

U.S. Country Commercial Guides



Italy 2018

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Doing Business in Italy

Market Overview

- Italy is the world’s 8th largest economy with a GDP of \$1.9 trillion in 2017. Although Italy emerged from recession in the first quarter of 2015, Italian GDP remains 5 percentage points below its pre-crisis peak. Italy’s GDP grew by 1.6% in 2017 and is projected to grow by 1.5% in 2018.
- In 2017 Italy was the 19th largest market for U.S. exports, which totaled approximately \$18.3 billion, and the 6th largest export market in the EU, following Germany, the UK, Netherlands, Belgium and France. However, export values to the Netherlands (Rotterdam) and Belgium (Antwerp) are skewed by the ‘Rotterdam Effect’ where goods are valued at the port of entry, but then distributed throughout the EU.
- U.S. exports to Italy are concentrated in high-value sectors such as pharmaceutical products (17%), nuclear reactors and machinery (12%), and aircraft (7%).
- The United States remained by far Italy’s largest non-EU export market with roughly a 9% share of all non-EU exports. In 2017, the United States was Italy’s third largest destination for exports, with U.S. imports from Italy totaling \$50.0 billion, following Germany and France. The U.S. had a goods trade deficit with Italy valued at \$31.6 billion in 2016.
- In 2016 Italian foreign direct investment in the U.S. totaled \$48.6 billion, supporting 75,300 American jobs. Top industry sectors for Italian FDI include industrial machinery, automotive components, metals, software and IT services, consumer products and alternative energy.
- Italy’s cumulative inward FDI investment is well below the EU average due largely to structural problems, which affect domestic as well as foreign investment. U.S. direct investment in Italy totaled \$24.6 billion in 2016, ranking Italy 8th in Europe, 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 current Italian government was formed in the spring of 2018, when the Five Star Movement and the League parties came together to form Western Europe's first populist government. Giuseppe Conte serves as Prime Minister. *(POL please edit/change this)*
- 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.
- 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.
- Italy ranks 46 out of 190 countries in the World Bank Doing Business Report and 54 out of 176 countries in Transparency International's Corruption Perception Index.

Market Challenges

- Italy's growth lags below the EU average although domestic consumption appears to be rebounding. The Italian GDP grew marginally in 2017 and unemployment remains well below the EU average, particularly youth unemployment which is at 31%, the second highest level in Europe after Spain.
- 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.
- Italy has the lowest level of Internet penetration of all European countries. Despite its rising trend, digitalization rates among Italian firms is quite low, and the majority of small- and medium-sized companies are far from embracing the Internet.
- 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.

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; and where U.S. products offer clear technological, design, or price advantages.
- Best prospects for U.S. exports to Italy include: Advanced Manufacturing, Airport and Ground Support Equipment, Automotive Components, Biotechnology, Cosmetics and Toiletries, Cybersecurity, Medical Devices and Technologies, Pet Products, Safety and Security Equipment, Smart Grid Technologies and Travel and Tourism.
- Key U.S. exports to Italy include pharmaceutical products, industrial machinery and machine tools, electrical appliances, automobiles and auto parts, food and wine, and travel/tourism services.

- 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).
- The agricultural sector makes up a significant portion of U.S.-Italy trade. In 2017 U.S. agricultural and fish exports to Italy were \$1.0 billion and U.S. imports from Italy were \$4.6 billion. Being 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. Italy exports mainly consumer products to the United States, while the United States exports mostly bulk commodities to Italy.
- 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 2018-2019 include European Utility Week, EICMA and Showcase USA-Italy.
- The U.S. Department of Commerce actively promotes investment in the United States through our SelectUSA program. In Italy we have extensively promoted opportunities to invest in the U.S. to Italian businesses, trade associations and multipliers. The Italian delegation to the Select USA Investment Summit in Washington DC has consistently been among the largest worldwide.

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 make relationships, establish a market presence or set up a business.
- The U.S. Commercial Service has offices in the U.S. Embassy in Rome and the U.S. Consulate in Milan to help U.S. exporters enter the market. Our industry and market experts help 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.
- The U.S. Commercial Service offers regional customized solutions throughout Europe as well as country-specific programs. We help connect U.S. companies to opportunities across Europe.
- For more information visit www.export.gov/italy.

Political Environment

Political Environment

For background information on Italy's political and economic environment, please read [U.S. Department of State Background Notes](#).

Selling US Products & Services

Using an Agent or Distributor to Sell U.S. Products and Services

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with EU laws 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: Self Employed Commercial Agents

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: European Law

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: Late Payments

Companies' agents and distributors can take advantage of the European Ombudsman when victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights. 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:

European Ombudsman

Establishing a Local Office

Establishing an office in Europe, whether a subsidiary or a new business, requires knowledge of the relevant national legislations in the country of interest. While there are a number of EU level policies in effect, many key areas such as taxation are still largely a member state prerogative. The European Commission manages the Your Europe website where investors can find useful information on various topics ranging from taxation and customs to employment contracts.

For further information on this topic please consult the Commerce Department's Country Commercial Guides on EU Member States: EU Member States' Country Commercial Guides.

Alternatively, search the Commerce Department's Market Research Library

To learn more about incorporating and registering a business in Italy, please visit the World Bank's Doing Business website:

<http://www.doingbusiness.org/data/exploreeconomies/italy/starting-a-business/>

Data Cybersecurity: Data Privacy and Protection

As of 25 May 2018, the General Data Protection Regulation (GDPR) applies in the EU. The GDPR is a horizontal privacy legislation that applies across sector and to companies of all sizes. It replaces the previous data protection Directive 1995/46. The overall objectives and underlying principles of the legislation remain the same. Businesses must inform consumers that they are collecting personal data, have a legal basis to process and retain the data.

However, there are significant differences in definitions of key terminology. The GDPR creates a number of new requirements for organizations that process EU individuals' personal data. Companies have an obligation to demonstrate their compliance, in part through a number of documentation obligations. Data subjects have a number of rights which include access, correct, erasure of their personal data.

The GDPR has extra-territorial reach, which means that it might be applicable to U.S. entities even if they do not have physical presence in Europe. In that case, such organizations need to have a representative based in Europe, or in certain cases need to appoint a Data Protection Officer.

Fines in case of non-compliance can reach up to 4% of the annual worldwide revenue or 20 million euros – whichever is higher. Companies of all sizes and sectors should consider GDPR as part of their overall compliance effort with assistance of legal counsel.

The European Commission and Data Protection Authorities are releasing official guidelines to help companies with their compliance process (see resources below). Note: the EU is currently updating its e-privacy legislation governing confidentiality of communications. This legislative instrument once enacted will add a number of requirements in addition to the GDPR. We encourage U.S. exporters to monitor this situation as it evolves through the EU legislative process.

For more information:

Full GDPR text

Official Press Release

European Commission guidance:

http://ec.europa.eu/justice/smedataprotect/index_en.htm

https://ec.europa.eu/commission/priorities/justice-and-fundamental-rights/data-protection/2018-reform-eu-data-protection-rules_en

Transferring Customer Data to Countries outside the EU

The General Data Protection Regulation (GDPR) provides for the free flow of personal data within the EU but also for its protection when it leaves the region's borders.

The GDPR (Chapter 5 - Article 44 onwards) sets out obligations on data controllers (those in charge of deciding what personal data is collected and how/why it is processed), on data processors (those who act on behalf of the controller) and gives rights to data subjects (the individuals to whom the data relates). These rules were designed to provide a high level of privacy protection for personal data, and were complemented by **measures to ensure the protection is maintained when data leaves the region**, whether it is transferred to controllers, processors or to third parties (e.g. subcontractors). EU legislators put restrictions on transfers of personal data outside of the EU, specifying that such data could only be exported if "adequate protection" is provided.

The European Commission (EC) is responsible for assessing whether a country outside the EU has a legal framework that provides sufficient protection for it to issue an "adequacy finding" to that country. The U.S. has never sought to be found adequate by the EC. This means that U.S. companies can only receive personal data from the EU if they:

- Join the EU-U.S. Privacy Shield program, or
- Provide appropriate safeguards (e.g. contractual clauses, binding corporate rules), or
- Refer to one of the GDPR's derogations,

European Commission's webpage on transfers outside the EU and all mechanisms outlined below:

Data Transfers Outside of EU

Important note:

The legal environment for data transfers to the United States continues to evolve. 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.

About the EU-U.S. Privacy Shield

The EU-U.S. Privacy Shield Framework was designed by the U.S. Department of Commerce and the European Commission to provide companies on both sides of the Atlantic with a mechanism to comply with data protection requirements when transferring personal data from the European Union to the United States in support of transatlantic commerce.

For more information on the EU-U.S. Privacy Shield

For more information about other mechanisms of transfer, please refer to:

Transferring Personal Data from EU to U.S.

Cyber-security

The European Network and Information Systems (NIS) Security Directive sets a minimum baseline of requirements to ensure better protection of critical infrastructures in Europe. The legislation targets three groups of stakeholders: 1. it sets basic principles for Member States for common minimum capacity building and strategic cooperation; 2. it directs operators of essential services (OES) and digital service providers (DSP) to ensure they apply basic common security requirements.

DSPs are broadly defined to include: online/e-commerce marketplace (including app stores); online search engine (with the exclusion of search function limited to a specific website); and Cloud computing services. NIS systems are considered the e-communications network, connected devices and digital data.

A DSP and an OES are expected to ensure “the ability of NIS to resist any action that could compromise the availability, authenticity, integrity or confidentiality of stored or transmitted or processed data or the related services offered by, or accessible via, those systems.” Member states must identify OES and establish security and notification requirements for OES and for DSP. The level of security expected from OES should be higher than the level expected from DSP, because of the degree of risk posed to their infrastructure. Among obligations for both OES and DSP are, to take technical and organizational measures to NIS risk management; to prevent and minimize the impact of NIS security incidents; to notify, without undue delay, incidents having a significant impact on the continuity of the essential services they provide.

This Directive has been adopted by the EU in July 2016. Member States have until May 2018 to transpose the Directive into their national legal framework.

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](#).

Franchising is widespread throughout Italy. From 2005 to 2016 the number of franchisors grew by 1.1% with a turnover of 2.7%. With a volume of \$28.152 billion in 2017, Italy is the fourth largest market for franchises in Europe, after France, Germany, and Spain. In 2016, the number of Italian franchises reached more than 50,720. With its unique culture and ingrained entrepreneurial spirit, the Italian market presents both complex and interesting opportunities for franchising ventures. Potential franchisors must have the ability to adapt their franchise concept and have a strong organizational structure. Franchising is playing a more significant role in the Italian market and economy, proving to be one of the few sectors with positive growth and considerable gains in profits and employment. The number of employees in the franchising sector totals 195,303.

In 2016, there were 950 active franchising networks (networks with at least 3 retail stores in the country) in Italy, of which 859 were Italian and 91 foreign. 2016 saw an increase in the number of foreign master franchisor in Italy (from 58 in 2015 to 61 in 2016), revealing the growing selective character of the Italian market. The average size of these franchising networks is around 53 stores each. Northern Italy has the highest concentration of franchise networks, primarily found in city centers, commercial districts and shopping malls. Lombardy is the richest region in terms of franchises, although there is growth in central and southern Italy.

The average sales volume for a franchisor is around \$26.5 million, whereas the franchisees' average initial investment varies from \$22,000 to \$55,000. A growing trend is the necessity of a multi-channel approach for the franchising market. 41% of Italians use the Internet to purchase goods and services. Retail stores have become a place to display products, offer customer service and create both a

customer journey and an intense brand experience. The majority of Italian franchisees state that e-commerce and proper training from the franchisor are essential for success in the market.

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 than the distribution (consumer products, clothing and food) and services (real estate, hotel chains, personal and senior care) franchises. During the first four months of 2017, 30 new franchise stores opened in the food and fashion sectors. In 2016, the food segment registered revenue of more than \$9 billion, representing 32.2% 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. Growing demand in the service segment along with increased interest in self-employment is likely to foster new franchising opportunities. Experts have identified franchise best prospects in food distribution/GDO food franchising (32.2%), clothing (7.3%), fast food and street food (7.6%), underwear (6.2%) and non-food distribution (6%). Franchising is also growing in the legal services, mobile phones and dental clinic sectors.

During the past three 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.

The U.S. is a leader in the franchising market, with U.S. companies ranking in first place among foreign firms. 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, product quality and, most recently, a multi-channels strategy. Other important considerations are promotion in mass market events, newspapers, radio and TV advertising.

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. Furthermore, the most recent approach of Italian banks is to evaluate first the franchisor and later the potential franchisee.

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). As a Code of Ethics and/or a standards-based accrediting system the EFF Code of Ethics is followed.

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.franchisingcity.it

Most important trade shows and events:

- Salone Franchising Milano – Oct. 25-26-27, 2018: a professional distribution trade fair to support the encounter among franchisors, franchisee and potential franchisees and to develop supply chain innovation, focusing on retail, franchising and e-commerce. www.salonefranchisingmilano.com/en.
- Bologna Licensing Trade Fair - April 1-3, 2019: trade fair dedicated to the business of subsidiary rights for companies and professionals, with the participation of the main Italian and international licensors and licensing agencies. <http://www.bolognalicensing.com/home/923.html>
- Franchising Nord - May 25-26, 2019, Piacenza: B2B matchmaking event between franchisors and franchisees in a variety of industry sectors. www.fieradelfranchising.it.

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.
- Federfranchising - Confesercenti: the Italian Franchising Federation. www.federfranchising.it.

For more information on franchising opportunities in Italy please contact Commercial Specialist Elisa Martucci: Elisa.Martucci@trade.gov.

Direct Marketing

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.

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.

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.

Italy is taking steps to encourage the broader use of alternative dispute resolution (ADR) as a means to resolve civil disputes, with 2016 seeing the highest recorded number of settlements reached through court-supported ADR. The average time to settle a case through mediation in Italy was 115 days, compared to an average of 882 days to receive a judgment from the court of first instance. The most commonly mediated matters involve bank contracts and property disputes. While pre-filing ADR is "mandatory" in cases involving certain types of cases (including property, inheritance disputes, lease, insurance cases, banking and financial contracts), there are no penalties enforced for non-participation or an unwillingness to participate in good faith to settle the claim.

The Chambers of Commerce in Milan and Florence also strongly support the use of ADR and have established mediation centers and rules of procedure. Italy is a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitration Awards. It is worth noting that mediation in Italy tends to take place before the suit is filed, rather than afterwards, as is more common in the United States.

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 would only address B2C contracts, although its draft 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 could also apply to transactions whether in the context of a monetary transaction or in exchange of (personal) consumer data. Healthcare, gambling and financial services are excluded from the proposal.

The package is currently under scrutiny at both the European Parliament and Council. Its adoption is expected in the course of 2018.

Key Links:

[Consumer Affairs Homepage](#)

[Consumer Rights](#)

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: [Distance Marketing](#)

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. See Data Privacy Section above.

Key Link: [Direct Marketing over the Internet](#)

Joint Ventures/Licensing

In recent years, joint venture arrangements have become more popular in Italy. All joint ventures must be registered with the National Revenue Agency in Italy. Corporate joint ventures fall under the scope of the "Company Act" (<http://www.companyincorporationitaly.com/the-company-act-in-italy>), Antitrust laws and other legislation.

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 directives 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 all public contracts from October 2018. Central purchasing bodies are required to publish their contracts and requests for tenders since April 2017.

Electronic invoicing (e-invoicing) will be introduced beginning 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 Standardization (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

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.

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to "Project *Financing*" Section in "*Trade and Project Financing*" for more information.

Distribution & Sales Channels

U.S. business representatives 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 accustomed 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 customer 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, and to unlock online opportunities in Europe, from e-commerce to e-government. By doing so, the EU hopes to do away with the current fragmented national 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 its vision in its May 6, 2015 DSM Strategy which has been followed by a number of concrete legislative proposals and policy actions. They are broad reaching and include reforming e-commerce sector, VAT, copyright, audio-visual media services, consumer protection, and telecommunications laws. New legislation has already been finalized on portability of online content and geo-blocking. Many DSM proposals are still going through the legislative process. DSM-related legislation will have a broad impact on U.S. companies doing business in Europe.

In addition, a new data protection legislation, the General Data Protection Regulation (GDPR) enters into force on 25 May 2018 (see separate section in this report).

The three main pillars of the strategy are:

Pillar I: Better access for consumers and businesses to digital goods and services across Europe

- 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: Shaping the right environment for digital networks and services to flourish

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

Pillar III: Creating a European Digital Economy and society with growth potential

- Invest in technologies such as cloud computing and Big Data, and in research and innovation to boost industrial competitiveness and skills
- Increase interoperability and standardization

For more information:
[Digital Single Market](#)
[DSM Strategy](#)

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: [eCommerce](#)

Italian E-commerce market overview

E-commerce in Italy is developing rapidly and has registered annual two-digit growth over the past six years. Although the Italian digital economy lags behind other major European countries, e-commerce is poised to continue its upward trend in the next years, with Business-to-Consumer (B2C), Business-to-Business (B2B), and Consumer-to-Consumer (C2C) transactions all posting solid growth. The turnover from e-commerce in Italy was estimated at \$32.4 billion USD in 2018¹, totaling a 15% growth over 2017. The sales of goods and products online are estimated to increase by 25% in 2018 for a total market value of \$18 billion, while services sold online will grow by a factor of 6%.

Current Market Trends

The number of Italian web shoppers is constantly increasing. 6.5% of all retail sales in Italy in 2018 are expected to be completed online, up from 5.6% in 2017. Sales are increasingly being conducted from mobile devices, which now account for roughly 30% of all digital sales. The main factors fueling the growth of e-commerce in Italy will continue to be improved Internet access infrastructure and wider availability of broadband connection; 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 technologies for e-commerce transactions; recognition of e-commerce as a means to provide cheaper products and better support to customers and suppliers; improved transaction security; and Italian legislation which recognizes the legal validity of digital signatures and digital contracts.

Domestic e-commerce (B2C)

The B2C e-commerce market in Italy generated \$28.3 billion in 2017, an increase of 17% over 2016. The number of Italian web shoppers is constantly increasing, with 89% of the Italian population online². Despite the positive trends, in absolute terms the Italian B2C e-commerce market was still only worth one tenth of the market in the United Kingdom, one sixth of the German market and one fifth of the French market in 2016. The number of repeat shoppers (at least one purchase per month) is 11.1 million, with an average annual expenditure of \$1,650 per transaction per person.

For the first-time sales of goods and products (56%) has surpassed those of services (44%). In terms of products purchased online, information technology and consumer electronics dominate with a 25% market share an 18% growth rate, followed by clothing (8% market share and 21% growth)

¹ Ecommerce Foundation, 2018 with School of Management of the Milan Polytechnic

² Ecommerce In Italy, Casaleggio Associati, May 2018

and publishing (13% market share and 25% growth). Emerging sectors include food & grocery, furniture/home decor, beauty and toys, all categories growing between 30%-50%. With regards to services bought online, tourism is still the most popular e-commerce category in Italy (32% of the market value and a 5% annual growth), followed by insurance services (6%).

Cross-Border e-Commerce

In 2018 Milan Polytechnic University estimates that the total sales from Italian websites worldwide will total \$29.5 billion. Of these total sales originating from .it domains 85% will be sold domestically while 15% will be sold to foreign customers. On the other hand, Italian imports of foreign goods and services online are expected to grow to a total estimate of \$7.7 billion.

According to Postnord's 2016 E-commerce in Europe Report, the most popular foreign e-shops used by Italian customers are primarily located in the United Kingdom (20%), Germany (16%), China (13%), and the United States (5%)³.

In terms of e-commerce sales, the presence of Italian companies in foreign markets is currently more significant within the European Union. 20% of Italian companies sell online in France, 18% in Germany and 15% in the United Kingdom. As far as extra EU countries are concerned, 10% of Italian companies sell to the United States, 8% to Asian countries (2% to China, 2% to Japan, and 4 % to other Asian markets), and 3% to South America.⁴

Outside of the EU, the first market target for Italian companies is the United States (35%), followed by China (16%), other Asian markets (11%), and Japan (7%).⁵ The total volume of sales from Italian websites to Italian and foreign customers grew by 20% and reached \$19.3 billion in 2016. In fact, 29% of overall online sales from Italian companies were generated abroad, with a 2% growth over 2015. However, for Italian companies with foreign subsidiaries or members of international groups, the percentage was much higher at 44%. For Italian companies selling abroad only via website, the turnover share originated from sales abroad was higher for companies with multilingual websites (32%), while it was considerably lower for those companies operating through websites only written in Italian (12%).⁶

B2B eCommerce

ECommerce transactions amongst businesses and between central and local government account for \$372 billion in 2016 with a 19% increase in value from 2015. Although the amount is considerable, it only accounts for 14% of all B2B transactions in Italy.⁷

Despite its rising trend, digitalization rates among Italian firms is quite low, and the majority of small- and medium-sized companies are far from embracing a digital transformation process which would improve and cut the costs of B2B relations. In 2016, 50% of ecommerce B2B transactions were between producers and resellers. About 120,000 companies used B2B tools in 2016 (EDI – Electronic Data Interchange, Extranet, and B2B Portals) in their relationships with clients and suppliers. 250 eProcurement platforms are used in Italy by large enterprises to manage the electronic orders of clients and suppliers.

3 E-commerce in Europe 2016, Postnord

4 E-commerce Report, Casaleggio Associati, May 2017

5 E-commerce Report, Casaleggio Associati, May 2017

6 E-commerce Report, Casaleggio Associati, May 2018

7 Osservatorio B2B, Milan Politechnic Osservatori Digitali, July 2017

In addition, the obligation of delivering electronic invoices to the Italian Public Administration (PA) has resulted in a push towards digitalization for both private and State-owned companies.

The most common B2B e-commerce model is e-business, which entails the digitalization of corporate processes in conjunction with clients and suppliers (supplier selection, management of customer orders, after-sale services, etc.). In addition, over the last few years web portals for B2B e-commerce (like e-commerce B2C models) have become increasingly popular, as well as B2B Marketplaces.

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; there is an estimated 350 B2B platforms across different industries. Virtually all major Italian industrial groups utilize e-procurement and forecasts indicate that in the next few years up to 80% of all company purchases will 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. 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 Purchasing body, 100 % 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 throughout Italy.

The public sector utilizes e-sourcing to purchase information technology equipment and office supplies, furniture, uniforms, personal safety devices, vehicles and supplies for healthcare. Electronic procurement of services is also growing, particularly 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. 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/grantstendersandfinancing/index.asp>

eCommerce Services

In terms of B2C retailing platforms, international players have a strong influence on the Italian eCommerce market. Other popular eCommerce websites in Italy include: Subito.it, Aliexpress.com, Zalando.it, Autoscout24.it, Groupon.it, Yoox, and Pixmania. Furthermore, Banzai Srl, Italy’s leading e-commerce operator controls ePrice.it and Saldiprivati.it.

Many companies in Italy offer successful omnichannel digital solutions and international eCommerce sites which are multilingual, multi-currency, multi-collection and multi-brand. These types of businesses support brands in managing all aspects of their own e-stores, including retail strategy, activity planning, communication, web marketing, store management, customer care, invoicing, and payment collection. These channels offer opportunities for U.S. small- and medium-sized companies interested in selling to the Italian market.

Popular eCommerce Sites

Popular marketplaces, offering products in a wide variety of categories, including: www.amazon.it, www.ebay.it, www.mediashopping.it, www.aliexpress.it, www.subito.it, www.dmail.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.trenitalia.com, www.italotreno.it, 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.eprice.it, www.euronics.it, www.monclick.it, www.mrprice.it, www.mediaworld.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,

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

Coupons: www.groupon.it, www.groupalia.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.

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/menulivello1/header/Inglese/PROGRAM>

Netcomm -- Italian E-Commerce Consortium <http://www.conorzionetcomm.it/>

Most Popular Search Engines

Google is the most popular search engine, primarily the 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 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.

Express Delivery

Italian consumers have grown used to a slow and at times unreliable domestic postal service, though the increase of eCommerce is raising demands and expectations on speed and quality of service. While the range of delivery options available to online shoppers is expanding, with lockers and collection/return points rolling out across major cities in the past two years, these are still in their infancy, and 90 percent of online purchases (including digital products) are delivered to an address supplied by the shopper, typically their home or office. As the eCommerce market develops, so too do the options for alternative delivery points or timed slots. It is always advisable to offer tracking for more valuable goods.

U.S. SMEs can take advantage of many express delivery options when shipping goods to Italy. Global logistics companies such as Fedex, UPS, DHL, TNT and others guarantee a second business day delivery to Europe from mainland 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 customer needs. These usually feature different levels of tracking and insurance. Parcels can be delivered in person to the recipient, a neighbor or to mail boxes. Logistics companies can also help with bulk deliveries into the market to help cut costs, and advise on packaging, address formats and labelling.

Italian consumers will search for the cheapest possible prices. When domestic retailers offer speedy delivery, it may be worth exploring domestic fulfilment options to be competitive. Logistics companies either run their own fulfilment centers or can recommend reliable local fulfilment partners.

Online Payment

The use of credit cards in Italy lags behind the United States and some European countries, due to security concerns among Italian users. Nonetheless, in 2017 credit cards were the main method of payment for eCommerce transactions with an estimated share of 64% of overall payments, followed by PayPal and other digital wallet services (32%), bank transfer payments (2%) and cash-on-delivery (2%)⁸. Digital and mobile payment platforms are growing in Italy and most of the large digital wallets are now available. These include PayPal, Amazon Pay, Alipay from Alibaba, Apple Pay and Samsung Pay.

Experts predict that the transposition of the EU Directives on Payment Services (PSD) and on Electronic Money into national legislation will further propel the development of these services in the market. Italian legislation fully complies with EU consumer protection directives regarding the specific information that e-commerce sites must provide, and sets rigid privacy protection requirements for the opening of e-commerce sites, including 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

According to a study by Milan Polytechnic University, one of the most notable factors driving market development is the exponential growth of mobile commerce, which now accounts for 31% of all online B2c sales. 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 also very widespread and 28 million Italians are active social media subscribers with 22 million active mobile accounts. Around 26 million Italians are active Facebook subscribers and increasing using smartphones and tablets to take advantage of exclusive offers presented to them through social media.

Mobile eCommerce

In 2018 smartphone commerce sales are expected to account for the 31% of total online sales for Italian companies and sales from tablets should reach 7%. Italian companies are starting to invest

⁸ L'eCommerce B2c in Italia, Milan Polytechnic May 30 2018

more in mobile versions of e-commerce websites and apps, with 57% of Italian companies foreseeing investments in mobile commerce in 2018.

Digital Marketing

Italian companies have been rather slow to adopt online brand promotion. In 2017, 54% of Italian companies surveyed found online promotion to be a challenge, and 14% considered it to be ineffective. Less than a third of overall companies (31%) were reportedly satisfied with their online branding activities. However, Italian companies must invest in digital marketing if they want to compete with large international ecommerce players. More Italian firms are investing in keyword advertising, social media marketing, search engine optimization and e-mail marketing. According to the 2018 E-Commerce Report, investment trends in the coming years will be mainly focused on marketing and promotion, followed by investments aimed at improving the user experience for websites and apps. Important investments will be aimed at improving companies' technological infrastructures, foreign sales, and mobile e-commerce⁹.

Major Buying Holidays

Italian e-commerce websites set up special sales for traditional holidays and celebrations, such as Christmas, Easter, and St. Valentine's Day. The Christmas season is the major buying holiday in Italy, when e-commerce websites track record sales. Over the last few years, Italian physical and online shops have adopted Black Friday and Cyber Monday promotions, generally with successful public responses. In 2015 the Florence-based luxury outlet Luisaviaroma.com registered record sales in Italy, as well as in the U.K., China, and Germany. Moreover, during seasonal sales (July-September and January-March) e-commerce websites are launching competitive sales campaign, usually offering higher discounts than those in physical stores.

Social Media

Over the last decade, the advent of social media has influenced online marketing strategies, with social networks playing a critical role. In the first quarter of 2018, Facebook dominated the sector, with 71% of Italian companies considering it the most effective social network for online purchasing. Instagram is the second most popular social media, used by 49% of Italian companies, followed by YouTube (35%), LinkedIn (19%), Twitter (13%) and Google Plus (13%). Of these platforms, Instagram is growing the fastest and is currently the most effective media for influencer marketing in Italy with an estimated 14 million users. During the first quarter of 2018, 25% of Italian companies were satisfied with their ROI for social media investments, 50% had difficulties evaluating the impact of social media on their profits, and 25% stated that social media have a negative impact on their sales¹⁰.

For more information on eCommerce in Italy, please contact Donatello Osti at Donatello.Osti@trade.gov.

Value Added Tax (VAT)

The EU's VAT system is semi-harmonized. While the guidelines are set out at the EU level, the implementation of VAT policy is the prerogative of Member States. The EU VAT Directive allows Member States to apply a minimum 15 percent VAT rate. However, they may apply reduced rates for

⁹ E-commerce Report, Casaleggio Associati, May 2018

¹⁰ E-commerce Report, Casaleggio Associati, May 2018

specific goods and services or temporary derogations. Therefore, the examination of VAT rates by Member State is strongly recommended. These and other rules are laid out in the VAT Directive.

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 (draft proposal).

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

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 of a competitor." Member States can, and in some cases have, restricted misleading or comparative advertising.

The EU's Audiovisual Media Services Directive (AMSD) 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. The AMSD is currently under revision. The European Commission is aiming to extend the scope of the Directive to video-sharing platforms which tag and organize the content. The Commission is also aiming to provide more flexibility about the 12-minute/hour maximum restriction. 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:

[Misleading Advertising](#)

[Unfair Commercial Practices Directive](#)

[Audio video Media Services](#)

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: [Health and Medicine](#)

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 more 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 was launched in mid-2017. The European Commission is now assessing 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 [USEU/FAS website](#) and in the [USDA Food and Agricultural Import Regulations and Standards EU 28 2017](#)

Key Link: [EU Register of Nutrition and Health Claims](#)

Food Information to Consumers

In 2015, the EU adopted a new regulation on novel foods ([2015/2283](#)) amending the provision of food information to consumers ([1169/2011](#)). Novel foods and food ingredients must not present a danger for the consumer or mislead him and should not differ from the ingredients that they are intended to replace to such an extent that normal consumption would represent a nutritional disadvantage for the consumer. It is important to mention that the European Commission may decide, on its own initiative or upon a request by a Member State, by means of implementing acts (a sort of decree), whether or not a particular food falls within the definition of novel food. More information can be found on the Commission's website. Most provisions of this new Novel Foods Regulation become applicable on January 1, 2018.

Detailed information on the EU’s new food labeling rules can be found on the USEU/FAS website at [EU Labelling Requirements](#) and in the [USDA Food and Agricultural Import Regulations and Standards EU 28 2017](#)

Key link: [Provision on Food Information](#)

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 was 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: [Labelling Nutrition Supplements](#)

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 2016 revision to the legislation includes the requirement for

bigger, double-sided health pictorial warnings on cigarette packages and possibility for plain packaging along with health warnings, tracking systems.

Key link: Tobacco Products

Trade promotion in Italy

The primary trade show organizers in Italy are:

Fiera Milano	http://www.fieramilano.it/
Bologna Fiere	http://www.bolognafierte.it/
Verona Fiere	http://www.veronafierte.it/
Rimini Fiera	http://www.riminifierte.it/
Fiere di Parma	http://www.fiereparma.it/

Primary national media outlets include:

<u>TV</u>	
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

Consumer Electronics

Trade – Consumer Electronics <http://www.e-duesse.it/Riviste/Trade-Consumer-Electronics>

E-commerce/Digitale

Corcom <http://www.corrierecomunicazioni.it/>

Energy

Nuova Energia <http://www.nuova-energia.com/>

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>

Industrial Machinery

L'industria Meccanica <http://www.industriameccanica.it/>

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. U.S. firms should note that Italians can be slow to pay.

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

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. The first step in the review process of this law was launched at the end of 2016.

Key link: [Liability of Defective Products](#)

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: [Product Safety Legislation](#)

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: [Sales and Guarantees](#)

Protecting Intellectual Property

Protecting Your Intellectual Property in the EU:

Several general principles are important for effective management of intellectual property ("IP") rights in the EU. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in the EU than in the United States. Third, rights must be registered and enforced in the EU under local laws. For example, your U.S. trademark and patent registrations will not protect you in the EU. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works in accordance with international agreements.

Granting patents registrations generally is based on a first-to-file (or first-to-invent, depending on the country) basis. Similarly, registering trademarks is based on a first-to-file (or first-to-use, depending on the country), so you should consider how to obtain patent and trademark protection before introducing your products or services to the EU market. It is vital that companies understand

that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in the EU. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in EU law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in the EU require constant attention. Work with legal counsel familiar with the EU laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small- and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both EU or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the United States and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit [STOP Fakes](#)
- For more information about registering trademarks and patents (both in the United States as well as in foreign countries), contact the [U.S. Patent and Trademark Office \(USPTO\)](#) at: **1-800-786-9199**
- For more information about registering for copyright protection in the United States, contact the [U.S. Copyright Office](#) at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the [STOPfakes website](#).

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [STOPfakes Business tools](#). The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, please link to our article on [Protecting Intellectual Property](#) (at <https://www.uscib.org/register-and-apply-ud-859/>) and [Stopfakes.gov](#) for more resources).

The U.S. Department of Commerce has positioned IP attachés in key markets around the world. Contact information for European based IP attachés in below:

Geneva, Switzerland

Deborah Lashley-Johnson
deborah_e_lashley-johnson@ustr.eop.gov

European Union

[Susan Wilson](#)
Susan.Wilson@trade.gov

Kyiv, Ukraine

Vacant – contact Dominic Keating
Dominic.Keating@uspto.gov

[For more information, contact ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at Stevan.Mitchell@trade.gov.](#)

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 <https://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

Principal 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:
- **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.

Organizations in Brussels focused on representing U.S. business interests and engaging with EU institutions including the European Commission, European Parliament and the Council include:

[AmChamEU](http://www.amcham.eu)

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. For more information please visit the [trade barriers](#) section in this document.

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 \(Council Directive 86/653/EEC\)](#)

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

[Directive on Late Payment](#)

[European Ombudsman](#)

[EU's Data Protection Directive \(95/46/EC\)](#)

[EU's General Data Protection Regulation \(GDPR\)\(2016/676/EC\)](#)

[Information on contracts for transferring data outside the EU](#)

[EU-U.S. Privacy Shield](#)

[EU Data Protection Home page](#)

[Consumer Rights Directive](#)

[Distance Selling of Financial Services](#)

[E-commerce Directive \(2000/31/EC\)](#)

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

[The Unfair Commercial Practices Directive /](#)

[Nutrition and Health claims made on foods- Regulation 1924/2006](#)

[Regulation on Food Information to Consumers](#)

[EU-28 FAIRS EU Country Report on Food and Labeling requirements](#)

[Health & Nutrition Claims](#)

[Tobacco Policy](#)

[Product Liability](#)

[Product Safety](#)

[Legal Warranties and After-Sales Service](#)

[Copyright](#)

[European Patent Office \(EPO\)](#)

[EU Intellectual Property Office \(EUIPO\)](#)

World Intellectual Property Organization (WIPO) Madrid

U.S. websites

IPR Toolkit

EU Public Procurement

Local Professional Services

Leading Sectors for US Exports & Investments

The U.S. Commercial Service office in Italy has identified the following best prospect sectors for U.S. exporters.

Advanced Manufacturing

Overview

Italy is the second most important manufacturing country in Europe with an extraordinary know-how in strategic sectors such as machine tools, fashion, foodstuffs, automotive and pharmaceuticals. Manufacturing accounts for 23.6 per cent of the GDP of Italy. In the current phase of moderate economic recovery, Italy continues to maintain the fifth highest manufacturing trade surplus in the world, amounting to approximately \$63.2 billion.

The Italian term “Industria 4.0” can be thought of a synonym for Advanced Manufacturing. When describing, “Industria 4.0” issues, Italian media and stakeholders are in fact focusing on a variety of advanced manufacturing technologies, including Internet of Things (IoT); additive manufacturing; cloud computing; robots and advanced machine tools; digital industry; cyber security and so on.

A recent survey found that over 64% of Italian metalworking and machinery companies are now actively applying at least one of the advanced manufacturing technologies mentioned above. A recent estimate by Accenture found that 82% of Italian entrepreneurs firmly believe that automation is key to the future of the Italian manufacturing sector. There are large discrepancies among highly advanced manufacturers and many who instead have not upgraded their technologies in a long time and are losing market share. Also, there is a need for Italian manufacturers of machine tools to increase the connectivity of such machines, namely by incorporating more sensors.

Leading Sub-Sectors

The value of the Italian machine tools market is projected to be \$5.84 billion in 2018. The U.S. Market Share of the Italian machine tools market is 2.2%. Italian market demand for “robots” proper, considered to be a highly automated subset of the machine tools category, is estimated to be approximately \$745 million, a +8% growth over 2016, placing Italy as the 7th largest world market for new installations of robots. For instance, in 2016 there were 110 installations of collaborative robots (i.e. “cobots”) in Italy, which grew to 230 in 2017. The Italian market for IoT accounted for \$4.2 billion in 2017, with an increase of 32% compared to 2016.

Opportunities

The advanced manufacturing technologies with the best chances of success in Italy fall within the scope of the government of Italy’s advanced manufacturing plan, known as “Piano Nazionale Impresa

4.0". This plan is the latest among those developed by large European manufacturing countries and is considered by many to be the most advanced and comprehensive. The plan consists of €13.5 billion in tax breaks for investments to be performed until end – year 2018, to reach €20.4 billion cumulated with additional resources that span the 2017 – 2020 timeframe. It aims at “triggering” private investments worth €23.9 billion in the above-mentioned timeframe. Its beneficiaries are Italian firms and foreign firms that have operations in Italy, regardless of sector and company type and size.

Below is a summary of the technologies eligible for incentives. Opportunities exist for U.S. firms that can provide these types of technologies to the Italian market:

- 1) Advanced Manufacturing Solutions: autonomous, cooperating industrial robots with numerous integrated sensors and standardized interfaces;
- 2) Additive Manufacturing: 3D printing, particularly for spare parts and prototypes; decentralized 3D facilities to reduce transport distances and inventory;
- 3) Augmented Reality: augmented reality for maintenance, logistics, and SOP; display of supporting information, e.g., through glasses;
- 4) Simulation: simulation of value networks; optimization based on real-time data from intelligent systems;
- 5) Horizontal/Vertical Integration: cross-company data integration based on data transfer standards; precondition for a fully automated value chain (from supplier to customer, from management to shop floor);
- 6) Industrial Internet: network of machines and products; multidirectional communication between networked objects
- 7) Cloud: management of huge data volumes in open systems; real-time communication for production systems;
- 8) Cyber-security: operation in networks and open systems; high level of networking between intelligent machines, products, and systems;
- 9) Big Data and Analytics: full evaluation of available data (e.g., from ERP, SCM, MES, CRM, and machine data); real-time decision-making support and optimization.

Trade shows:

BI-MU: September 10-13, 2018, Milan. Machine tools, robots, automation.

<http://www.bimu.it/home/>

Hannover Fair: April 1 – 5, Hannover. The world’s leading industrial technology show, with many Italian exhibitors and attendees.

<http://www.hannovermesse.de/home>

World Manufacturing Forum (WMF): September 27 – 28, Cernobbio. 2- day conference that seeks to raise awareness and identify cooperative solutions to global manufacturing challenges through discovery, dialogue, and sharing of best practices between government, manufacturing, and innovation leaders. <https://www.worldmanufacturingforum.org/>

Web Resources

Italian Ministry of Economic Development document outlining Advanced Manufacturing Plan in English:

http://www.sviluppoeconomico.gov.it/images/stories/documenti/2017_01_16-Industria_40_English.pdf

Fabbrica Intelligente (Italian National Technology Cluster on “Intelligent Factories”):
<http://www.fabbricaintelligente.it/en/>

U.S. Commercial Service Contacts:

Federico Bevini, Commercial Specialist
 U.S. Commercial Service, U.S. Consulate Milan
 Tel: +39 026268 8520
 E-mail: federico.bevini@trade.gov
<http://www.export.gov/italy/>

Medical Devices and Technology

Overview

Unit: USD Millions

	2016	2017 (Estimated)	2018 (Estimated)	2019 (Estimated)
Total Local Production	6,988	7,127	7,198	7,341
Total Exports	3,882	3,959	3,998	4,077
Total Imports	5,955	6,074	6,134	6,256
Imports from the US	388	395	399	405
Total Market Size	9,061	9,242	9,334	9,520

The above statistics are unofficial estimates. They are 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 3,883 companies (including 44% distributors, 51% producers and 5% service providers) and a workforce of 76,200. The medical device market (including dental and optical devices) was valued at approximately \$9 billion in 2016 with imports accounting for \$5.9 billion. Aside from medical devices, consumable products represent the largest market segment (20.6%) followed by diagnostic imaging (16.1%) and patient aids (14.7%). The Italian government is the primary purchaser of medical equipment. Public hospitals account for over 75 percent of medical device sales, with the remaining 25 percent of sales to the private sector. Despite having a considerable local manufacturing industry, the domestic market for medical equipment is highly dependent on imports. Major suppliers include Germany, the Netherlands, Belgium, France, and the United States, which had a 6.5% share of Italian imports, valued at \$388 million in 2016. Major U.S. medical device imports to Italy include diagnostic imaging, dental and patient aids.

Budgetary pressures and escalating costs 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 up of a broad network of small and micro businesses and technological start-ups, which account for 3,605 production plants. 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 is in Northern Italy, primarily in the regions of Lombardy, Veneto, and Emilia Romagna, which is an 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 \$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. There are also a considerable number of U.S. 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 excellent market position in the future.

Leading Sub-Sectors

Medical Devices

The strongest sales potential for U.S. manufactured medical equipment exists 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 as well as therapeutic equipment and products.

With increasing attention on reforming and improving healthcare management, medical devices companies providing services and solutions as add-ons to their products will also find strong opportunities in the Italian market. The services enhance the value proposition of existing products for patients (ex: services to identify the appropriate patients for the use of a device, training for nurses on new procedures and products, partnerships with hospitals to increase efficiency, etc).

E-Health

The European e-Health market has an estimated value of \$20 billion with an annual growth of 3 percent. 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. In Italy the ICT expenditure in healthcare in 2017 was \$1.3 billion corresponding to 1.1% of the total healthcare expenditures, which is less than many other developed countries which average 2.5-3%. Despite the 2% increase compared to 2016 expenditures the adoption of digital instruments in healthcare remains fragmented.

eHealth Expenditure Trends in Italy (2016-2020)

Years	GDP	Healthcare expenditures/ GDP %	Healthcare expenditures	eHealth expenditures	eHealth expenditures/public healthcare expenditures %
2016	1,671,584	6.80	112,385	1,385	1.23
2017	1,715,832	6.70	113,786	1,436	1.26
2018	1,764,755	6.60	115,154	1,489	1.29
2019	1,818,438	6.50	117,469	1,556	1.32
2020	1,870,204	6.37	119,214	1,617	1.36

Censis - Impresa Lavoro

According to data, the Italian eHealth expenditures over the public healthcare expenditures will likely reach 1.36% in 2020. Experts expect to see investments over the next three years in electronic health records, cloud computing, administrative management, digital management of drugs, ePrescription, mobile health and business intelligence and clinical governance.

Requirements

The Italian government issues regulations governing the procurement of medical equipment. Recently the healthcare procurement system has been re-organized 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 unrealistic for a foreign firm to believe they can navigate the cumbersome bureaucratic procedure of public procurement without having a base in Italy or a strategic Italian partner. Companies wishing to participate in public tenders must first qualify by submitting adequate evidence of their business experience and professional expertise.

In April 2017, two new Regulations on medical devices were adopted by the European Commission, which entered into force in May 2017. These replace the existing three 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). The new rules will only apply after a transitional period: three years after entry into force for the Regulation on medical devices in spring 2020 and five years after entry into force in spring 2022 for the Regulation on in vitro diagnostic medical devices. All medical devices marketed in the EU must bear the CE mark to certify conformity with EU law. Information on the new regulations can be found on the European Commission website: http://ec.europa.eu/growth/sectors/medical-devices/regulatory-framework/revision_it

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*). U.S. companies should designate a third party in Italy to register their products with the Minister of Health. The online registration can be found 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>

Safety and Security Equipment

Overview

Unit: USD millions

	2016	2017 (Estimated)	2018 (Estimated)	2019 (Estimated)
Total Local Production	2,286	2,360	2,937	3,000
Total Exports	382	391	482	500
Total Imports	167	177	204	210
Imports from the US	9.5	12	14	15
Total Market Size	2,071	2,146	2,659	2,710
Exchange Rates	0.90	0.94	0.81	0.81

The above statistics are unofficial estimates. Data source is the Italian association Anie Sicurezza. Latest available data referenced is 2017.

Italy and Europe continue to face major challenges in enhancing homeland security and combating illegal immigration and crime. In the context of the European Security Agenda, the European Union recognizes terrorism, organized crime and cybercrime as areas with strong cross-border

dimensions, providing opportunities for U.S. technology that mitigate threats.

Italy has an established domestic safety and security industry with a reputation for high quality products, and Italian production is well distributed across the various security equipment product categories. The primary U.S. players including Honeywell, GE Security, UTC Fire and Security, and DuPont are present in the market.

Despite the overall economic scenario, in 2017 the security and building automation sector recorded sustained growth with total turnover of about \$2.8 billion. With respect to the previous year, this marks an increase of over 7 percent, well exceeding forecasts. The positive trend benefited from both domestic and foreign demand, demonstrating the anti-cyclical nature of this industry and opportunities that exist despite Italy's slow economic recovery. Increased integration as a result of the Internet of Things revolution, technological innovation and digitalization continue to be the primary drivers for growth. The first trimester of 2018 also recorded positive growth that is expected to continue.

The CCTV segment grew significantly by 14.8 percent. Double-digit annual growth in this segment benefited from technological upgrades. The anti-intrusion, access control and fire detection segments also grew, registering annual increases of 0.4, 2.1 and 2.8 percent in 2017, respectively.

Internal demand will continue to rise, in part due to tax incentives for both private citizens and businesses that install video surveillance systems. Exports and imports continue to thrive, up 6.6% and 10.2%, respectively.

Experts suggest that the increase in demand of security technologies corresponds with dropping crime rates. Last year, store robberies decreased by about 9% and street thefts by 7%, confirming the downward trend seen over the past few years. Apartment thefts have practically halved (-49.85%), indicating that the increase in residential security systems are successfully deterring residential theft activity.

Leading Sub-Sectors

End users are varied and include private and public organizations, banks, and private citizens. We see the highest demand in public administration, retail and industrial outlets. Italian end users are receptive to advanced and sophisticated American technology. Security products with innovative features are well received in the market. Partnerships with local representatives are a key factor to successful market penetration in Italy. Strong after-sales service, maintenance and training are also essential to success. The U.S. Commercial Service in Italy can assist in identifying suitable partners.

Equipment with the greatest sales potential for U.S. firms includes:

- Explosives detection equipment
- Forensics technology
- Advanced video surveillance monitoring solutions
- Protective clothing for law enforcement and first responders
- CBRN solutions and tools
- Supply chain security, traceability, prevention and recovery
- Protection systems for critical ICT and other networked infrastructures
- Land border surveillance solutions
- Airport passenger and baggage screening equipment
- Cargo/container scanning equipment

- Automated home protection solutions

Opportunities

The European Program for Critical Infrastructure Protection (EPCIP) is the framework for the improvement of critical infrastructure protection throughout Europe. In Italy, these threats are not confined to terrorism, but also include criminal activities, natural disasters and other causes of accidents. The 2008 Directive on European Critical Infrastructures has a sectoral scope, applying solely to the energy and transport sectors.

As a result of security measures mandated by regulatory bodies in Europe, opportunities exist in the aviation, maritime, supply chain and rail security sectors. In the air transportation field, the national airport strategy finalized in 2016 continues to yield opportunities in Italian airports. Other promising areas include smart cities and cybersecurity. For more information on these opportunities, please visit the [cybersecurity](#) and [airport and ground equipment](#) best prospect sections in this document.

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 through the Government Procurement Agreement:
<http://export.gov/europeanunion/grantstendersandfinancing/index.asp>.

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:
https://ec.europa.eu/home-affairs/what-we-do/policies/crisis-and-terrorism/critical-infrastructure_en

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Smart Grid Technologies

Overview

The impressive growth of the production of electricity from renewable sources, generously encouraged in Italy through the adoption of the European Union 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) signals important consequences for the Italian electrical network. Renewable sources already cover 32% of Italy's national energy production and there are more than 550,000 "prosumers" (producers and consumers of electricity) already connected to the electrical grid. While production of electricity from renewable sources alleviates Italy from its heavy dependence on foreign energy sources, which still make up 75% of Italy's primary energy needs, its low predictability causes imbalance and management challenges for a network that was engineered according to the requirements of a centralized generation model. Therefore, it is crucial to foster the evolution of the country's electrical network to improve efficiency, sustainability and security. In short, a "smart grid" is essential for the next phase of Italy's electrical distribution system.

The key utility player in the smart grid arena in Italy is ENEL: with over \$84.1 billion in revenues it is the largest utility in Italy and one of the biggest and most innovative worldwide. ENEL's "e-distribuzione S.p.A" unit is the primary Italian Distribution System Operator (DSO), covering 86% of Italy's electricity demand. ENEL has developed and is involved in numerous smart grid projects including: "Electric Mobility" and "ADDRESS interactive energy" a large-scale project co-funded by the European Commission to enable the active participation of small and commercial consumers in the power market. Past smart grid projects where ENEL played a key role included Grid4EU, the biggest smart grid project funded by the European Union, and the design and creation of a smart grid for the distribution of electricity inside the Milan World Expo 2015.

Other leading electrical utilities in Italy include Edison, A2A, Eni, Iren, Acea, Hera, Dolomiti Energia, Ascopiave and Acsm-Agam. Besides ENEL, approximately 140 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, Iride, Deval, Hera.

Other key players in the smart grid arena in Italy include AEEGSI, the independent body which regulates, controls and monitors the electricity, gas and water markets in Italy, and TERNA, the national transmission system operator regulated by AEEGSI. TERNA owns over 98% of the transmission grid and is responsible for planning, operating and maintaining the transmission system. TERNA has also developed the "Smart Islands" project, consisting of a strategy for a modern, intelligent, innovative, and high-tech future for islands which are not connected to the national electricity grid.

Leading Sub-Sectors

The primary areas of investment in smart grids in Italy include the integration of renewables, grid automation (primary and secondary substations) and operating centers.

Smart meters (both electrical and gas) and related technologies also present opportunities. We have identified two major smart meter projects in Italy which could present opportunities for U.S. technology and service providers:

Currently about 35 million smart electrical meters are installed in Italy, mainly as a result of the "Telegestore" remote management project developed by ENEL's "e-distribuzione S.p.A" unit in 2000. These meters were installed by ENEL or other DSOs, and were primarily manufactured in Italy or Europe. Thirty-three million of these meters were installed in 2006 and are now reaching the end of their lifecycle. AEEGSI has recently approved Enel's plan regarding the nationwide substitution of the old meters with new, "smarter" ones, called Open Meters. Thirty-two million such meters are expected to be installed by 2021 (reaching a total of over 40 million by 2031). ENEL's "e-distribuzione S.p.A" unit will substitute the older low-voltage meters connected to its network, regardless of who the provider might be. The new Open Meters will provide more detailed and frequent data exchange: clients will be able to interact with their providers in order to learn about their consumption rates in real time. ENEL chose PLC technology to transfer smart meter data to the nearest data concentrator and GSM technology to send the data to data centers.

Italgas, the leading natural gas distribution operator in Italy, is planning to install four million smart meters in the retail gas market and 20,000 for large industrial consumers by 2020. In order to accomplish this \$4.4 billion project, Italgas obtained a loan worth approximately \$330 million from the European Investment Bank (IEB).

Opportunities

European Utility Week –October 3-5 2017, RAI Amsterdam, The Netherlands.

<http://www.european-utility-week.com/>

European Utility Week (EUW) 2017 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, the event serves as an annual meeting point for the community and will be attended by 12,000 international visitors, more than 400 speakers and 600 exhibitors. The U.S. Commercial Service will connect U.S. exhibitors and visitors with the key stakeholders in the European smart grid arena.

Web Resources

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/impressedistributrici.aspx>. Click on "Distribution Companies" and then on "Elenco Imprese Distributrici" on the top menu bar of the following page. The website is not in English but is 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/home.aspx>

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Airport and Ground Support Equipment

Overview

Unit: USD millions

	2016	2017	2018 (Estimated)	2019 (Estimated)
Total Local Production	2,660	2,690	2,700	2,760
Total Exports	1,550	1,590	1,600	1,600
Total Imports	2,500	2,520	2,540	2,560
Imports from the US	1,100	1,110	1,120	1,140
Total Market Size	3,610	3,620	3,640	3,720
Exchange Rates	0.90	0.94	0.81	0.81

The above statistics are unofficial estimates.

Italy is an important European market for airport and ground support equipment. 2017 data highlights how the Italian airport network continues to drive economic growth and contributes substantially to European connectivity. The growth trend in both passenger and cargo container movement that started in 2014 is expected to continue. Italian airports handled over 175 million passengers last year, up 6.4 percent over the previous year. Airports with the greatest passenger movement include Rome Fiumicino (41 million), Milan Malpensa (22.2), Bergamo (12.3), Venice (10.4), Milano Linate (9.5), and Catania (9.1). Two smaller airports that saw substantial increases in passenger movement are Naples (+26) and Foggia (+48). Air freight cargo activity also increased with 1.1 million tons transiting through Italian airports, an increase of 9.2 percent over 2016 figures. The primary airports with significant cargo traffic include Milan Malpensa (589,700 tons), Rome Fiumicino (185,900) and Bergamo (125,000). In February 2017, FedEx opened its newly expanded European logistics hub at Malpensa airport's Cargo City. This factor alone demonstrates the significance of the Malpensa airport system.

The Italian airline market is fragmented with both full service and low-cost carriers. Alitalia – Società Aerea Italiana (Alitalia SAI S.p.A.) is Italy’s flagship carrier. UAE-backed Alitalia began bankruptcy proceedings in May 2017 and subsequently was put up for sale. At this time, the sale has been put on hold until autumn. Other Italian-owned charter airlines and low-cost carriers include Mistral Air, Blue Panorama, Easy Jet, Ryanair, Air Dolomiti, Air Italy (formerly Meridiana) and TUIfly.

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. Air traffic is estimated to nearly double by 2030, and the foreseeable capacity crunch has led the European Commission, sustained by the Airports Council International (ACI) Europe, to ask Member States to develop national strategies. The Italian market can be expected to expand 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.

Leading Sub-Sectors

European Union (EU) Regulation n. 1087 published in October 2011 requires that all explosive detection systems (EDS) meet standard certain specifications by September 1, 2020. Consequently, for passengers and hand luggage, international airports are gradually adopting the latest technologies to meet these mandatory requirements.

Italian airport authorities will continue to focus on improvements to meet these requirements. Best prospects include 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 a 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), explosives trace detectors (ETD), explosive trace detection systems (ETDS) and liquid explosive detection (LAG) systems. Other technologies with strong prospects include primary explosive detection systems (PEDT) and EDS for cargo luggage, as well as multi-level systems with threat image projection software for mail and parcels.

The U.S. industry is expected to maintain a 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 worked actively to revamp this industry. The government established an independent transport regulation authority in September 2013 responsible for regulating issues such as taxation and infrastructure plans at national airports, railways, roadways and ports. Significant regulatory developments followed as well as the introduction of a new airport fee scheme, 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, as well as improving intermodal accessibility to strengthen competitiveness and increase economic growth. The national airport plan was approved at the end of 2015, identifying airports of strategic value. Three airports are considered strategic for intercontinental connectivity (Rome Fiumicino, Milan Malpensa, Venice), ten were identified as strategic under the Trans-European Transport Network (TEN-T) framework (Turin, Bologna, Pisa,

Florence, Naples, Bari, Lamezia Terme, Palermo, Catania and Cagliari), and the remaining 25 were deemed of “national interest”.

Since 2000, Italy has seen investments of about \$2 billion in airport infrastructure, initially utilizing public and EU funding, and more recently through private investments by airport management companies. The Milan Airports management company Sea S.p.A. invested a total of \$1.5 billion in infrastructure upgrades to support increased traffic for the World Expo 2015. A list of Italian airports that have presented master plans and investment values can be found in ENAC’s website at <https://www.enac.gov.it/Aeroporti e Compagnie Aeree/Aeroporti italiani/Master Plan/index.html>.

Experts predict the total number of passengers transiting at the Rome Fiumicino Airport to reach 110 million by 2044. A major expansion plan continues in the Rome Fiumicino Airport managed by Aeroporti di Roma (AdR) S.p.A. 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 essentially divided into two parts: the first, in full swing, focuses on the expansion of the northern territory; the second part (awaiting authorization) will concentration on future expansion to the south and is a long-term project that will include the enlargement of the current airside and landside infrastructure. The new “E” International Area was inaugurated on December 21, 2016, adding 90,000 square meters, two boarding areas and a state-of-the-art commercial center. Mid-term developments (expected by 2020) include the creation of new terminals, baggage handling systems and ground rapid transit systems. Furthermore, airport infrastructure will be integrated with the transportation infrastructure in the wider context of an integrated, intermodal 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 \$4.8 million will be covered by TEN-T funding.

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, we recommend that U.S. firms be represented by an agent/distributor rather than approaching Italian government agencies directly.

Invitations to bid are published in the official European Gazette and in the official Italian Gazette (Gazzetta Ufficiale). The “selling to the government” section in this document provides an overview of EU legislation regarding public procurement. In Italy, for contracts below the community thresholds, the use of e-procurement platforms is widely established and encouraged by legislation. 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 the principles of economy, efficiency, time savings, honesty, fair competition, equality, transparency and proportionality.

Web Resources

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

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

Aeroporti di Roma (AdR) S.p.A.: www.adr.it

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: www.enac-italia.it

ENAV SpA: www.enav.it

Gazzetta Ufficiale: www.gazzettaufficiale.it

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

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Automotive Sector

Overview

Italy is the fourth largest European automotive market after Germany, the United Kingdom and France, with 1.97 million new registered passenger vehicles sold in 2017, representing an 8% increase over 2016. The market for new light commercial vehicles (under 3.5 tons) decreased by 3.6% last year, totaling 193,178 units. Of new vehicles produced, 56.4% are diesel, 31.9% are gasoline, and 11.7% use alternative fuels.

The Italian automotive industry is primarily concentrated in Turin and in 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. In 2017, Italian manufacturers had a 29% 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. FCA has a 50% joint venture with the French PSA Group in the light commercial vehicles sector and dominates the market. FCA's strong position in the local market is primarily due to its range of affordable city cars. In 2017, FCA registered 560,770 vehicles. Some FCA models, such as the Punto model and the Alfa Romeo models are manufactured in Italy, whereas the Panda, 500 and Ypsilon, are manufactured in Poland or Turkey. All Ferrari and Maserati models are manufactured in Italy. The remainder of the market is comprised by the Italian-Chinese J-V DR and the sports car manufacturer Lamborghini (owned by the German group VW).

The Italian alternative fuel vehicles market is composed by both new vehicles and used vehicles, the latter retrofitted because of aftermarket operations. Italy represents 24% of the alternative fuel vehicles market in the European Union, down from 27% in 2016. This is mainly due to the new LPG (Liquid Petroleum Gas) and CNG (Compressed Natural Gas) cars, which account for 70% of the Italian alternative fuel vehicles market. Electric and hybrid cars are in general imported, with alternative fuel vehicles from the United States primarily manufactured by Tesla. While the sales numbers are low, affluent consumers are showing a growing interest in these vehicles.

The Italian automotive market

The number of cars in Italy totaled 38,520,321 in 2017, which are on average 11 years old. In Italy there are 62.4 cars for every 100 inhabitants, one of the highest rates in Europe, due in large part to the lack of public transport infrastructure. Italy is one of the largest European markets for motorcycles and mopeds; in 2017 the stock of mopeds and over 50 cc. vehicles was 6,689,911 units, by far the largest in Europe. In 2017, around 204,406 over 50 cc. vehicles and 23,874 mopeds were registered. Italy's total automotive vehicle production in 2017 was about 1,142,210 vehicles, down from 1,003,000 vehicles in 2016. This data includes 742,642 cars and 332,112 light commercial vehicles.

Foreign brands represent 71% of the Italian automotive market, of which 21% from Germany and 18% from France. The American manufacturer Ford covered 6.8% of the Italian market in 2017 (compared to 6.8% in 2016). Recently, the European branch of GM (Opel/Vauxhall) has been sold to the French group PSA. Therefore, we are not considering Opel sales in Italy in our statistics. However, GM will retain the state-of-the-art GM Powertrain Torino, which will continue developing diesel engines, controls and propulsion systems for GM and for Opel and Vauxhall through supply contracts. This pole of excellence represents a strategic asset for GM globally and employs more than 600 engineers. Jeep models are either imported from the United States and more broadly from North America or manufactured locally. The most successful Jeep model sold in Italy is the Renegade, which is produced in Melfi, Italy for export to the European and U.S. markets. This Italian plant also

manufactures other FCA models. More than 37,591 units of this vehicle were sold globally in 2017, with Jeep registering 105,001 vehicles in Europe.

Leading Sub-Sectors

Automotive Components

In 2017, according to data released by the Italian Automotive Association ANFIA and by ISTAT, the Italian National Institute of Statistics, the Italian parts and components manufacturers, among the most important in the world, exported products worth \$23.9 billion worldwide. Italian firms imported \$17.5 billion of automotive parts and components, registering a growth of more than \$1.3 billion. The U.S. is the 7th export market for the Italian automotive components manufacturers, worth about \$1.1 billion. U.S. exports of automotive components to Italy have grown sharply in the last years. In 2017, U.S. products accounted for 4.1% of the total Italian imports of automotive components at a value of around \$715 million.

U.S. automotive component manufacturers have a significant presence in Italy where they primarily manufacture parts used in vehicles that are then exported to other markets. For example, the American firm Alcoa maintains its Advanced Transportation Systems (AATS) in Modena and has partnered with Ferrari to bring advanced aluminum structural technology and performance to their Gran Turismo vehicles. Other U.S. automotive components manufacturers have a strong manufacturing presence in Italy, including Exide, Federal Mogul and PPG.

Alternative Fuel Vehicles

Alternative fuel vehicles represent a sizable share of the Italian car market, comprising 11.7% of the vehicles sold in Italy in 2017, one of the largest percentages in Europe, which can be estimated at \$4.5 billion. The current CNG fleet in Italy is by far the largest in Europe, with 911,000 CNG vehicles.

There are currently 3,42 million alternative fuel vehicles registered in Italy, which corresponds to around 8.9% of the overall amount of the vehicles stock in Italy: 2,309,020 of them are LPG (6%), 926,704 are CNG vehicles (2.4%), 177,492 are hybrid vehicles (0.5%) and electric vehicles amount to a small quota of the market (7,560 vehicles.) In 2017, the total of new alternative fuel vehicles (Gasoline + LPG or Gasoline + CNG), CNG, LPG, Hybrid and Electric sold was 230,183. In 2016, 185,416 alternative fuel vehicles were sold. Gasoline + LPG vehicles accounted for 129,042 in 2017 (6.5% of the market), up from 101,698 units (or 5.6%) in 2016. The number of new Gasoline plus CNG vehicles registered in 2017 was 32,743 (1.7% of the market), down from 43,796 in 2016 (2.4% of the market).

It is difficult to determine which part of the Italian alternative fuels market is composed of vehicles manufactured in Italy or by imported ones. In fact, models by Fiat Chrysler Automobiles (FCA), the local market leader, are usually fitted at the factory (Gasoline to Gasoline/LPG or Gasoline/CNG), so the value depends on where the vehicle is manufactured (in Italy or abroad). At the same time, as Italy is among the largest manufacturer of LPG and CNG fittings, some foreign manufacturers tend to fit their vehicles to Gasoline/LPG or Gasoline/CNG in Italy. LPG and CNG fittings are usually produced in Italy.

Electric and hybrid cars are primarily imported. In 2017 hybrid vehicles sales accounted for 63,398 units (3.2% of the market), whereas in 2016 their market share was 2.1% (37,240). Pure electric vehicles comprised a small share of around 1,967 vehicles in 2017.

Alternative fuel vehicles rely on a widespread distribution network (4,062 LPG and 1,260 CNG refilling stations, or 46% and 31% of the European total). However, while Italy has the largest

network of CNG refilling stations in Europe, the distribution network (for both LPG and CNG) is quite underdeveloped in Southern Italy (including Sardinia and Sicily). In the future, FCA, Iveco (part of CNH Industrial) and Snam, which owns part of the natural gas transportation network, plan to develop 2,200 CNG refilling stations by 2026.

Regarding the CNG, the situation in Italy should positively develop due to two main facts: first, Italy recently transposed the European Directive 2014/94 that commits the local public administration to implementing the number of CNG refilling stations and to investing at least 25% of their budget in new vehicles with a low environmental impact; second, the manufacturers supply is expected to increase significantly in the next few years.

Electric Vehicles

Electric vehicles sales represent a small part of the total vehicle sales in Italy, totaling only 1,967 in 2017. Some major constraints limit their numbers: limited range, long charging times and their high price which makes these vehicles non-competitive when compared to internal combustion vehicles. Historically, the FCA Group has not been particularly focused on electric vehicles but has opted for research and development in technologies related to LPG and CNG vehicles. However, gasoline hybrids, battery-electric vehicles and gasoline plug-in hybrids, are expected to grow Europe-wide to total up to 35-40% of new car sales by 2025.

Enel, the largest utility and the largest provider of electric energy in Italy, has recently announced a \$340 million project for installing 12,000 charging stations for electric vehicles. It has been estimated that developing an adequate recharging infrastructure in and around Milan would cost several billion dollars.

Tesla sales in Italy are on the rise. In 2017 Tesla sold 480 cars (264 Model S and 216 Model X). Tesla sells over one fourth of all the electric cars sold in Italy. Tesla is developing its Supercharger network in Italy. Currently, there are 29 Superchargers in Italy (another 21 superchargers will soon be installed).

In the first semester of 2017, 620 electric scooters were registered (96% more than during the first semester of 2016). Piaggio is the leading Italian manufacturer of electric bikes, as well as the largest European two- and three-wheeler manufacturer, producing both the hybrid MP3 scooter and an electric version of its 4 wheelers light commercial vehicle 'Porter' Unfortunately, many Italian cities still do not have charging stations for electric bikes or motorcycles.

Used Vehicles and LPG/CNG Retrofitting

The market for used vehicles in Italy is significant: in fact, sales of used cars exceeded 2.9 million in 2017. Many used vehicles (especially the more powerful and gasoline powered) can be retrofitted to LPG/CNG in order to keep their operating costs affordable. In the last 15 years, LPG retrofitting has reached more than 2 million units, whereas CNG retrofitting has exceeded 400,000 units. Actual costs depend upon the technology of the vehicle being retrofitted. The last data available as concerns the value of retrofitting refers to 2014 (\$270 million).

The importance of both the 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 and almost 80% of revenues of the sector's companies are generated abroad. A network of over 6,000 car repair shops throughout Italy handles retrofitting.

Opportunities

Italy is an interesting market for the alternative fuels technologies. The U.S. has a competitive advantage in the use of alternative fuels, particularly in the public transportation sector, and opportunities exist for U.S. products in Italy as well as in other countries where CNG and LPG are broadly used. The Italian market presents strong opportunities for U.S. companies in the following sub-sectors:

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 for self-service refueling. Self-service is still very rare in Italy and was prohibited until recently due to safety reasons;
3. Suppliers of electric vehicles (both cars and two and three wheelers). Besides consumer interest in models like Tesla, there is interest in the Italian market for the two and three wheelers electric vehicles, e.g. from police forces looking for vehicles particularly fit for silent, reliable and economic patrolling.

Trade shows:

Oil & non-Oil - S&TC: October 9-11, 2018, Verona, Italy. Focused on car wash, alternative fuels, downstream, service stations (13th edition); www.oilnonoil.it/onolleng/home.htm

EICMA: November 9-11, 2018, Milan, Italy. The major international motorcycle exhibition (75th 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.

Motor Show: December 6-9, 2018, Bologna, Italy. An international sport show (43rd edition): www.motorshow.it

Motor Bike Expo: January 17-20, 2019, Verona. An international motorcycle show. <http://www.motorbikeexpo.it/>

Automotive Dealer Day: May 14-16, 2019 Verona, Italy. Focused on the automotive distribution industry: <http://www.dealerday.com/?lang=en>

Autopromotec: May 22-26, 2019 (28th edition), Bologna, Italy. This is the most important European show in the automotive and aftermarket products sectors, devoted major focus to the new trends towards dual fuel in the heavy-duty vehicles (diesel + gas): www.autopromotec.com/en/.

Moto Days 2019, March 7-10, 2019, Rome, Italy. Moto Days, Motorcycle and Scooter Fair in Central and Southern Italy, is an event that in a short time has managed to establish trade fair in the industry and position itself as a second lounge in Italy for the world of cycling. <http://www.motodays.it>

Web Resources

Major Associations/Research centers:

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

UNRAE - Association of foreign car makers operating in Italy, <http://www.unrae.it/chi-siamo/who-we-are>

Online articles:

IL SOLE 24 ORE - <http://www.ilsole24ore.com/art/finanza-e-mercati/2017-03-04/peugeot-gm-secondo-gruppo-europeo-220031.shtml>

LA REPUBBLICA - <http://www.repubblica.it/economia/affari-e-finanza/2018/02/19/news/effetto-metano-litalia-va-a-tutto-gas-fiat-e-volkswagen-guidano-lassa-lto-189202842/?refresh=ce>

ECOMOTORI.NET - <http://www.ecomotori.net/distributori/metano/>

GREENSTART - <http://www.greenstart.it/i-dati-di-vendita-di-auto-elettriche-e-ibride-in-italia-nel-2017-12921>

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<http://export.gov/italy>

Biotechnology

Overview

Unit: USD millions

2017 DATA	TOTAL COMPANIES	RED BIOTECH COMPANIES
TURNOVER	12,259	9,112
INVESTMENTS	2,149	1,920
# COMPANIES	571	295

Centro Studi Assobiotec, ENEA

Exchange rate EUR 1 = 1.0628 USD (2017)

The importance of the biotech industry to growth and competitiveness in Europe is clear: it is recognized as a Key Enabling Technology (KET) under Horizon 2020 as a means of boosting technological innovation and industrial leadership. Today, the majority of innovative medicines as well as many diagnostic products are developed or manufactured using biotechnology. Globally, 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 developed due to excellent academic and industrial research as well as the value of the technology and products developed. Italian biotech companies totaled 571 in 2017. The turnover is over \$12.2 billion with an increase of 12% between 2014 and 2016, while investments in R&D amounted to \$2 billion with about 3,790 employees in biotech research. Biotechnology is among the sectors utilizing the higher level of innovation in Italy.

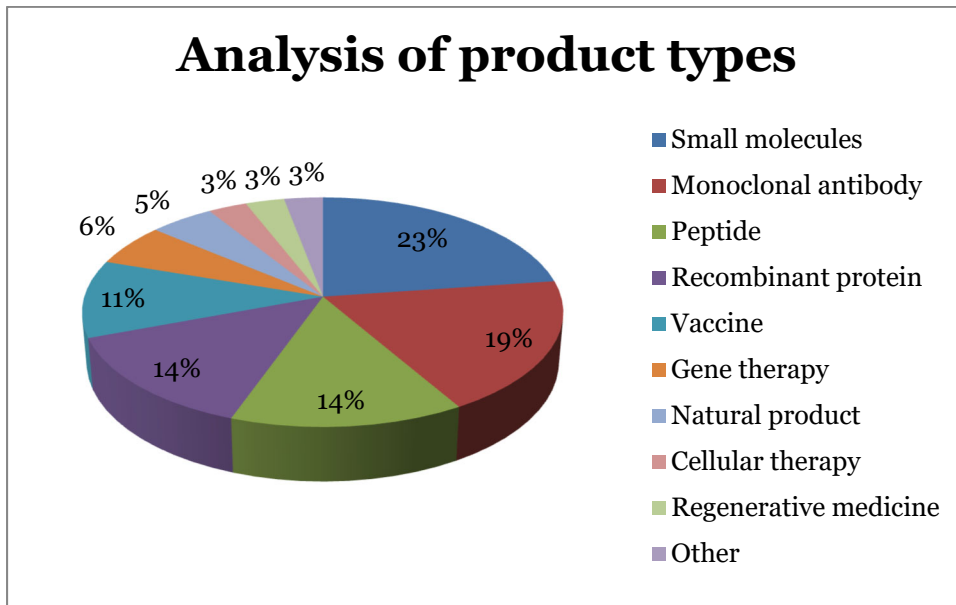
The red biotech (life sciences) sector in Italy, as in other countries, is the most developed and accounts for the largest number of companies (52%), comprising 295 of the total 571 firms. Pharmaceutical and medical devices biotech firms (74%) are responsible for much of the turnover, with an increased number of projects both in diagnosis and therapies. There are about 100 laboratories (public research centers and university labs), 47 Scientific and Research Hospitals (IRCCS) and around 200 companies. The development of this sector will provide strong opportunities for major U.S. biotech companies looking to partner in order to advance new treatments and product development.

According to the 2017 report by Centro Studi Assobiotec, the Italian biotech industry is a dynamic and innovative sector, particularly in the areas of precision medicine and advanced therapies. However, this industry needs a long-term national strategy with stable and certain rules to develop and remain competitive. Currently, Italy relies on biotech drug imports primarily from the United States, Belgium and Germany.

Leading Sub-Sectors

Italian biotech companies are primarily concentrated in the following areas: oncology, infectious diseases, inflammatory disease, neurological disease and cardiovascular diseases. Recent reemergence of infectious diseases and epidemic outbreaks such as Ebola have oriented investments

towards vaccines and new drugs. In fact, the World Health Organization selected an Italian vaccine to fight the Ebola epidemic.



Centro Studi Assobiotec – ENEA Servizio Industria e Associazioni Imprenditoriali

Biopharmaceuticals account for 45% of the projects in the pipeline (discovery phase included), which includes monoclonal antibodies, recombinant proteins and advanced therapies (cellular, genetics and regenerative medicine).

Out of 314 projects, 79 are in the discovery phase, 145 are in the pre-clinical phase and 90 in clinical development:

- Discovery: 79
- Pre-clinical: 145
- Phase I: 35
- Phase II: 40
- Phase III: 15

Orphan drugs and advanced therapies represent areas of excellence in the Italian biotech industry. In fact, the Italian academic research sector has the highest number of scientific publications on orphan drugs, while the first ever approved product in advanced therapy in the Western world is a stem cell drug developed by an Italian biotech company.

21 products from Italian biotech companies have received at least one Orphan Drug Designation (ODD), while three products from Italian companies have obtained final market access:

- Defibrotide (Defitelio®): a life-saving drug for the treatment of the veno-occlusive hepatic disease;
- Safinamide (Xadago®): a therapy for Parkinsons disease; and
- Holoclar (Holoclar®): an advanced therapy for patients with corneal burns.

The majority of Italian biotech companies were created as start-ups or spin-offs from academia or industry. These biotech companies are primarily located in scientific parks or incubators (47%), 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 necessary resources to grow.

Regionally, Milan is the leading biotech area in Italy, housing approximately 35% of all biotech companies, including Newron and BioXell. Additionally, Lombardy is home to 12 universities, 26 institutes and centers of the National Research Council (CNR), of which 10 are in the biotechnology and health sciences sectors.

Small and medium-sized biotech companies in Italy are often the incubators of innovative products for the biopharmaceutical industry. There are a number of U.S. manufacturers of biotech products in the Italian healthcare market: Celgene, Biogen, AbbVie, Amgen, Alexion, Bristol-Myers Squibb, Eli Lilly, and Pfizer maintain wholly-owned subsidiaries in Italy.

Requirements

Biopharmaceuticals

The main regulatory authority 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 regulatory body for pharmaceuticals is the AIFA (Italian Drug Agency). Market regulation is based on EU Directive 65/65/EEC, 75/318/EEC and 75/319/EEC. Despite the fact that the Italian has not implemented new measures impacting drug makers since 2014, issues such as the lengthy drug approval process and drug expenditures ceilings creates challenges for innovative pharmaceutical companies in the market.

Biotech Medical Devices

In April 2017, the European Commission adopted two new Regulations on medical devices which entered into force in May 2017. These replace the existing three 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). The new rules will only apply after a transitional period: regulation on medical devices will go into effect in spring 2020 and regulations on in vitro diagnostic medical devices in 2022. All medical devices marketed in the EU must bear the CE mark to certify conformity with EU law. Please find more information on these regulations here: http://ec.europa.eu/growth/sectors/medical-devices/regulatory-framework/revision_it

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 recommend 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 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. A [new EU Regulation 536/2014](#) will enter into force in 2018 to substitute the current one. The regulation will ensure that the rules for conducting clinical trials are identical throughout the EU. More information is available at https://ec.europa.eu/health/human-use/clinical-trials/regulation_en.

For pharmaceuticals, the responsible authority is AIFA, while for medical devices the Italian Ministry of Health is the main point of contact.

Opportunities

Human Technopole

At the closure of the 2015 Milan Expo, Italy launched a project for building a new national cross-disciplinary research institute focused on life sciences, called *Human Technopole* (HT), offering strong opportunities for both U.S. and Italian companies. Its mission is to contribute to the development of personalized medicine in the treatment of cancer and neurodegenerative diseases. To this end the HT will use genomics, innovative algorithms for data analysis, multiscale methods in computational life sciences and advanced technologies for food and diagnostics. The new groundbreaking infrastructure will include seven research centers and four facilities. Three existing buildings -- Palazzo Italia, US6 and Cardo NO -- will be refurbished and two new buildings will be built. In February 2018, the coordinating committee appointed Scottish scientist Iain Mattaj as the HT Director General. To find more information visit <https://htechnopole.it/en>.

Government Incentives

In recent years the Italian government has adopted a number of incentives to support innovation to 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;
- and recognition of the status of “innovative” SMEs

Venture capitals and business angels

Furthermore, a number of initiatives to finance new enterprises in Life Sciences have been recently launched, such as the venture capital fund Panakès (www.panakes.it) with 120 million euro dedicated to biomedical technologies and medical devices, the fund Principia III Health (www.principiasgr.it) with 206 million euro and the association of business angels, Italian Angels for Biotech – IAB (www.italianab.it), created by a group of entrepreneurs, managers and scientists to support ideas and talents in this sector.

Partnering opportunities

The major partnering event in Europe for U.S. companies is BIO-Europe, the largest 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. Upcoming conference in Copenhagen, Denmark, November 5-7, 2018 (<http://www.ebdgroup.com/>).

The key Italian event to boost business, partnering and networking opportunities is “Meet in Italy for Life Sciences”, which will take place in Bologna on October 10-12, 2018. The last edition featured 300 participants and 1,400 one-to-one meetings: <https://meetitalylifesciences.eu>.

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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<http://export.gov/italy>

Cosmetics and Toiletries

Overview

Unit: USD millions

	2015	2016	2017	2018 (Estimated)
Total Local Production	11,064	11,622	12,320	12,813
Total Exports	4,188	4,759	5,036	5,338
Total Imports	1,915	2,168	2,367	2,568
Imports from the US	77	96	80	94
Total Market Size	13,018	13,111	17,595	17,735
Exchange Rates	0.90	0.90	0.96	1.05

Source: Cosmetica Italia – The Italian Association of Cosmetics Industries

In 2017, the Italian cosmetics market secured its place as the fourth largest market in Europe, comprising 12% of the total market volumes -- behind Germany (\$16 billion), UK (over \$13,400 million) and France (\$13,400 million) -- while ranking first in the number of SMEs in the industry.

The Italian beauty industry is sophisticated and highly developed: the sector employs 35,000 people and Italian cosmetic supply chain totals 200,000 employees across 123,000 companies. The total value of the cosmetics sector in Italy is \$17.5 billion. Cosmetics consumption in Italy is currently valued at \$12 billion with a growth rate of 1.7% in 2017. The Italian cosmetics market remains anti-cyclical and virtually immune to economic stagnation. On one hand, Italians have started put more trust in commerce, primarily due to the undeniability of cosmetic products and the growth of new selling channels, such as single-brand retail, e-commerce and direct sales. On the other hand, Italian beauty products are recognized all over the world, both in traditional and emerging markets, for innovation and quality. In 2017, almost 30% of Italian consumers indicated that they will consume more cosmetics in the coming year, despite the ongoing economic stagnation. This trend confirms the important role that cosmetics play for Italians, who typically choose these products based on quality rather than solely on price. According to the 2017 Beauty Report by Cosmetica Italia (the Italian Association of Cosmetic Industries), over 50% of consumers indicated that the crisis forced them to be more careful with cosmetics expenses, in line with the previous years.

Italy has a large domestic beauty and fragrances industry, which includes several multinational beauty companies. Cosmetica Italia, the Italian Association of Cosmetic industries, reports that the domestic consumption grew by 1.7% in 2017, reaching \$12 billion. In 2017 Italy's cosmetic industry turnover reached \$12.3 billion, registering an increase of 4% compared to the previous year with expected continued growth of 4% in 2018. Italian cosmetics exports continue to grow as well, increasing by 13% in 2017. The United States is the third largest export market, after Germany (11.4%) and France (13.0%), accounting for 8.9%, at a value of \$384 million.

Leading Sub-Sectors

Although highly competitive, there is potential for growth in several sectors of the Italian cosmetics industry. Body care, face, and hygiene products account for 74.8% of all cosmetics consumption. Cosmetica Italia reports that face care products comprise 17% of total consumption at a value of \$1.7 billion. Body care, body hygiene and hair products follow with the highest market shares of 16.9%, 12.4% and 11.9% respectively. The following sub-sectors by value are oral hygiene (7.7%), women's perfumery (7.6%) and face make-up (4.9%). Women's fragrances consumption increased slightly by +1% and the total value of alcohol-based perfume products is more than \$1.2 billion. Make-up products continue to be in high demand, including face products (+4.9%) at a value of \$487 million and eye products (+4.4%) which amounted to \$435 million.

Best prospects include facial skin anti-aging creams and lotions, cosmeceuticals, innovative body and slimming treatments, raw materials, and naturally derived products. Experts see highest growth in products for periocular area and specific zones (+7.2%), lipsticks and lip glosses (+6.9%), and sunscreens and pigmenting products (+6.9%). 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 purchase pattern with an annual growth rate of higher than 10%. Positive trends will continue in the plastic surgery sector, which currently has a solid market share and is in constant expansion. Strong potential exists also for polyvalent creams, firming lotions, innovative products focused against skin impurities and/or directed to problem areas (e.g. anti-aging and anti-wrinkle creams, cellulite treatments, etc.), and primer products, which are still niche products but are spreading among Italian consumers.

Experts are seeing strong growth in e-commerce, new door-to-door channels, and the purchase of cosmetics through GDO. The large-scale retail trade is experiencing slower growth as consumers look to other outlets. Within this distribution channel sales amounted to \$4.9 billion, covering over 41% of all cosmetics consumption in Italy. In this sector, hyper-super markets cover 44% of the total sales. The main advantage of this channel is that it satisfies a broad segment of consumers.

Although less dynamic than in past years, pharmacy retail channels remain one of the most important avenues for purchasing cosmetics. Analysts expect this channel to register growth in the next few months. Perfumery channels and specialty stores have seen sales contract since 2012. Sales within this channel value \$2.3 billion in Italy and cover 20% of total consumption.

The direct sales channel (door-to-door and e-commerce) registered 8.7% growth in 2017. Within this channel, which accounts for over 8% of total cosmetics consumption in Italy, sales amounted to \$952 million: door-to-door sales were equal to \$553 million, whereas e-commerce channel registered \$398 million sales. The herbalist shop market represents 0.9% of all distribution channels with a market value of \$518 million. Growing demand highlights the increasing interest among Italian consumers in natural and organic products.

Opportunities

Italy is a key export market for U.S. cosmetics and personal care products. In 2017, U.S. cosmetics exports to Italy totaled \$79.4 million. There are ample opportunities for U.S. exporters in the Italian cosmetics 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.

The most significant imports are make-up and skin care products, comprising 30% of demand, followed by perfumes and toilet water at 14%. Italy imports nearly all cosmetics ingredients and demand for raw materials will continue to increase. There is also significant demand for natural ingredients such as aloe vera, lavender, and essential oils, but the market is more competitive for these inputs as many can be sourced locally. During the first three months of 2018, total cosmetic and personal care product imports to Italy from the US increased by 17.5%.

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

Trade Show:

Cosmoprof Worldwide Bologna: March 14–18, 2019, Bologna, Italy. Cosmoprof is the world’s leading trade show in the beauty sector. The 2018 edition has surpassed past records with over 2,822 exhibitors, 70% of which came from 70 different countries and over 250,000 visitors. The U.S. was the third most represented foreign country with over 120 exhibitors.

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>

Cybersecurity

Overview

Unit: USD Millions

	2014	2015	2016	2017	2018 (Estimated)
Total Local Production	525	565	515	572	635
Total Exports	225	245	225	250	277
Total Imports	1,195	1,300	1,195	1,326	1,471
Imports from the US	845	915	835	927	1,028
Total Market Size	1,495	1,620	1,485	1,648	1,829
Exchange Rates	0.7527	0.90	0.90	0.88*	0.81*

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. Italy has an internet user base of 43.3 million people equal to 73% of its population. Mobile users have grown to 49.2 million and 34 million are active social media users.¹¹

Much like the rest of the world, cyber-attacks in Italy have risen in number and severity in recent years. The awareness level has continued to grow and companies are steadily increasing the resources they allocate to security tools to respond to cyber threats. The coming into force of the European General Data Protection Regulation (GDPR) on May 25, 2018 has further increase the awareness of Italian businesses of keeping its data safe and secured.

Furthermore, the EU directive on the security of Networks and Information Systems (known as the NIS Directive) will take effect in Italy from June 26 2018. The NIS Directive aims to raise levels of the overall security and resilience of network and information systems across the EU. It focuses primarily on regulating so called operators of essential services (transport, energy, banking, healthcare) and providers of digital services (cloud services, online marketplaces, and search engines). Most provisions of the NIS Directive are already implemented in Italy through the *National Cyber Security Framework*¹² of 2014 and the *National Plan for Cyber Protection and IT Security* of 2017¹³. Five Ministries have been identified as having regulatory authority over the operators of essential services: Ministry of Economic Development, Infrastructures & Transportation, Economy &

¹¹Data from Hootsuite reported in *Cybersicurezza*, Sole24 No 04/06 pag 9

¹² <https://www.sicurezza nazionale.gov.it/sisr.nsf/wp-content/uploads/2014/02/quadro-strategico-nazionale-cyber.pdf>

¹³ <https://www.sicurezza nazionale.gov.it/sisr.nsf/wp-content/uploads/2017/05/piano-nazionale-cyber-2017.pdf>

Finance, Health and Environment and the Security Intelligence Department (DIS) has been designated as the point of contact agency with the EU.¹⁴

According to the 2018 CLUSIT Report on ICT Security, the damages caused by Cybercrime in Italy in 2016 were worth an estimated \$11 billion. In 2017 some high-profile attacks on the Italian government, Italian banks and telco's have increased the awareness of the damages caused by cyberattacks.¹⁵

According to IDC Italy, the market value of "Software of IT Security" which includes Web Security, Security & Vulnerability Management, Network Security, Identity & Access Management and Endpoint Security is worth \$390 million in 2017 with a compound annual growth rate (CAGR) of 8%.

The market value for "IT Security Appliances", which includes VPN, Firewall, IDP, Unified Threat Management, Content is estimated to be \$220 million in 2017, a 5% CAGR. Finally, "Service for IT Security" which includes IT consulting and System Integration/Implementation are estimated to be worth \$550 million with a 3% CAGR.¹⁶

Cybersecurity is a priority due to vulnerability and the need for compliance with national and international legislation, not only for large Italian enterprises and for government agencies, but also for small- and medium-sized Italian companies. Large company investments primarily drive the Italian market for cybersecurity, with most of top management aware of the increasing risk of intrusion into business information systems. Italian firms are also becoming more 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 governments, manufacturing, transportation and telecommunications sectors.

Medium-size companies and to a lesser extent small 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 is still some resistance at the managerial level to approve specific expenditures for ICT security plans, mainly because security is still perceived as a cost rather than an investment. Nonetheless, the situation is rapidly changing.

In fact, businesses increasingly perceive cybersecurity as a core business requirement and analysts expect security spending to grow. In the Italian Cyber Security Report 2018, university ICT associations; CIS, Sapienza University's Cyber Intelligence and Information Security Center; and CINI, Italy's National Inter-University Informatics Consortium recommended that all companies should adopt "Fifteen Essential Controls" in order to reduce vulnerability and to improve cybersecurity awareness to boost resistance to the most common cyber-attacks. These controls regard devices and software inventory, laws and regulations that are suitable for small firms, malware protection, password and account management, training and awareness, data protection and network protection. According to the report, implementing these security measures would cost around \$12,000 for a micro firm (up to 9 employees) and \$29,350 for small firms (up to 50 employees). With these security investments the risks from cyber-threats are reduced by a factor of 80%.

¹⁴ For more information on how the NIS Directive will be transposed into Italian law please see: <https://www.agendadigitale.eu/sicurezza/attuazione-della-direttiva-nis-lo-lo-schema-decreto-legislativo/>

¹⁵ Rapporto Clusit 2018, pag 11

¹⁶ Rapporto Clusit 2018, Italian Market for IT Security according to IDC pag 160

At the government level, cybersecurity is considered a top national challenge. In February 2016 the Italian government presented the first ever National Cyber Security Framework¹⁷ (NCSF) which derives much from the Framework for Improving Critical Infrastructure Cybersecurity¹⁸ developed by the U.S. National Institute of Standards and Technology (NIST). The framework is not a security standard, but a common reference to identify existing and future sector standards and regulations, and adoption is voluntary.

Cyber-security is increasingly perceived as a core business requirement and security spending will continue to rise, particularly considering the many areas which need to be improved to reduce vulnerability. The most important market drivers include:

1. An increased IT security awareness and the coming into force of new legislation;
2. Challenges stemming from the adoption of new technologies and new business organizational models requiring the implementation of security measures such as secure mobility and virtualization (digital transformation processes);
3. New Italian government measures and expected investments to protect digital identity and critical infrastructure from increasing cyber assaults.

Leading Sub-Sectors

U.S. technology is highly regarded, 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. Strong 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 Cyber-Security Plan are expected to facilitate the growth of this market. As part of its Digital Agenda program, the Italian government is planning to make considerable investments in 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

¹⁷ A National Cybersecurity Framework <http://www.cybersecurityframework.it/en>

¹⁸ <https://csrc.nist.gov/publications/detail/white-paper/2018/04/16/cybersecurity-framework-v11/final>

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.rapportoassinform.it/>

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 their most relevant 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/>

U.S. Commercial Service Contact:

Mr.	Donatello	Osti,	Commercial	Specialist
U.S.	Commercial	Service,	U.S.	Milan
Tel:	+39	02	626	88
E-mail:	donatello.osti@trade.gov			521

<http://export.gov/italy>

Pet Products

Overview

Unit: USD millions

	2014	2015	2016 (Estimated)	2017
Total Local Production	-	-	-	-
Total Exports	27,565	24,447	18,986	TDC
Total Imports	61,091	50,872	44,283	TDC
Imports from the US	1,288	1,241	N/A	TDC
<u>Total Market Size</u>	2,440	2,280	N/A	TDC
Exchange Rates	0.90	0.90	0.94	0.94

The Italian market for pet food and care products is strong and continues to grow in value and volume despite the economic crisis affecting the sector over the past few years. Italy, with a population of 60 million people, has a pet population of 60 million and more than three out of ten Italian families own at least one pet. As a result of Italy's changing demographics, family structure and regard for animals, the role of pets has changed over the years. This increased number and importance of pets translates into greater care and higher expenditures for food, health, accessories, and services.

According to Euromonitor data, the Italian pet products market grew by 4% in 2015, reaching sales of over \$670 million. Compared to other European countries including France, Germany, UK, Spain and the Netherlands, Italy's pet care and food product growth rate of 2.2% is higher than the European average. The Italian market for cat and dog food grew slightly in 2016 with a combined turnover of \$2.2 billion and a total volume of 559,200 tons sold. Italians spent \$1.1 billion on cat food (53.2% of the market) and \$1 billion on dog food (46.8% of the market), as well as \$155 million on snacks and treats, an increase of 10% over 2015 statistics. This dynamic growth is thanks to snacks for oral hygiene, with hygiene treatments reporting 25% growth.

Italy is an interesting and lucrative market for U.S. pet care and food products as demand continues to increase. Leading factors for this growth include the increased importance of pets in Italian families and better marketing via large-scale outlets and specialized stores. Demand for healthcare products, branded clothing and beauty products, as well as natural or premium products is growing. Statistics indicates that Italian 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, resulting in higher demand for premium and super premium pet food.

Italian law is increasingly recognizing the role of pets in family structure, passing a series of legislation to protect both animals and pet owners. Italians must comply with a 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 of pets in apartments. Furthermore in September 2015 Italy's Parliament approved the prohibition of pet's requisition in case of business failure.

Leading Sub-Sectors

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. Many consumers prefer snacks and treats that are preservative-free and contain healthy ingredients such as fruit and cereals.

The pet care market also continues to benefit from increased attention to the wellbeing of pets, which are increasingly considered as family members deserving high quality products. In the market for pet care products, 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.

In 2016, the accessories segment (toys, leashes, beds, bowls and dishes, cages, aviaries, aquariums, tortoise homes, and various tools) increased by 6% value with a turnover of \$80 million. Best sellers among accessories to penetrate the Italian market include cat beds and pillows, toys, leashes, bowls, cages, aviaries and aquariums. The market for luxury pet products has also grown, particularly due to sales of clothes, jackets and raincoats, cushions, hairclips and collars, carriers and fashionable hats typically sold in specialized pet boutique shops. For the Italian pet luxury market in particular, it is crucial that products are innovative and are of original and aesthetic design.

Exporting Pet Food and Feed to Italy and the EU

Pet food is highly regulated in the European Union to conform to the highest standards of hygiene, safety and quality. In the EU, pet food is subject to feed marketing legislation and veterinary legislation. The EU's feed marketing legislation covers food for pets as well as feed for food-producing animals. Pet food products containing an animal origin ingredient must be sourced from approved establishments and have to be accompanied by a veterinary certificate.

All exports of U.S. pet food to the EU must comply with EU requirements including rules on labeling, hygiene, animal health, certification and the use of additives. European Parliament and Council Regulation 767/2009 sets rules for the labeling and marketing of feed and pet food, covering feed materials, compound feed and medicated or dietetic feed for both food and non-food producing animals. Feed and pet food not complying with Regulation 767/2009 and with the provisions on feed additives laid down in Regulation 1831/2003 are not allowed on the EU market. Conditions for mixing veterinary medicine into feed are set out in Directive 90/167/EEC. In September 2014, the European Commission presented a proposal to replace the outdated Directive 90/167/EEC on medicated feed. The scope of the proposal explicitly includes medicated feed for pets. EU border inspection officials will verify the labels on imported pet food for compliance with EU requirements. Annex 4 to the "Code of Good Labeling Practice for Pet Food," drafted by the European Pet Food Industry (FEDIAF) establishes a "check-list" that pet food manufacturers can use to verify compliance with EU labeling rules.

Commission Regulation 68/2013 establishes a catalogue of feed materials. It enables operators to use more precise names and expressions for the feed they place on the market. The annex to the Catalogue contains three parts: A) general provision, B) glossary of processes and C) list of feed materials. 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 established guidelines for the distinction between feed materials, feed additives, biocidal products and veterinary medicinal products.

Data Source:

U.S. Department of Agriculture FAS (Foreign Agricultural Service), U.S. Embassy Rome.

Opportunities

Zoomark International 2019: May TBC, 2019 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 is certified by the U.S. Department of Commerce. 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. Department of Agriculture's Foreign Agricultural Service (USDA) office at the American Embassy in Rome, Italy:

Dana Biasetti, Senior Agricultural Specialist

Dana.Biasetti@fas.usda.gov; <http://www.usembassy.it/agtrade/>

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<http://export.gov/italy>

Travel and Tourism

Overview

	2011	2012	2013	2014	2015	2016	2017
Italian Travelers to the U.S.	892,000	831,000	839,000	964,000	1,039,000	983,000	684,000 ^{(p)*} Jan-August
% Change	6%	-7%	1%	15%	8%	-5%	4% ^{(p)*}
Italian Travel & Tourism Exports (Millions of USD)	\$3,547	\$3,448	\$3,673	\$4,117	\$4,303	\$4,020	*
% Change	11%	-3%	5%	11%	4%	-7%	*

Data Sources: U.S. Department of Commerce, National Travel & Tourism Office (NTTO)* ^(p) Preliminary subject to future revisions. *Preliminary 2016 and preliminary 2017 1-94 visitor arrivals data will be revised during calendar year 2018. Preliminary data may reflect an undercount in 2016 and 2017 of overseas (excludes Canada and Mexico) visitor arrivals to the United States. For more information, please review our [Frequently Asked Questions](#) that outline the steps we are taking to address these issues.

Italy ranks as the 12th largest overall inbound market to the United States and the 4th in Europe after the U.K., Germany and France. The market for Italian tourism to the United States decreased for the first time in four years in 2016, posting a contraction of -5% year on year. In 2016, there were 983,000 Italian visitors to the United States. Preliminary data for January to August 2017 show 4% increase over the same period of the previous year to 684,000 Italian arrivals, the highest growth amongst the top four markets in Europe. Italy is forecast to rebound and post a 4% increase in 2017 and continue to expand growing by 7% in 2018.

The United States continued to be the preferred long-haul destination for Italian tourists in 2016. Data from the U.S. Department of Commerce NTTO show the top states most visited by Italians: New York receives the majority of arrivals with 46%, while California accounts for 22% and Florida for 20%. Nevada accounts for 11% of arrivals and Arizona rounds out the top states with 6% of all Italian arrivals to the U.S.

New York and New Jersey also continue to be the first ports of entry with a 45% market share. However, Miami has seen the fastest growth in 2016 to reach a market share of 18%. The other largest gateways for Italian travelers are Los Angeles and Honolulu that account respectively for 8% and 6% of all Italian visitors.

Air Travel

In November 2016, the Department for Homeland Security (DHS) selected Rome Fiumicino and Milan Malpensa airports for possible Preclearance Expansion. If Preclearance operations are expanded to

these airports, travelers would undergo immigration, customs, and agriculture inspection by U.S. Customs and Border Protection before boarding a flight to the United States rather than upon arrival.

The homeland security benefits of Preclearance include preventing high-risk travelers from boarding aircraft bound for the United States. In addition to enhancing security, preclearance generates the potential for significant economic benefits for the United States and our international partners by reducing wait times at domestic gateways, creating an overall increase in clearance capacity, facilitating quicker connections to U.S. domestic flights, and maximizing aircraft and gate utilization.

Three U.S. carriers (American Airlines, Delta and United), two Italian carrier (Alitalia and AirItaly) as well as Emirates Airlines and Norwegian Air offer daily non-stop service between the United States and Italy. Direct flights are offered from major cities (Milan, Rome) and Venice during the summer to many American destinations including Atlanta, Boston, Charlotte, Chicago, Detroit, Dallas, Los Angeles, Miami, New York, Oakland Philadelphia and Washington DC. During the summer months, more than thirty non-stop flights connect Italy to the United States, most of them with daily departures; this amounts to over 180 direct flights each week.

According to data published by the Italian Air Aviation Agency (ENAC) for 2016 the route Milan Malpensa to New York JFK is the most popular non-EU route in Italy with 689,995 commercial passengers followed by Rome Fiumicino to Tel Aviv (677,453 passengers) and Rome Fiumicino to New York JFK with 652,262 passengers. Other popular routes from Italy to the U.S. are Rome Fiumicino to Atlanta (221,287 passengers), Rome Fiumicino to Chicago (209,521 passengers), Rome Fiumicino to Miami (166,689), Milan Malpensa to Newark (151,022 passengers), Rome Fiumicino to Philadelphia (148,830).

In terms of hotel bookings, most major U.S. hotel chains are represented in Italy: Best Western International, Fairmont & Raffles, Hilton Worldwide, Hyatt, Marriott International, Starwood and Wyndham Hotel Group, thus making bookings in the U.S. relatively easy for the Italian buyer.

The Italian tourist profile:

Data notes the following trends among Italian tourists:

- Outbound traveler is average aged between 35 and 54;
- Seniors represent an emerging and relevant traveler segment profile with high purchase power and able to travel in any period of the year;
- Most travelers come from urban areas with a medium-high social and cultural profile;
- They generally prefer organized tours with Italian speaking guides;
- Italians consider the quality of accommodation and food to be very important;
- Italians are traditionally last-minute bookers.

Tour Operators: in Italy there are more than 280 Tour Operators, but only four recorded revenue exceeding 100 million euros per year. Small-medium sized companies are the real engine of the market because they ensure greater flexibility and speed of response to travel agencies; personalized services, innovative products and the possibility to expand targets.

Travel Agency Networks: around 8500 travel agencies are currently working in Italy. Most of them (around 7000) are associated to a travel network. In July 2016, 19 consortia were present in the market (they were 27 in 2017). The main 5 Italian networks are:

Welcome/Geo, Bluvacanze, Gattinoni Mondo di Vacanze, UVET, Robintour.

Travel Agencies: only 54 percent of sales of travel agents are Tour Operators products; 46 percent is defined as “self-tour operating” with direct negotiations between the Italian travel agent and the

inbound and/or hotel in the destination. The main market trends include: vertical integration of the travel network and group trips organized by single travel agencies.

OTA (Online Travel Agencies): online booking is becoming more and more complex. From mass market websites created to “save money” (e.g. Volagratis, Lastminute), to the research of the “hidden secrets” (e.g. SecretEscape, TripAdvisor). Creation of special packages for web users sold through specialized portals (e.g. SecretEscape) or dedicated to specific targets (e.g. active travel, travel with bloggers...).

E-Commerce

The Italian tourism market continues to be dominated by the steady growth of e-commerce and mobile sales. According to the 2017 edition of the e-commerce survey conducted by Politecnico di Milano, travel related e-commerce in Italy is growing at a rate of 9% and is worth an estimated \$1.3 billion, 20% of the entire value of travel and tourism expenditures. 15% of the travel e-commerce is directed towards accommodation bookings, 12% towards tour packages and 73% towards train and air tickets. Within accommodation bookings about 1 in every 5 transaction is made through a sharing economy platform.

Leading Sub-Sectors

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.

Opportunities

In January 2018, Brand USA named Hills Balfour as the new representation firm for the overall European market. To sharpen its Italian focus, Hills Balfour is partnering with Milan-based Interface Tourism Italy, a marketing, public relations, and representation agency that operates exclusively in travel and tourism.

Trade Shows:

TTG Incontri – Brand USA Pavilion: October 10-12 2018, Rimini, Italy. 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. <http://www.ttgincontri.it/>

BIT Milan – Visit USA Pavilion: February 10-12, 2019, Milan Italy. The U.S. Commercial Service in Italy will support the U.S. delegation at BIT. BIT is participating in the Trade Fair Certification program of the U.S. Department of Commerce. <http://bit.fieramilano.it/?lang=en>

Showcase USA-Italy: March 2-5, 2019 (just before ITB in Berlin), Bergamo, Italy. Showcase USA-Italy is the only marketing event exclusively dedicated to promoting 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 a pre-event briefing. www.export.gov/italy

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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Agricultural Sector

Overview

The Foreign Agricultural Service (FAS) is part of the U.S. Department of Agriculture (USDA) and is U.S. agriculture's link to the constantly changing global marketplace. Italy is the third-largest economy in the euro-zone, with a GDP estimated at \$2.2 trillion and a per capita GDP of \$36,800. Being 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. Italy exports mainly consumer products to the United States, while the United States exports mostly bulk commodities to Italy. U.S. agricultural and fish exports to Italy were \$1.0 billion and U.S. imports from Italy were \$4.6 billion.

Bilateral Ag Trade 2017 (Food, Fish and Forestry)

- In 2017, U.S. agricultural and fish exports to Italy were \$1.0 billion
- In 2017, U.S. imports from Italy reached \$4.6 billion

U.S. leading exports to Italy		Italian leading exports to the U.S.	
Tree nuts:	\$288 million	Wine and Beer: \$1.875 billion	
Wheat:	\$117 million	Olive oil: \$580 million	
Fish products:	\$83 million	Cheese: \$307.2 million	

Snack million	foods:	\$161.1	Processed Red meats: \$113.9 million
Beef and beef million	products:	\$62	Coffee: \$101.4 million

Agriculture is one of Italy's key economic sectors, accounting for around 2.1% 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 beer, chocolate, fresh fruits, snack foods, and wine. All sectors that have seen growth in recent years.

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.

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.

The Italian Hotel and Food Service Industry

Every year more than 49 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.

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 refer to the FAS Rome webpage for information on U.S. agricultural genetics, bulk and processed commodities, food, and beverage products, market intelligence and market sector briefs to help U.S. firms better understand the Italian market.

<https://it.usembassy.gov/embassy-consulates/rome/sections-offices/fas/>

Contacts for the Foreign Agricultural Service office, Rome:

Office of Agricultural Affairs

U.S. Embassy

Via Veneto 119A

00187 Rome, Italy

Tel.: +39-06-4674-2396

Fax: +39-06-4788-7008

E-mail: agrome@fas.usda.gov

Website: <https://it.usembassy.gov/embassy-consulates/rome/sections-offices/fas/>

Customs, Regulations & Standards

Trade Barriers

For information on existing trade barriers, please see the [National Trade Estimate Report on Foreign Trade Barriers](#) published by USTR.

Information on agricultural trade barriers can be found at the following website: [Foreign Agricultural Service](#)

To report existing or new trade barriers and get assistance in removing them, contact either the [Trade Compliance Center](#) or the [U.S. Mission to the European Union](#)

For information on existing trade barriers, please see the [National Trade Estimate Report on Foreign Trade Barriers](#) published by USTR.

Information on agricultural trade barriers can be found at the following website: [Foreign Agricultural Service](#)

To report existing or new trade barriers and get assistance in removing them, contact either the [Trade Compliance Center](#) or the [U.S. Mission to the European Union](#)

Import Tariff

When products enter the EU, they need to be declared to customs according to their classification in the Combined Nomenclature (CN). The CN document is updated and published every year, and the latest version can be found on the [European Commission's website](#).

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: [TARIC](#)

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. [Import Restrictions on Agricultural Products](#)

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.

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 trade 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:

[Single Administration Document](#)

[EU Customs Code](#)

The Union Customs Code (UCC) was adopted in 2013 and its substantive provisions went into effect on 1 May 2016. It has replaced the Community Customs Code (CCC). In addition to the UCC, the European Commission published delegated and implementing regulations on the actual procedural changes.

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 authorities of the specific member state to which the company first exports. Member state customs 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 [Economic Operator Identification and Registration](#)

U.S. - EU Agreement on Customs Cooperation and Mutual Assistance in Customs Matters Since 1997, the U.S. and the EU have had a Customs Cooperation and Mutual Assistance in Customs Matters Agreement (CMAA). For additional information, please see [Agreements with the United States](#)

In 2012 the United States and the EU signed a Decision recognizing the compatibility of AEO (Authorized Economic Operator) and C-TPAT (Customs-Trade Partnership Against Terrorism), thereby facilitating faster and more secure trade between U.S. and EU operators. The World Customs Organization (WCO) SAFE Framework of Standards provides the global standard for AEO. AEO certification is issued by a national customs authority and is recognized by all Member States' 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 the Decision will result in lower costs, simplified procedures and greater predictability for transatlantic business activities. It officially recognizes the compatibility of AEO and C-TPAT programs, thereby facilitating faster and more secure trade between U.S. and EU operators. The Decision was originally signed in May 2012 and was implemented in two phases. The first commenced in July 2012 with U.S. Customs and Border Protection (CBP) 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. CBP identification numbers for foreign manufacturers (MID) are therefore recognized by customs authorities in the EU, as per Implementing Regulation 58/2013 (which amends EU Regulation 2454/93 cited above).

Additional Information on the Decision

Introduction

A key EU priority is to ensuring products marketed in the region are safe for the environment and human health. U.S. manufacturers exporting to the European Union need to ensure their products meet these requirements to enter the market.

New Initiatives: Circular Economy & Plastics Strategy

On 25 September 2014, the European Commission published the Communication "Towards a circular economy: A zero waste programme for Europe". The Communication acknowledges the intense competition for resources within Europe and the need to ensure market mechanisms eliminate waste. When implementing this package, the European Commission will promote regulatory and voluntary measures that encourage the "design out" of waste during the product development cycle. These measures include introducing mandatory recycling targets for waste, improvements to energy and resource use (e.g. water) and eliminating the use of materials in products that inhibit the collection, recycling and reuse of materials in products.

On 16 January 2018, the European Commission published what is arguably the most important measure towards implementing the circular economy. On that day it adopted a strategy document entitled, "A European Strategy for Plastics in a Circular Economy". The strategy acknowledges that plastics have a positive and negative impact on the environment, while calling for voluntary and

regulatory measures aimed at mitigating the environmental harm caused by plastics. These measures address marine litter caused by the shipping industry; measures addressing the chemical composition of plastics to encourage recycling; potential regulation on single use plastics; and funding for the development of chemical and mechanical recycling.

Batteries

The EU Battery Directive adopted in 2006 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 to assist interested parties in interpreting its provisions. For more information, see our market research report.

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. Candidate List

The Authorization 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. It also requires manufacturers to inform the consumer that their product should be recycled by including the "crossed out wheelie-bin" symbol on the product or with the packaging. (See the section entitled "Mandatory Marks and Labels" for more information.) The WEEE Directive was revised on July 4, 2012 and the scope of products covered was expanded to include all electrical and electronic equipment. 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. (See the section entitled "Mandatory Marks and Labels" for more information.) 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:

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 the entity responsible for the import of their product into the EU, or establish a presence in an EU Member State.

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](#).

Sanitary Certificates (Fisheries)

In April 2006, the European Union declared the U.S. seafood inspection system to be 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 United States 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 website](#)

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
- Cosmetics
- Dangerous Substances
- Explosive Atmosphere
- Electrical & Electronic Equipment
- Household Appliances
- Pricing
- Footwear
- Units of Measurement
- Automotive
- Tire labeling
- Maritime
- Materials in Contact with Food
- Noise Emissions
- Wood packaging
- Energy Efficiency

- Recycling - Separate Collection

Voluntary Marks and Labels

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

Recycling Marks

Voluntary and mandatory marks and labels apply to all Member States of the EU, countries in the European Economic Area, European Free Trade Association, as well as candidate countries seeking membership to the EU.

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” law 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 (NLF) 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 are in force since 2016.

Note: The EU is currently finalizing new legislation that will impact CE marking for medical devices. The new regulations have transition period with the new measures coming into force in 2020 for medical devices and 2022 for in-vitro medical devices.

For more information:

[CE Marketing](#)

[Harmonized Standards](#)

[New Legislative Framework](#)

[CE Marking Laws Applicable](#)

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](#)

ENERGY LABELING

Energy	
Manufacturer Model	Fridge-Freezer
More efficient Less efficient	A
Energy consumption kWh/year <small>(Based on standard test results for 24h)</small>	325
<small>Actual consumption will depend on how the appliance is used and where it is located</small> Fresh food volume l Frozen food volume l	190 126
Noise (dB(A) re 1 pW)	***
<small>Further information is contained in product brochures</small> <small>Norm EN 153 May 1990 Refrigerator Label Directive 94/CEC</small>	

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. With the adoption of Regulation 2017/136 on energy labeling, which entered into force on August 1, 2017, the original directive 2010/30/EU was repealed; labeling categories were simplified; and the scope was extended.

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 brochures or other literature.

For more information

[Clearer Energy Labelling](#)
[Energy Consumption](#)

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

[Mechanical Engineering](#)
[Directive 2014/34/EU](#)

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

[Noise Emissions](#)

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 is applicable since September 18, 2016.

For more informationDirective 2014/90/EC**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 informationTextiles Legislation**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 the 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 informationFootwear**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 ingredients" and that "the names of such ingredients shall be followed by the word 'nano' in brackets".

For more information

[Regulation 1223/2009](#)

[Market Research Report on "EU Cosmetics Legislation"](#)

DANGEROUS SUBSTANCES

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 implements the classification, labeling and packaging requirements for chemicals based on the Worldwide United Nation's Globally Harmonized System (UN GHS).

For more information

Regulation 1272/2008/EC on the classification, labeling and packaging

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

Legal Metrology

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.

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:

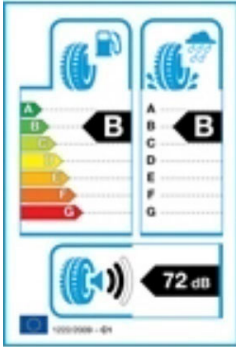
Existing Motor Vehicles Directives

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:
[Automotive Legislation](#)

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:
[Energy Topics](#)
[Directive 1222/2009/EC](#)
[Directive 288/2011/EC](#)

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 pages.

For more information
[Directive 94/62/EC](#)

Wood Packaging



XX represents the ISO country code.
 000 represents the unique number assigned by the national plant protection organization.
 YY represents either HT for heat treatment or MB for methyl bromide fumigation.

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
[Requirements for wood packaging and dunnage](#)

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

[Legislation on Food Contact Materials](#)

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

[Prepackaging](#)

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

All-purpose cleaners and cleaners for sanitary facilities	Household cleaning products	Textile products
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.”

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: Fish

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](#)

[Eco-labels for Fisheries and aqua products](#)

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://ec.europa.eu/environment/waste/target_review.htm

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 one shown above is just one small sample of the total existing to show recyclability.

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 [Pro Europe](#).

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: [BIS Exporting Controls](#)

BIS Enforcement

BIS has developed a list of "red flags," or warning signs, intended to discover possible violations of the EAR. The list can be found in the "[Know Your Customer](#)" guidance document.

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: [BIS Reporting Violations](#)

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 website](#).

It is important to note that in August 2009 a broad-based interagency review of the U.S. export control system was initiated, 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 reform is being implemented 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

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](#)

For further details about the Bureau of Industry and Security and its programs, please visit the [BIS website](#).

Temporary Entry

Specific information on the [ATA Carnet Customs](#) procedure used for temporary importation, transit and temporary admission of goods designed for specific purposes, duty-free and tax-free (such as professional equipment for presentations or trade fairs).

For information on this topic please consult the Commerce Department's Country Commercial Guides on EU Member States: [EU Member States' Country Commercial Guides](#)

Alternatively, search the Commerce Department's Market Research Library, available from: [Market Intelligence](#) under Country and Industry Market Reports.

Prohibited & 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: [Taxation Customs and Tariffs](#)

Customs Regulations

The following provides information on 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. The EC continues to evaluate the timeline by which the EU-wide integration of the customs IT system can be implemented. The current deadline of December 2020 may be extended until 2025 ([draft proposal](#))

Key Link: [Homepage of Customs and Taxation Union Directorate \(TAXUD\) Website](#)

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 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: [Customs Procedures](#)

Standards for Trade

Products tested and certified in the United States to U.S. 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. An example 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 are being addressed and new reference numbers are to be used on declarations of conformity. For more information about the NLF.

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.

Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, and in January 2002 the EU publicized 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/

There are also export guides to import regulations and standards available on the Foreign Agricultural Service's website: 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
2. CENELEC, European Committee for Electrotechnical Standardization
3. ETSI, European Telecommunications Standards Institute

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, labor and consumer groups. The Commission also provides money to the European standards bodies when it mandates standards development for harmonized standards that will be linked to EU legislation. Mandates- or requests (the Commission requests CEN/CENELEC or ESTI to develop standards) for standards.

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 the Western Balkan countries among others. Another category, called "companion standardization body" includes the standards organization of Morocco, Israel, Kazakhstan and Australia, among others which are not likely to become a CEN member or affiliate for political and geographical reasons.

To view 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](#) 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 harmonized standards (EN)¹⁹. 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 relatively recent 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. The Joint Initiative on Standardization, launched in 2016 with a number of action items to improve European standardization, involves a large group of stakeholders who are committed to deliver results by 2019.

Key Link: [Standardization Policy](#)

Testing, Inspection and Certification

Conformity Assessment

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU harmonized 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 the New Approach Notification and Designated Organizations (NANDO) information system.

Key Link: [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 EFTA (Norway, Liechtenstein Iceland, Switzerland) and Turkey U.S. exporters are required to apply CE marking whenever their

¹⁹ An EN standard is a standard developed by CEN/CENELEC and ETSI at the request of the EC in order to meet the essential requirements or other provisions of relevant European Union harmonization legislation

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 essential requirements of EU harmonized legislation. 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 and EFTA. 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 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" 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

Official Journal of the EU 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. It also lists the standards reference numbers linked to legislation (Harmonized Standards).

National technical regulations are published on the Commission's website to allow other countries and interested parties to comment.

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

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. **Notify U.S.** (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes

available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest, and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Contact Information

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National Institute of Standard & Technology

Gordon Gillerman Standards Coordination Office

100 Bureau Dr.

Mail Stop 2100

Gaithersburg, Maryland 20899

Tel: (301) 975-4000

CEN- European Committee for Standardization

Avenue Marnix 17

B – 1000 Brussels, Belgium

Tel: 32.2.550.08.11

Fax: 32.2.550.08.19

CENELES- European Committee for Electrotechnical Standardization

Avenue Marnix 17

B – 1000 Brussels, Belgium

Tel: 32.2.519.68.71

Fax: 32.2.519.69.15

ETSI- European Telecommunications Standards Institute

Route des Lucioles 650

Sophia Antipolis

F-06560 Valbonne France

Tel: 33.4.92.94.42.00

Fax: 33.4.93.65.47.16

SBS- Small Business Standards

4, Rue Jacques de Lalaing
B-1040 Brussels

Tel: 32.2.285.07.27 Fax : +32-2/230.78.61

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

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

EOTA- European Organization for Technical Assessment

Avenue des Arts 40
B – 1040 Brussels, Belgium
Tel: 32.2.502.69.00
Fax: 32.2.502.38.14

Trade Agreements

For a list of trade agreements with the EU and its Member States, as well as concise explanations, please see

[EU Trade Agreements](#)

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 initiative 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 an **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 identify what the regulated professions are and what document are needed for their recognition in each Member State. Please see: [Recognition of Professional Qualification](#).

Web Resources

EU websites:

[TARIC](#)

[The Modernized Community Customs Code](#)

[ECHA](#)

[Taxation and Customs Union](#)

[Security and Safety Amendment to the Customs Code](#)

[Electronic Customs Initiative](#)

[Modernized Community Customs Code Regulation](#)
[Legislation related to the Electronic Customs Initiative](#)
[Trade Helpdesk http://trade.ec.europa.eu/tradehelp/](http://trade.ec.europa.eu/tradehelp/)
[What is Customs Valuation?](#)
[Establishing the Community Customs Code](#)
[Pre-Arrival/Pre-Departure Declarations](#)
[AEO: Authorized Economic Operator](#)
[Contact Information at National Customs Authorities](#)
[New Legislative Framework](#)
[Cenelec, European Committee for Electrotechnical Standardization](#)
[ETSI, European Telecommunications Standards Institute](#)
[CEN, European Committee for Standardization](#)
[Standardisation- Mandates](#)
[ETSI- Portal- E-Standardisation](#)
[CEN- Sector](#)
[CEN- Standard Search](#)
[NANDO \(New Approach Notified and Designated Organizations\) Information System](#)
[European Co-Operation for Accreditation](#)
[Eur-Lex- Access to European Union Law](#)
[Standards Reference Numbers](#)
[What's New?](#)
[National Technical Regulations](#)
[NIST- Notify U.S.](#)
[European Union Eco-Label Homepage](#)

U.S. websites:

[National Trade Estimate Report on Foreign Trade Barriers](#)
[Agricultural Trade Barriers](#)
[Trade Compliance Center](#)
[U.S. Mission to the European Union](#)
[The New EU Battery Directive](#)
[The Latest on REACH](#)
[CE Marking](#)
[WEEE and RoHS in the EU](#)
[Overview of EU Certificates \(FAS\)](#)
[Center for Food Safety and Applied Nutrition](#)
[Trade Agreements](#)

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 percent of Italian businesses. Italy is an original member of the 19-nation Eurozone. Germany, France, the United States, the United Kingdom, Spain, and Switzerland 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, access to the European Common 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 recovery 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 recent government initiatives have made progress to improve Italy's investment climate.

Table 1

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2017	54 of 175	http://www.transparency.org/research/cpi/overview
World Bank's Doing Business Report "Ease of Doing Business"	2018	46 of 190	doingbusiness.org/rankings
Global Innovation Index	2017	29 of 128	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in partner country (\$M USD, stock positions)	2016	\$24.7 billion	http://www.bea.gov/international/factsheet/
World Bank GNI per capita	2016	\$31,720	http://data.worldbank.org/indicator/NY.GNP.PC.AP.CD

Openness to and Restrictions upon Foreign Investment

Policies Towards Foreign Direct Investment

- Describe the government/authority's overall attitude toward FDI.
- Are there laws or practices that discriminate or are alleged to discriminate against foreign investors, including and especially U.S. investors, by prohibiting, limiting or conditioning foreign investment in a sector of the economy (either at the pre-establishment (market access) or post-establishment phase of investment)?
- Does the country/economy have an investment promotion agency to facilitate foreign investment? What services do they provide?
- Does the country/economy prioritize investment retention or maintaining an ongoing dialogue with investors (for example, through a formal business roundtable, Ombudsman, etc.)?

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 Italian authorities with the right to review mergers and acquisitions for market dominance. In addition, the Italian government may block mergers and acquisitions involving foreign firms under the "Golden Power" law if they are determined to be essential to the national economy. This law was enacted in 2012 and further implemented with decrees in 2015 and 2017. The Golden Power law allows the Government of Italy (GOI) to block foreign acquisition of companies operating in strategic sectors (identified as defense/national security, energy, transportation, telecommunications, critical infrastructure, sensitive technology, and nuclear and space technology). The GOI's Golden Power authority always applies in cases in which the potential purchaser is a non-EU company and is extended to EU companies if the target of the acquisition is involved in defense/national security activities. In this respect, the GOI has a say regarding the ownership of private companies as well as ones in which the government has a stake. This law replaced the "Golden Share" which the GOI previously held in former state-owned firms that were partially privatized in the 1990s and 2000s. Thus, for example, under the Golden Power legislation the GOI still has some authority over foreign investment in leading telecommunications firm Telecom Italia (TIM), even though it no longer holds any direct share in the firm. The law also allows the State to maintain oversight over entire strategic sectors as opposed to individual companies, and by replacing the Golden Share legislation, enabled Italy to address accusations that the Golden Shares violated European treaties. An inter-agency group led by the Prime Minister's office reviews acquisition applications and prepares the dossiers/recommendations for the Council of Ministers' decision.

Although many former monopoly operators have been partially or fully privatized, the GOI retains a controlling interest, either directly or through the state-controlled sovereign wealth fund Cassa Depositi e Prestiti (CDP), in shipbuilder Fincantieri (71.6 percent), postal and financial services provider Poste Italiane (65 percent), electricity provider ENEL (23.6 percent), oil and gas major Eni (30 percent), defense conglomerate Leonardo-Finmeccanica (30.2 percent), and natural gas infrastructure firm Snam (30.1 percent), as well as electricity transmission provider Terna (29.85 percent). Moreover, as noted above, while it does not own any shares in former monopoly TIM, under the Golden Power law, in October 2017 the GOI exercised its authority to review a foreign investor's partial acquisition of the company citing national security concerns. Government policy in these sensitive economic sectors may take into account the interests of these specific firms.

According to the latest figures available from the Italian Trade Agency (ITA, also known by its Italian acronym ICE), 6,119 foreign companies operate in Italy and foreign investors own significant shares of 12,768 Italian companies. These companies employed 1,211,872 workers with overall sales of €573.6 billion. ICE operates under the umbrella of the Italian Ministry of Economic Development.

Italy has an investment promotion agency to facilitate foreign investment. The Italian Trade Agency (ITA) operates Invest in Italy and is administered by the Ministry of Economic Development: <http://www.investinitaly.com/en/>. The Foreign Direct Investment Unit of ITA facilitates the establishment and the development of foreign companies in Italy by promoting business opportunities, helping foreign investors to establish or expand their operations, supporting investors, and offering tutoring services for existing investors. As of March 2018, ITA maintained a presence in 70 countries to assist foreign investors.

Invitalia is the national agency for inward investment and economic development, owned by the Italian Ministry of Economy and Finance. The agency focuses on strategic sectors for development and employment. It places an emphasis on southern Italy, where investment and development lag in comparison to the rest of the country. It manages all national incentives that encourage the creation of new companies and innovative startups. Invitalia finances projects both large and small, targeting entrepreneurs with concrete development plans, especially in innovative and high-added-value sectors. For more information, see <http://www.invitalia.it/site/eng/home/who-we-are/the-agency.html>.

The Ministry of Economic Development also has a program to attract innovative investments: <http://www.sviluppoeconomico.gov.it/index.php/en/>.

Italy's main business association (Confindustria) also provides assistance to retain existing companies in Italy: <http://www.confindustria.it/wps/portal/EN/>.

Limits on Foreign Control and Right to Private Ownership and Establishment

A. Is there a right for foreign and domestic private entities to establish and own business enterprises and engage in all forms of remunerative activity?

B. Are there any general limits on foreign ownership or control – statutory, de facto, or otherwise? If so, are waivers granted? Examples may include requirements that domestic nationals own a set percentage of ownership in domestic companies, that they hold seats on the board, or that the percentage of foreign ownership be capped at a certain level or reduced over time.

C. Identify specific sectors with restrictions, limitations, or requirements applied to foreign ownership and control and describe the nature of the restriction or requirement. Examples include an outright prohibition on investment, equity caps, mandatory domestic joint venture partner, licensing restrictions, and mandatory intellectual property (IP)/technology transfer requirements.

D. Does the host country maintain an investment screening mechanism for inbound foreign investment? If so, what is the proposed purpose – national security, economic factors, or otherwise – and does the mechanism go beyond its mandate, and pose a de facto barrier to investment?

E. Are U.S. investors especially disadvantaged or singled out by any of the ownership or control mechanisms, sector restrictions, or investment screening mechanisms, relative to other foreign investors?

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 involved in reviewing foreign acquisitions.

Italy maintains a formal screening process for inbound foreign investment only in the sectors of defense/national security, transportation, energy, telecommunications, critical infrastructure, sensitive technology, and nuclear and space technology under its “Golden Power” legislation, and where there may be market concentration (antitrust) issues. U.S. investors have not been disadvantaged relative to other foreign investors under the mechanisms described above.

Other Investment Policy Reviews

A. In the past three years, has the government undergone any third-party investment policy reviews (IPRs) through a multilateral organization such as the OECD, WTO, or UNCTAD? If there are policy recommendations, please provide a link to the website or report.

In the past three years Italy has not undergone any third-party investment reviews through multilateral organizations such as the OECD, WTO, or UNCTAD.

Business Facilitation

A. Please describe the government's business facilitation efforts, in the sense of factors assessed in the reference studies cited below.

B. Please list the country/economy's business registration website, if one exists; indicate if the online business registration process is clear and complete and whether foreign companies can use it. With which agencies must a company typically register (e.g. business registry, tax administration, social security, municipalities etc.)? How long does the business registration process take? Does the country endeavor to implement a single window registration process and if so, explain significant developments in implementation over the last year? Describe areas for improvement, especially those which would benefit U.S. firms.

C. Do the countries business facilitation mechanism provide for equitable treatment of women and underrepresented minorities in the economy? Do any of the mechanisms provide assistance to women and underrepresented minorities, and if so, provide any available evidence that these mechanisms are successful?

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 2018, Italy is ranked 66 out of 190 countries in terms of the ease in starting a business: it takes six procedures and 6.5 days to start a business in Italy regardless of gender. Additional licenses may be required, depending on the type of business to be conducted.

Invitalia and the Italian Trade Agency's Foreign Direct Investment Unit do assist those wanting to set up a new business in Italy. Many Italian localities also 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.

Outward Investment

A. Does the host government promote or incentivize outward investment, and if so, to what countries or sectors and via what mechanism?

B. Does the host government restrict domestic investors from investing abroad, and if so, to what countries/sectors and via what mechanism?

Italy does not promote, restrict, or incentivize outward investment nor restrict domestic investors from investing abroad.

Bilateral Investment Agreements and Taxation Treaties

Italy has no bilateral investment treaty (BIT) with the United States. Italy has not concluded any new BITs since 2014, or signed a BIT since 2009, when the European Union assumed exclusive competence for negotiating investment treaties on behalf of all member states (which it may choose to derogate, on a case-by-case basis, at a member state's request). For more information, see <http://ec.europa.eu/trade/policy/accessing-markets/investment/>. As an EU member, Italy's FTA negotiations are likewise handled at the EU level: <http://ec.europa.eu/trade/policy/>.

Italy has bilateral investment agreements with the following countries (for more information and text of the agreements, see <http://investmentpolicyhub.unctad.org/IIA/CountryBits/103>):

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), Cuba, Cyprus (signed, not in force), Democratic Republic of Congo (signed, not in force), Djibouti, Dominican Republic, Ecuador, Egypt, Eritrea, Ethiopia, Gabon, Georgia, Ghana (signed, not in force), Guatemala, Guinea, Hong Kong, India, , Iran, Islamic Republic of, Jamaica, Jordan, Kazakhstan, Kenya, Korea, DPR of (signed, not in force), Korea, Republic of, Kuwait, Lebanon, Libya, Macedonia FYR, Malawi, Malaysia, , Mauritania, Mexico, Moldova, Republic of, Mongolia, Morocco, Mozambique, Namibia, Nicaragua, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Qatar, Russian Federation, Saudi Arabia, Senegal, Serbia (signed, not in force), South Africa, Sri Lanka, Sudan (signed, not in force), Syrian Arab Republic, Tanzania, United Republic of, Tunisia, Turkey, Turkmenistan (signed, not in force), Uganda, United Arab Emirates, Uruguay, Uzbekistan, Venezuela (signed, not in force), Vietnam, Yemen, Zambia, Zimbabwe (signed, not in force).

Bilateral Taxation Treaties

A. BITs or FTAs:

- With which other countries/economies has the country signed BITs or FTAs?
- With which other countries/economies is the country currently engaged in ongoing BIT or FTA negotiations?

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

Italy has bilateral investment agreements with the following countries (for more information and text of the agreements, see <http://investmentpolicyhub.unctad.org/IIA/CountryBits/103>):

Albania, Algeria, Angola, Argentina, Armenia, 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), Cuba, Democratic Republic of Congo (signed, not in force), Djibouti, Dominican Republic, Ecuador, Egypt, Eritrea, Ethiopia, Gabon, Georgia, Ghana (signed, not in force), Guatemala, Guinea, Hong Kong, Iran, Jamaica, Jordan, Kazakhstan, Kenya, DPR of Korea (signed, not in force), Republic of Kuwait, Lebanon, Libya, Macedonia FYR, Malawi, Malaysia, Malta (signed, not in force), Mauritania, Mexico, Moldova, Republic of Mongolia, Morocco, Mozambique, Namibia, Nicaragua, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Qatar, Russian Federation, Saudi Arabia, Senegal, Serbia (signed, not in force), South Africa, Sri Lanka, Sudan (signed, not in force), Syrian Arab Republic, Tanzania, United Republic of Tunisia, Turkey, Turkmenistan (signed, not in force), United Arab Emirates, Uruguay, Uzbekistan, Venezuela (signed, not in force), Vietnam, Yemen, Zambia, Zimbabwe (signed, not in force).

Italy has not signed a BIT since 2009 and has not concluded a BIT since 2014. Since 2009, investment treaty negotiation falls within the exclusive competence of the EU: <http://ec.europa.eu/trade/policy/accessing-markets/investment/>.

As an EU member, Italy's FTA negotiations are handled at the EU level: <http://ec.europa.eu/trade/policy/>.

B. Bilateral Taxation Treaties:

- Does the country have a bilateral taxation treaty with the U.S.? Or a tax agreement with any other countries?
- Describe any recent or upcoming changes to the taxation regime, ongoing systemic tax disputes between the government and foreign investors, or other taxation issues of concern to U.S. investors?

Italy has a bilateral taxation treaty with the United States. The text of the treaty is available at <https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z>

Italy ranked 46 out of 190 countries in the World Bank's 2018 Ease of Doing Business Report. 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 unfairly 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. Recently, Italy has made paying taxes less costly by temporarily exempting employers from some social security contributions and by improving the electronic system for preparing and paying labor taxes.

As an EU member, Italy's FTA negotiations are handled at the EU level: <http://ec.europa.eu/trade/policy/>.

Legal Regime

Transparency of the Regulatory System

A. Does the government/authority use transparent policies and effective laws to foster competition on a non-discriminatory basis, and establish "clear rules of the game?" Are legal, regulatory, and accounting systems transparent and consistent with international norms?

B. Formal Regulatory Authority and Processes:

- Where does rule-making and regulatory authority exist?
- What levels of regulation exist (local, state, national, supra-national) and which are the most relevant for foreign businesses?
- Describe processes for how regulations developed?
- Is regulation reviewed on the basis of scientific or data-driven assessments? Are scientific studies or quantitative analysis conducted on the impact of regulations made publicly available, for comment?

C. Informal Regulatory Processes: Are there any informal regulatory processes managed by nongovernmental organizations or private sector associations and, if so, are there any aspects of such processes that U.S. investors allege discriminate against foreign investors?

D. Accounting, legal, and regulatory procedures: Are they transparent and consistent with international norms? To which accounting standards do publicly listed companies adhere?

E. Draft Legislation: Are draft bills or regulations made available for public comment, or through a public consultation process, i.e. along the lines of U.S. federal notice and comment procedures? If so, do these mechanisms also apply to investment laws and regulations?

F. Online Regulatory Disclosure: Is there a centralized online location where key regulatory actions are published similar to the Federal Register in the U.S.? Is the content the actual draft text, or a precis / executive summary that interprets the underlying draft regulatory language? Are all public comments received by regulators made public, online or otherwise?

G. Transparency Enforcement Mechanisms:

- What are the regulatory enforcement mechanisms? Is the enforcement process legally reviewable or otherwise made accountable to the public?
- What oversight or enforcement mechanisms ensure governments follow administrative processes?
- Have any regulatory system including enforcement reforms been announced since the last ICS report? In particular, those that are relevant to foreign investors?
- Have regulatory reform efforts announced in prior years been fully implemented?
- What are the general implications of these reforms to the country and economy as a whole?

Regulatory authority exists at the national, regional, and municipal level. All applicable regulations could potentially be relevant for foreign investors. Regulations are developed at the national level by the GOI and individual Ministries, as well as independent regulatory authorities. Regional and municipal authorities issue regulations at the sub-national level. Draft regulations may be posted for public comment, but there is generally no requirement to do so. Final national-level regulations are in general published in the Gazzetta Ufficiale (and only become effective upon publication). Parliament can request pre-implementation review of certain regulations; these regulations would be published on the parliamentary website in the same manner as pending legislation. Regulatory agencies may publish summaries of received comments. No regulatory reform was undertaken in 2017. Aggrieved parties may challenge regulations in court.

International Regulatory Considerations

A. If the country is part of a regional economic block (e.g. the EU) what is the relationship between national and regional regulatory systems?

B. Which international norms or standards are referenced or incorporated into the country's regulatory system, if any? (European, U.S., other?)

C. If the country is a member of the WTO;

- Does the government notify all draft technical regulations to the WTO Committee on Technical Barriers to Trade (TBT)?
- Is the country a signatory to the Trade Facilitation Agreement (TFA), and if so, describe the country's progress at implementing the TFA requisites. Emphasize any developments which will be beneficial to U.S. firms.

Italy is a Member State of the EU. Directives approved at the EU level generally are brought into force in Italy through implementing legislation. In some areas, EU procedures require Member States to notify the European Commission (EC) before implementing national-level regulations. Italy has on notable occasions failed to notify the EC and/or WTO of draft regulations in a timely way. In 2017, Italy adopted Country of Origin Labelling requirements for a range of products including rice, wheat used to make pasta, and certain tomato-based products. Italy's Economic Development Minister and Agriculture Minister publicly stated these measures would support the "Made in Italy" brand and make Italian products more competitive. Though the requirements were widely regarded as a TBT, Italy failed to notify the WTO in advance of implementing these regulations. Italy is a signatory to the TFA and has implemented all developed-country obligations.

Legal System and Judicial Independence

A. What is the nature of the legal system of the country/economy? (e.g. Civil (Roman or Codified Law), Common, Theocratic, etc.) How do contracts get legally enforced?

B. Does the country/economy have a written commercial law and/or contractual law? Are there specialized courts, such as a commercial or civil court?

C. Does the judicial system remain independent of the executive branch, or does the executive interfere in judiciary matters? Is the current judicial process procedurally competent, fair, and reliable?

D. Are regulations or enforcement actions appealable, and are they adjudicated in the national court system?

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, with 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 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. Some, but far from all, courts in Italy have adopted these reforms. In 2016, the government approved and began implementing a new package of justice reforms intended to build on the 2014 efforts. The 2016 reforms expanded the jurisdiction of the business tribunals to hear commercial contract disputes; tribunals now exist in each region of Italy. A second reform in 2016 encouraged the use of mediation in national and international disputes between professionals (attorneys, accountants, etc.) and their customers.

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.

Regulations can be appealed in the court system.

Laws and Regulations on Foreign Direct Investment

Describe the country/economy's legal system as it relates to foreign investment.
A. Cite major laws, regulations, and judicial decisions that have come out in the past year.

Italy is bound by EU laws on FDI.

Competition and Anti-Trust Laws

Identify which agencies review transactions for competition-related concerns (whether domestic or international in nature). Generally describe any significant competition cases on which there have been developments over the past year. Please limit your description to only those which have had an effect on or involved foreign investment.

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 in the broader EU market. As a member of the EU, Italy is also subject to interventions by the European Commission Competition Directorate (DG COMP).

Expropriation and Compensation

- A. Under what circumstances can the government/authority legally expropriate property?
- B. Is there a history of expropriations? If so, explain the process used by the government/authority to expropriate property. Was the claimant offered compensation (fair market value) at the time of expropriation, and was it in a freely transferrable currency?
- C. In cases of expropriations, were claimants or others alleging a lack of due process?

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. Expropriations have been minimal.

Dispute Settlement

ICSID Convention and New York Convention

- A. Is the country/economy a member of, or does it plan to become a Party to, the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID) Convention - also known as the Washington Convention, and/or the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards?
- B. If so, is there specific domestic legislation providing for enforcement of awards under the 1958 New York Convention and/or under the ICSID Convention?

Italy is a member state of 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.

Investor-State Dispute Settlement

- A. Is the government/authority signatory to a treaty or investment agreement in which binding international arbitration of investment disputes is recognized?
- B. If the country has a Bilateral Investment Treaty (BIT) or Free Trade Agreement (FTA) with an investment chapter with the United States (see Section 14), have there been any claims by U.S. investors under the agreement?
- C. Over the past 10 years, how many investment disputes have involved a U.S. person or other foreign investors? Please specify and describe status/outcome.
- D. Do the local courts recognize and enforce foreign arbitral awards issued against the government?
- E. Is there a history of extrajudicial action against foreign investors?

Italy is a contracting state to 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 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. No cases have been terminated or resolved; all remain pending. Italy does not have a history of extrajudicial action against foreign investors.

International Commercial Arbitration and Foreign Courts

- A. Describe any alternative dispute resolution (ADR) mechanisms available as a means for settling disputes between two private parties.
- B. Describe any domestic arbitration body within the country/economy. If one exists, is domestic legislation modeled after any international accepted regulations (i.e. UNCITRAL model law)?
- C. Do the local courts recognize and enforce foreign arbitral awards? Are judgments of foreign courts recognized and enforceable under the local courts?
- D. When SOEs are involved in investment disputes, how frequently have the domestic courts found in the SOE's favor (i.e., what percentage of cases)? Are there complaints about the court processes (e.g., that they are not transparent or discriminatory)?

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); and
- The 1961 European Convention on International Commercial Arbitration (entered into force on 1 November 1970).

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.

Bankruptcy Regulations

- A. Does the country/economy have a bankruptcy law? If so, what rights do creditors, equity shareholders, and holders of other financial contracts (including foreign contract holders) have under bankruptcy law? Is bankruptcy criminalized?
- B. Please provide the name of any credit bureau or other credit monitoring authority serving the country's market. Note any efforts by business facilitation groups or others to advocate for improvements in maintaining creditor information.

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 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 to restructure debts. Additional changes were approved in 2017 (juridical liquidation, early warning, simplified process, arrangement with creditors, insolvency of affiliated companies as a group, and reorganization of indebtedness rules). The measures aim to reduce the number of bankruptcies, limit the impact on the local economy, and facilitate the settlement of corporate disputes outside of the court system. The reform follows on the 2015 reform of insolvency procedures. The legislative "implementation decree" for the 2017 bankruptcy reform has not yet been issued.

In the World Bank's Doing Business Report 2017, Italy ranks 24 out of 190 economies in the category of Ease of Resolving Insolvency.

Industrial Policies

Investment Incentives

Do federal, regional, or local governments offer investment incentives to foreign investors, including land or facilities, grants, tax credit or deferral, access to loans, or employment or training program support? If so, which authorities provide such incentives?

The GOI offers modest incentives to encourage private sector investment in targeted sectors (e.g., innovative companies) and economically depressed regions, particularly in 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.

In January 2018, the GOI also provided “super amortization” and “hyper amortization” (essentially, generous tax deductions) on investments in special areas of the economy. In 2017, the GOI launched the “Industry 4.0” initiative aimed at improving the Italian industrial sector’s competitiveness through a combination of policy measures and research and infrastructure funding.

The Italian tax system does not discriminate between foreign and domestic investors. The corporate income tax (IRES) rate is 24 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 as a percent of commercial profits at 48 percent in 2018, higher than the OECD high-income average of 40.1 percent. The World Bank’s total tax rate measures the amount of taxes and mandatory contributions payable by businesses after accounting for allowable deductions and exemptions as a share of commercial profits. Taxes withheld (such as personal income tax) or collected and remitted to tax authorities (such as value added taxes, sales taxes or goods and service taxes) are excluded. 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 unfairly 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.

Foreign Trade Zones/Free Ports/Trade Facilitation

Describe laws, policies, and practices for any areas designated as Free Trade Zones, Duty Free Zones, or areas with special tax treatment and if foreign-owned firms have the same investment opportunities as country/economy entities. List any major changes to these zones within the reporting period.

The main free trade zone in Italy is located in Trieste, in the northeast. At the 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.

Italy’s “Decree for the South” law (Law 91 of 2017) foresees “Special Economic Zone (ZES – Zone Economica Speciale) managed by port authorities in Italy’s lesser-developed south and islands (the regions of Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily). Investors will be able to access up to €50 million in tax breaks, hiring incentives, reduced bureaucracy, and reimbursement of the IRAP regional business tax, covered by national allotments of €25 million for 2018, €31.5 million for 2019, and €150.2 million for 2020. The Region of Campania approved the strategic plan for implementing the law in Campania on March 28, 2018. It will become operational once the national government gives final approval. The Naples ZES will encompass over 54 million square meters of land in the ports of Naples, Salerno and Castellamare di Stabia, as well as industrial areas and transport hubs in 37 cities and towns in Campania. Incentives are not automatic, as investments will be approved by local government bodies in a procedure governed by the Port Authority of the Central Tyrrhenian Sea. The Campania Region forecasts that the ZES will create and/or save between 15 and 30 thousand jobs. A proposed ZES encompassing the port cities of Bari and Brindisi on the Adriatic is expected to be the next one launched, followed by a ZES planned around the transshipment port of Gioia Tauro in Calabria.

A special free trade zone was established in late 2015 in the areas within the Emilia-Romagna region that were hit by a May 2012 earthquake and by a January 2014 flood. The measure aimed to assist the recovery of these areas through tax exemptions amounting to €39,600,000 for the years 2015 and 2016 for small enterprises headquartered in these areas.

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.

Performance and Data Localization Requirements

A. Employment and Investor Requirements:

- Does the host government mandate local employment? If so, note specific examples, and efforts to enforce the criteria. Please detail any significant examples in Section 12.
- Do any such schemes apply equally to senior management and boards of directors?
- Are there excessively onerous visa, residence, work permit, or similar requirements inhibiting mobility of foreign investors and their employees?
- Are there government/authority-imposed conditions on permission to invest?

B. Goods, Technology, and Data Treatment:

- Does the host government follow "forced localization," the policy in which foreign investors must use domestic content in goods or technology?
- Are there any requirements for foreign IT providers to turn over source code and/or provide access to encryption?
- Are there measurements that prevent or unduly impede companies from freely transmitting customer or other business-related data outside the economy/country's territory?
- Do such measures exceed requirements applicable to data transferred within the country?
- What mechanisms are used to enforce any rules on local data storage within the country/economy? Please identify which government agencies are involved.

C. Investment Performance Requirements:

- Describe any enforcement procedures for performance requirements. Include available information on the country/economy's stated intentions to maintain, increase or decrease performance requirements.
- If there are performance requirements and/or investment incentives (as described above), are they applied uniformly to both domestic and foreign investors, and within those categories, are they applied systematically or on a case-by-case basis?

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, such as a bilateral investment agreement, as described at: <https://www.esteri.it/mae/en/servizi/stranieri/>

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. Italy does not have any enforcement procedures for investment performance requirements. Italy does not require local data storage. Companies transmitting customer or other business-related data within or outside of the EU must comply with relevant EU privacy regulations.

Protection of Property Rights

Real Property

- A. Are property rights and interests enforced? Do mortgages and liens exist? If so, is the recording system reliable?
- B. Are there specific regulations regarding land lease or acquisition by foreign and/or non-resident investors? If so, please list them.
- C. Approximately what proportion of land does not have clear title? If over 10 percent of the land does not have clear title, is there a defined effort by the government to identify property owners and register land titles?
- D. If property legally purchased is unoccupied, can property ownership revert to other owners (such as squatters)?
- E. Are financial mechanisms available for securitization of properties for lending purposes? Are federal, regional and local authorities working with any international bodies to develop secured lending capabilities for investors? (Please describe any significant advances or financial products in Section 7 Financial Sector.)

According to the World Bank, Italy ranks 23 worldwide out of 190 economies for the ease of registering property. 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 on property with titling issues, Post estimates that less than 10 percent of the land in Italy does not have clear title.

Italian law includes provisions whereby peaceful and uninterrupted possession of real property for a period of 20 years can, under certain circumstances, allow the occupying party to take title to a property.

Intellectual Property Rights

- A. Describe the process of protecting and enforcing IP within the country/economy. Address issues such as: legal structure (weak/strong), enforcement (good/bad), infringement on rights, and theft (common/uncommon).
- B. During the past year have any new IP related laws or regulations been enacted? Are there any reform bills pending? Rather than a legislative history, please explain how the new laws would improve/hinder the protection of IP rights.
- C. Does the country/economy track and report on seizures of counterfeit goods? If available, please provide statistics, either through a hyperlink or include the figures into the submission. If no official figures are available, let us know you are providing an estimate. Does the country/economy prosecute IPR violations?
- D. Is this country/economy listed in USTR's Special 301 report? For those listed, please describe any challenges. (See 2017 listings on State's Intranet website at <https://ustr.gov/issue-areas/intellectual-property/Special-301>)
- E. Is this country/economy listed in the notorious market report? (See 2017 listings at: <https://ustr.gov/sites/default/files/files/Press/Reports/2017%20Notorious%20Markets%20List%201.11.18.pdf>)

Italy was removed from the USTR's Special 301 Watch List in 2014 after the Italian Communications Authority's (AGCOM's) issuance of a new regulation to combat digital copyright theft. The regulation created a process by which rights holders can report online infringements to AGCOM, which can then block access to domestic and international sites hosting infringing content. This negated the need for lengthy litigation, which had been required previously. In the three years since the regulations entered into force, AGCOM has issued over 440 blocking orders, while at the same time there has been an increase in sites voluntarily cooperating with rights

holders to remove copyrighted material. AGCOM is now reportedly considering strengthening the application of these existing regulations.

Authorities also continue to pursue trademark violations. In 2016, the last year for which statistics are available, customs and the tax police jointly seized over 26 million counterfeit items (excluding food and beverages, tobacco, and medical products), worth over €286 million.

There have been no major new IP laws or regulations adopted since 2014. The “Mercato dei Venerdi” in northern Italy is listed 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/>.

Financial Sector

Capital Markets and Portfolio Investment

- A. Describe the government/authorities' general attitude toward foreign portfolio investment.
- B. Does the country have its own stock market? Does an effective regulatory system exist to encourage and facilitate portfolio investment? Is there sufficient liquidity in the markets to enter and exit sizeable positions?
- C. Do existing policies facilitate the free flow of financial resources into the product and factor markets?
- D. Does the government and/or central bank respect IMF Article VIII by refraining from restrictions on payments and transfers for current international transactions?
- E. Is credit allocated on market terms? Are foreign investors able to get credit on the local market? Does the private sector have access to a variety of credit instruments?

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 European Central Bank (ECB) assumed direct supervisory responsibilities for the 15 largest Italian banks in 2015 and indirect supervision for less significant Italian banks through the Bank of Italy (<https://www.bankingsupervision.europa.eu/home/html/index.en.html>). 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).

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.

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 the 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 by U.S. citizens and residents. The FATCA agreement officially entered into force in Italy on July 8, 2015.

Italy imposed a financial transactions tax (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 as well, 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 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 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

A. Describe the penetration of banking services within the country.

B. Is the banking sector healthy?

C. If not, what percentage of the total banking sector assets is estimated to be non-performing?

D. What are the estimated total assets of the country/economy's largest banks?

E. Does this country/economy have a central bank system?

F. Are foreign banks or branches allowed to establish operations in the country? If so, are they subject to prudential measures or other regulations? How many correspondent banking relationships are available to the country's central bank? Has the country lost any correspondent banking relationships in the past three years? Are there any current correspondent banking relationships in jeopardy?

- G. If applicable, name any restrictions on a foreigner's ability to establish a bank account? (e.g. establishing residency or residency status)
- H. Has this country/economy explored or announced that it intends to implement or allow the implementation of blockchain technologies in its banking transactions and if so, describe the nature and progress of those efforts?
- I. Describe the nature of alternative financial services in the country/economy, including what types of transaction settlement mechanisms are available

Despite isolated problems at individual Italian banks, the banking system remains sound and capital ratios exceed regulatory thresholds. However, Italian 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 dampened banks' profitability. The ratio of non-performing loans (NPLs) to total outstanding loans decreased significantly since its height in 2017. Currently net NPLs stand at just under €55 billion. The GOI is also taking steps to facilitate acquisitions of NPLs by outside investors, including soliciting investment from foreign investors. In December 2016, the GOI created a €20 billion bank rescue fund to assist struggling Italian banks in need of liquidity or capital support. Italy's fourth-largest bank, Monte dei Paschi di Siena (MPS), became the first bank to avail itself of this fund in January. The GOI also facilitated the sale of two struggling "Veneto Banks" (Banca Popolare di Vicenza and Veneto Banca) to Intesa San Paolo in mid-2017.

Italy's central bank, the Bank of Italy (BOI), is a member of the euro system and the European Central Bank (ECB). In addition to ECB supervision of larger Italian banks, BOI maintains strict supervisory standards. The Italian banking system weathered the 2007-2013 financial crisis without resorting to government intervention.

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.

The banking system in Italy has consolidated significantly since the financial crisis. In 2017, the Italian banking landscape included 70 banking groups (comprising 129 banks), 393 banks not belonging to a banking group, and 82 branches of foreign banks. The GOI is taking further steps to encourage consolidation and facilitate acquisitions by outside investors. 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 and non-cash transactions are relatively uncommon.

The London Stock Exchange owns Italy's only stock exchange: the Milan Stock Exchange (Borsa Italiana). The exchange is relatively small -- 387 listed companies and a market capitalization of only 31.8 percent of GDP as of January 1, 2017. 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 bank financing, and has initiated some programs to encourage alternative forms of financing, including venture capital and corporate bonds.

The Italian Companies and Stock Exchange Commission (CONSOB), is the Italian securities regulatory body: <http://www.consob.it>.

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. Approval and advance authorization by the Italian Insurance Supervisory Authority IVASS 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).

The Ministry of Economy and Finance has indicated its interest in blockchain technologies, but this discussion remains in the formative stages. Blockchain technologies are not currently being used in banking transactions, nor have any banks announced their intention to start using them.

Foreign Exchange and Remittances

Foreign Exchange Policies

- A. Are there any restrictions or limitations placed on foreign investors in converting, transferring, or repatriating funds associated with an investment (e.g. remittances of investment capital, earnings, loan or lease payments, royalties)?
- B. Can funds associated with any form of investment be freely converted into any world currency?
- C. How is the exchange rate determined? Does the national currency rate fluctuate?

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 €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. 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

- A. Explain any recent changes or plans to change investment remittance policies that either tighten or relax access to foreign exchange for investment remittances.
- B. If there are time limitations on remittances, what is the wait period to remit each type of investment return (e.g. including dividends; return on investment, interest and principal on private foreign debt; lease payments; royalties; and management fees)? If the waiting period exceeds 60 days, what are the reasons?

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, stand-alone money laundering, and foreign predicate offenses, and the abuse of legal persons.

Sovereign Wealth Funds

- A. Does the host government or government-affiliated entity maintain a Sovereign Wealth Fund (SWF) or other similar entity, and if so, what is the value of the assets of the fund or funds, and in what sectors does the fund invest?
- B. Does the SWF follow the voluntary code of good practices known as the Santiago Principles, and/or does the country participate in the IMF-hosted International Working Group on SWF's that oversees this work?
- C. What portion of the SWF is invested domestically? Are there potential negative ramifications for U.S. investors in the host country's market?

The state-owned national development bank Cassa Depositi e Prestiti (CDP) launched a strategic wealth fund in 2011, now called CDP Equity (formerly *Fondo Strategico Italiano* - FSI). As of 2016, CDP Equity had €3.5 billion in capital, with €2.3 billion of this invested in nine portfolio companies. CDP Equity 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. CDP Equity invests solely in Italian companies with the goal of furthering the expansion of companies in growth sectors. CDP Equity provides information on its funding, investment policies, criteria, and procedures on its website (<http://en.cdpequity.it/>). CDP Equity is open to capital investments from outside institutional investors, including foreign investors. As of 2016, CDP Equity 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. CDP Equity is a member of the International Working Group of Sovereign Wealth Funds and follows the Santiago Principles.

State-Owned Enterprises

- A. Describe the SOE sector, including: number of SOEs (number that are wholly-owned, number that are majority-owned), sectors/industries in which SOEs are active, total assets of SOEs, total net income of SOEs, number of people employed by SOEs, and whether the SOEs have independent boards or are governed by government ministries. If relevant, please also provide information about companies in which the government holds a minority stake.
- B. Is there a published list of SOEs? If yes, provide a link to the website with the list.
- C. Do SOEs competing in the domestic market receive non-market based advantages from the host government, and how might this affect U.S. investors in the market? (Post may refer to third party market analysis sources (e.g., investment banks, credit agencies). Post should describe any salient features of the governance of SOEs that might affect the competitive landscape.

If relevant, please describe whether the country has adhered to the OECD Guidelines on Corporate Governance for SOEs (link to guidelines at www.oecd.org/daf/ca/oecdguidelinesoncorporategovernanceofstate-ownedenterprises.htm)

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 railroad company (Ferrovie dello Stato) and road network company (ANAS), which merged in January 2018. The GOI holds a 99.56 percent share of RAI, the national radio and television broadcasting network. Although many former monopoly operators have been partially or fully privatized, the GOI retains a controlling interest, either directly or through

the state-controlled sovereign wealth fund Cassa Depositi e Prestiti (CDP), in shipbuilder Fincantieri (71.6 percent), postal and financial services provider Poste Italiane (65 percent), electricity provider ENEL (23.6 percent), oil and gas major Eni (30 percent), defense conglomerate Leonardo-Finmeccanica (30.2 percent), natural gas infrastructure firm Snam (30.1 percent), as well as electricity transmission provider Terna (29.85 percent).

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 companies 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 State-Controlled Enterprise, with 142,000 employees nationwide as of December 2016. Italy's largest state-controlled enterprises ranked by market capitalization in January 2017 were Eni, ENEL, Snam and Leonardo-Finmeccanica. See above for the GOI's share in each.

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

Privatization Program

- A. In countries/economies with privatization programs, what sectors are being targeted and what is the timeline for privatizations?
 B. Can foreign investors participate in these privatization programs?
 C. Do these programs have a public bidding process? If so, is it easy to understand, non-discriminatory and transparent? Please provide a link to the relevant government website.

The Italian government committed to privatize €16 billion in state-owned assets in 2016 and 2017, planning for €8 billion in each year, although privatizations did not reach this target in either year. The privatizations fall into two categories: minority stakes in state-owned companies and underutilized real estate holdings. In 2016, the GOI sold a minority stake in the air traffic controller (ENAV). Revenues in 2016 were well below expectations due to the unfavorable markets that discouraged other privatizations and resulted in the postponement of the planned privatization of a minority share of the national rail network (Ferrovie dello Stato) as well as the national postal provider (Poste Italiane). The latest government strategy more realistically reduced the target for privatization in 2017 from 0.3 to 0.2 percent of GDP and estimated privatization equal to €5 billion per year in the period 2018-2020.

The GOI solicits and encourages foreign investors to participate in its privatizations. The privatizations are easy to understand, non-discriminatory, and transparent. The GOI sells 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 Italian Public Property Agency (Agenzia del Demanio) administers real estate sales: <https://venditaimmobili.agenziaedemanio.it/AsteDemanio/sito.php>. The Agency has created a centralized registry with information on individual parcels for sale or long-term lease: <http://www.investinitalyrealestate.com/en/>.

Responsible Business Conduct (RBC)

- A. Is there a general awareness of expectations of or standards for responsible business conduct (RBC), or business' obligation to proactively conduct due diligence to ensure they are doing no harm (including with regards to environmental, social, and governance issues)?
- B. What measures has the host government taken to encourage RBC, such as promoting the OECD or UN Guiding Principles on Business and Human Rights? How does the government define responsible business conduct, and what policies exist to promote or encourage it? For instance, has the government established a national contact point or ombudsman for stakeholders to get information or raise concerns about RBC? Has the government conducted a "National Action Plan" on RBC and/or business and human rights? Does the government factor RBC policies into its procurement decisions?
- C. Have there been any high-profile, controversial instances of private sector impact on human rights or resolution of such cases in the recent past? If so, how has the government responded?
- D. In relation to human rights, labor rights, consumer protection, environmental protections, and other laws/regulations intended to protect individuals from adverse business impacts, does the host government effectively and fairly enforce domestic laws?
- E. Has the government put in place corporate governance, accounting, and executive compensation standards to protect shareholders? Explain.
- F. Are there independent NGOs, investment funds, worker organizations/ unions, or business associations promoting or monitoring RBC? Are those monitoring and/or advocating around RBC able to do their work freely?
- G. Does the host government/authority encourage adherence to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Afflicted and High-Risk Areas? Are there any similar domestic measures requiring supply chain due diligence for companies that source minerals that may originate from conflict-affected areas?
- H. If the economy has an extractives/ mining industry, does the host government/authority participate in the Extractive Industries Transparency Initiative (EITI) and/or the Voluntary Principles on Security and Human Rights? Are there any domestic transparency measures requiring the disclosure of payments made to governments and/or of RBC/BHR policies or practices?

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/mainen/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) for the OECD Guidelines for Multinational Enterprises. 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. (For the key links, see: OECD Guidelines: <http://www.oecd.org/dataoecd/12/21/1903291.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. For the key link, see: 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.

Corruption

- A. Does the country/economy have laws to combat corruption by public officials? If so, describe their effectiveness and whether they are applied in a non-discriminatory manner?
- B. Do the laws extend to family members of officials, or to political parties?
- C. Does the country/economy have laws or regulations to counter conflict-of-interest in awarding contracts or government procurement?
- D. Does the government/authority encourage or require private companies to establish internal codes of conduct that, among other things, prohibit bribery of public officials?
- E. Do private companies use internal controls, ethics, and compliance programs to detect and prevent bribery of government officials?
- F. Is the country/economy a participant in any other local or international anti-corruption initiative(s), or adherent to an international agreement such as the UN Anticorruption Convention or the OECD Anti-Bribery Convention?
- G. Does the country/economy provide protections to NGO's involved in investigating corruption?
- H. Have U.S. firms identified corruption as an obstacle to FDI? In what areas or sectors is corruption most pervasive: government procurement, award of licenses or concessions, transfers, performance requirements, dispute settlement, regulatory system, customs or taxation?
- I. Do any local industry or non-profit groups offer services for vetting potential local investment partners? If so, please provide names and any available contact information.

Corruption and organized crime, and their perception, 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. Italian law provides criminal penalties for corruption by officials. The government has usually implemented these laws effectively, but officials sometimes have engaged in corrupt practices with impunity.

According to the National Anticorruption Authority, in 2016 citizens reported approximately 4,000 cases of corruption to the authority. Authorities registered 2,028 violations of codes of conduct of public offices and 1,241 cases of crimes or other felonies of public employees; they issued 935 sanctions, including 212 layoffs. In 2015, the Financial Police arrested 241 persons and investigated approximately another 3,700 for abuse of power, corruption, and fraud.

In October 2012, the Italian parliament passed an anti-corruption law promoting transparency in public administration and requiring each public administration entity to execute three basic anti-corruption provisions: the adoption of an anti-corruption plan; the appointment of a compliance officer; and the adoption of a code of conduct for employees. 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 prohibited anyone convicted of a serious crime from holding certain public administration positions. The law further 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 national 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. In March 2014, former Prime Minister Renzi nominated respected prosecutor Raffaele Cantone, already a national figure for his courageous anti-mafia work, to head ANAC. The 2012 anti-corruption law has subsequently been strengthened by two laws enacted in August 2014 and June 2015, which further outline steps to enhance transparency in the public sector, extend the scope of application of certain crimes of corruption and increase their sanctions and statute of limitations, renew false accounting as a punishable crime, and extend the powers of the ANAC. 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 November 2017, Italy approved legislation to protect both public and private sector employees that report illicit conduct in the workplace. An employee that denounces illicit conduct that s/he has become aware of through his/her work to the National Anti-Corruption Authority or to enforcement agencies may not be sanctioned, fired, transferred or be subject to other negative action.

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. Law no. 186, criminalizing self-laundering, was added to the Italian Penal Code and became effective on January 1, 2015, giving the Italian authorities increased ability to prosecute individuals for money-laundering as a stand-alone crime. While anti-corruption laws and trials garner headlines, they have been only somewhat effective in stopping corruption. Though Italy has improved in Transparency International's Corruption Perceptions Index in overall rank and score every year since 2014, Italy ranked 54 in the 2017 index.

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, No. 190 of 06/11/2012, No. 114 of 11/08/2014, and No. 69 of 27/05/2015.

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 and 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 members 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. 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).

Italy has signed and ratified the UN Anticorruption Convention and 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				Fraschini
Whistleblowing.it				
Via		Vigano		4
21045	Gazzada		Schianno	(VA)
giorgiofraschini@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://www.transparency.it/alac/>

Political and Security Environment

- A. Is there a history of politically motivated violence or civil disturbance? If so, please explain.
- B. Have there been any examples, over the past ten years, of damage to projects and/or installations?
- C. Is the environment in country/economy growing increasingly politicized or insecure?

Politically motivated violence in Italy is most often connected to Italian internal developments or social issues. Italian authorities and foreign diplomatic facilities have found bombs outside public buildings, have received bomb threats, and have been targets of letter bombs, fire bombs and Molotov cocktails in the past several years. These attacks have generally occurred at night, and they have not targeted or injured U.S. citizens. 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 notes on corruption in Section 10.

Italy-specific travel information and advisories can be found at: www.travel.state.gov

Labor Policies and Practices

- A. Describe the current labor market, including the roles played by foreign/migrant workers and the extent to which they are covered by labor laws. Discuss availability of skilled and unskilled labor, current levels of unemployment, significant demographics (e.g., widespread youth unemployment), and (as applicable) the percentage of the non-agricultural workforce that is in the informal economy.
- B. If applicable, describe shortages or surpluses of specialized labor skills, including which sectors, and any government-sponsored training programs.
- C. Note any government policy that requires the hiring of nationals.
- D. Note any restrictions on employers adjusting employment to respond to fluctuating market conditions, including requirements with respect to severance. Do labor laws differentiate between layoffs and firing (w/ severance)? Do unemployment insurance or other social safety net programs exist for workers laid off for economic reasons?
- E. Are labor laws waived in order to attract or retain investment? Note if there are labor law provisions in special economic zones, foreign trade zones or free ports that differ from national labor laws. Note which countries exercise any waivers on labor laws on current projects, and provide an estimate on the number of laborers effected, where available.
- F. Note whether collective bargaining is common, and the percentage of the economy covered by collective bargaining agreements (as applicable). Include data on coverage of collective bargaining agreements by sector, if available (e.g., collective bargaining is common in the garment industry).
- G. Does the country/economy have labor dispute resolution mechanisms in place? If so, describe.
- H. Describe any strike during the last year that posed an investment risk and the government's reaction.
- I. Are there gaps in compliance in law or practice with international labor standards that may pose a reputational risk to investors? Has the International Labor Organization identified any potential gaps in law or practice with international labor standards? If so, please describe.²⁰
- J. Describe any new labor related laws or regulations enacted during the last year, as well as any pending draft bills.
- K. Note if the country has a trade relationship with the U.S. and whether said agreement or framework requires labor standards to be upheld.

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 11.1 percent in January 2018 and above the eurozone average of 8.6 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 (31.5 percent in January 2018) and one of the highest among EU members. In 2017, 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. 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, in the past many Italians dropped out of the unemployment statistics, as they became discouraged and stopped looking for work. Italy's labor force participation rates are

²⁰ International labor standards refer to freedom of association and the right to organize and bargain collectively; the elimination of forced labor, child labor and employment discrimination; and acceptable conditions of work with respect to minimum wage, occupational safety and health, and hours of work.] This includes whether the government has an adequate labor inspectorate system to identify and remediate labor violations and hold violators accountable, investigates and prosecutes unfair labor practices, such as harassment and/or dismissal of union members; and investigates and prosecutes instances of forced and/or child labor.

among the lowest in the EU, particularly among women, the young and the elderly. Low labor force participation has been partially attributable to the informal economy, which Italy's statistics agency estimates as at least 12 percent of Italian GDP. The Italian government aims to alleviate youth unemployment through the EU Youth Guarantee Fund, as well as vocational programs. The downward labor-force-participation trend changed in 2016, during which 478,000 more working-age Italians reentered the labor pool than left it. This positive trend continued in 2017 and in early 2018. January 2018 marked the highest labor force participation rate in Italy since the data series began in 2004 (65.5 percent of working-age Italians). The shrinking pool of inactive Italians reflects increased optimism in their ability to find work, as reflected in the most recent confidence indicators. However, labor market survey results note that some previously inactive Italians also have resumed the job search due to financial need (e.g., a drawdown of savings or a spouse's loss of employment).

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 2014-2016 government led by Prime Minister Matteo Renzi 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. In December 2017, the GOI introduced new hiring incentives: a three-year 50 percent social security tax break for hiring young people up to the age of 29 (35 in 2018) for the period 2018-2021.

As of January 2018, the Jobs Act hiring incentives appear to have contributed to the Act's stated goal of encouraging indefinite employment, mostly through a conversion of temporary contracts into open-ended contracts. Recent statistics show an increase in employment, but primarily through flexible or temporary labor contracts rather than indefinite labor contracts. There has also been a positive impact on youth employment, but it is still too early to know if the incentives will have a substantial impact on youth unemployment, which remains disproportionately high. The GOI labor plan seeks to reduce the average youth unemployment rate by 4 to 5 percentage points a year over the next three years in order to bring Italy's youth unemployment rate in line

with that of eurozone youth unemployment. The GOI's latest forecasts estimate a downward trend in the unemployment rate, which is expected to return to single digits in 2020.

Though Jobs Act labor reforms aimed to encourage indefinite labor contracts, employers have also taken advantage of temporary labor contracts—though that trend slowed in 2017. In 2016, 3.74 million temporary contracts were signed, up 0.8 percent from 2015 and up 11.0 percent from 2014, with most taking advantage of the most flexible labor tool available: job vouchers. Employers can buy vouchers to pay for piecemeal, seasonal, or occasional work without a labor contract. Though the tool was created in 2003 to bring agricultural workers into the formal labor market and extended to other sectors of temporary work by the Fornero-Monti labor reform of 2012, employers have expanded the use of vouchers considerably. In 2016, employers bought 133.8 million vouchers at €10 each, up 23.9 percent from 2015. Unions have been highly critical of job vouchers, noting the recipients of the vouchers (1.7 million workers in 2015) do not receive benefits, training, or job security. The use of labor vouchers was more limited in 2017, and this generated an increase in temporary labor contracts, and according to analysts, more underground employment as well.

According to official GOI statistics, overall employment in Italy increased by 156,000 (i.e., 0.7 percentage points) from January 2017 to January 2018, primarily related to increased employment among those in the age cohort 15-24 and those over 50 years of age. 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 are governed by the June 2012 labor regime, which allows firms to conduct layoffs and firings with lump sum payments. Under the 2012 system, according to Article 18 of the workers' statute of 1970, judges can order reinstatement of dismissed employees (with back pay) if they find the dismissal was a 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.

Open-ended 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 Jobs Act 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 GOI's unemployment insurance (NASPI) 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 is implementing an anti-poverty plan (*reddito di inclusione*) aimed at providing some financial relief and training to homeless individuals and people with income below the poverty level. In late March 2018, INPS reported that in the first three months of 2018, 250,000 Italian households, corresponding to 870,000 people, benefitted from national and regional anti-poverty measures. The amount of the benefits ranged from €177 a month for singles to €429 for a family of six or more.

The GOI must still implement remaining Jobs Act measures, including a statutory minimum wage. (Italy does not currently have a national minimum wage, as wages are set through sector-wide collective bargaining.) An agency for Job Training and Placement (ANPAL) was established in 2016 to coordinate with Italian regions, which after the defeat of the December 2016 constitutional reform referendum, remain in charge of implementation of many labor policies. ANPAL is following the implementation of the *Assegno di Riallocazione* (the "reallocation check"), an initiative related to the Jobs Act aimed at providing unemployment benefits, such as the special wage guarantee fund (*Cassa Integrazione Straordinaria*) and retraining to find a new job. The "reallocation check" funds are dispersed to the agency in charge of the retraining and job placement only after the candidate gets a new job.

Italy does not waive existing labor laws in order to attract or retain investments. All the benefits, including the old hiring incentives in the 2015, 2016 and 2018 budgets, were and 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., approximately 4 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), 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 are 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 by employees of local transportation providers may limit citizens' mobility.

OPIC and Other Investment Insurance Programs

- A. Describe the status and potential for operation of the OPIC's programs in the country/economy.
B. Is there an OPIC agreement between your host country/economy and the United States?

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).

- C. Note which other country governments provide significant investment financing or insurance to their firms in the country, especially those that make it difficult for U.S. firms to compete.

Chinese investment has expanded rapidly in Italy in the last five years; however, the source of the financing (i.e. government-backed or private funds) is unclear. U.S. firms have not generally cited Chinese investment as a challenge for doing business in Italy.

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	Country	USG	or	USG or International Source of
	Year	source*	Statistical	international	USG or International Source of	Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount		
Host Country Gross Domestic Product (GDP) (\$M USD)	2017	€1.716 trillion	2016	\$1.859 trillion		www.worldbank.org/en/country
Foreign Direct Investment	Host Country	Statistical	Country	USG	or	USG or international Source of
		source*	Statistical	international	USG or international Source of	data: BEA; IMF; Eurostat; UNCTAD, Other
				source		

U.S. FDI in partner country (\$M USD, stock positions)	2016	\$8.4 billion	2016	\$24.6 billion	BEA data available at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host country's FDI in the United States (\$M USD, stock positions)	2016	\$34.9 billion	2016	\$30 billion	BEA data available at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	2016	20.2%	2016	18.5%	

Table 3: Sources and Destination of FDI

Italian GDP data are taken from ISTAT, the official statistics agency. ISTAT publishes preliminary year end GDP data in early February and issues revised data in early March. Italian FDI data are from the Bank of Italy and are the latest available; new data are released in May.

Direct Investment from/in Counterpart Economy Data

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

Inward Direct Investment			Outward Direct Investment		
Total Inward	344,749	100 %	Total Outward	472,339	100 %
Luxembourg	68,034	20%	Netherlands	59,526	13%
Netherlands	67,952	20%	Germany	37,539	8%
France	62,647	18%	United States	35,278	7%
United Kingdom	45,350	13%	Spain	34,239	7%
Germany	29,520	9%	Luxembourg	27,155	6%

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

Table 4: Sources of Portfolio Investment

The statistics above 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

Top Five Partners (Millions, US Dollars)

Total			Equity Securities			Total Debt Securities		
All Countries	1,555,077	100 %	All Countries	954,572	100 %	All Countries	600,504	100 %
Luxembourg	639,623	41 %	Luxembourg	613,776	64 %	France	95,137	16 %
France	183,194	12 %	Ireland	119,666	13 %	Spain	90,155	15 %
Ireland	136,384	9%	France	88,057	9%	United States	82,439	14 %
United States	114,899	7%	United Kingdom	34,690	4%	Germany	59,541	10 %
Spain	94,243	6%	United States	32,460	3%	Netherlands	50,744	8%

The statistics above 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.

Contact for More Information

Unit 9500
 Attn: Economic Section
 DPO AE 09624

Tel: +39 06 4674 2107
 Email: RomeECON@state.gov

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 (BOI, Italy's central bank) must authorize the establishment of any new bank. In 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 2018, there are 12 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 the March 2017, there were 580 banks in Italy, 63 fewer than in December 2015. Of these, 85 banks are branches of foreign banks. Currently, the country's largest private banks, by assets are: Intesa Sanpaolo and UniCredit Group. These two banks combined accounted for over half 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. The government is taking steps to encourage the consolidation process to continue over the next several years to boost the international competitiveness of the Italian

banking sector. For instance, a 2015 reform required Italy's 10 largest cooperative banks (*banche popolari*) to convert to joint-stock companies within 18 months to make the converted banks more attractive targets for foreign purchasers seeking to enter the Italian market. After 18 months, all but two cooperative banks (Banca Popolare di Sondrio and Banca Popolare di Milano) have converted. The cooperative bank reform prompted the merger of Banco Popolare and Banca Popolare di Milano, creating Italy's third-largest bank by assets. Additionally, in April 2016, the government required the 355 small credit cooperatives (BCCs) to merge into a centralized network with at least €1 billion in capital within 18 months. The reform generated three banking groups (ICRREA, Cassa Centrale Banca and Cassa Centrale Raiffeisen) which currently fall under the supervision of the BOI, and are authorized to become the leaders of three consortia of small cooperative and mutual banks. Once the process is fully implemented it will significantly reduce the number of Italian banks. ICRREA and Cassa Centrale Banca will be supervised by the ECB, and Cassa Centrale Raiffeisen will continue to be supervised by the BOI.

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. Citi (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).

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:

https://europa.eu/european-union/about-eu/funding-grants_en

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:

Doing Business in the European Union (website of the U.S. Mission to the EU):

<https://useu.usmission.gov/business/getting-started-useu/>

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: <http://www.exim.gov/tools-for-exporters/country-limitation-schedule>

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.ustda.gov/>

SBA's Office of International Trade: <https://www.sba.gov/managing-business/exporting>

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

Business Travel

Business Customs

In general, similar business practices in the United States apply when doing business in Italy. The "golden keys" of customary business courtesy, especially replying promptly to requests for price quotations and orders, are a prerequisite for success. 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.

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 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:

http://www.ambwashingtondc.esteri.it/ambasciata_washington/en.

They can also 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

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.).

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.

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 2018-2019: [U.S. holidays (A) observed by the U.S. Embassy are also indicated]:

January 1, Monday	New Year's Day (A&I)
January 6, Saturday	Epiphany (I)
January 15, Monday	Martin Luther King's Birthday (A)
February 19, Monday	President's Day (A)
April 2, Monday	Easter Monday (I)
April 25, Wednesday	Anniversary of the Liberation (I)
May 1, Tuesday	Labor Day (I)
May 28, Monday	Memorial Day (A)
June 2, Saturday	Foundation of the Italian Republic (I)
June 24, Sunday**	St. John's Day (I) (Florence only)
June 29, Friday	St. Peter and St. Paul's Day (I) (Rome only)
July 4, Wednesday	Independence Day (A)
July 15, Saturday	St. Rosalia Day (I) (Palermo only)
August 15, Wednesday	Assumption Day (I)
September 3, Monday	Labor Day (A)
September 19, Wednesday	St. Gennaro's Day (I) (Naples only)
October 8, Monday	Columbus Day (A)
November 1, Thursday	All Saints' Day (I)
November 11, Sunday	Veterans' Day (A)
November 22, Thursday	Thanksgiving Day (A)
December 7, Friday	St. Ambrogio's Day (I) (Milan only)
December 8, Saturday	Feast of the Immaculate Conception (I)
December 25, Tuesday	Christmas Day (A&I)
December 26, Wednesday	St. Stephen's Day ((A&I)

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>