

# INVEST IN ITALY

**THE RIGHT PLACE, THE RIGHT TIME  
FOR AN EXTRAORDINARY OPPORTUNITY**

**2016**

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# FOREWORD

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SECRETARY OF STATE,

INTERNATIONAL TRADE AND

INVESTMENT ATTRACTION

MINISTRY OF ECONOMIC DEVELOPMENT



*Ministero dello Sviluppo Economico*



Our government is committed to bringing Italy along a stable and sustainable growth path.

Much has been achieved in the last couple of years and most of the observers globally would agree that there has never been a better time to invest in Italy. Economy is recovering and political stability made it possible to adopt a radical plan of reforms aiming at simplifying our institutional mechanisms and making Italy a much better place to do business.

Through the following pages you will have the opportunity to appreciate Italy as a competitive and flexible economic environment, deeply integrated into global value chains, where companies continuously innovate their processes and products. Our excellence in manufacturing and the quality of our infrastructure make Italy an ideal platform to reach other markets.

New legislation has been passed to streamline our labour market, to make our judiciary more efficient and simplify our tax system. Even our Constitution and

our electoral system have been changed in order to insure stability and streamline our legislative process. Furthermore, a number of matters previously delegated to Regional Governments – mostly related to business - have been brought back to the Central Government in order to make sure that consistent legislation applies and to avoid uncertainty.

Our policies for the attraction of Foreign Direct Investments have been significantly improved. A high-level committee now follows step-by-step every major investment, making sure that authorization procedures follow through and that all levels of government proactively co-operate in removing any potential issue. At the same time all Regional governments are strengthening their organizations in order to support

investors in close cooperation with the Government in Rome.

ITA-Italian Trade Promotion Agency, the Government arm promoting the internationalization of Italian companies, is a unique service provider for international investors. A number of FDI attraction desks have been created in major financial centers around the world to promote investment opportunities in Italy. ITA offices in Italy and abroad are able to provide support to investors throughout the project life cycle: from obtaining all relevant authorizations, to identifying any suitable incentive package, to helping investors to set up an enterprise locally.

Welcome to Italy, the right place for your investments.

**INVESTINITALY.COM**

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01

# THE RIGHT PLACE

A man with dark hair and a beard, wearing a light blue button-down shirt, is leaning over a desk in a workshop. He is focused on adjusting a white, curved wooden chair model. The desk is covered with various architectural models, including a tall white rectangular structure and another chair model. In the background, there are shelves filled with numerous small, dark-colored boxes or components. A pen holder with several pens and markers is visible in the bottom right corner.

TOP GLOBAL ECONOMY

EXPORT POWERHOUSE

WORLD CLASS MANUFACTURER

STRATEGIC GATEWAY

# TOP GLOBAL ECONOMY

Italy is a land of extraordinary beauty, taste and talent, but it is also one of the world's top economies. With a GDP of over € 1.6 trillion and a population of more than 60 million, Italy is the world's 8<sup>th</sup> largest economy.

## CONSISTENTLY RANKED IN THE WORLD'S TOP TEN

- 8<sup>th</sup> largest manufacturer in World
- 3<sup>rd</sup> largest economy in Eurozone
- 2<sup>nd</sup> largest manufacturer in Europe
- 1<sup>st</sup> number of UNESCO World Heritage Sites
- 5<sup>th</sup> tourist destination in World
- 2<sup>nd</sup> Int'l overnight stays in Europe

## THE IN'S AND OUT'S OF ITALIAN LEADERSHIP

OUT 

≈ € 500 billion  
of export (goods and services)  
across the globe

IN 

€ 48 million  
tourists welcomed into Italy

Operating in Italy means access to the world's largest single market.



Businesses in Italy have duty free access to more than 30 national markets within the European Economic Area and over 500 million consumers.

Italy has produced many of the world's leading multinationals such as ENI, Fiat Chrysler, Luxottica and Leonardo (former Finmeccanica) and it also attracts other top multinationals, particularly in advanced and high-tech sectors.

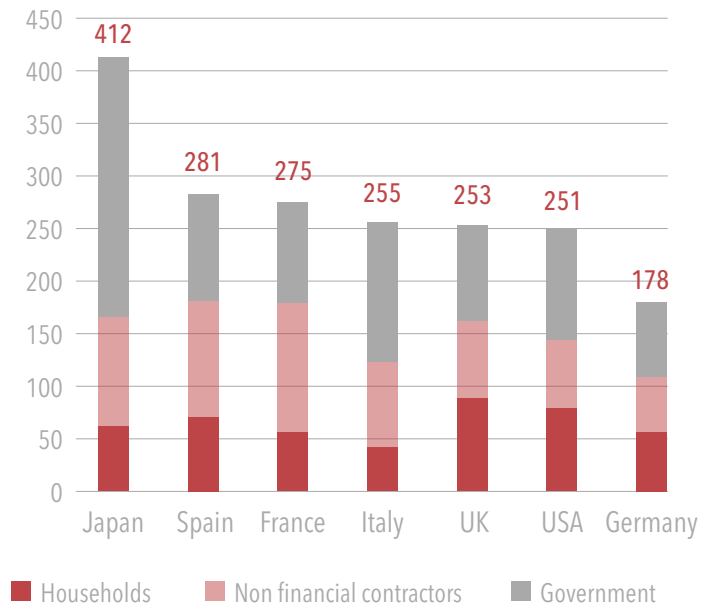


Industrial foreign affiliates in Italy employ 11% of total workers, produce more than 20% of domestic turnover and account for 26% of national exports.

Italy has increasingly healthier public finances and low aggregated debt.

- Net wealth of Italian households is about 8 times their disposable income, higher than in the United States, Germany and Canada.
- Italian households are less leveraged than in other OECD nations: 82% of disposable income vs. 160% in the UK.

**BREAKDOWN OF TOTAL AGGREGATED DEBT**  
(2014/2015\*, % of GDP)



(\*) Government (2015), Private (2014 - 3° Trim)

Source: *Rapporto sulla stabilità finanziaria 1/2015* - Bank of Italy



# EXPORT POWERHOUSE



**Italy is one of only five countries in the world whose manufactured products have an export trade surplus**

Over the last decade our companies have been innovating, modernizing and creating new specializations making Italy one of Europe's champions in export trade. Total exports are more than 500 billion euros and the exports of goods in 2015 exceeded 400 billion.

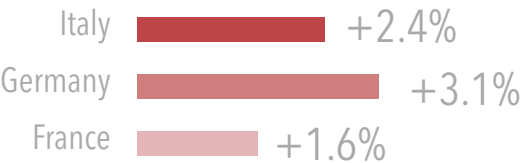
### GROWTH ITALIAN EXPORTS OF GOODS

(2011-2015, Value of goods, Billion euros)



### EXPORT COMPOUND ANNUAL GROWTH RATE

(2011-2015, CAGR on Value of Goods, %)

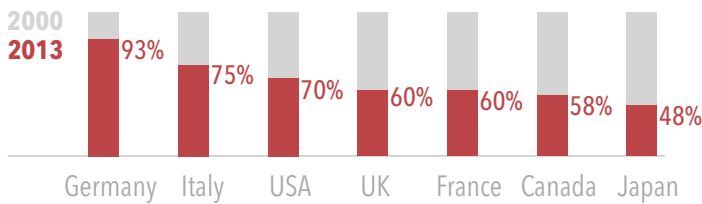


Source: ISTAT, Eurostat, elaboration by Ministry of Economic Development and Italian Trade Agency.

Thanks to the capacity of Italian manufacturers to innovate and their ability to seize opportunities in the global trade arena, Italy has been able to maintain 75% of the world export market share it held before the entrance of low cost players, second only to Germany and well above the performance of other countries like USA (70%), UK (60%) and Japan (48%).

### TREND IN WORLD EXPORT SHARES OF GOODS

(2014 vs 2000, World export market share, %)



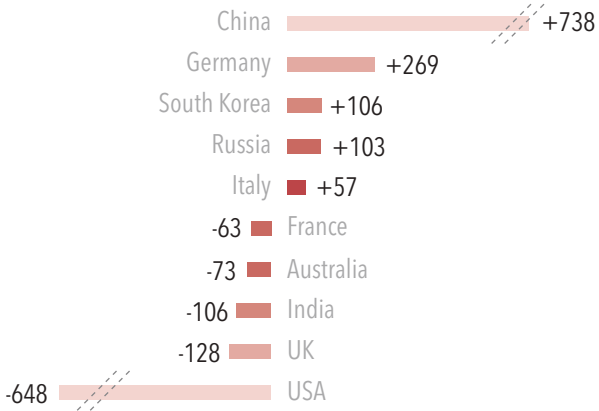
Source: WTO, Elaboration by Italian Trade Agency

- Italy's foreign manufacturing turnover grew by 10.8% from 2008 to 2014, outperforming Germany (8.8%) and France (3.0%).
- Mechanical goods and automation grew to nearly 30% of exports of goods in 2014.
- Packaged pharmaceutical product exports grew by +71% from 2010 to 2014, adding 7.3 billion euros and outstripping average growth rates in other European countries.

Fifth manufacturing trade surplus among G-20 countries.

**MANUFACTURING TRADE BALANCE  
NET OF ENERGY AND MINERALS**

(2015, Billion euros)



Source: ITA analysis on GTA-IHS DATA

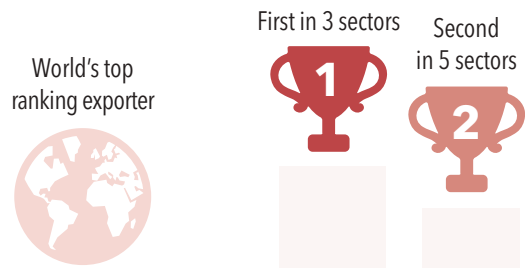
With a culture of openness and deep export know-how, growth opportunities in Italy extend well beyond the domestic market.

**ITALY'S TOP 10 TRADE PARTNERS, BY VALUE (2015)**

- |                  |                      |
|------------------|----------------------|
| <b>1</b> Germany | <b>6</b> UK          |
| <b>2</b> France  | <b>7</b> Belgium     |
| <b>3</b> USA     | <b>8</b> Switzerland |
| <b>4</b> China   | <b>9</b> Netherland  |
| <b>5</b> Spain   | <b>10</b> Russia     |

Source: ISTAT

Italy has remained the world's top ranking exporter in over 1,000 products. Indeed, Italy ranked first in 3 sectors and second in 5 sectors out of a total of 14 sectors, making it the second best performing country after Germany.



(\*) According to the UNCTAD and WTO Trade Performance Index



# WORLD CLASS MANUFACTURER

Italy is Europe's 2<sup>nd</sup> largest manufacturer after Germany, and the 8<sup>th</sup> top manufacturer in the World.

Despite the entrance of new competitive players from emerging countries, Italy has maintained its position in the World's Top 10 Manufacturers for over 30 years due to the renowned excellence and quality of Italian goods.

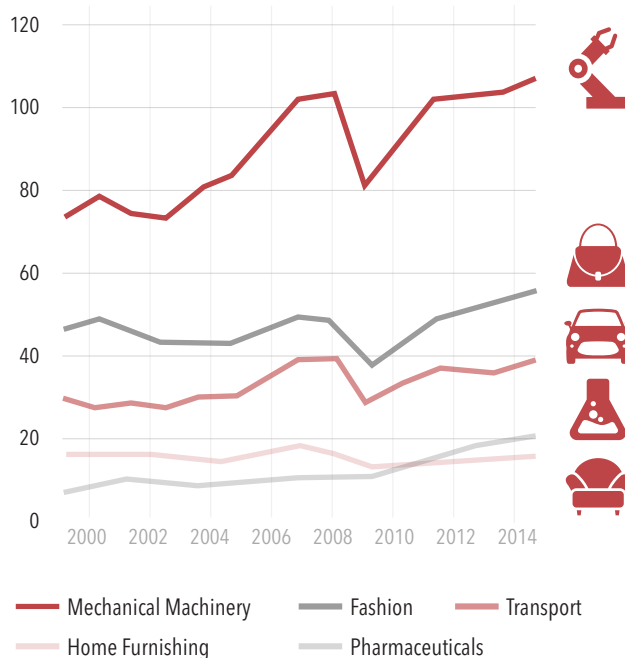
*Made in Italy* Manufacturing means excellence in many sectors.

*Made in Italy*, is not only Fashion, Food and Furniture. The industrial sector has undergone a profound transformation and is also Machinery, Pharmaceuticals and High-Tech.

In recent years, traditional *Made in Italy* sectors, like textiles and furniture, have thrived as they converted into high added-value segments while specialized sectors like mechanical machinery, pharmaceuticals and high technology have grown into important national industries.

## FROM FASHION DESIGN TO MACHINE AND PHARMACEUTICALS EXPORTS

(2000-2014, Value of goods, Billion euros)



Source: Ministry of Economic Development on Eurostat data

## Leading the way to sustainable production systems.

Italy is one of the most eco-efficient producers in Europe, producing 104 tons of CO2 for every million euros produced vs. 143 tons for Germany and 130 tons for the UK.

Source: Fondazione Symbola, Unioncamere e Fondazione Edison on Greenitaly data (2013)

Italy is the World's **2<sup>nd</sup> most competitive producer of industrial machinery** (packaging, food, textiles, etc.) after Germany (Trade Performance Index UNCTAD/WTO).

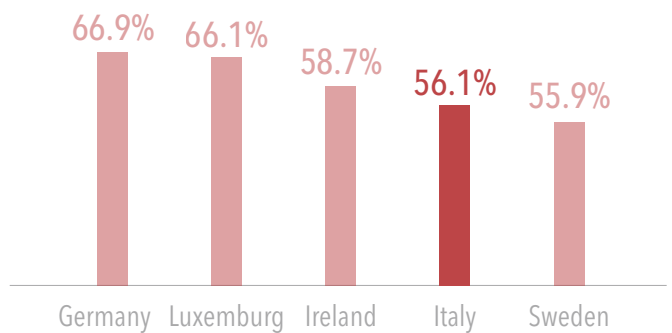
Italy is the **3<sup>rd</sup> largest European chemical producer** with an annual turnover of over 52 billion euros.

## Innovating for Manufacturing excellence

Italy increased its share of innovative enterprises from 2010 while most European countries have decreased theirs.

### TOP 5 COUNTRIES FOR INNOVATIVE ENTERPRISES (EU28)

(2010-2012, Enterprises with innovation activities, %)



Source: Eurostat Community Innovation Survey for period 2010-2012



# STRATEGIC GATEWAY

Located at the centre of the Mediterranean Sea and with 40 major ports and 42 airports, Italy is a strategic gateway for trade between Europe, North Africa and the Middle East.

Thanks to the large number of maritime, airport and logistic nodes as well as to numerous air and maritime origin-destination international links, Italy has a high degree of openness to international markets.



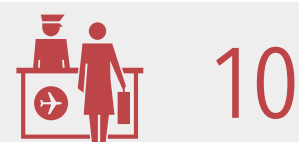
Four out of nine European Core Network Corridors (TEN-T) run across Italy.



Capillary railway network, most of which (approximately 60%) is part of strategic European corridors (TEN-T CNC).



14 maritime ports are listed within priority nodes at European level (Core Network); no infrastructural capacity constraints to limit maritime traffic flows (in particular for transshipment container traffic).



10 airports are listed within priority hubs at European level (Core Network).

Thanks to highly attractive destinations for tourists, more than a billion passengers are served annually by the Italian infrastructure system.

## PASSENGER FLOWS



55 Mln (2014) **2<sup>nd</sup>**  
passengers travelling by sea in Italy, second only to Greece (market share of 18%) at EU level



864 Mln (2014)  
passengers/year travelling on the national rail network

10 Mln (2014) **1<sup>st</sup>**  
cruise passengers embark and disembark in Italy - Italy also ranks first in Europe as home port (market share of 35%) at EU level



150 Mln (2014)  
passengers/year travelling through Italian airports

Source: Eurostat, ISTAT, *Documento di economia e finanza 2015* (MEF), MIT

## FREIGHT FLOWS

**432 million tonnes**

of goods traded with foreign countries  
(in value 54% related to the Euro area)

Source: Eurostat, ISTAT, *Documento di economia e finanza 2015* (MEF)

**> 1 Billion**  
passengers/year

Source: Eurostat, MIT, MEF





# THE RIGHT TIME



PRO BUSINESS REFORMS

PRO INVESTMENT INCENTIVES

INCREASING FDI

DOING BUSINESS

# PRO BUSINESS REFORMS

The OECD estimates that the ambitious multi-year program of structural reforms underway in Italy will increase its GDP by 3.4% within five years and 6.3% within ten.

There truly is no better moment than now to invest in Italy. The government has recently accelerated and already implemented numerous reforms, rapidly changing the business environment.

## INCREASING CERTAINTY FOR INVESTORS



### Certainty of Taxation

Already instituted better collaboration between Italy's Revenue Agency and investors, tax agreements and dedicated desk. Other simplification reforms of taxation system are under valuation.



### Certainty of Rules

Created specific Business Courts for foreign investors. Simplification and acceleration of court proceedings.



### Certainty of Procedures

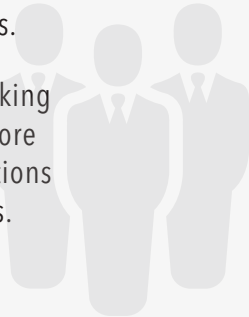
Simplified authorization procedures. Dedicated visas for investors, researchers and foreign students.

## HUMAN CAPITAL

### Labour market reforms

More flexibility in hiring, reduction of tax wedge and simplification of labour laws.

The Jobs Act is aimed at making the Italian labour market more flexible, simplifying regulations and reducing company risks.



#### Focus: Job's Act Key Points

- Deregulation of dismissal regime (i.e. indemnity for wrongful dismissal in lieu of worker reinstatement).
- Deregulation of fixed-term contracts.
- Significant tax/social security contribution breaks for employers that offer permanent job contracts.
- Job seekers re-allocation by improving private and public labor market institutions.
- Promotion of firm-level collective bargaining.

### Educational system reforms

Linking education to labor market, investing in future quality of human capital. Promoting non-university tertiary education institutes to support enterprises' innovation and competitiveness.



## PROCEDURES & SIMPLIFICATION

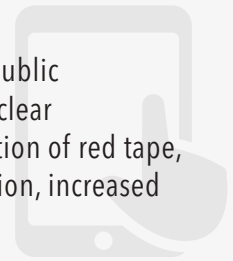
### Business set-up reforms

- Simplification and fast tracking of authorizations.
- Elimination of ex-ante controls.
- Permits and licenses for startups and a single point of contact, reduction of red tape and fees.
- Tax credit for the employment of highly qualified staff.



### Public Administration reforms

New laws aim at simplifying public administration and provide a clear administrative process: reduction of red tape, digitalization and modernization, increased transparency.



## TAX AND CIVIL JUSTICE SYSTEM

### Civil Justice system reforms

Reinforcement of the anti-corruption authority, simplified, fast-paced and accessible judicial system.



### Tax system reforms

A simplified, more equitable and growth-friendly system is a pillar of the Italian Reform Plan: reduction of tax burden on firms and individuals, tax credit, Patent Box regime etc.

A new form of ruling is available for companies that intend to invest in Italy and a dedicated desk for foreign investors has been created at the Italian Revenue Agency.



For further information please see *Doing Business in Italy* - Guide available at [www.investinitaly.com](http://www.investinitaly.com)



# PRO INVESTMENT INCENTIVES

Together with the reform package, the government has introduced numerous financial incentives aimed at increasing the attractiveness of foreign direct investments, encouraging research and development and fostering the growth of new innovative enterprises.



## Financial Incentives

- Tax Incentives
- Project Investment Incentives
- Incentives for capital goods
- Start-up

## Tax Incentives

### Employment

Cut of labor costs for employers hiring people on a permanent basis, with increasing deductions for women. Bonus for employers who hire young workers (under 29).

### Energy efficiency

Deductions for taxpayers who invest to improve efficiency of existing building.

### Patent box regime

Tax incentive on the income derived from licensing or direct exploitation of intangible assets (patents, know-how, trademarks) providing the company continues to perform R&D activities.

### Recapitalization of companies

Tax incentives for equity capital increase.

### R&D

Tax credit for R&D expenses: 25% for laboratory equipment, purchases of know-how or patent rights; 50% for costs related to highly qualified personnel and outsourced R&D activities from universities, public research or innovative start-ups.

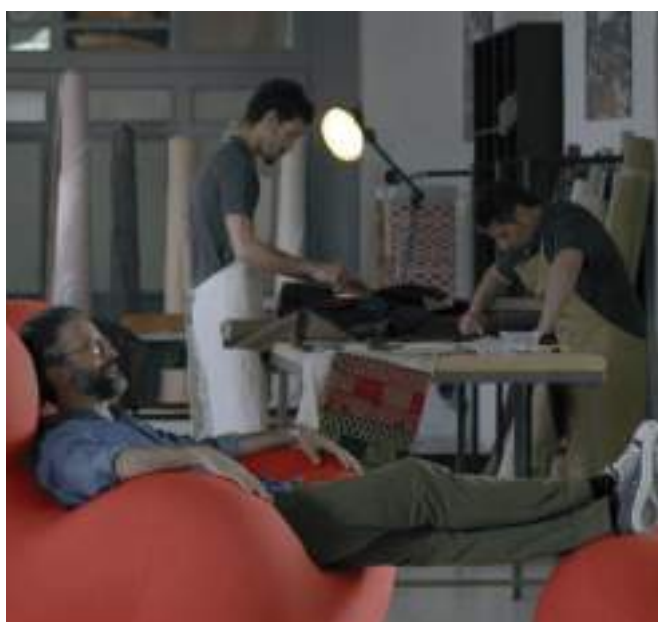
## Project Investment Incentives

### New industrial projects

The Contracts for Development ("*Contratti di Sviluppo*") program supports large and innovative investments in manufacturing, tourism and environmental protection through a simplified tender procedure. 80% of the financial resources provided by the Ministry of Economic Development are allocated to companies in Southern Italy and are further increased with funds from the EU and national programming. In the last three years, over 40% of the programmed investments came from foreign companies.

### The "Sustainable Growth" fund

The fund supports R&D programs and investments having a significant impact on national competitiveness. As for the R&D programs, the resources are allocated mainly to large projects according to EU and national R&D guidelines such as Horizon 2020 and the Italian Digital Agenda.



## Incentives for capital goods

Government grants are available for SMEs that want to buy new machinery, plant or equipment in order to partly cover interest on bank loans relating to the investments made. Companies can also access the public mechanism of loan guarantees for SMEs (the so-called "*Nuova Sabatini*").

## Start-up

Italy has been working on a complete and coherent legislation to support an ecosystem of innovative start-ups with high technological content. A definition of innovative start-up, that is a new innovative enterprise of a high technological value, has been introduced into the Italian legal system:

- Cuts on red tape and fees
- Flexible corporate management
- More flexibility in managing losses compared to ordinary companies
- Easily renewable contracts for new recruitment
- Tax credit for the employment of highly qualified staff
- Grant programs, simplified and free-of-charge access for innovative start-ups to the public guarantee funds for SMEs
- Equity-based crowdfunding (the first country in the world to have introduced a specific set of rules).

At the end of 2015, there were more than 5,000 SMEs registered as "innovative startups".

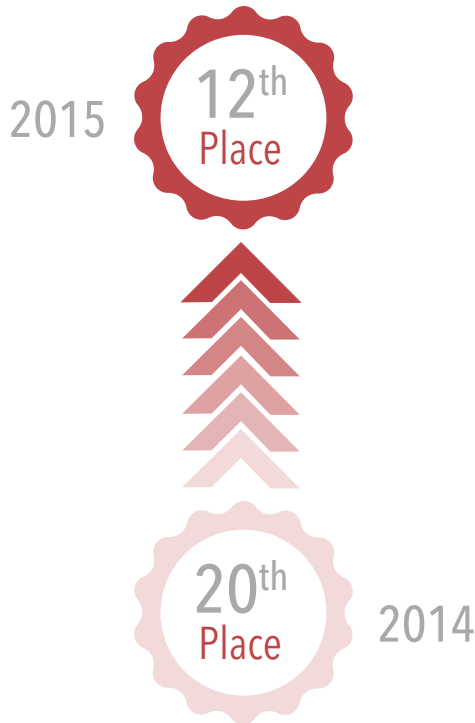
For further information please see *Doing Business in Italy* - Guide available at [www.investinitaly.com](http://www.investinitaly.com)



# INCREASING FDI

In 2014, Italy had the highest growth rate among European countries of inward greenfield FDI projects at +31% (FDI Report, 2015), reflecting confidence in the pro-business, pro-investment actions underway.

**FDI CONFIDENCE INDEX FOR ITALY**  
(2014-2015, Foreign direct investment, Index)



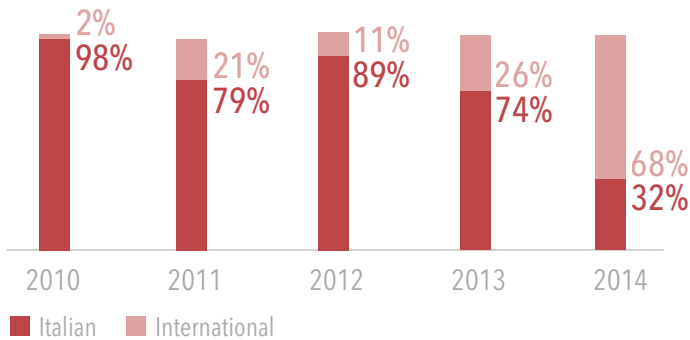
## Growing investment trends

Over the last three years, mergers and acquisitions accomplished by foreign companies have reached nearly 55 billion euros in sectors like fashion and food as well as in mechanics, logistics and electronics (S&P Capital IQ).

In 2014, investments by international investors made up the majority of private equity and venture capital transactions in Italy, demonstrating a renewed interest in Italian companies.

Moreover, two-thirds of capital raised from the market (roughly €922 million) was undertaken by foreign investors while the rest represents national contributions.

**CAPITAL RAISED BY ORIGIN**  
(2010-2014, capital raised, %)



Source: AIFI, PwC

## A New Approach to FDI Governance

### High Level Governance

To support the governance and attraction of FDI, a high level Interministerial Committee, chaired by the **Ministry of Economic Development**, under the supervision of the **Prime Minister office**, has been set to define foreign investment strategies, propose pro-business reforms and set and monitor yearly objectives.

### One single front office

A one stop shop for foreign investors at the Italian Trade Agency (ITA) takes care of the full investment cycle: collecting investor inquiries, preparing tenders and managing after care for incentives, contacts with Administrations etc. Integrated CRM allows collaboration with regional FDI agencies to locally support investors.

### A global network of offices

Contact offices are located in the world's major financial centers to promote investment opportunities in Italy among the local business community.

Global investors can find an effective support in each phase of the investment process.

### STRATEGY



Define a clear guideline for the attraction of FDI identifying type of investors, countries and priority areas.

Ministry of Economic Development

### EXECUTION



Support throughout the life cycle of the investment carrying out Investment promotion meetings, tender preparation, investment tutoring.

ITA Agency  
(One-stop-shop)

### ANALYSIS



Six month results review and strategic support (high level tutoring).

Ministry of Economic Development





# DOING BUSINESS

Doing business in Italy is becoming increasingly easier and, according to the World Bank, the overall Italian ranking has recently improved by 42 points.

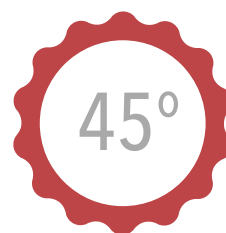
Doing Business is a World Bank Group flagship publication which measures business regulations - from starting a business to registering property, trading across borders and protecting investors - to rank countries in terms of ease in doing business.

## Starting a Business

In the 2015 Doing Business report, Italy climbed 15 positions (vs 2014) in the category of Starting a Business due a number of reforms recently implemented to streamline and simplify the procedures required to start and operate a business in Italy, in particular by reducing capital requirements by streamlining registration procedures.

## Enforcing contracts

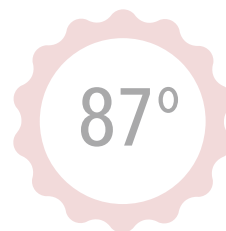
Enforcing contracts in Italy has been made easier by the introduction of a mandatory electronic filing system for court users, simplified rules for electronic service of process and automation of the enforcement process. Thanks to these reforms, Italy climbed 36 position in Doing Business 2016, to reach position 111.



Rank of Doing Business 2016



**+ 42 POSITIONS**



Rank of Doing Business 2012

## Trading across borders

According to Doing Business 2016, Italy reached the first position and became one of the best performers in trading across borders.



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## Targeted reforms to improve Doing Business indicators.

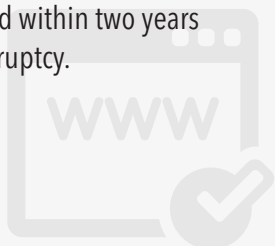
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Italy ranks 45 overall in Doing Business 2016 and has therefore defined and implemented measures aimed at improving specific business regulations measured by the World Bank Doing Business indicators. A few examples are:

### Resolving Insolvency

New law decree 83/2015 on bankruptcy standards which enhances the overall legal framework for insolvency and accelerates aspects like sale of assets and legal proceedings.

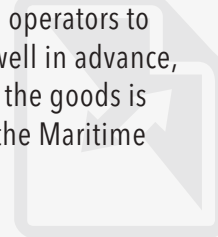
Thanks to the new provisions, the operations related to sale goods have been streamlined and it has been established that the liquidation of assets should be completed within two years from the filing of the bankruptcy.



### Trading Across Borders

Introduction of online custom documentation and procedures, both for import and export, to speed up the customs clearance process. With the on-line procedure it takes only 12 minutes for customs clearance.

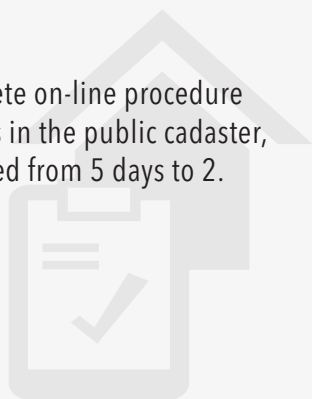
The "Clearance at sea" procedure recently became operational, allowing operators to lodge a customs declaration well in advance, as soon as the vessel carrying the goods is monitored by the systems of the Maritime Authority.



### Dealing with Construction Permits

By the second half of 2016, an online construction & building help desk ("Sportello Unico per l'Edilizia") will be established to significantly reduce the time needed to obtain building permits.

Introduction of a complete on-line procedure for registering buildings in the public cadaster, reducing the time needed from 5 days to 2.



The Italian Government fully intends to continue in its commitment to reform. A cross-institutional "Doing Business team" aimed at identifying the possible measures for increasing the Italian competitiveness is going to be established soon.



# THE OPPORTUNITIES

A large industrial facility, possibly a shipyard or manufacturing plant, with a yellow forklift and several white sawhorses in the foreground. The background shows a large, dark, curved structure, likely the hull of a ship or a large industrial component. The scene is dimly lit, suggesting an indoor or shaded environment.

**INNOVATION CAPACITY**

**INDUSTRIAL DISTRICTS**

**HUMAN CAPITAL & TALENT**

**INFRASTRUCTURE: TRANSPORT & DIGITAL**

**PUBLIC UTILITIES**

# INNOVATION CAPACITY

Italy is an innovation and research intensive nation, spending over 20 billion euros per year in R&D.

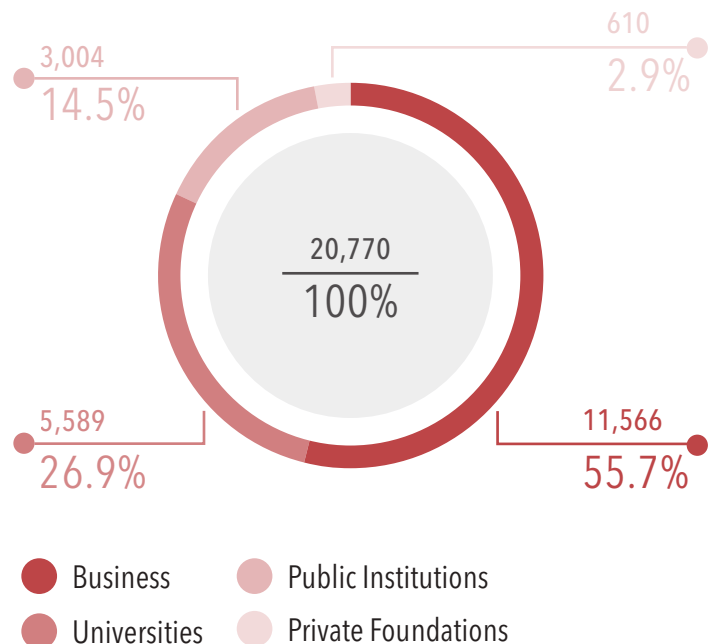
Italy offers a world class R&D environment. Our annual R&D expenditures of over 20 billion euros is amongst the highest in the world and, in absolute values, ranks Italy as 10<sup>th</sup> in the OECD and 4<sup>th</sup> in Europe in R&D investments.

Italian researchers are the world's most productive.

According to the International Comparative Performance of the UK Research base, Italian researchers rank in top position in the world index for the number of published articles and citations per researcher and R&D expenditure.

## R&D EXPENDITURE

(2014, R&D expenditure by sectors of performance, million euro, %)



Source: Eurostat

The Italian economic network is highly developed and suitable for innovation: there are several innovative incubators and science and technology parks, linked to universities, local development agencies or acting as private companies, some of which have recently been listed on the capital market.

The Italian innovation system generates thousands of spin-offs and startups that transfer knowledge and technology to the market. Moreover, the innovative enterprises are supported by an extensive set of incentives.

### GROWING WORLD CLASS HIGH TECH CLUSTERS

#### Aerospace

4<sup>th</sup> player in Europe

18 Billion euro revenues

2.7 Billion euro investments

52,000 People



#### Biotech

384 biotech companies

7.7 Billion euro revenues

1.5 Billion euro investments

7,285 People



18.8% of employees in the manufacturing sector held technology-intensive activities (2<sup>nd</sup> after Germany with a share of 19.9%).

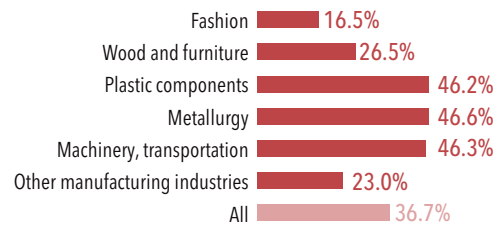
Manufacturing has always been the driving force of the Italian economy, including innovation. The utilization rates of digital technologies in production processes reveal a significant predisposition of manufacturing firms towards new technological paradigms.

The “Digital Renaissance” concept has been acknowledged by the manufacturing sector and by a large number of firms: almost 40% of them use 3D printers, while 25% employ robotic technologies.

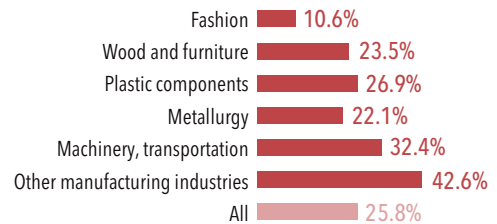
### INNOVATIVE TECHNOLOGIES ADOPTION IN ITALY

(2015, Innovative technology adopters, %)

#### Digital Manufacturing (3D printing)



#### Robotics

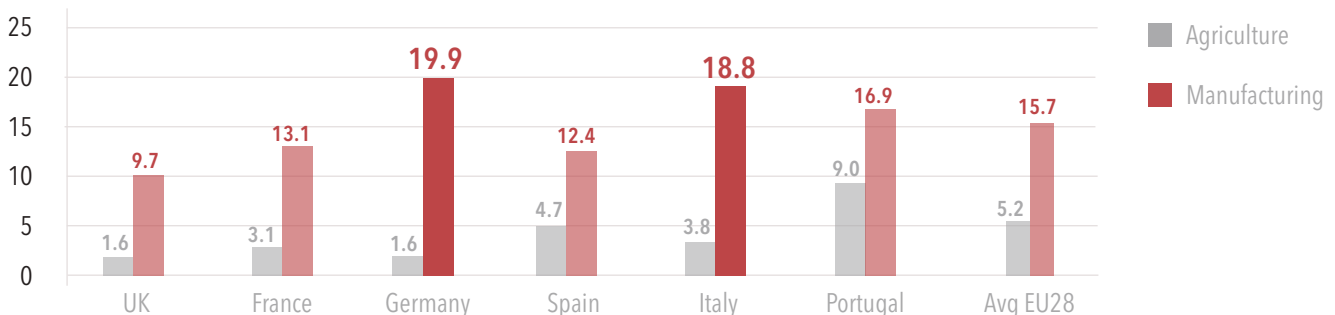


Source: Fondazione Nord Est

Italy, with its 8,307 patents filed, is placed 11<sup>th</sup> worldwide, while in Europe ranks 4<sup>th</sup> behind Germany, UK and France.

### HIGH TECHNOLOGY-INTENSIVE ACTIVITIES: EUROPEAN MANUFACTURING

(2013, % Employees holding technology-intensive activities)



Source: Science, Technology and Innovation Database, Eurostat

# INDUSTRIAL DISTRICTS

Over 140 Industrial Districts with more than 1 million firms represent nearly a third of the entire Italian manufacturing system.

The 140 industrial districts in Italy bring small and large companies together in interdependent and cooperative production systems. They are one of Italy's unique industrial strengths - spontaneous aggregations of companies competing and cooperating to foster specialization and excellence. Not only do these districts contribute to the high performance and innovation in Italian manufacturing, but they also employ nearly 5 million people.

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Industrial Districts are high value-added players in Italy's production system.

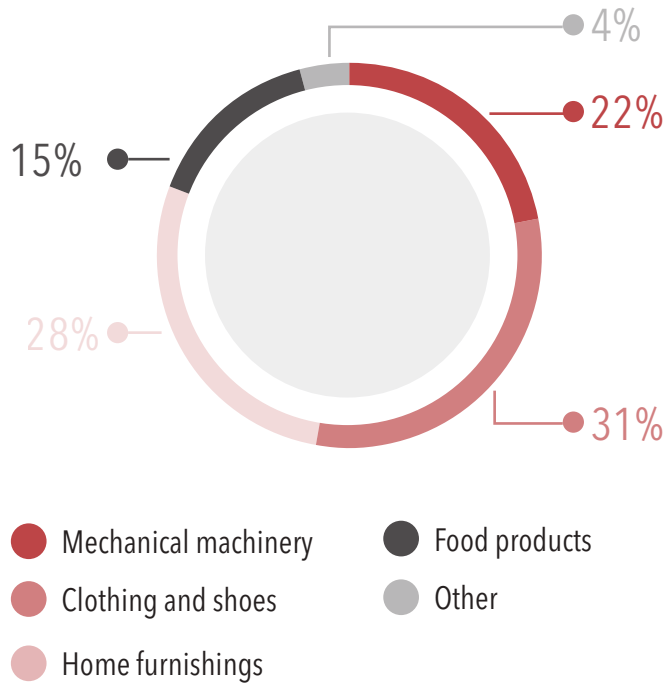
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The vast majority of industrial districts represent the backbone and productive centers behind world renowned Made in Italy products and brands, from mechanical machinery to clothing and foot-wear.



Italian Industrial districts are very dynamic: their export trends outpace those of the overall Italian manufacturing sector.

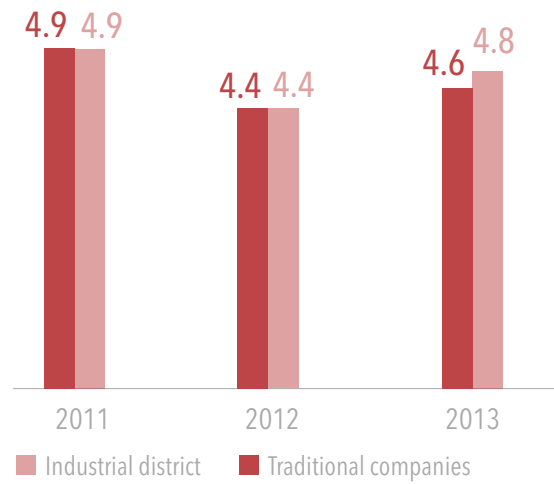
**SECTOR BREAKDOWN OF INDUSTRIAL DISTRICTS**  
(2014, %)



Source: Istat

Companies in Industrial Districts boast a better performance vs. traditional companies. In 2013, companies in Industrial Districts had higher ROI compared to traditional ones (4.8% vs. 4.6%).

**PERFORMANCE (AVERAGE ROI)**  
(2011-2013, ROI, %)



Source: Banca Intesa



# HUMAN CAPITAL & TALENT

Italy offers a competitive wage level (that grows less than in the rest of EU) and a highly skilled workforce.

In Italy the quality/cost ratio of highly specialized profiles is extremely competitive with other European nations. An engineer in Italy earns an average annual salary of 38,500€, while in other European countries the same profile earns on average over 48,500€ per year.

## Focus on Tertiary Smart Specialization

There are 86 Istituti Tecnici Superiori in Italy that are highly specialized technological schools in the non-university tertiary education-sector segment. They develop highly qualified technicians in strategic technology areas to support enterprises' innovation, processes and competitiveness.

## Early preparation and skills training

Early education and a focus on vocational training sustains the quality of the Italian workforce. Early childhood and primary education enrolment rates (96%) exceed Europe 2020 targets. Work based learning has become mandatory in every secondary school (Eurostat, 2013).

## Educational Excellence

Currently, large investments are being put in place for modernizing primary and secondary education, especially through the National Plan for Digital School. Launched in October 2015, for a total of over 1.1 billion € in the next 3 years, the National Plan for Digital School will offer various opportunities for leveraging the investment in the digitization of Italian education through infrastructures, skills development and human capital training.

More than 20 Italian universities are ranked in the top 500 academic institutions in the 2014 Academic Ranking of World Universities. Italy has nearly 300,000 graduates per year (MIUR\*, 2014), with 22% in the fields of science/engineering (Istat, 2012/13).



**300,000 graduates per year**  
with 22% in science/engineering

(\*) Ministry of Education, University and Research



## WAGES IN EU, EUROAREA AND MAIN COUNTRIES

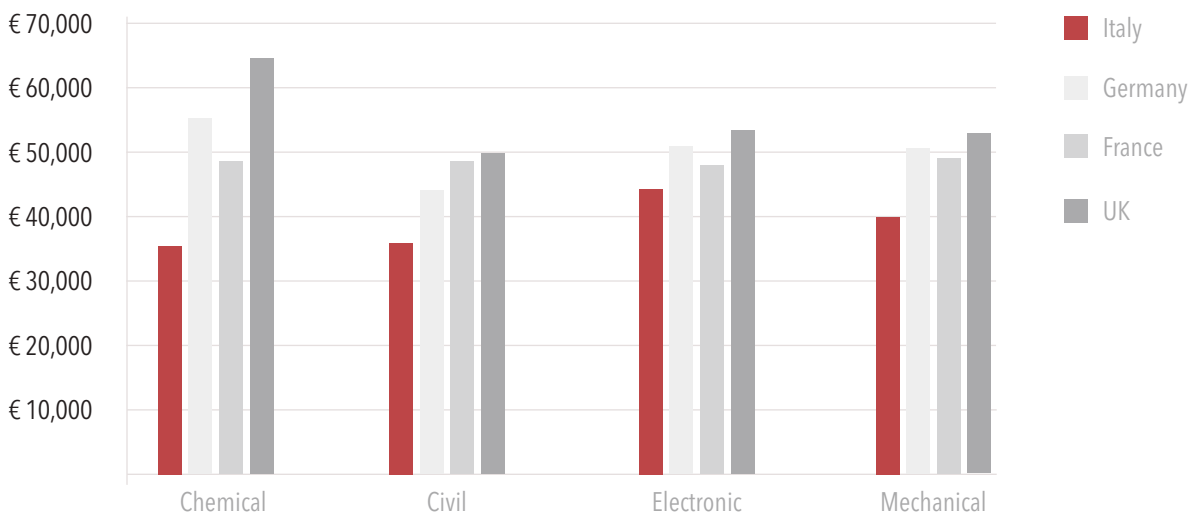
(2014, Annual Wages, € - % increase 2014 vs.2011)



Source: OECD

## MAXIMUM ANNUAL WAGE FOR ENGINEERING PROFILES

WITH 5 YEARS OF EXPERIENCE (2014, Annual Wages, €)



Source: PwC elaboration on Wageindicator

Italy's labour costs are well below other peer economies, like Germany and France.

Furthermore, labour cost growth rates registered in Italy over the last three years (2012-2014) are lower than those recorded by Eurozone countries (+ 1.2% vs. 1.7%).

# INFRASTRUCTURE: TRANSPORT

432 millions tons of goods and 1 billion people move in, out and around Italy each year.

The key competitive factors of Italy's transport system.

## Progressive speeding up of transport system

- High speed railways
- Barrier free motorways
- Airport-Rail links to urban nodes

## Strategic position & openness to international trade

- Railway interoperability with Europe
- Relevant positioning in core European corridors
- Central position in the Mediterranean
- High number of incoming-outgoing logistic nodes and international relationships

We are investing heavily in efficient, sustainable transport modes.

**1.7** billion euros invested in high speed and high capacity projects

**15.1** billion euros invested to develop the conventional railway infrastructure

**6.4** billion euros invested to purchase rolling stock and other transport services

Image: The European Ten-T Network

## MARITIME



The Italian maritime infrastructure includes more than 40 major trade ports located along 8,122 km of coastline, 21 of which offer international line services (14 are part of the European strategic network).

This way, Italy is able to offer both gateway services for the Mediterranean Sea trade flows as well as transshipment functions for international container traffic.

Italy is the leading European country in Roll-on/Roll-off traffic for number of ship owners (157) and number of ships (2,700).



in Europe for number of cruise passengers

**10 Mln** cruise passengers embarked and disembarked in Italy

**1<sup>st</sup>** in Europe as home port with a 35% market share



in Europe for overall number of passengers



in Europe for total tonnage handled

## AVIATION



With 150 million passengers in 2014, Italy confirmed its 4<sup>th</sup> place in Europe for traffic volumes and is one of the few countries among the major European markets that recovered the level of passenger traffic recorded before the global financial crisis.

With a total of 42 airports, 10 of which are included in the European core network, the Italian airport network offers 1 airport every 1.27 million residents and every 6,400 square km.

By 2030, passenger air traffic is forecasted to double to nearly 300 million passengers.

**9 billion** euros invested in the strengthening and upgrading of Commercial Airport hubs.

## ROAD



With 6,600 km of motorways and 21,500 km of national roads, Italy represents 10% of the European roads network. We are third in Europe for motorway density (22.1 km of motorway line per 1000 square km), ranking above the European average and countries like France and the UK.

Road transport recorded in 2014 was equal to 58.7 billion vehicles-km. A new Multilane Free Flow (MLFF) tolling system is currently under development and will be ready in 2016.

## RAIL



Every year, 864 million passengers (4<sup>th</sup> place in Europe) and nearly 91 million tons of goods (6<sup>th</sup> place in Europe) travel on the Italian railway system (2014).

The Italian railway system is an advanced and capillary infrastructure system which is superior to the European average in terms of percentage of electrified lines and equipment systems harmonized with European interoperability standards.

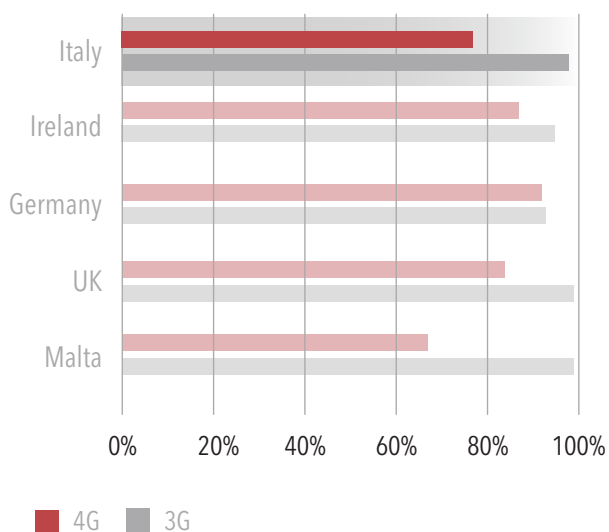
# INFRASTRUCTURE: DIGITAL

The Italian mobile network is characterized by an excellent level of coverage and high LTE speed.

## Excellence in Mobile Coverage

Italian mobile coverage is the best in Europe, with a 77% of total population reached by 4G technologies and 98% by 3G...

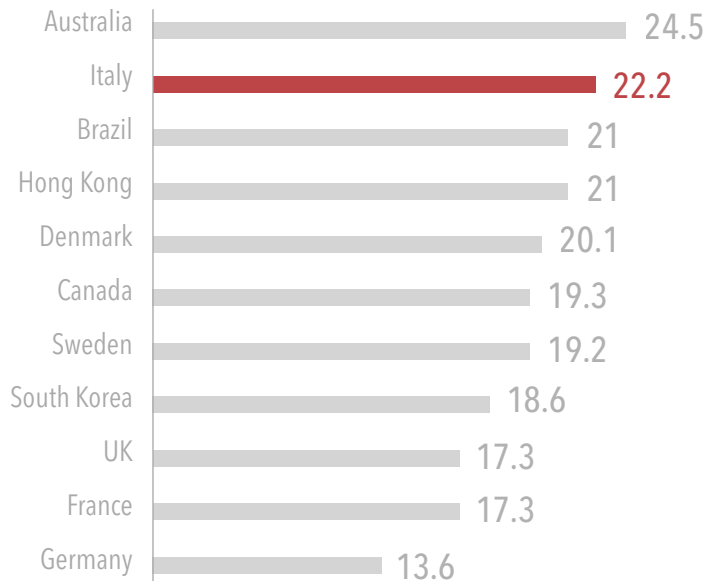
### MOBILE BROADBAND COVERAGE (2015, % of homes)



Source: European Commission Digital Agenda Scoreboard

...and the second fastest LTE speeds in the world.

### DOWNLOAD SPEED (2014, MBps)



Source: OpenSignal, Global State of LTE Report

Over the past few years, all the Italian telephone service providers have relaunched LTE investments. The main three operators reached a LTE coverage between 54% and 90% of population.

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## Accelerating to become 100% Digital

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Italy has aligned with other European countries in the development of digital government services and increased transparency. To push the Digital Agenda further and reach Horizon 2020 objectives, Italy will invest 4.5 billion euros over 2014-2020 to continue to improve infrastructure, digital services and citizen's digital education and uptake.

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## Milan: one of Europe's most wired city for ultra band

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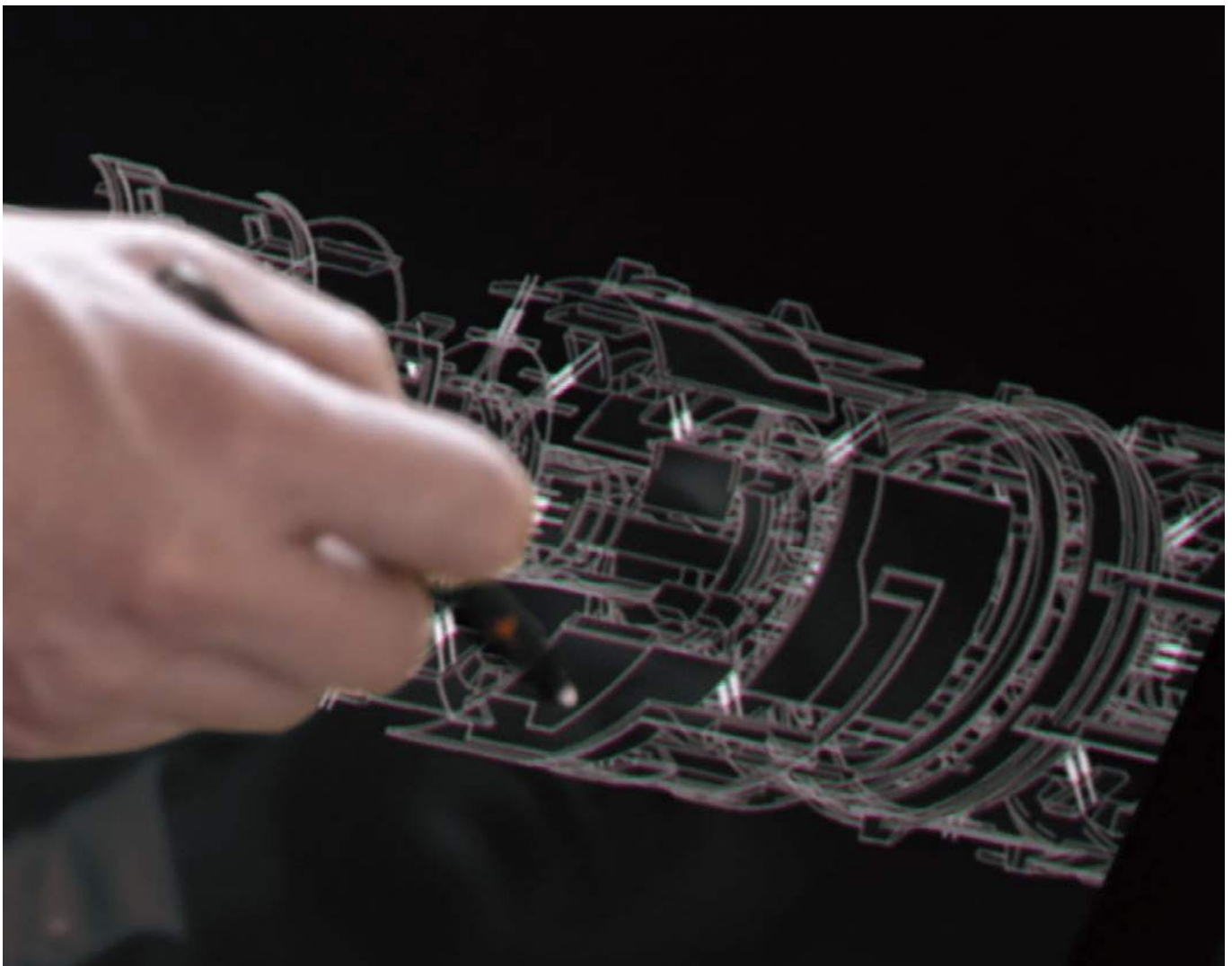
Fixed broadband coverage and take-up: fast **recovery with regard to the deployment of fixed NGA coverage** by incumbent and some alternative providers and revitalization of public funding.

### NGA TAKE-UP AVERAGE ANNUAL GROWTH

(2013-2015, NGA take-up (VDSL; FTTP; Cable), % of the households)

	2013	2014	2015
<b>Italy</b>	20%	<b>108%</b>	<b>71%</b>
<b>EU (27)</b>	83%	18%	19%

Source: Agcom, Digital Agenda Scoreboard



# PUBLIC UTILITIES

The Italian energy market is large, liberalized and focused on renewable energy sources.

Production, trade and retail activities in the Italian energy market are fully liberalized, while transmission and distribution services are subject to concession schemes.

With incentives to encourage sector investments and M&As, investments in 2013 grew to 5.7 billion euros from 4.2 billion euros in 2012 (+6.8%) and represented nearly 1.7% of national total investments.

Source: Top Utility Analysis report

## Electricity and production

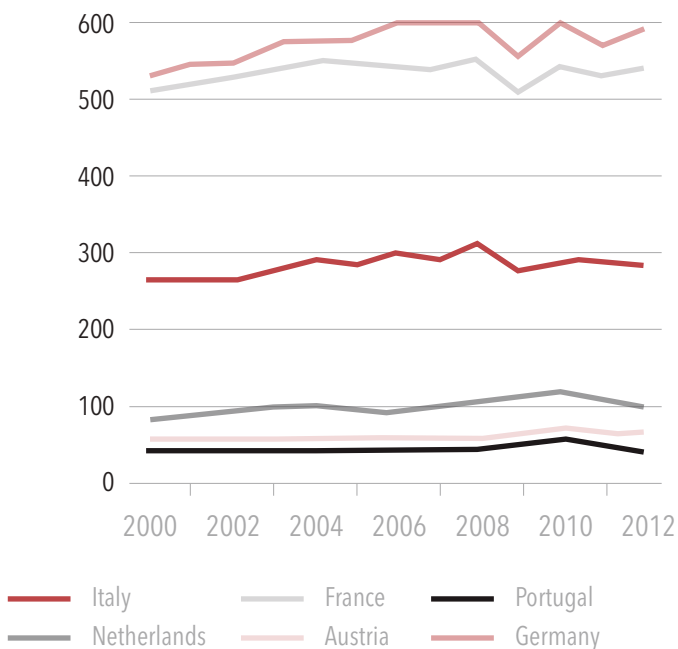
Italy is one of the principal electricity producers in the Eurozone.

Current national production fulfills 87% of national demand - 37 million customers.

Second only to Germany and France, Italy is one of the main electricity producers in the euro area.

## ELECTRICITY PRODUCTION

(2000-2012, TeraWatt)



Source: Autorità per l'energia elettrica, il gas e il servizio idrico

Continuity of transmission service in 2014, measured by the energy not supplied indicator (ENS), shows the complete absence of major accidents in 2014.

5<sup>th</sup>

In Europe for fresh water resources

4<sup>th</sup>

Country for energy demand in Europe

3<sup>rd</sup>

Producer of electrical power  
in Eurozone

2<sup>nd</sup>

In renewable energy generation  
among G7 countries

## Water

Italy is ranked 5<sup>th</sup> in Europe, for freshwater resources and 16<sup>th</sup> in the world.

Average water availability per capita is equal to 297 litres/day.

## Natural Gas

Annual natural gas consumption is about 61,9 billions (m<sup>3</sup>) and represents 15 % of the European demand for natural gas.

## Renewable resources

43% of Italy's net energy production is due to renewable energies; together with natural gas, they represent 76% of total national production.

Among the G7 countries, Italy is second only to Canada in renewable energy generation.

**12.7** billion euros spent in 2014 to encourage renewable energy





*Ministero dello Sviluppo Economico*

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Special thanks for the competent collaboration of PwC:



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