corporate financial and taxation advice for Italian and international clientele.

The Government development agency Invitalia (www.invitalia.it/site/eng/home.html), is the government agency for inward investment, promotion and enterprise development.

Customs and regulation

Italy is a member of GATT/WTO and the EU. It applies EU customs procedures and goods entering from the UK are not subject to import duty. Weights and measures should be metric and temperatures given in centigrade. The Italian customs agency Agenzia delle Dogane (www.agenziadogane.it/wps/wcm/connect/Internet/ee/) can provide more information on customs regulations.

Tax legislation

Resident individuals are subject to a personal income tax, named IRPEF, on their worldwide income. Non-resident individuals are subject to tax only on their Italian source income. Current rates are 23% for taxable incomes up to €15,000, 27% up to 28,000, 38% up to €55,000, 41% up to €75,000 and 43% for those over €75,000.

The corporate tax (IRES) rate in Italy is 27.5%. This fixed rate must be paid by all resident companies on income from any source, whether earned in Italy or abroad. There is also a regional tax called IRAP of about 4-6% according to the type of business.

Italy has signed a convention with the UK to avoid double taxation on income and patrimony. These conventions are available online on the Ministry of Economics and Finance website (www.finanze.gov.it/export/finanze/index.htm).

VAT is known as IVA in Italy. The standard rate is 21%. Reduced VAT rates of 4% and 10% apply to some products and services. VAT will rise in the two top bands from 21% to 23% and from 10% to 12% in October 2012. For further information: Agenzia delle Entrate, the Italian Revenue Agency, www.agenziaentrate.gov.it and www1.agenziaentrate.gov.it/inglese/.

Intellectual property rights

To protect their intellectual property rights (IPR) abroad, exporters should obtain professional advice about protection for patents, designs and trademarks in any country where they have a potential market.

Italy is at the forefront of European IPR developments. Recent innovations of Ufficio Italiano Brevetti e Marchi (www.uibm.gov.it/), the Italian patent office, include new measures to combat counterfeiting, protection for internet-related intellectual property, merging and simplifying patent and trademark rules.

Foreign companies investing in the Italian market can rely on the same legal protection of IPR granted to Italian companies. These rights extend to patents, trademarks, copyright and designs. The Ministry for Economic Development (MSE) recently approved €45.5bn of economic incentives for SMEs based in Italy and, as of November 2011, applying for new patents and designs or launching new patented products on the market.

Standards and technical regulation

ISO international standards are widely adopted.

The enquiry point for information about national standards is Ente Nazionale Italiano di Unificazione (UNI) (www.uni.com). It is a private association appointed by the Italian government and the EU to develop, approve and publish technical standards in all economic sectors (apart from electronics). For electrics and electronics enquiries should be directed to the Comitato Elettrotecnico Italiano (CEI) (www.ceiweb.it/english.html).

Recruiting staffing

The labour force in Italy is appreciated for sector-specific technical and managerial skills. It also offers a wealth of talent in R&D and high creativity sectors like fashion and design. However Italian wages especially at intermediate levels are generally lower than in the rest of major European countries. With an average value of $25,000 a year for net salaries, Italy comes last among the G7 countries (OECD figures). In 2011 salaries grew by 1.8%, whereas the average inflation rate was 2.8%.

New types of contracts were created a few years ago to enable companies to cope with special growth trends for limited periods, and to reduce labour costs significantly in periods of reduced output. Much of the recent, post-crisis employment growth has been in jobs with fixed-term contracts. However this has resulted in a dual system with highly protected workers in permanent jobs and unprotected (generally younger) workers on short-term contracts.

More recently, rules were modified to allow greater use of firm-level agreements. Temporary manpower and executive recruitment services are widely available therefore facilitating the labour market.

The Italian Labour Code (Statuto dei Lavoratori) defines the main principles for employment.

Most Italian trade unions are included in three confederations that represent about 12 million workers: Confederazione Generale Italiana del Lavoro (CGIL), (www.cgil.it), Confederazione Italiana Sindacati Lavoratori (CISL) (www.cisl.it) and Unione Italiana del Lavoro (www.uil.it).

Business etiquette, language and culture

Meetings and presentations

Business in Italy is built on the basis of personal contact and at the outset relationships are usually conducted in a fairly formal manner. First names should not be used immediately unless you are specifically invited to do so.

Care should be taken to use the correct form of greeting in meetings and correspondence. It is better to be too formal than offend through excessive informality. Appropriate titles should be given: Ingegnere for a graduate engineer (a prestigious profession), Architetto for a graduate architect, Avvocato for a lawyer. All these titles are used for both genders. In addition Dottore (Dottoressa for a lady) for a doctor in medicine, journalists and for any other university degree (use this title if in doubt).

Remember that even if your contacts speak English they will probably not be familiar with slang and trendy phrases. Keep your presentation clear and coherent and ensure that everything has been tried and tested beforehand.

Italians take wine with meals but drunkenness is unusual and looked upon as extremely vulgar.

Hours of business

Italy is one hour ahead of GMT. Business hours are generally from 8.30/9am to 5/6.30pm for offices in the private sector. Banks, local authority and public administration offices generally close in early afternoon and observe lunch breaks. Shops are generally open from 9/10am to 7.30pm with lunch breaks. Shops in city centres, supermarkets and shopping malls have extended hours, have no lunch breaks and are frequently open on Sundays, as are shops in many tourist resorts. The recent package of measures approved in December 2011 includes the liberalisation of opening hours for shops and public premises.

Companies should be aware that in August most companies are closed for leave for two or more weeks.

Language

Knowledge of English is reasonably extensive in Italian business but traders should not rely on being able to communicate in English, whether written or spoken. However, most major companies have staff at all levels that are fluent in English. Knowledge of English is more widespread in business than in the public sector and more in the north than in the south.

Initial correspondence as well as product literature and tender documents should be translated into Italian by a professional, and followed up by e-mail, fax or by a telephone call. Using Italian in documentation such as invoices will help to avoid confusion or later problems about interpretations of exactly what was meant.

What are the challenges?

Italy does not present major challenges to UK companies wishing to develop trade. However there may be some specific issues which should be considered, namely as far as terms of payment are concerned.

Getting paid - terms of payment

Payment terms in Italy are generally longer than in the UK and can vary between 60 and 120 days and more in certain sectors, especially for payments from public administration bodies. The current government is studying new measures to realign Italy with EU times. Letters of credit are not normally entered into by Italian companies dealing with EU countries and, as with all contact with new customers, methods of payment and terms of contract should be well defined and agreed in writing.

Appropriate trade and bank references should be sought before consigning goods. In the case of distribution and agency contracts, sound legal advice should be sought on all aspects of the agreement. In the unlikely event of having to pursue a debt in the Italian jurisdiction, the process can be extremely lengthy and expensive. The British Chamber of Commerce for Italy can provide details of their members who can offer a credit collection service.

How to invest in Italy

Although the times for setting up a new business have been reduced to 7 days, the investment process can be time consuming, bureaucratic and expensive. Some investors in particular have encountered problems with local procedures and decision making. In addition there is over-regulation in some sectors, although the liberalisation of professional trades and simplification of bureaucratic procedures have been among the recent moves of the government led by PM Monti. The high tax evasion is also an important issue, even if the fight against it has been proving successful in recent years.

Companies are encouraged to seek advice from UKTI and British Chamber of Commerce for Italy.

The Government development agency Invitalia (www.invitalia.it/site/eng/home.html) is the government agency for inward investment, promotion and enterprise development.

Contacts

If you have a specific export enquiry about the Italian market which is not answered by the information on this report, you may contact:

UK Trade & Investment Enquiry Service
Tel: +44 (0)20 7215 5000
Email: enquiries@ukti.gsi.gov.uk

You will be signposted to the appropriate section on our website or transferred at **local call rate** to the British Embassy in Milan.

If you prefer to contact the team in **Italy** direct, contact:

UK Trade & Investment
British Consulate General
Via San Paolo 7
20121 Milano MI
Tel: +39 02 72300237
Website: http://ukinitaly.fco.gov.uk

Contact (Commercial Enquiries):
Nicole Andrew
Commercial Co-ordination and Customer Relations
Tel: +39 02 72300 237/234
Fax: +39 02 72020153
Email: milancommercialenquiries@fco.gov.uk

Contact (Commercial Publicity):
Raffaella Previtera, Head of Communications Team
Tel: +39 02 72300 215/253
Fax: +39 02 86465081
Email: communicationsmilan@fco.gov.uk

You can also contact:

British Chamber of Commerce for Italy
Via Dante, 12
20121 Milano MI
Tel: +39 02 877798
Fax: +39 02 86461885
Website: www.britchamitaly.com

Resources / Useful Links

Country information:

BBC Website
http://news.bbc.co.uk/1/hi/country_profiles/default.stm

FCO country profile
http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-ountry/country-profile/

EU Points of Single contact
http://ec.europa.eu/internal_market/eu-go/index_en.htmn

Culture and communications
CILT – National Centre for Languages - Regional Language Network in your area:
http://www.cilt.org.uk/workplace/employer_support/in_your_area.aspx

Kwintessential culture guides:
http://www.kwintessential.co.uk

Customs & regulations
HM Revenue & Customs:

http://www.hmrc.gov.uk

Economic information:
Economist
http://www.economist.com/countries/

Export control
Export Control Organisation:
http://www.businesslink.gov.uk/exportcontrol

Export finance and insurance:
UK Export Finance
http://www.ukexportfinance.gov.uk

Intellectual property
Intellectual Property Office:
http://www.ipo.gov.uk

Market access
Market Access Database for Tariffs (for non-EU markets only):
http://mkaccdb.eu.int/mkaccdb2/indexPubli.htm

EU market access - overcoming barriers
http://www.bis.gov.uk/EUMarketAccessUnit

Standard and technical regulations:

British Standards Institution (BSI):
http://www.bsigroup.com/en/sectorsandservices/Disciplines/ImportExport/

National Physical Laboratory:
http://www.npl.co.uk/

Trade statistics

National Statistics Information:

http://www.statistics.gov.uk/hub/index.html

UK Trade Info:

https://www.uktradeinfo.co.uk/

Travel advice

FCO Travel:
http://www.fco.gov.uk/en/travel-and-living-abroad/

NHS:
http://www.nhs.uk/nhsengland/Healthcareabroad/

Travel health:
http://www.travelhealth.co.uk/

Business Link: International Trade

Business Link's International Trade pages provide an overview of export basics including licensing, customs procedures, classifying and movement of goods, other regulatory information and export paperwork issues. It also introduces exporters to the UK Trade Tariff.

Essential reading for exporters!

Find out more at:

http://www.businesslink.gov.uk/bdotg/action/layer?r.s=tl&r.lc=en&topicId=1079717544

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