



# DESTINAZIONE ITALIA



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## INTRODUCTION

Italy can benefit greatly from globalisation.

The Italian entrepreneurs and workers who have made our country Europe's second manufacturing economy, and the world's fifth know this. Consumers throughout the world who appreciate products “*Made in Italy*” that have created a robust and widespread “demand for Italy” know this.

Opening up to globalisation does not just mean taking Italy to the world by exporting our products and investing in new markets. It also means bringing the world to Italy. It means attracting capital, both financial and human, with which to participate on an equal footing in the global creation of value, and in creating jobs, knowledge and growth for our citizens.

It is to meet this challenge that the Italian Government has launched *Destinazione Italia* (Destination Italy). Developed in close coordination with the economic policy priorities set out in the Economic and Financial Planning Document, *Destinazione Italia* establishes a set of measures to foster inward investment in a cohesive and structural manner and increase Italian companies' competitiveness.

The first version of the *Destinazione Italia* plan, adopted by the Council of Ministers on 19 September 2013, identified 50 measures whose goal is to reform a broad range of sectors – from tax to employment, from civil justice to research – to enhance and build upon our assets and to develop investment-focused policies to promote our country at the international level.

*Destinazione Italia* is a *living document*. The Government conducted a public consultation on that first version, through the [www.destinazioneitalia.gov.it](http://www.destinazioneitalia.gov.it) website. The two-month consultation, which ended on 9 December, saw the participation of citizens, the institutions, local and regional authorities, the Italian and foreign business communities, business and other associations, trade unions and experts.

The measures envisaged by the plan, up-dated with due consideration for the most significant suggestions to emerge from the public consultation, will be introduced gradually to our legal system following a timescale on which the Government's agenda will be based.

The consultation website attracted about 31,500 visits. 85% of the visits were from Italy and 15% from the rest of the world: a “long tail” of over 50 countries (led by the United States, United Kingdom, Belgium, France and Singapore).

Participants contributed to the consultation in four different ways: by specific comments on each measure; completion of a questionnaire to indicate their preferred order of priority for the 50 measures; suggestions for additional, complementary initiatives to those set out in the Plan; and lastly, the submission of position papers. The last-named produced particularly interesting results, with many organisations submitting high quality, structured contributions.

A more detailed summary of the results can be found in ANNEX 2, which reiterates the close links between the measures that emerged as priorities from the consultation.

Here are the 10 priority measures selected by the Government:

The Government's priorities on the basis of the consultation	Included in the legislative package of 13 December
Closer collaboration between the tax authorities and investors. Tax agreements and dedicated help-desk	X
Reform of the “Conference of Services”	
Consolidated text of employment law provisions	
Implementation of the national energy strategy to lower electricity and gas prices	X
Strengthen the business tribunal	X
Not just banks. Expand funding sources for small and medium-sized enterprises	X
Facilitate real estate investment by developing listed property-investment companies (Italian initials SIIQ)	
Tax credits for research and development	X
Facilitate environmental recovery projects	X
Visas as a means of attraction	X

This document includes a section on governing the investment attraction process. The Prime Minister’s Office will monitor the impact of *Destinazione Italia*, with the support of the relevant ministries and of ISTAT (the National Institute for Statistics), the Competition Authority, CONSOB (the Italian securities market regulator) and the Bank of Italy, and of international organisations. Stakeholders too, starting with foreign investors in Italy, will be involved in this exercise, which will also be linked with the fledgling “Contatore della Semplificazione” (Simplification Meter). The results will be evaluated by the Council of Ministers to decide which steps need to be taken to resolve any problems and to select further lines of intervention.

Lastly, a report on *Destinazione Italia* and on the state of foreign investment in Italy will be submitted to Parliament each year, as described in the Governance section of this document.

## **A COHERENT SET OF REFORMS**

*Destinazione Italia* is designed to attract investment that will support the Italian economy by opening new enterprises and production facilities, converting or reorganising existing businesses, capitalising and financially strengthening our companies, exploiting our assets, and creating both jobs and knowledge. *Destinazione Italia* is the expression of a coherent policy that is more than just a series of specific legislative provisions. It is policy-making that goes further and is broader in scope than law-making, since it aims to change not just the legal framework but incentives and behaviours too.

*Destinazione Italia* is a reform that concerns all of us: foreign investors, the Italian business community, the world of work and the world of research. Everyone wants to see an improved business environment, achieved through increased competition and competitiveness, better services, more support for innovation and research, less uncertainty, a more modern regulatory framework and a more effective public sector.

Attracting high quality foreign investment will enable us to support the economic recovery, now that the public debt and budgetary commitments have limited our spending capacity. It will also bring advantages in terms of know-how and research.

*Destinazione Italia* aims to capitalise on the country's regional and institutional framework, in full coordination with regional and local government and also through the "Conferenza Unificata" (Unified Conference) channel. More specifically, we will need to coordinate important inward-investment initiatives adopted by the Regions with those adopted by the "country system", by disseminating good practices and creating synergies. It will also be important to use European structural funds as an investment catalyst, in close coordination with the newly established Cohesion Agency.

This national reform project is underpinned by a precise scope and timescale. The first major event is Expo 2015, when the world will come to Italy "in person" and we will have an opportunity to showcase our unique qualities, amenities and attractions. In this, we will follow the guidelines presented in November in "Agenda Italia 2015", which is closely linked to *Destinazione Italia*.

Lastly, the Government is also aware of the need to safeguard national interests by activating the necessary filters and boundaries, as envisaged by law, to avoid any risk to the country's development and security.

## **MAKING A NEW START FROM OUR STRONG POINTS**

Italy is a country to invest in.

It is one of the world's ten leading exporting nations. It continues to be competitive, and in some cases a leader, in sectors with a high growth potential: fashion, home furnishings, automobiles, capital goods, robotics, agribusiness, biopharmaceuticals, shipbuilding, defence and security. And it has strong supply chains with which to face the fourth industrial revolution, a revolution

based on sustainability, unique products and an ability to apply craftsmanship to adapt those products to any and all requirements. Italian companies are ideally placed to find their niche in the higher levels of global value chains by combining our unique district-based production model with a modern, global economic and production outlook.

Italy has more sites than any other country on UNESCO's World Heritage List. Living and investing in Italy means benefiting from this shared historic and cultural heritage, which fuels creativity, improves the quality of life, and can increase companies' added value.

Our country's urban agglomeration pattern has enabled sustainable and balanced development. Italy also has an important third sector which, with its extensive and far-reaching network, helps ensure strong social cohesion. And Italy has a research infrastructure network with high technological potential, well-established local "districts" characterised by close public-private sector partnerships, and a cohesive system of universities and research bodies with proven experience in technology transfer.

Italians themselves are the first asset in which to invest: highly skilled human capital with world-class skills in so many sectors, including medicine, IT, engineering, architecture, mechanics, agribusiness, conservation of the cultural heritage, fashion and design. We have a broad-based business culture, as witnessed by our 4 million entrepreneurs and their continuing capacity to generate business.

In recent years, Italy has embarked on a serious path of reforms to ensure the country's future sustainability and growth. Thanks to the sacrifices made by our citizens, those reforms have enabled us to balance our budget and resolve the EU infringement procedure.

We have already implemented reforms in areas such as: pensions, the labour market, civil justice, bankruptcy law; the liberalisation of the electricity and gas sectors and of bond issues; the introduction of measures to give small and medium-sized enterprises access to business credit and help them capitalise; a policy supporting innovative start-ups; and the approval of a law to fight corruption, with the adoption of the necessary implementation measures. To these can be added improvements to our infrastructure, lower labour costs for companies employing young people, and measures to support the education and training system (schools and universities).

## **TWO SYNDROMES TO COMBAT**

*Destinazione Italia* will enable us to overcome the prejudices and overly-simplistic perspective from which the question of foreign investment is often viewed. It will enable us, too, to avoid contagion from two conflicting syndromes.

One is the "outlet syndrome", where foreign investment is viewed as "selling off our assets cheaply to foreigners to bring in some cash". The opposite is true. In a globalised world, attracting investment means growth and is the opposite of "delocalisation". Because to prevent our "Made in Italy" businesses from taking flight and moving abroad, we need to bring the world to Italy.

The other syndrome we need to fight is the “Fort Apache” syndrome, where we say: “we’re in decline, let’s build a wall to keep out the world and defend what’s left”. But in actual fact the conditions and measures that are needed to keep investments, including Italian investments, in Italy, are the same as those needed to attract new investments from abroad.

## OUR AMBITIONS

At present, Italy accounts for just 1.6% of the world’s total stock of inward investment. That is not enough. To attract more, we need to make things easier for foreign investors and Italian entrepreneurs throughout their investments’ life cycle by providing a framework of legal and fiscal certainty and a reliable timeframe for the necessary permits. It is these conditions, much more than direct financial incentives, that companies are looking for when deciding *where* to set up a new business or plant.

*Destinazione Italia* aims to respond to these needs by giving each investor a tutor who will act as their unique contact point, and by providing a “certainty package”. This will include:

*Regulatory certainty*, for example by introducing nationwide standard procedures and forms for any permits required (Measure 3); capitalising on agreements with the social partners to adapt contractual rules to the specific features of each new investment (Measure 4); and drafting a consolidated text of Italian employment law (Measure 5);

*Timescale certainty*, for example by reforming the “Conference of Services” to speed up procedures and initiatives and ensure clear results (Measure 2); adopting further measures to simplify the procedures for settling employment disputes (Measure 6); streamlining court proceedings (measure 14); and increasing the interest rate on late payments (Measure 15);

*Fiscal certainty*, for example through tax agreements between the Revenue Agency and businesses (Measure 1); and a review of the provisions governing abuse of right (Measure 8).

At the same time, we need to capitalise more on Italy’s unique qualities: distinctive assets linked to the beauty of the country, its culture, quality of life, regional and geographical diversity, entrepreneurial mind-set, aptitude for innovation, and rich fabric of human relations. In a nutshell: the “Made in Italy” brand. Figures show that in many cases foreign investors already enjoy the fruits of that brand, as partners of Italian exporters.

But we also need to take further steps to free the country from the factors holding it back by exploiting the real estate and intangible assets controlled by the public sector. And, where appropriate, putting them on the market.

Lastly, to take part in the global talent search, Italy needs to attract not just financial but human capital, including by exploiting our global networks of fellow Italians, who should be viewed not as fugitives but as levers for our country’s growth. We need to enhance and capitalise on Italian talent and create the conditions where merit and entrepreneurship are justly rewarded and recompensed. We need, therefore, to improve our capacity to welcome new talent by opening up

our country, not least in cultural terms, to input from foreign experts, professionals and entrepreneurs.

These are the reasons for, and background to, an ambitious plan that must be translated into practice without lowering our levels of social and employment protection or of safeguarding the environment and our cultural assets. And without ceasing to preserve and enrich the skills and know-how of Italian industry.

Today, through this plan to create a more favourable environment for investment, Italy can confirm to the international community that it has embarked on a new pathway and that it is capable of taking the long-term view, believing in its own resources, and seeking to connect evermore closely with the rest of the world.

The Government realises that to convince the world to invest in Italy, Italy must first be willing to invest in itself.

## LEGEND

The measures presented in *Destinazione Italia* have different implementation timescales. To make these easier to understand we have adopted the following symbols:

	<b>Implemented</b>
	<b>Rapid</b>
	<b>Short-term</b>
	<b>Medium-term</b>

## 1. Action already taken

The government has acted on many fronts over recent months, implementing a series of measures that are already making Italy even more attractive to investors. Employment and business, training and culture, justice and government, and infrastructure and energy are the most significant spheres of action. A selection of the provisions already implemented is described below.

### EMPLOYMENT

#### Lower taxes for companies employing young people 📌

With the *Pacchetto Lavoro* (Employment Package) of 26 June 2013, the government approved measures aimed at creating jobs, especially permanent jobs and with the focus on the younger generations. For employers who decide to hire a young person who has either been without paid employment for at least 6 months, or who does not have a secondary school diploma, a tax incentive has been introduced. The incentive equates to one-third of the gross taxable income subject to social insurance costs, for a period of 18 months and up to 650 euros per employee.

#### Better linkages between education and work 📌

The Employment Package also contained measures to help young people move between school and work. These are designed to standardise the apprenticeship system nation-wide, encourage training internships and set up a specific “Mission Structure” to run the “Youth Guarantee” scheme. On 30 October, the Mission Structure approved the first preparatory document and from 1 January 2014 will coordinate the implementation of the Youth Guarantee.

Italy’s *L’istruzione riparte* (New Start for Education) Decree also provides for improved guidance for secondary school pupils. It enables Advanced Technical Institutes (whose experience should be enhanced and better exploited) to enter into agreements with enterprises to set up joint training projects regulated by apprenticeship contracts.

#### Reduce the tax wedge 📌

With the *Legge di Stabilità* (Stability Law), the Government plans to help business by reducing the tax wedge by 3.3 billion euros over the next three years (1 billion in 2014, 1.1 in 2015 and 1.2 in 2016). The reduction will be implemented through changes to obligatory INAIL (Workers Compensation Authority) contributions and premiums. To these resources will be added the 40 million euros earmarked for 2014 to eliminate the IRAP tax for new recruits.

The Stability Law also envisages cuts of about 5 billion euros on the labour component of the tax wedge over the three years (1.5 billion of which in 2014) to reduce income tax for workers on low–medium incomes (to benefit those earning up to 35,000 euros per year).

### BUSINESS

#### Access to credit 📌

The *Decreto del Fare* (“Getting Things Done” Decree ) of 15 June 2013 boosted the Central Guarantee Fund (*Fondo Centrale di Garanzia*) by extending access to professionals, social enterprises and cooperatives and established a reserve for back-to-back guarantee operations by

CONFIDI (credit guarantee consortia). An in-depth review of the access criteria has also been opened with a view to expanding the pool of beneficiaries to include businesses which, although grappling with contingent and inevitable difficulties, nevertheless remain healthy and have real development prospects. The Stability Law increased the resources available to the Guarantee Fund by over 2 billion euros (of which 600 million for the “convergence” regions).

### **Low-interest business loans for investments**

The *Nuova Legge Sabatini* (New Sabatini Law) has opened a channel of low-interest loans for small and medium-sized enterprises (SMEs) to up-grade and renew their business processes. More specifically, it provides low interest loans for production-related investments: 2.5 billion euros – rising to 5 billion depending on actual requirements – for businesses investing in machinery, plant and equipment, including hardware and software.

### **Business Capitalisation**

The Stability Law has earmarked 1.5 billion euros over the next 3 years to increase the Aid to Economic Growth (ACE) tax incentive, a measure introduced to encourage business capitalisation. This will further reduce the imbalance in the tax treatment of debt-funded companies and those using their own capital for funding. The notional deductible element of Year-on-Year (YoY) equity increases has been raised to 4% for the tax year 1 January to 31 December 2014, and to 4.5% for the 2015 tax year and 4.75% for 2016.

## **EDUCATION AND TRAINING: SCHOOLS, UNIVERSITIES AND RESEARCH**

### **Open doors for young people to enter universities or research**

The government has raised the staff turnover for 2014 from 20% to 50%, freeing up posts for 1,500 teaching staff and 1,500 new researchers to foster the influx of new energy and intelligence to the university system.

### **Simplify residence permits for foreign students**

The *Decreto Istruzione* (Education Decree) is intended to bring the duration of foreign students’ residency permits into line with their study or training courses, including those lasting several years, with due respect for the rules governing the certification of courses and qualifications, subject to annual progress reports.

## **CULTURE**

### **Value culture more highly**

On 2 August 2013 the government approved the *Decreto Valore Cultura* (Value of Culture Decree). This led to the creation of the Greater Pompeii Unit (Unità Grande Pompei), a single organisation that will be responsible for all of the initiatives required to safeguard the archaeological site and for optimising its efficiency and increasing its appeal to international visitors. The Director General and Deputy Director General of the Unit were appointed on 9 December. Funds have also been earmarked for the New Uffizi Museum in Florence and the Museum of the Shoah in Ferrara. Young people will be given the chance to regenerate government-owned real estate assets through cultural projects; a tax credit has been established

for film production that also attracts international investors; and a similar incentive is being tested for the first time in the music industry.

## JUSTICE

### Clear the backlog of court cases 🇮🇹

The “Getting Things Done” Decree introduced a number of measures aimed at reducing the number of new court cases by making mediation obligatory for many types of proceeding. It also set up training and support internships in court offices and created a contingent of 400 honorary judges to settle disputes pending in the Courts of Appeal. Over the next 5 years, the total impact of the government’s decisions will be to reduce the caseload in the civil courts, increase the number of completed hearings (an additional 950,000) and reduce contingent hearings (by 100,000) and cases pending (by over 1 million).

## SIMPLIFICATION

### Make it easier to do business 🇮🇹

The same Decree also introduced measures to “cut red tape”, with estimated savings of 500 million euros on costs of 7.7 billion. These measures include: a single date in place of multiple deadlines; academic qualifications issued in English; and the use of interoperable data by public offices. The “silence means dissent” principle has been eliminated in applications for building permits in areas bound by environmental, cultural and natural constraints. The relationship between the State and citizens is changing: when the Public Administration is overly tardy, it will have to pay 30 euros for each day of delay, up to a maximum of 2,000 euros.

### Extend the scope of provisions on innovative start-ups 🇮🇹

The “Decreto Lavoro” (Employment Decree) extends the scope of application of the provisions for innovative start-ups to a broader range of enterprises, through a broad-based and systematic package of measures designed to facilitate their creation and growth. With the European Commission's recent favourable opinion, the tax incentives for investment in innovative start-ups will soon be fully up and running. These consist of deductions of 19%, up to 500,000 euros, for natural persons; and deductions of 20% from taxable earnings, up to 1.8 million euros, for corporations.

## INFRASTRUCTURE

### Incentivise private sector participation in major infrastructure projects 🇮🇹

Incentives have been introduced for infrastructure projects valued at more than 200 million euros and operating under public-private partnership contracts (and which do not receive public grants). Contract holders will be granted a tax credit that can be applied to IRES (corporate income tax) or IRAP (regional tax on production), and an exemption from licencing taxes to the extent necessary to achieve a balanced economic-financial plan.

### **Get the Transport Authority up and running** 🇮🇹

Turin has been selected to host the headquarters of the Transport Authority, while the chairman and two members of the board were appointed at the Council of Ministers meeting of 12 July 2013. The Authority is now ready to enter into full operational mode.

## **ENERGY**

### **Cut energy costs** 🇮🇹

With the “Getting Things Done” Decree, the Government began the process of simplifying and reducing certain charges in energy bills – amounting to over 500 million euros – with the focus on electricity. Implementation of the National Energy Strategy has already yielded its first fruits, enabling prices on Italy’s gas market to be aligned with those of Europe.

### **Boost the “Ecobonus” on renovation and energy-efficiency projects** 🇮🇹

Tax incentives for the energy efficiency of buildings have been extended, and the measure has been reinforced by raising the deduction to a maximum of 65%.

At the same time, the 50% deduction for building renovation has been extended and its scope expanded to include certain types of furnishings and home appliances. More specifically, the Stability Law has extended for the entire 2014-2016 period the deductions for building renovations and energy savings. These will amount to 50% and 65% respectively for 2014 – thus extending the incentive introduced for 2013 – and will fall to 40% and 50% for the following two-year period (2015-16). CRESME (the Economic, Social and Market Research Centre for the Construction Sector) and the Chamber of Deputies Research Office expect the tax bonuses to have an annual impact of 19 billion euros (one per cent of GDP) in additional investment and to generate nearly 300,000 new jobs.

## 2. ATTRACTION

This chapter describes the reforms through which the government intends to increase the country's appeal to foreign investors and improve business conditions for all operators. The proposals are grouped under three headings: a country that works throughout the entire life-cycle of the investment; a country that enhances its assets; and a country that attracts human capital.

### 2.1. A country that works throughout the entire life-cycle of the investment

Investors need a transparent legal, fiscal and judicial system in which responsibilities are clear and timeframes and response modes are reasonably predictable. At every step of the investment life-cycle, the State must equip itself to work better by: eliminating unnecessary barriers, making procedures more linear and facilitating collaboration with economic actors. The measures illustrated in this section include initiatives designed to make life easier for both foreign investors and the Italian business community.

#### Forecasting the return on investments

When drawing up their business plans and forecasting the returns on their investments, business people need to be able to count on clear and certain “reliable starting points”. These certainties should also encompass the taxes they will have to pay since taxes, especially for large-scale investments, are a major business plan item.

#### Closer collaboration between the tax authorities and investors. Tax agreements and dedicated help-desk

**Problem/opportunity:** investors need a reliable, predictable system. We need to foster prompt and rapid interaction that can provide investors interested in our country with reliable information based on *ex ante* agreements.

**Solution:** introduce, in compliance with European laws on state aid and the equal treatment of national and foreign investors, **tax agreements for investments above a certain threshold**. These would enable the companies concerned and the Agenzia delle Entrate (Revenue Agency) to agree in advance on fixed tax rates over a given period (for example, the first 5 years of the investment), thereby giving the investors a clear and reliable idea of the taxes to be paid. The new regime will take as its starting point the “Collaborative Compliance Scheme for Major Tax-Payers”, a pilot project introduced by the Revenue Agency.

An **Investors' Desk** has been set up at the Agency to facilitate and speed up communication, resolve potential disputes over interpretation in advance and guide tax-payers towards instruments of cooperation with the Finance Ministry already envisaged by law, such as the filing of complaints or international rulings. The Revenue Agency's dedicated Investors' Desk should provide an information and support service, including in the pre-establishment stage, and

not just for disputes over interpretation. The Desk will also be able to offer support to Italian investors planning to invest capital above a given threshold.

Forms of communication and enhanced cooperation between businesses and financial administrations will be introduced, the aim being to foster, in large corporations, the adoption of tax management models based on a risk-management approach.

To that end, businesses must install risk management and control mechanisms and assign responsibilities clearly within the framework of a complex system of internal controls and corporate governance. Firms that create such internal control mechanisms may receive incentives in the form of reductions in the tax procedures to be completed or in any fines to be paid.

### Obtaining permits

To begin operating at the local level, investors need to obtain the necessary permits from the relevant authorities. The timescales required and the degree of certainty as to whether such permits will actually be issued are crucial elements in a given region or country's appeal to foreign investors.

### Measure 2: REFORM OF THE “CONFERENCE OF SERVICES” ⚙️

**Problem/opportunity:** the “Conference of Services” was created as a “simplification agency”, with the aim of coordinating all the authorities involved in permit and authorisation procedures. To achieve this aim, reliable timescales must be ensured for the related decision-making processes.

**Solution:** a reform of the Conference of Services, with a view to streamlining and simplifying procedures. The new rules will be based on the following criteria:

- elimination of any problems standing in the way of holding the **Conference of Services remotely and asynchronously**: the notion of “session” has largely been superseded, given the availability of new technologies and the possibility of sending documents and files by email. The Conference can be held “in person” or “synchronously” in the event of complex projects, dissent, or assent with conditions;
- **elimination of the obligation of presence** for public offices sending preliminary “certificates of no impediment” (authorisations) to the office handling the application;
- in the event of Conferences conducted in synchronous mode, the positions of the various public offices involved in the procedure should be presented in a **single session**, the offices concerned having completed their own preparatory assessments in advance. If any public office is absent, the problem must, where legally possible, be solved by applying the “silence means consent” principle.
- provisions arising from the Conference will be given **actionable status** and published on the websites of the central and local government departments and notified promptly to the parties concerned;
- conference sessions **conducted remotely** will be fully actionable, once any problems encountered have been eliminated.

### Measure 3: STANDARDISED PERMIT PROCEDURES AND FORMS ☞☞

**Problem/opportunity:** greater uniformity is needed throughout the country in the procedures and forms used to obtain the permits required to begin a set up in business.

**Solution:** the approval, subject to agreement in the *Conferenza Unificata* (Unified Conference), of **standardised nation-wide procedures and forms** to be used when applying for the main permits required for business activities: construction and environment (by the end of November 2013); Sportello Unico Attività Produttive (one-stop shop for productive activities – Italian initials SUAP), by the end of January 2014.

To provide investors with more standardised procedures throughout the country, we will need to adopt standards at central government level, with the full involvement of the Regions. The latter will be given delegated powers to implement this standardisation at the local level to ensure that procedures are both effective and reliable. In keeping with the digitalisation process currently under way in government, we will need to introduce an automatic system to transmit information relating to changes in company data to all of the public offices concerned.

#### Employing workers

Once they have obtained the necessary permits, entrepreneurs must be able to draw on high quality human capital resources. To enable them to recruit staff, they will need to be placed in a position to *understand* the laws governing the labour contract. And – another equally important factor – they must have contractual instruments at their disposal that encourage access to the job market by young, skilled personnel. The measures envisaged for the implementation of the Youth Guarantee in Italy will also provide useful support.

Excessively high labour costs also hinder the attraction of investment to Italy. A determined commitment to reducing the tax wedge has been widely hailed by the political community and the social partners. The Government has taken action through the Stability Law by envisaging benefits for businesses through reductions in the obligatory INAIL premiums and contributions and the elimination of IRAP for new employees. As Parliament has recommended, we now need to allocate the resources obtained through public expenditure savings and the campaign to fight tax evasion to a further, and more substantial, reduction of the tax wedge.

**Problem/opportunity:** Italian labour legislation underwent deep reforms in 2012; in the summer of 2013 those aspects identified as problematic through monitoring of the new legislation were improved. For example, recruitment and access to the labour market were made more flexible, recruitment instruments were introduced for small-business networks, and the use of apprenticeships and training internships was simplified. The reform process needs to be taken forward in an incisive manner.

## Solutions

### **Measure 4: ADAPT EMPLOYMENT CONTRACT RULES TO THE SPECIFIC FEATURES OF NEW INVESTMENTS ☸☸**

To encourage new investments with the potential to employ workers over and above a given threshold, legislative provisions are proposed that will **build upon agreements with employers and workers who establish specific provisions governing employment conditions**, provisions designed to operate for a set period during the start-up phase. This will allow the social partners, in their mutual interest, to adapt the general regulations and provisions – without prejudice to the fundamental principles and criteria – to the specific needs of the new activity and to the creation of new jobs. Most notably, it will give enterprises regulatory certainty within the envisaged timeframe.

### **Measure 5: CONSOLIDATED TEXT OF EMPLOYMENT LAW PROVISIONS ☸☸☸**

The government will be charged with drafting a **consolidated text of employment law provisions** that will make them easy both to understand and to find. The new text will be translated into English. Italy's current employment laws are not just complex and open to uncertainty. They are also excessively fragmented, with numerous separate provisions introduced over time and arising from different legislative sources, making it difficult to find and identify the provisions required. A review is therefore necessary, not just to allow potential investors to understand and evaluate the regulations, constraints and sanctions currently in force, but also to clarify the possibilities offered by the law in terms of, for instance, incentives for the creation of new jobs.

### **Measure 6: PROCEDURE TO HANDLE EMPLOYMENT DISPUTES ☸☸☸**

The **good practices** currently applied in some tribunals need to be extended to the entire country, with a view to reducing the time required for proceedings and offering greater certainty to the parties in dispute. For that reason, the adoption of new legislative provisions will be evaluated and the application of good practices encouraged. This also applies in light of the monitoring of the implementation of the amendment introduced by Law 92/2012 to the procedures for cases involving the termination of the employment relationship and arbitration procedures. Naturally, attention will also be given to the organisational aspects of labour dispute procedures, aspects that are equally essential to their effectiveness.

### **Measure 7: SIGN INTERNATIONAL CONVENTIONS AND BILATERAL AGREEMENTS CONCERNING SOCIAL SECURITY MATTERS ☸☸**

Italy has not ratified any international ILO conventions on social security, and is also behind schedule with the signing of bilateral conventions with various countries to provide reciprocal social welfare conditions for foreign workers in Italy and Italian workers abroad. This delay makes the country less competitive by reducing opportunities for multinationals to invest in Italy.

The government intends to **accelerate the signing of such protocols**, beginning with the one signed with Japan, and to ensure full reciprocity in workers' social security conditions.

### **Paying taxes**

Once they have drawn profits from their investments, businesses must then pay taxes. But meeting tax obligations must not become an obstacle to investment. What is needed are clear and non-punitive rules; our tax system needs certainty, since frequent changes in the tax legislation have negative repercussions on credibility and on the medium-to-long term stability of tax policy. Certainty and stability in tax legislation, including the interpretation of laws and judicial activity, are at least as significant as taxation levels in fiscal competition among States.

It is also crucial to ensure that our country takes an active part in initiatives undertaken at the international and EU levels to provide an effective and coordinated response to tax evasion and avoidance. As part of this activity, account will be taken of the ratification of conventions agreed by Italy with other countries and which ensure standards of transparency in line with those recommended by the OECD, with a view also to up-dating the list of countries concerned.

The implementation of the government mandate for a fairer, more transparent and growth-oriented tax system, currently under the scrutiny of Parliament, will allow for more certainty and stability in tax legislation through:

- a redefinition of the abuse of right and of avoidance, extended to all taxes and accompanied by adequate procedural guarantees;
- improved relations with taxpayers in keeping with the enhanced relationship proposed by the OECD. This envisages internal systems to manage, control and monitor fiscal risk on the part of major taxpayers;
- a revision of criminal and administrative sanctions, according to criteria of proportionality with respect to the gravity of the behaviour;
- improved handling of disputes.

Implementation of the fiscal mandate envisages the following measures.

### **Measure 8: REVIEW THE PROVISIONS GOVERNING ABUSE OF RIGHT ☸☸☸**

**Problem/opportunity:** The concept of the abuse of right arose in the European Union context as a consequence of Court of Justice rulings limited to the area of tax harmonisation. It subsequently developed in Italy following a number of rulings by the Court of Cassation. It concerns cases, therefore, that give rise to confusion and uncertainty, and have potential major criminal repercussions, regarding the borderline between tax evasion and avoidance. It also affects taxpayer behaviours that, while legal, are designed to obtain advantages not envisaged by the lawmaker. Interpreting the definition of abuse too broadly undermines the certainties necessary for adequate fiscal planning.

**Solution:** as recommended by the Working Group appointed by the President of the Republic, **the definition of the abuse of right must be reviewed**, aligning it with that of avoidance in keeping with EU Court of Justice case-law on the matter and with the most recent Community

positions. Taxpayers may be punished only if the actual evasion of tax laws or restrictions can be proved. Simple tax savings would no longer be subject to sanction. Abuse, therefore, must be defined with reference to acts lacking adequate economic justification, committed for the sole purpose of avoiding fiscal obligations or restrictions envisaged by law and obtaining tax reductions or refunds. Tax-payers' complete freedom of choice between the various operations, including those entailing different tax charges, must be guaranteed. Specific procedural rules are needed to guarantee an effective interface between tax offices and businesses, while safeguarding taxpayers' right to defence.

## REVIEW TAX PENALTIES ⚖️⚖️⚖️

**Problem/opportunity:** the current penalty system, both criminal and administrative, often fails to meet criteria of proportionality with respect to the gravity of the behaviour in question.

**Solution:** review the criminal punishment system according to preordained criteria proportionate to the gravity of the conduct; introduce the possibility of applying administrative rather than criminal sanctions while taking the appropriate criminal liability thresholds into account. More in general, penalties, including administrative ones, should be reduced in less serious cases.

## Measure 10: REVIEW THE HANDLING OF TAX DISPUTES ⚖️⚖️⚖️

**Problem/opportunity:** the slow handling of disputes contributes to undermining the certainty of the law.

**Solution:** review the procedures for tax disputes and strengthen the judicial protection of taxpayers. Strengthen and rationalise arbitration and reconciliation mechanisms in tax disputes, not least with a view to deflating the dispute and coordinating with the rules governing disputes between taxpayers and the administration at the tax assessment stages, with particular regard to tax-payers committing minor infringements.

## Measure 11: REVIEW THE RULES GOVERNING THE TAX HAVEN “BLACK LIST” ⚖️⚖️⚖️

**Problem/opportunity:** businesses are bound by too many restrictions on cross-border activities, with resulting limitations on their internationalisation efforts.

**Solution:** reduce excessive restrictions on business internationalisation. With due respect for EU legislation and case law, review the rules governing the taxation of cross-border operations, with particular reference to the laws governing withholding tax, the deduction of commercial transaction costs incurred in dealings with suppliers located in “black-listed” countries, dividends from States with preferential fiscal regimes and the rules for calculating the income of permanent business establishments.

## Paying our energy bills

Energy costs are a key factor in the country's competitiveness, especially in the case of major manufacturing plant.

### Measure 12: IMPLEMENT THE NATIONAL ENERGY STRATEGY TO LOWER ELECTRICITY AND GAS PRICES 88

**Problem/opportunity:** Italy is committed to reducing energy costs. The gas market differential has been eliminated as a result of liberalisation measures adopted over recent years, which have led to overall benefits for consumers amounting to about 6 billion euros per year. We now need to reduce the electricity differential, even though the special terms enjoyed by major energy consumers mean that their costs remain wholly competitive with respect to those of other industrialised countries.

**Solution:** given the complexity and scale of the problem, the solution consists of a set of interventions, some of which can be implemented rapidly and some of which are structural. The lines to be followed are set out by the European Union and by the National Energy Strategy (SEN). The most important are:

- **Electricity sector:** the full integration of the Italian market with the European one (known as “market coupling”); the up-grading and gradual rationalisation of the national electricity grid to eliminate its numerous bottlenecks; the award of hydroelectric concessions through competitive tenders. The development plans for the national transmission grid should also envisage an increase in transit capacity to enable Italy to export its excess efficient generating capacity. This would encourage energy exports and enable us to sell flexibility services for the balancing of other European systems;
- For **businesses with high energy costs** in relation to turnover, a new lower rate for “tax-like” charges will soon be introduced. Also under study is a reduction in the cost of incentives for renewables through a financial instrument that will spread the cost over time without any impact on the public finances;
- **Fuel:** the complete liberalisation of the distribution sector; the rationalisation of the distribution network by closing plants that do not meet guaranteed security requirements; measures to encourage the opening of “ghost” plants; the liberalisation of the commercialisation of “non-oil” products; and greater competition in supply logistics;
- **Gas:** opening of the forward market and of “day ahead” balancing; the construction of strategic infrastructure (pipelines, terminals and storage); implementation of distribution tenders.

This process should result, over 2-3 years, in a substantial alignment of fuel prices – net of taxes – and gas prices with European levels. Electricity costs should also become more closely aligned with European ones: indeed, the differential between Italian and German final prices is expected to be halved as of 2014/15.

## Recourse to civil and administrative justice

Entrepreneurs – just like any citizen – compelled to have recourse to the civil courts need the justice system to be reliable and fast. Comparative international analyses by the World Bank confirm that the Italian civil justice system is the “Achilles’ heel” of our economic system. We are in 160th place out of 185 for “settlement of trade disputes”, with credit recovery procedures taking 1,210 days on average, at a cost of 30% of the credit concerned.

To this should be added the number of judgments against Italy, both domestically and in the European context, for failure to conduct trials “within a reasonable time” as required by the Convention for the Protection of Human Rights and Fundamental Freedoms.

### Measure 13 Strengthen the business tribunal ⌚

**Problem/opportunity:** better use should be made of the business tribunals, to provide investors with a satisfactory forum for settling disputes.

#### Solutions:

- **Extend the court’s jurisdiction to all disputes concerning commercial transactions**, thus creating an efficient channel for investors to gain access to justice;
- **Make Milan, Rome and Naples the fora** for all business tribunal disputes involving companies with their headquarters abroad, even if they have permanent establishments in Italy;
- With particular regard to foreign firms, **appoint someone in judicial offices to be in charge of organisational matters and liaison with the public**, initially through pilot schemes in those offices where business tribunals are based.

### Measure 14: STREAMLINE COURT PROCEEDINGS ⌚⌚

**Problem/opportunity:** shortening the timeframes of Italian justice is vital if we are to attract investments.

#### Solutions

- **Set further limits to the appeals process and extend the jurisdiction of Justices of the Peace;**
- **Introduce written grounds at the request of the parties;** these written grounds should be attached – to ensure that the provision is not rendered meaningless – to the statement submitted by any party wishing to contest a ruling, with payment by said party of the resulting court fee;

- **Strengthen the incentives to mediate:** enable the parties in dispute to refuse legal assistance during the mediation stage prior to the proceeding, and raise the threshold for exemption from the registration fee for agreements reached through mediation;
- Facilitate **debt recovery:** simplify and accelerate judicial debt-collection proceedings; foster more efficient management of individual and insolvency enforcement procedures; improve the efficiency of “enforcement against chattels” procedures against debtors and third parties in line with the legal systems of other European countries; implement bailiffs’ powers to seek out assets by redressing the imbalance in information available to creditor and debtor with respect to the latter’s assets;
- Modernise **the rules governing charges secured on movable property** by bringing Italian law into line with the most recent developments in Europe and at the international level. Most notably, review the rule whereby the creation of a pledge is subject to dispossession of the pledger, which in effect prevents the pledged assets from being usefully employed in the production process and in the enterprise’s conduct of business. In addition to speeding up debt recovery procedures without having recourse to the courts, modernising the regulations will also enable easier access to credit, especially for small and medium-sized enterprises;
- **Continue the process of increasing the use of Information and Communications Technologies (ICT) in justice by strengthening the *Processo Civile Telematico* (web-based civil trials, Italian initials PCT) instrument.** At present, the programme envisages the end of the two-track approach (i.e. paper-based and ICT), with the use of ICT only, from initial registration of cases to entry in the official court records, becoming obligatory with effect from June 2014. We should take action, as of now, to ensure that less computer-ready courts of appeal do not apply for extensions to the deadline, by investing available resources in training the staff and judges of said courts;
- Complete the creation of **data warehouses on individual proceedings in each judicial office**, to enable measures already adopted and problems already encountered to be evaluated more rapidly and accurately;
- Monitor, and make any necessary corrections to, **the application of the *Codice del Processo Amministrativo*** (Administrative Trial Code, Italian initials CPA). The CPA contains innovative measures such as those already identified to speed up judgments and new measures to ensure that judges’ rulings are enforced, in accordance with the EU provisions. Reduce the impact of defects of form in the cancellation of provisions adopted by the public administration by making the judges’ intervention more efficacious and more concrete; sentence parties more often to pay court costs, with a view to discouraging unfounded or clearly manipulative claims; and use interim protection provisions more rigorously.

### **Measure 15: INCREASE THE INTEREST RATE ON LATE PAYMENTS 8**

**Problem/opportunity:** the differential between the legal interest rate and market interest rates can spur the parties concerned to abuse their right to defend a claim; in any disputes concerning sums of money, this can translate into a cost-effective form of low-rate loan.

**Solution: raise the legal interest rate** in accordance with the provisions on commercial transactions as governed by EU law.

### **Import and export of goods**

Facilitating trade relations is so important that saving even one day in the overall import-export timescale could increase Italian trade flows by more than 10%. The timescales and costs of the import-export cycle are closely correlated with the conduct of all the players in the logistics chain (manufacturing companies, container terminal operators, port authorities, air cargo and maritime carriers, customs, etc.).

### **Measure 16: INCREASE THE EFFICIENCY OF THE IMPORT-EXPORT CYCLE 88**

**Problem/opportunity:** Italy must remove the main obstructions in the logistics chain if it is to exploit to the full the competitive advantage provided by its favourable geographical position. This is especially true in light of the recent World Trade Organisation (WTO) trade facilitation agreement in Bali, which is an extraordinary opportunity for a growth in international trade by SMEs.

A “Single Window” programme has been introduced by the Agenzia delle Dogane e dei Monopoli (the Customs and Monopolies Agency). Its aim is to provide a single interface for the 18 different State administrations involved to perform procedures and check customs clearance procedures online. The initiative has already produced considerable savings in time and money.

After the operational trials that began in February 2013 in Ravenna and were then extended to the ports of Civitavecchia, Naples and Venice and the airports of Capodichino, Linate, Malpensa and Venice, the “Single Customs Window”, in what is essentially its final form, is now operating in the ports of Livorno, Genoa and La Spezia. It will then be rapidly extended to all customs offices.

The Single Window allows customs and related offices and other parties involved in import/export operations to talk directly. It improves the efficiency of the process as a whole and leads to considerable reductions in the time needed to release goods and in the costs borne by businesses. The “Single Window” now needs further improvements so that procedures can be completed in 24 hours. It also needs to involve the other players in the logistics chain in the digitalisation process.

**Solution: Provide a reliable timescale for each of the stages in the logistics chain.** The tasks of all the parties taking part in the customs clearance process must be coordinated and the officials concerned must be available 24/7. A maximum timescale for the administrative procedures must be established. All of the necessary checks can be moved to the final destination and carried out at one time and in one place, subject to notification by the port Customs office to the releasing Customs office (without the “breaking the seals” or “in bond” procedures).

Global markets require greater efficiency, timeliness and punctuality from manufacturing and service businesses, not only in delivering their product or service but also with respect to the information connected with the traffic flows handled. It will be necessary, therefore to develop a

real-time monitoring system for the logistics chain and ensure complete interoperability between platforms. Electronic document tracking must be combined with tracking of the physical location of goods (through geo-positioning).

## 2.2. A country capable of optimising its assets

To attract foreign investments and thus foster Italy's development, it will be important to provide investors with support throughout the "investment life cycle". But if we are to "make the difference", we will need to optimise "System Italy's" distinctive assets and exploit our country's unique features.

### Businesses

Attracting foreign investments serves to make our companies stronger. It will enhance their potential to innovate, bolster their capital stock and expand their market outlets. For foreign investment to reach our companies, we will need to strengthen them and foster their growth, bearing in mind that they are Italy's most extraordinary asset.

We will need to enhance and build on their know-how and capacity for innovation, including through instruments such as "industrial doctorates"; stimulate their growth and diversify their financing procedures and sources; and open them up to private capital when required. International investors view Italian companies with great interest, so they should be placed in the best possible condition to take advantage of the large quantity of liquidity on the markets in search of good investment opportunities.

### Measure 17: CAPITALISE ON STATE-OWNED COMPANIES, INCLUDING THROUGH A DIVESTMENT PLAN 8

**Problem/opportunity:** To attract investment to Italy, we will need to open up to private capital a part of the domestic economy that still remains in the hands of the public sector, both national and also, and above all, local.

To do so, we will need to capitalise on the real estate and intangible assets controlled by the public sector, with due respect for EU law, and, where appropriate, put them on the market. In so doing, account must be taken of any potential public interest in maintaining state ownership of companies operating in sectors of particular strategic relevance.

A privatisation and divestment programme would have numerous advantages. It would: a) boost the development of the companies to be privatised, through the acquisition of new Italian and foreign capital; b) broaden share ownership through listing on the stock market, which would also enable risk capital to be more widely distributed among investors and help increase the overall capitalisation of the Italian Stock Exchange; and c) help obtain financial resources that would be used to reduce public debt.

**Solution:** In the case of companies directly or indirectly controlled by the state, the **Ministry of the Economy and Finance has made an initial selection of state-owned assets for divestment**. These are: ENI (for holdings exceeding 30%); STM and ENAV (for direct holdings); and SACE, Fincantieri, CDP Reti, TAG and Grandi Stazioni/Cento Stazioni (for indirect holdings).

In accordance with Law 474 of 1994, these operations could be carried out through a) public tenders, or b) broad market operations addressed to institutional and retail investors. Implementation times will be shorter for operations involving companies already listed on the stock exchange, while timescales will necessarily be longer for those requiring improvement or re-organisation before being placed on the market, with a view to maximising profits and increasing their appeal to investors.

This will be followed by a **second stage of divestments** which envisages, in 2014, the sale of minority shareholdings in the Post Office and other national companies, with the possibility of employees taking equity shares, along the lines of the German co-ownership model.

The part that local authorities could play in this process, with respect to the companies they control, is equally important. This would involve a detailed assessment of the public presence in certain sectors of the economy, which would give rise to **rationalisation or divestment initiatives and, above all, mergers or integration with other publicly-owned companies**.

The resulting growth in size would enable the companies concerned to operate and compete more effectively and, as a result, would increase their value and enable them to access bigger industrial and financial markets.

An important role in this process will be played by the *Comitato Permanente di Consulenza Globale e di Garanzia* (Global Advisory and Guarantee Standing Committee, known as the “Privatisation Committee”). The Committee’s task is to provide the government with technical advice to ensure that the operations in question are completed successfully and in a transparent and consistent manner and according to a coordinated timescale.

The Committee is chaired by the Director General of the Treasury and includes another four members chosen, through a decree issued by the Minister for the Economy and Finance, from prominent members of the academic and professional communities. Members are not entitled to remuneration or attendance fees of any kind. The Committee, which was renewed in late November 2013, has a renewable 3-year mandate.

## **Measure 18: NOT JUST BANKS. EXPAND FUNDING SOURCES FOR SMALL AND MEDIUM-SIZED ENTERPRISES**



**Problem/opportunity:** The credit crunch to which the banks subjected enterprises is structural in nature and creates a need to simplify existing legislation to help attract financial resources from international capital markets. The recent liberalisation of bond issuances by unlisted companies, including small and medium-sized enterprises (SMEs), gives these companies, which are potentially highly appealing to the markets, the opportunity to attract specialised investors, both Italian and international.

Thanks to this measure, in just a few months a number of Italian companies have gathered over 5 billion euros in new funding on the international markets. Using corporate bonds and specialised investment funds, it is now possible to channel investments by institutional and other high quality investors (such as insurance companies, pension funds and social security funds) towards Italian businesses by activating a direct intermediation circuit.

Recent estimates by market operators engaged in this process suggest that some tens of thousands of enterprises could become bond issuers, with potential funding for the economy from this new market amounting to 10% in coming years. The development of non-banking financial markets could also have positive repercussions on the recovery of the banking channel, since it could free up banks' capital and allow them to increase their lending activity.

As a further indirect but positive effect, the issuing of financial instruments could gradually bring companies and entrepreneurs closer to the markets and act as an incentive to listing. By generating the financial mind-set needed to handle relations with the market, bond issuance can become a preparatory step to stock market listing.

**Solution:** complete the liberalisation process and extend **the possibility to access capital markets by issuing bonds** to the largest possible number of SMEs. This would capture the interest of investors, including foreign ones, by aggregating issuances in sufficiently large portfolios and enhancing the role of credit funds. Alternatively, SMEs could be given indirect market access by strengthening and simplifying the securitisation instrument (by reviewing some aspects of Law 130).

Allow bonds and similar securities, as well as units of funds investing in them and securities representing securitisation operations, to be included in those eligible to cover insurance companies' technical reserves, and to be deemed compatible with the provisions concerning pension fund investments.

Reduce indirect taxes on credit guarantees, pledges and liens, to stimulate secured bond issuance with a view to encouraging SMEs to have recourse primarily to this form of issue. The main target for this initiative is the Mid-Cap segment, and the approximately 30,000 SMEs with sales of over 50 million euros.

## **Measure 19: REVITALISE THE STOCK MARKET** ☞

**Problem/opportunity:** revitalising the stock market and encouraging Italian companies to go public is essential to underpin their financial soundness and attract foreign investment to the "Made in Italy" brand.

**Solution:** launch a far-reaching project that includes the following initiatives:

- **tax incentives for investments in shares or in holdings in SMEs, either listed or pending listing, and/or in vehicles specialising in listed SMEs**, to increase the appeal of investment in Italian Small Caps. This approach follows similar lines to the provisions for innovative start-ups, with due respect for the EU legislation on State aid;
- **remove the tax on capital gains** for investors in Small Caps who commit to maintaining their investments for a period of at least 3-5 years. This incentive could also help spread a stock investment culture over the medium-to-long term;

- **draw up provisions on multiple voting rights:** remove the ban on issuing shares with multiple voting rights envisaged by Article 2351.4 of the Civil Code, and introduce share categories with different voting rights. Certain shares would have a greater “weight” if kept in the portfolio for a set period of time. The adoption of equity structures with multiple categories of shares and differentiated voting rights is a vital instrument to prevent the economic “dilution” of the shareholding from being followed by a dilution of voting at shareholders’ meetings. It would, at the same time, safeguard the control and management continuity that are often one of SMEs’ most important assets.
- **reduce the informational requirements resulting from listing.** The cost to listed companies of providing the envisaged obligatory information is very high and discourages companies from listing. This is especially true for SMEs, in view of the high incidence of such costs on companies with a relatively low turnover;
- **reduce the minimum amount of share capital** required for public limited companies from €120,000 to €50,000 to encourage SMEs to list;
- **introduce a “super ACE”** (Aid to Economic Growth (ACE) tax incentive) for companies intending to go public through increased capitalisation. This is the same principle as applied in the current ACE, with an increased benefit with respect to the actual and “transparency” costs incurred by companies after listing;
- **facilitate the establishment of Special Purpose Acquisition Companies (SPACs)** to give more companies indirect access to listing, for example by reviewing the provisions regulating the right of withdrawal.

## **Measure 20: INVESTMENT TO SUPPORT MICRO-, SMALL AND MEDIUM-SIZED COMPANIES PROMOTING THE “MADE IN ITALY” BRAND** ☞

**Problem/opportunity:** Italy is a country of micro- and small-sized companies that together represent the best of our production system. A system that combines a sound agricultural, craft and manufacturing tradition with excellence in cutting-edge hi-tech sectors. This production fabric, along with innovation and research (Research in Italy), is essential to the production of goods flying the “Made in Italy” flag that is so highly appreciated worldwide.

Many foreign investors would be interested in investing in these enterprises but the companies’ relatively small size makes it difficult to match them with foreign capital. Some sort of instrument is required to enable the obstacle of distance – and not just geographical distance – between foreign capital and Italian companies to be overcome while at the same time helping international investors understand which companies are the most promising.

**Solution:** the **seed capital investment** model established in the German market (High Tech Gründerfonds) is one possible inspiration for Italian micro-enterprises. Such an instrument could act through subordinate instruments (e.g. participatory or convertible loans) in companies selected by a team of professionals with previous SME experience. The resources should be primarily, but not exclusively, public, as it would not be possible to conduct full due diligence analyses on the target companies, given their limited size, their intrinsic volatility and the fact

that it is not possible to establish adequate governance structures that meet the requirements of risk capital investors.

To this end, an **“Invest in Made in Italy” fund could be set up** to invest in micro-enterprises, with average tickets of between 50 and 500,000 Euros. In terms of investment size, this Fund would complement the Italian Investment Fund.

### **Measure 21: ATTRACT CAPITAL AND SKILLS TO HELP START-UPS DEVELOP AND GROW** ⌘⌘

**Problem/opportunity:** Italy is a country that enjoys “widespread creativity and entrepreneurship” and where in recent years growing numbers of people, especially young people, have set up innovative businesses. At the end of 2012, legislation was passed to facilitate the birth and development of these new start-ups.

We now need to ensure that more and more innovative business ideas, especially in the delicate start-up phase, have access to the necessary capital and expertise. To achieve this goal, support is needed for the traditional market for investment in start-ups (venture capitalists and business angels). We have a very real opportunity to attract foreign capital willing to invest in new businesses which, being Italian, have a natural aptitude to rapidly conquer international markets.

**Solution:** set up a “Fund of Funds” dedicated to co-investment in venture capital funds amounting to 150–200 million euros, to support investments by angel investors, business catalysts and incubators. This would follow the lines of the proposals set out in the “Restart, Italia!” Report by the Ministry for Economic Development and reiterated in the report by the Working Group appointed by the President of the Republic. The public funds could also be activated on condition that (at least) part of the private resources came from abroad.

The European Investment Fund (EIF) could also subscribe to and play a part in managing the Fund of Funds. This would provide benefits in terms of neutrality in selecting the venture capital funds and in allocating resources, and give the instrument a stronger international profile. The Italian Investment fund has already tested such initiatives successfully by dedicating about 50 million euros to venture capital funds. Indeed, it has already provided support for four such funds moving investments of around 200 million euros.

### **Tourism and culture**

Italy’s gift for culture and tourism is self-evident to anyone interested in our history. However, this history will become less and less visible if it ceases to be accessible to all and if we fail to convert it into a factor for growth and employment.

## **Measure 22: ENSURE THAT THE TOURISM SECTOR IS ABLE TO GRASP GLOBAL OPPORTUNITIES 88**

**Problem/opportunity:** with about 50% of tourists coming from abroad, the Italian tourism market offers enormous opportunities to attract foreign capital. Tourism consumption is growing strongly worldwide, while Italy remains near the top of people’s “countries to visit” lists. It must now be enabled to grasp that demand in full, by eliminating seasonal factors from tourism flows, improving accommodation and visitor facilities, and expanding the companies operating in the sector.

### **Solutions:**

- **Timely adoption of the National Strategic Plan for Tourism (hereinafter National Tourism Plan) in accordance with Article 34 *quinquies* of Law 221 of 2012**, which confirmed Decree Law 179 of 2012. The National Tourism Plan – to be agreed through the State-Regions Conference – is designed to establish the priority goals for the development of Italy’s tourism sector;
- **Stimulus measures aimed at increasing the size of companies operating in the tourism sector and attracting tourism developers:**
  - o provide, in compliance with European Union regulations, a 3-year period of tax and social security incentives to companies deciding to group together, including in the form of company networks;
  - o bolster and expand incentives to company networks, with a specific focus on tourism companies;
  - o award incentives for greenfield and brownfield tourism development investments that create new jobs;
  - o simplify administrative procedures designed to foster inward investment in the sector.
- **Introduce a single set of national hotel classification provisions**, in line with European and international standards (evaluate the possibility of adopting the Hotelstars Union system), and standardise the definitions used for non-hotel facilities;
- **Incentives for investments exceeding a minimum threshold**, in compliance with EU regulations, with the focus on developing select tourism hubs, especially in Southern Italy: areas with high tourism potential but currently under-developed, where tourism represents the best chance for economic development and employment growth;
- Define the concept of “**tourism project of strategic value**” which the government can assign to private projects creating investments of particular significance and which are likely to increase the competitiveness of our tourism offering, especially in the sphere of conferences and events, cruise ship ports and entertainment;
- **Measures to eliminate seasonal factors from tourism flows:** develop a calendar of special events and create secondary tourism itineraries, segment demand and develop targeted promotional campaigns and products. Encourage agreements with agencies and tour operators, promote conference tourism and health and spa breaks (accessible leisure), and capitalise on the wellness segment;

- Draft domestic provisions to revitalise **youth tourism** with a view to encouraging the development of a network of good quality, low-price accommodation facilities. At present, the regulations and structural requirements governing youth hostels vary from one region to the next, while many regions allow them to be operated only by non-profit organisations. This has prevented the development, to date, of a network of hostels in line with the great European tradition;
- **Improve training for tourism workers** with the aim of increasing the appeal of employment in the sector, especially by developing management skills in the hotel and cultural sectors;
- Develop a **digital strategy for tourism** that sees the Italia.it portal as a platform for communication and promotion. In this, the number of languages into which the portal is translated should be increased, most notably by adding Chinese, Japanese, Russian and Portuguese. Increase the use of social networks and adopt measures to incentivise innovation in the sector, both for products and for services;
- **Provide incentives for tourism activities with a low environmental impact**, like cycling tourism and trekking, both of which have the potential to generate sizable economic flows with limited public investment.

A large number of measures in other sections of this document have a particularly strong direct impact on tourism. These include tax agreements to create a more reliable climate for investors; simplification of the authorisation and “Conference of Services” processes; measures to foster investment in the real-estate sector and facilitate the change of use of buildings; and increasing the number of tourism visas issued.

### **Measure 23: CAPITALISE ON OUR CULTURAL HERITAGE**

**Problem/opportunity:** the world’s demand for culture is growing exponentially. The global competition for this market is increasingly being won by countries with a strong historic and cultural identity. Italy’s artistic and cultural assets give it a natural competitive edge, a unique and universally recognised heritage. The adoption of innovative governance models and cultural patronage and sponsorship can play a part in safeguarding and enhancing the value of our cultural assets and creating enterprises in this sector.

We need to develop a widespread and sustainable development model for the cultural market and for “good jobs”, no longer based solely on public funding, on the great cultural institutions and on major events, but also on the planning and reorganisation of local development.

The culture industry is potentially a great catalyst for foreign investment, economic growth and job creation, but the number of projects able to attract private capital is still too low. The role of the state should focus on the active and on-going protection of our cultural heritage and, with regard to the enhancement and exploitation of that heritage, long-term planning agreed with other local institutions. This would lead to the development of favourable environments for the production of our cultural offering, a better use of our cultural assets and the careful monitoring of private sector initiatives.

## Solutions:

- Provide incentives to set up **private philanthropic funds** dedicated to major cultural institutions, and provide tax relief for cultural patronage;
- **Provide incentives to increase the appeal of museums and archaeological sites** through a widespread use of new technology to adopt electronic ticketing procedures and improve visitors' experience through digital instruments such as virtual reality, augmented reality and the online distribution and promotion of museum content;
- Introduce provisions, on an experimental basis and under appropriate public supervision, to **entrust the management of cultural assets to private and third sector operators**;
- **Make fuller use of museum assets currently in storage** and not suitable for other forms of use, for example for research initiatives and to promote and showcase Italian culture throughout the world;
- **Internationalise our country's cultural offering** by providing translations for major events, exhibitions and performances, and by supporting their promotion abroad. We also need to coordinate and support Italian cities' bids to host major cultural and sports events;
- Introduce an **Italian capital of culture** in tandem with the European capital of culture initiative;
- **Promote arts and musical education**, with the aim of increasing the appeal of jobs and expertise in those sectors.

## Public real estate assets

In addition to the divestment initiatives, actively exploit public real estate assets and concessions.

### Measure 24: CAPITALISE ON PUBLIC REAL ESTATE ASSETS ⌘⌘

**Problem/opportunity:** public real estate assets can be put to better use by opening up to competition.

**Solution:** review the criteria for allocating assets and the duration of contracts and hold transparent public tenders aimed at maximising competition between operators and attracting international investors. In this light, the minimum economic prerequisites for awarding contracts will need to be brought into line with current market values.

### Measure 25: MAKE BETTER USE OF UNDEREXPLOITED REAL ESTATE



**Problem/opportunity:** Numerous publicly owned buildings are at present unused but potentially of great value. We must therefore draw up a credible and on-going real-estate optimisation programme for investors.

**Solution:** give the Agenzia del Demanio (Public Property Agency) increased capacity to coordinate local initiatives so that they act at a system-level, and to channel public – including European – resources allocated in various capacities to publicly-owned real estate assets. The aim here is to create a **pipeline of economic and social development operations** that are easily recognizable and attractive to different types of investors. The initial focus should be on cultural initiatives, as envisaged in Article 6 of the “Value of Culture” decree.

### The real-estate market

Italy’s real-estate assets have an immense value. Channelling resources to this sector by liberalising it and increasing its appeal to investors is a vital step in supporting urban regeneration programmes and helping to overcome the crisis in the construction sector.

#### **Measure 26: LIBERALISE THE RENTAL MARKET FOR LARGE NON-RESIDENTIAL BUILDINGS** ⚙

**Problem/opportunity:** we need to align current rental market regulations with those of other European countries to increase the appeal of real-estate investments.

**Solution:** enable the parties to **negotiate contractual terms and conditions derogating from the current legislative provisions**. The protections currently envisaged by the law will be maintained, but only to protect “weak” categories of tenants (like family-run shops, artisan businesses, etc.), thus observing the original spirit of the provisions.

The liberalisation measures, on the other hand, will concern rental contracts entered into by large operators. A more flexible rental market will pave the way for commercial investment from abroad (large business facilities, hotel and visitor facilities, corporate headquarters, etc.).

#### **Measure 27: ENCOURAGE CHANGES OF USE FOR REAL ESTATE** ⚙⚙

**Problem/opportunity:** we need to simplify the provisions imposing binding constraints on the intended uses of buildings, to enable buildings to be used for different purposes from those originally intended. This will foster investment to renovate and re-use buildings (for example, refurbishing an old country farmhouse to convert it into a holiday farm, or turning an unused hotel into private housing).

**Solution:** introduce a **free of charge, streamlined change of use procedure** for buildings, especially those lying idle or occupied by companies in distress, with full respect for the need to protect the landscape and the original disposition of the buildings. This system could also be extended to changes of use in free construction zones eligible for non-residential uses as part of public or private implementation plans and programmes where at least 70% of overall volumes are intended for social housing and/or housing for the armed forces, the police and fire service personnel.

Facilitating the change of a building’s use will stimulate the flow of investments towards local development and regeneration projects, to the benefit of the competitiveness of the building itself and of the real-estate and construction market as a whole.

## **Measure 28: FACILITATE REAL-ESTATE INVESTMENT BY DEVELOPING LISTED REAL-ESTATE INVESTMENT COMPANIES (SIIQs) 88**

**Problem/opportunity:** the efficiency of the real-estate market, especially for non-residential buildings, largely depends on the presence of institutional investors. To develop *Società di Investimento Immobiliare Quotate* (Listed Real-Estate Investment Companies, Italian initials SIIQ), investors must be guaranteed returns in line with those of comparable European instruments, without affecting the risk profile of the product.

**Solution:** align the tax regulations governing SIIQs with those applied to real-estate funds, ensuring that the two instruments can interact and making it fiscally neutral to opt for the one or the other. Promote the creation of SIIQs by envisaging that for invested capital the SIIQ tax provisions may be applied to investment by companies that do not meet the necessary requirements when initially established but will achieve them within a set time period.

Make investment management more flexible by eliminating certain rigidities envisaged by the current legislation, for example by introducing a reduced pay-out ratio of 70%. Introduce tax benefits tied to the financing of public works by SIIQs.

### **Universities, research and innovation.**

Research centres are the testing beds where the jobs of the future are developed. In today's international scenario, it is the regions and countries that offer a virtuous and well-established cycle linking the universities, research centres and the business world that attract most attention for long-term investments, with a major – and favourable – impact on the production chain.

## **Measure 29: TAX CREDITS FOR RESEARCH & DEVELOPMENT 88**

**Problem/opportunity:** we need to increase the propensity of companies, especially SMEs, to engage in research & development (R&D), bringing it into line with other European countries.

**Solution:** introduce a permanent and automatic **tax credit applying to YoY increases in companies' R&D expenditure**. A stable and reliable framework enables companies to make long-term plans, with investment projects that can have a greater impact on the competitiveness of the economy.

## **Measure 30: FOSTER UNIVERSITY AND RESEARCH SPIN-OFFS AND BOOST TECHNOLOGY TRANSFER 88**

**Problem/opportunity:** the presence of a rich public and private research network is a key factor for investors in deciding where to focus their investments. This makes it essential to increase the connections between basic research and its commercial and industrial applications by improving the offering of science parks, incubators and technology clusters and capitalising on the numerous university research spin-off companies. Such companies often represent the “hidden jewels” of innovation produced by our country.

One of the main problems experienced by the Italian research system is technology transfer. Our country's performance is, on average, good where scientific papers are concerned, but needs to improve markedly in downstream industrial development, especially if we are to grasp the opportunities offered by Horizon 2020.

#### **Solutions:**

- **Foster the development of academic spin-offs and their investment-attracting potential**, by including them in joint university-business programmes. Create incentives to enable large corporations to support spin-off companies through the globalisation process, by accompanying and/or supporting them on international trade missions. Spin-off companies' internationalisation strategies should also be incentivised through grants to extend patent licences internationally and to take part in international trade fairs and competitions;
- **Provide incentives for greater specialisation by universities' and research centres' technology transfer and international relations offices**, by awarding additional resources to reward offices that permanently reorganise their activities to focus on skills and technological expertise;
- Introduce **tax incentives on revenues originating from the exploitation of intellectual property**, as happens in several European countries (the United Kingdom recently adopted a Patent Box that envisages the application of a 10% tax rate);

#### **Measure 31: INTERNATIONALISE THE EDUCATION SYSTEM 88**

**Problem/opportunity:** schools and universities must open up more to the world.

#### **Solutions:**

- **Establish connections between the internationalisation offices of universities and research centres and embassies' scientific attachés and the network of Italian Culture Institutes**, thus fostering the development of joint internationalisation strategies;
- In line with the measures already introduced by the "Education Decree", **create tax incentives for private donations and sponsorship for universities** designed to establish teaching positions and courses with the potential to enhance the quality of learning and the internationalisation of the university, or to provide scholarships for deserving students;
- **Provide incentives for the introduction of university courses conducted entirely in English;**
- Support educational managers' projects to **internationalise their institutions;**
- **Promote the recruitment of foreign teachers** for short- and medium-term "visiting" posts, both in schools and in universities; s
- Promote post-secondary and university training pathways designed as Italian "learning products" capable of competing on the global education market. These should be addressed primarily to foreign students interested in acquiring **skills and competences associated with the Made in Italy brand** and with Italy's distinctive historic, artistic, cultural and scientific heritage.

### **Measure 32: INTERNATIONALISE THE RESEARCH SYSTEM ☹☹**

**Problem/opportunity:** Italy's knowledge and research networks must increasingly develop their propensity for internationalisation, not least to increase the appeal and visibility of their work to the world of business.

#### **Solutions:**

- **Map research centres of excellence throughout Italy**, with a special focus on clusters made up of companies, universities, industrial districts and research institutes with a high propensity for technology and innovation;
- **Ensure that the most significant information on teaching, research and technology transfer** is available in English on university websites and on the "Research Italy" portal, as a unique showcase for the results of our research and technology transfer and for international development opportunities;
- **Enhance the interaction and cross-fertilisation between public research and private enterprise**, by providing forms of "smart support" to companies fostering corporate investment in post-graduate courses and in the creation of researcher and research fellow positions;
- Support **researcher internships with companies** and improve and increase teaching content focusing on innovative entrepreneurship.

#### **Digitalise the country.**

The countries that attract and stimulate investment are countries that are simpler, with government structures that use less paper and grasp the opportunities provided by information technology to provide prompt responses to businesses.

### **Measure 33: INCREASE THE USE OF INFORMATION TECHNOLOGY FOR THE PUBLIC SECTOR AND CITIZENS ☹☹**

**Problem/opportunity:** The Government's Broadband Plan has brought 350 million euros in national, regional and European funding into play with the aim of bridging the digital divide in Italy in 2014. The Regions of Campania, Sicily, Molise, Calabria and Basilicata have also launched a tender for the Ultra-Fast Broadband Plan (worth almost 550 million euros and connecting over 4 million users). We must grasp this opportunity to exploit the potential of the spread of broadband transmission in Italy to foster development and attract new investments.

**Solution:** within the framework of the Digital Agenda, implement priority actions **to speed up the digitalisation of Italy's economy and improve relations between citizens, companies and**

**government.** More specifically, we must set up a new national civil registry of Italian citizens, provide them with a digital identity and implement the electronic invoicing regulations.

A rationalisation of the Italian public administration's Data Processing Centres (DPCs) is also necessary. The number of DPCs nationwide, currently running into the thousands and not interoperable, must be reduced to 40-50 (2 per region). They must also be made interoperable so that citizens' and businesses' information can be processed and managed.

These actions would kick-start the modernisation of government, fuel demand for Internet services and boost demand for increased Internet access.

### **Revitalise industrial facilities**

In 2008, the Government set up a business crisis-management unit at the Ministry of Economic Development to provide consultation with and advice to companies in distress. The unit's aim is to safeguard Italy's production capacity and employment levels by proposing initiatives such as the conversion and/or reorganisation of production facilities, company consolidation, etc.

The Ministry for Economic Development is also home to the Division for the Supervision of Extraordinary Administration Procedures. In many cases, the companies it deals with still have high levels of knowledge, expertise and skills that, if properly exploited, could attract Italian and foreign investors.

With the worsening of the economic crisis, these structures have become a well-placed observatory from which to view developments in the country's production system, its difficulties and its growth potential. In December 2013, over 150 procedures were being handled, most notably in the ICT, chemicals, car components, electrical household appliances, textiles and clothing, and steel sectors.

To these should be added about 15 cases of Extraordinary Administration with Continuation of Trading.

### **Measure 34: CREATE A RAPID-RESPONSE MECHANISM TO TACKLE BUSINESS CRISES** ☪☪

**Problem/opportunity:** companies' restructuring plans to tackle excessive indebtedness are often difficult to implement because of the lack of new financial resources. In such cases, institutional investors should be encouraged to invest in this market segment.

**Solution:** set up a **rapid-response mechanism**, with due respect for EU legislation, whose role is to facilitate investment in Italian businesses in financial or assets-related distress but with good industrial and economic prospects.

This instrument could take the form of a Restructuring Fund with resources provided by private businesses – and possibly also by the Cassa Depositi e Prestiti (Deposits and Loans Fund) – and by major Italian banks and other domestic and international institutional investors. The Fund should adopt a non-speculative but market-based approach and encourage debt/equity conversion, provide the necessary funding to support business turnaround – including by assuming responsibility and governance powers – and aim to preserve the economic and business value that will subsequently provide a return for stakeholders.

To attract investors, the resources invested will be made pre-deductible in cases where insolvency procedures are initiated and will not be subjected to stringent constraints as to the tax rates applied.

In addition, to help resolve crises suffered by companies undergoing insolvency proceedings, the plan is to introduce mechanisms to facilitate the intervention of cooperatives consisting of employees of the companies concerned. The legal framework for this provision is Article 46 of the Constitution which, in recognising workers’ right to collaborate in running their companies, is designed to foster their participation and involvement in the management of the company.

### **Measure 35: FACILITATE ENVIRONMENTAL RECOVERY PROJECTS 88**

**Problem/opportunity:** to promote the re-industrialisation or conversion of numerous sites in Italy with a view to kick-starting local economies, it is often necessary to solve critical environmental problems.

**Solution: simplify environmental recovery procedures** for sites of national interest (Italian initials SIN) by clarifying who is responsible for the different reclamation operations and introducing specific tax relief measures. Some of the provisions included in the “Simplification” bill address problems connected to site safety and reclamation with the dual purpose of safeguarding the environment and reclaiming land areas for production purposes. These provisions are expected to have a strong impact in generating additional investments and promoting industrial conversion projects.

### **Infrastructure**

Italy’s committed efforts to bridge the infrastructure gap with our European competitors offers significant opportunities to national and foreign investors and operators. Measures have already been passed, and others are currently under study, to foster the involvement of private capital in infrastructure investments and to open up our ports and airports to capital from abroad.

### **Measure 36: INVOLVE PRIVATE CAPITAL IN MAJOR INFRASTRUCTURE WORKS 88**

**Problem/opportunity:** with a view to encouraging Public-Private Partnerships (PPPs), Italy has recently introduced innovative instruments such as project bonds, availability-based contracts

and significant tax relief for infrastructure projects worth over 200 million euros and receiving no public funding.

**Solution:**

- provide clear and reliable timelines for the completion of funding contracts for PPP projects;
- improve the strategies and instruments adopted to communicate and publicise the opportunities available to private investors;
- increase private capital inflows in the following strategic areas:
  - providing **greater functional continuity in the High Speed and High Capacity** (Italian initials **AV/AC**) railway systems;
  - applying **tax offsetting measures on new stretches of the motorway system** mainly funded by private capital;
  - **refinancing road and rail maintenance** programmes;
  - **regenerating urban areas**;
  - building infrastructure for **local public transport**;
  - creating **marinas for the leisure-craft sector**.

Public finance constraints mean that the resources allocated to construction-ready projects for which the Regions and local authorities are responsible should be exempted from the Stability Pact provisions.

### **Measure 37: DEVELOP PUBLIC-PRIVATE PARTNERSHIPS (PPP) IN SMALL AND MEDIUM-SIZED INFRASTRUCTURE PROJECTS** ☞☞

**Problem/opportunity:** five strategic infrastructure sectors with a major role to play in our economic recovery require sizable investments. They are: school buildings, prison buildings, hospital buildings, energy-efficiency in central and local government buildings, and cultural assets. Given the public finance constraints, we must resort to alternative procedures to traditional procurement systems. A good starting point is the PPP model which, by attracting international investors, makes it possible to maximise efficiency in infrastructure design, construction and management.

**Solution:**

- introduce **new legislation to regulate PPPs**, separate from the Public Contracts Code and comprising concise, clear and stable rules;
- apply “Eurostat-compliant” legal-economic models to prevent complex structured finance operations from subsequently having to be reclassified to meet the Maastricht parameters;

- allocate *ad hoc* resources to finance feasibility studies for works by the public administration, which otherwise would not have the necessary human and financial resources;
- increase the value of individual procurement tenders by holding them for packages of similar projects rather than for individual projects;
- concentrate the handling of procurement tenders by creating a single management unit with specific tasks and remit and introducing measures to facilitate access to it by individual public offices;
- develop a standard benchmark for calls for bids, tendering procedures and contract adjudication;
- foster the involvement of foreign investment in existing PPP projects to enable national industries to launch new projects.

The new PPP provisions could benefit from a national fund for the planning of PPP works (equity fund for greenfield projects). This would enable central or local government offices to draw up high-quality projects in terms both of economic-financial sustainability and technical readiness (the aim being to submit only properly defined projects to tender).

### **Measure 38: REFORM THE PORTS SYSTEM 88**

**Problem/opportunity:** In Europe’s new core transport network, all corridors begin and/or end in a maritime port, thus ensuring the maximum fluidity in goods traffic between European markets and the rest of the world. This is particularly relevant for Italy, considering that over 85% of the country’s imports and exports pass through our ports.

The Port Authorities, starting with those with real potential to become significant operators in corridor traffic, must play a more incisive role by freeing themselves from excessive local constraints and developing functions and areas of expertise more oriented to promoting traffic.

#### **Solution:**

The Ministry of Infrastructure and Transport is currently planning a new port system in which the Upper Tyrrhenian and Upper Adriatic ports form part of the Genoa-Rotterdam, Adriatic-Baltic and Mediterranean corridors, and where the ports in the regions of Campania, Apulia, Calabria and Sicily are included in the Helsinki-La Valletta corridor. To implement this new framework the legislation must be reviewed and up-dated with respect to the following crucial points:

- **Port governance.** The authorities managing the principal Italian ports should be required to have a business plan in order to access public funds. Ports concentrating on long-haul freight traffic should be governed by actors capable of entering into agreements with large freight operators. They must also be equipped – including through constant dialogue with central government – with the appropriate legal and financial instruments. These should include: simplified technical and administrative procedures for dredging activities and the ability to

adjust – upwards or downwards – the port fees paid by cargo ships and goods using our ports;

- **Reduce the overall impact and cost of red tape;**
- Provide a **significant degree of financial autonomy**. For example, port authorities must be able to use any budget surpluses freely;
- **Incentivise investment in technology upgrades**, in logistics and in port access networks.

To revitalise our ports, we should also focus on boosting the leisure boating segment. Article 23 of Legislative Decree 69/2013, in addition to equating the sale of a boat to that of a holiday home, also envisages an exemption from property tax for boats up to 14 meters long, with boats of 14 to 20 meters paying only half the normal rate. Moreover, on 19 September 2013 the Council of Ministers adopted a bill to reform the code governing recreational boating.

### **Measure 39: A PLAN FOR AIRPORTS ☞☞**

**Problem/opportunity:** Italy’s airport system must be able to compete fully with those of our European partners, by reducing dispersion and fragmentation. An efficient transport system is a key factor in increasing a country or region’s competitiveness and supporting its social and economic regeneration, including in terms of its international attractiveness. Our country at present has 41 airports open to commercial traffic, only 23 of which served more than 1 million passengers in 2012. Italy therefore needs to foster the sustainable development of the sector by identifying actions to rationalise both ground and air services, and by focusing investment on priority infrastructure projects and increasing the competitiveness of the system as a whole.

**Solution:** in recent years, most of Italy’s airports have signed the “programming contract” with the Italian Civil Aviation Authority (ENAC), a vital step in acquiring certainty as to fees and investments. It is now urgent to:

- **Map airport systems within the relevant traffic zones**, through dialogue with the regions and other stakeholders. The aim here is to classify the airports on a functional basis and diversify their roles to maximise economies of scale, including through a single management framework;
- Put in place all the measures needed to involve **private capital – both Italian and foreign – in the construction and management of airport infrastructure;**
- Increase the available infrastructure with efficient, high-quality services and adopt a **system-level and inter-modal approach** to the existing rail, road and air network.

### **The regional and local levels**

Attracting foreign investment is first and foremost an instrument for local development. We need to ensure that each investment, especially if sizable, is integrated harmoniously within its local

framework. To achieve this, we must ensure that investments have positive local spin-offs, while local authorities and communities must take the responsibility to welcome, and not reject, investors.

## **Measure 40: ATTRACTING INVESTMENT TO BENEFIT LOCAL COMMUNITIES**



**Problem/opportunity:** we need to introduce a mechanism that: a) enables local communities to voice their opinions effectively and constructively and prevent subsequent disputes from blocking investment implementation procedures and having a negative impact on their costs and implementation timescales; b) ensures that investments represent a real development opportunity at the local level, by generating growth and helping improve citizens' lives.

### **Solutions:**

- As indicated in, *inter alia*, the Report of the Working Group appointed by the President of the Republic, Italy should introduce the **Public Debate** model for infrastructure and public works projects of national strategic importance, and for works requiring an investment of at least 100 million euros in areas with at least 250,000 inhabitants. In so doing, it must also ensure that local communities are adequately represented. This is particularly important in the case of regions such as Valle d'Aosta which, in addition to having a special Statute, do not reach the envisaged threshold of 250,000 inhabitants.

To this end, a **National Public Debate Commission** has been established. The Commission will receive project outlines from proposers clearly indicating: the project's main objectives and characteristics; its location; its expected environmental impact; implementation timescales and costs; and expected benefits for the local area. The debate will be conducted in accordance with established procedures and timescales (in not more than six months from the first meeting). It will provide the utmost transparency and participation for citizens, a reliable timeframe for investors, and greater effectiveness for subsequent administrative actions.

- To ensure that the investment proves to be a real development tool for the regions concerned, a "**local development clause**" should be envisaged. This would oblige investors of sums exceeding a given threshold in a given region to allocate part of the resulting profits to development projects agreed with local communities. The recent legislative provisions concerning the extraction of hydrocarbons on land, whereby a proportion of the tax revenues generated are fed into the newly established "Fund for infrastructure projects in the regions affected by hydrocarbon exploration and production", should be extended to other types of investment;
- To cite once again the work of the Working Group appointed by the President, its report recommends a reform of Title V of the Constitution to include competition as one of the **general principles underpinning the economic system** (as already outlined by the Constitutional Court). This would provide for **standardisation at the local level** of the provisions governing competition and enhance the efficacy of the reforms implemented at the national level to promote greater competition;

- To exploit the country’s regional diversity to best effect, we will need to coordinate **regional initiatives** to attract foreign investments and place them on a system-level footing, by disseminating best practices and building synergies to maximise results.
- We should set up a **unified technical commission** to deal with Environmental Impact Assessments (Italian initials VIA), Strategic Environmental Assessments (Italian initials VAS) and Integrated Environmental Permits (Italian initials AIA), with a view to simplifying environmental assessment and authorisation procedures.

### Hydrocarbons and mineral resources.

Italy has substantial oil and gas reserves – Europe’s most significant, after the northern countries. Exploiting these resources offers benefits in terms of job creation and economic growth in a sector where Italy boasts considerable, and widely recognised, expertise. In addition to hydrocarbons, Italy also has significant potential to develop mineral resources and valuable chemical elements (such as antimony, gold, manganese and mercury) and stone materials (marble and other stones).

### Measure 41: DOMESTIC PRODUCTION OF HYDROCARBONS AND MINERAL RESOURCES ⚙️

**Problem/opportunity:** the doubling of domestic oil and gas production envisaged in the National Energy Strategy (Italian initials SEN) will open up new and exciting investment opportunities in Italy. This development will be implemented by reducing the total amount of inland and offshore infrastructure (oil wells and platforms) by optimising project design and using advanced technologies. The input of international expertise and investments is a necessary element of this strategy (Italy already has a large presence of leading global operators).

**Solution:** to **develop hydrocarbon production** and overcome contingent difficulties, the SEN envisages a number of initiatives. These include: positive economic and employment spin-offs for the regions concerned (a recently adopted provision envisages the allocation of part of the tax revenues generated by inland extraction projects to local development initiatives); the opening of new exploration areas (a significant example is the marine area west of Sardinia); bringing the authorisation process into line with European standards; and publicising the technical data from past exploration and research.

The legislative and administrative provisions regulating the exploitation of mines and quarries are governed solely at the regional level, although it is possible to envisage a guidance and facilitating role for the State, thanks to a law currently being drafted that will reorganise and standardise local legislation.

It will also be possible to introduce simplification measures in matters concerning domestic hydrocarbon production by establishing a Single Authorisation to replace the 2-3 separate permits currently required to carry out research, development and production activities. The supplementary authorisation procedures (for example, the environmental impact assessment)

could be modulated and staggered on the basis of the timescales and methods adopted for carrying out the activities at the local level.

## Green economy

### Measure 42: INVEST IN ENERGY EFFICIENCY 88

**Problem/opportunity:** Energy efficiency represents a great opportunity for Italy as it helps us at one and the same time to meet our energy cost-reduction targets, reduce emissions and environmental impact, and improve our energy autonomy and security of supply. In this field, Italy has already achieved good levels of performance, although considerable room still remains for investment and development. By the end of 2020, consumption could be reduced by about 24% by avoiding the emission of approximately 55 million tons of CO<sub>2</sub> a year and saving roughly 8 billion euros a year in fossil fuel imports.

**Solution:** in breaking down the measures required to meet the energy efficiency target into different incentive instruments, the first and guiding step must be a cost-benefit analysis. During the implementation process, the entire package of instruments should be taken into consideration. The benefits obtained being equal, the use of market instruments is preferable to feed-in tariffs. The SEN, which views energy efficiency as its first priority, outlines a broad range of possible interventions in this sphere:

- **Boosting the “White Certificate”** (or Energy Saving Certificates – ESC) **mechanism**, mainly applied to the industrial and service sectors and to promoting energy saving in infrastructure sectors that have hardly been affected up to now (ITC, water distribution network, transport);
- Extending **tax deductions** over time, primarily to the civil refurbishment sector. The duration of the 55% tax deduction, for example, was recently extended and the rate increased to 65%;
- Introducing **direct incentives for interventions by the public administration** – which is not able to access the tax deduction mechanism – through the recently introduced “Thermal Account”;
- **Extending the current role of the Deposits and Loans Fund**, in collaboration with the Italian Banking Association (Italian initials ABI), the energy companies (ESCOs) and the main institutional technical support operators (GSE and ENEA), the aim being to encourage funding offers for energy efficiency measures to counter the low bankability of such initiatives;
- Enhancing **minimum standards** and legal provisions to promote energy-saving, especially in the construction sector (for new buildings or major renovation work), the transport sector (including by transposing European legislation) and for the various products falling within the scope of the EU Ecodesign Directive.

## Measure 43: ATTRACT INVESTMENT IN THE GREEN ECONOMY ☞☞

**Problem/opportunity:** there is still ample space for investing in the green economy sectors, especially in the exploitation of renewable energy sources and the optimisation of water resources and waste.

**Solution:** specific initiatives have been proposed with a view to attracting investment in the following sectors:

- **Renewable energy:** the development of renewable electricity in Italy has been achieved at a high cost, at times to the detriment of principles of efficiency. Further development of renewables must be sustainable in economic terms too. We will therefore need to gradually reduce the incentives, while at the same time supporting the development of Italy's cutting-edge technological expertise in this field (for example smart grids and concentrated solar power). The unit values of the incentive tariffs envisaged for renewables must be brought into line with average values in other European countries.
- It is vitally important to have a profitable return from the **international development** of renewables by focusing on our distinctive skills in developing complex photovoltaic projects, smart grids and concentrated solar power, especially for projects generating productive spin-off effects, feeding into national research and enabling Italy to achieve a strategic international advantage.
- Italy has also seen interesting developments in the **thermal renewables** sector, which has experienced a self-generated and non-subsidised boom in recent years. The mechanisms introduced to promote development at the national level (the Thermal Account) will also strengthen Italy's international position for these technologies. Of equal importance is the potential in the **biofuels and green chemistry sectors**, where Italy can boast globally recognised centres of excellence.
- **Exploitation of waste:** landfills are still widely used in Italy, especially in the centre-south of the country. Poor organisational skills, insufficient awareness-raising efforts on the importance of recycling and the difficulties encountered in building consensus on the use of waste-to-energy plants have so far hindered progress in this field.

Speeding up the development of this segment is therefore of the utmost importance. This can be done by launching a structured **action plan** which, with due respect for the European "hierarchy" of waste management, would give priority status to the recovery of materials. This plan would focus on the regions of central and southern Italy but with close coordination at the national level to provide a uniform approach to ensure that objectives are met and timescales respected.

- **Water services:** Italy's water sector performs poorly in terms of **network losses and the efficiency of the sewage and water treatment systems**. This infrastructure requires major investment, especially in the south of the country, while operational and management efficiency levels need to be improved by promoting larger, more professional and more efficient water companies.

We need to overcome these difficulties and begin work on modernising the sector by introducing an incentive-based tariff system to improve efficiency in: limiting water

consumption, controlling losses in the distribution network, operating purification plant, and providing services for users.

## 2.3 A country that attracts human capital

A knowledge-based economy is based on the “network” concept and a nation’s capacity to attract talent through its universities, research facilities and good quality jobs. That is why *Destinazione Italia* aims to attract not just financial capital but also skilled human resources capable of boosting the level of innovation in the Italian economy.

### Measure 44: VISAS AS A MEANS OF ATTRACTION 8

**Problem/opportunity:** visas represent a strategic tool to attract and retain talent and innovation and should be used as an incentive for the inflow of investors, students, researchers and, more in general, highly skilled workers. Streamlining visa issuing procedures is a priority, especially in compliance with the Schengen Agreement, with a view to transforming Italy into a country that welcomes flows of skilled workers. Tourist visas also offer extraordinary potential in terms of promoting and developing relations between peoples and countries, with a beneficial impact at the regional level. This potential must be developed through consular services capable of meeting the strongly increasing demand, especially in view of the upcoming Universal Exposition in Milan (EXPO 2015).

#### Solutions:

Introduce **fast-track procedures to issue visas to certain categories of applicants** to avoid the need to create new types of visa and therefore new procedures and legislative provisions that would take years to produce their full effects:

- **“Start-up” visas** for anyone choosing to set up an innovative business in Italy and able to produce a business plan and show that they have access to the minimum funds required (venture capital, angel investors, investor’s own funds etc.);
- **Visas for investors making a sizable investment** in an Italian business – an investment that is capable of sustaining or increasing employment levels. The evaluation criteria will be based on a minimum investment level (e.g. 500,000 euros) or the number of jobs created;
- **Visas for people making a substantial philanthropic donation** in a sector of significant interest to the Italian economy (culture, tourism, recovery of cultural heritage, science, etc.);
- Student visas, in compliance with the European Directives, for **graduate and post-graduate students and researchers selected by the competent institutions (universities, research institutes)**.

#### Simplification and better use of existing laws and regulations

- **Reliable timelines in the issue of certificates of no impediment by Italy’s “One-Stop Shop for Immigration”**, introducing the principle of “silence means consent” once a given time-period has expired;

- **Simplification and flexibility in regularising prolonged stays** (D-type visa for stays of over 90 days). Offer foreigners two options:
  - 1) apply for the visa before entering Italy, with no obligation to subsequently apply for a residence permit, which could be replaced with a simpler “statement of presence” from the Questura (police headquarters).
  - 2) Visa-exempted entry (that is, with a business or tourist visa, for nationalities requiring a visa) and regularisation after entry to Italy.
- **To attract foreign “brains” and simplify the life of foreign students in Italy:**
  - extend the effectiveness of the Inter-Ministerial Decree establishing entry quotas for foreign internships and training courses from the current one year to three years;
  - abolish the entry quota system for foreign university students, which currently envisages approval through an ad hoc Decree;
  - as already envisaged by the “Education Decree”, bring the duration of foreign students’ residency permits into line with that of their study or training courses, including those lasting several years, with due respect for the rules governing the certification of courses and qualifications, subject to annual progress reports.
  - allow a transitional period for students once they have completed their studies in Italy to enable them to look for work or set up in business (for example, an extra 6-12 months). More specifically, make it possible to easily convert student residence permits into employment permits, including for foreign students obtaining a one-year Master’s degree (at present conversion is only envisaged for three-year degrees or two-year Master’s degrees);
- **To attract highly skilled workers from non-EU countries:** amend the legislation implementing the EU Blue Card Directive with a view to speeding up and increasing the flow of such workers entering Italy;
- **Boost the country’s visa-issuing capacity**, especially for tourist visas: fully enforce Article 41 *bis* of the 2012 “Development Decree”, which provides for part of the revenue from the issue of visas (consular fees) to be re-allocated to the Ministry of Foreign Affairs each year to up-grade and improve consular services.

#### **Measure 45: TRAIN THE INVESTORS OF THE FUTURE**

**Problem/opportunity:** Italy must establish closer relations with the leadership of countries deemed to be strategic to our international vision, starting with those of the Mediterranean Basin. Educating and training the future élites of these countries will provide us with a pool of future investors with a special inclination to “bet” on Italy.

#### **Solutions:**

- Create a dedicated instrument to attract **future representatives of the new élites** and educate them in Italy by setting up *ad hoc* scholarships and exchange programmes for public sector employees. In this, we should start with the Mediterranean countries;

- Streamline and accelerate accounting procedures for the **grants offered to foreign students by the Ministry of Foreign Affairs** and eliminate the current mismatch between the financial year and the academic year, which results in beneficiaries not receiving their grants in good time;
- Incentivise research projects, cultural programmes and joint research doctorates as well as **scientific collaboration between universities and research centres in Mediterranean countries.**

### 3. PROMOTION

Promoting Italy's investment opportunities Italy abroad and seeking potential investors are complementary to the initiatives to improve the business environment in Italy. The network of Italian embassies, consulates and ICE (Foreign Trade Agency) offices and Italian Cultural Institutes already engages in targeted activities to promote foreign investments, but is not equipped with dedicated instruments for that purpose. We need to increase the impact of economic and cultural diplomacy and incorporate at system level the best practices developed by our embassies and consulates.

#### Measure 46: *DESTINAZIONE ITALIA* CAMPAIGN 8

**Problem/opportunity:** The *Destinazione Italia* plan must be given a high visibility within the Government's international presence if it is to influence the country's long-term future prospects. We will therefore need to launch a major worldwide campaign boost *Destinazione Italia*'s visibility at the global level.

#### **Solutions:**

- **Set up a road show to present *Destinazione Italia* in the world's financial and economic capitals**, to be conducted by the Prime Minister and the Ministers for Foreign Affairs, Economic Development and the Economy and Finance, and other members of the government;
- Promote and support, at the local level, **initiatives to illustrate the *Destinazione Italia* plan to foreign communities in Italy**, so that they can then spread the news in their countries of origin.

#### Measure 47: ATTRACT INVESTMENTS THROUGH CONTINUOUS ENGAGEMENT: MARKETS, PEOPLE AND TOOLS 8

**Problem/opportunity:** Initiatives to promote our country and attract foreign investment are at present conducted by Italian embassies, consulates and ICE offices, primarily through the organisation of individual events (road shows, trade missions, etc.). We now need to work systematically to identify potential investors in advance.

#### **Solutions:**

- Set up ***Destinazione Italia* offices in the world's most important financial centres** (starting with London, Moscow, Sao Paolo, New York, Istanbul, the Gulf, Shanghai, Tokyo, Hong Kong, Singapore, Mexico City, and Johannesburg). These should be staffed by people possessing the requisite investment attraction skills and expertise and be fully integrated with the diplomatic and consular network;
- Set up **Economic Councils** in the major centres of interest for foreign investment. These should be convened on a regular basis by the embassy or consulate concerned with a view to

presenting *Destinazione Italia* and providing regular briefings on the “state of Italy” (economic performance, reforms, etc.);

- As part of the re-focusing of the diplomatic network from “saturated” to emerging markets, enhance the network’s capacity to scout for and promote opportunities, including for investment from their host countries to Italy. This will also be done by offering **foreign investors “customised” investment proposals and “packages”** (relating, for example, to the divestment of public real estate property, to businesses representing the “Made in Italy” brand and which need a capital injection, to companies “in distress” or in extraordinary administration, and to inter-regional projects), and by providing *ad hoc* training for diplomats and commercial attachés;
- Promote events to encourage direct **contacts between major investors and senior managers of multinationals with representatives of the Government, the institutions and regional government**. This could be done, for example, by hosting the International Business Advisory Council (IBAC), which brings together senior executives from the world’s leading multinationals, in January 2014. Another possibility is to organise a pilot event along the lines of the “Select USA” Investment Summit in which to illustrate Italy’s assets, opportunities and regulatory framework. Such events provide an opportunity to establish closer relations with multinationals and investors in emerging countries;
- Make the 2015 edition of the **Global Entrepreneurship Congress**, recently awarded to Italy and scheduled to take place in Milan in March 2015, a world-level event during which opportunities to set up businesses in Italy or to invest in existing innovative start-ups can be presented to international guests.

#### **Measure 48: BUILD A BETTER INTERNATIONAL REPUTATION ☞☞**

**Problem/opportunity:** Just as large enterprises use tools to monitor the public’s perception of their brand, so too must the State develop a system to monitor the country’s reputation in order to better plan its promotion policies and take action to correct any distortions or misconceptions.

#### **Solutions**

- Develop a **national country-branding strategy** (as France has recently done), not least in the run-up to EXPO 2015, and in line with “Agenda Italia 2015”. The strategy should also highlight the content that will be developed for the Exposition;
- **Establish a “Permanent Forum on Italy’s International Reputation” within the Ministry of Foreign Affairs.**

The Forum’s task will be to analyse and summarise the research and data conducted and compiled by major Italian companies, banks and think tanks on the subject of Italy’s reputation, country-identity and influence. The aim here is to monitor Italy’s reputation in the media and social media worldwide and to contribute to drafting and implementing the country-branding strategy. The Forum will draw up an annual report that will be presented during the “Day of Italy’s Reputation in the World”.

## Measure 49: MOBILISE ITALIANS WORLDWIDE ☸☸

**Problem/opportunity:** Italians who work, teach and study abroad are the first “Global Ambassadors for Italy” and, as such, can help find a new way to tell Italy’s story abroad and implement the country-branding strategy effectively. Italians who have left the country more recently – the new “global Italians” – are an asset that can be called into play immediately and “tuned into” our modernisation effort.

### Solutions:

- **Map the presence of Italians abroad and engage them in promoting Italy and attracting investment** (multinationals, banks, investment funds, universities, research centres, major associations and think tanks), also by updating and providing full access to the existing databases and digital platforms;
- **Develop targeted services for “global Italians”, in coordination with existing associations**, to encourage them to register with the Registry of Italians Resident Abroad (A.I.R.E.). At the same time, gather more and better information with a view to mapping the presence of Italian expatriates more precisely. Speed up the extension to all diplomatic-consular posts of the “Online Consular Services” (SE.CO.LI.) pilot programme currently being tested in a number of missions;
- Activate the “**VIP – Volunteer for Italy’s Promotion**” programme, to raise the awareness of students and researchers leaving to go abroad with regard to their role as “Global Ambassadors for Italy”. The programme will be conducted in collaboration with schools, universities and student exchange organisations and also envisages the participation of representatives of foreign communities in Italy who return to their countries of origin.

## Measure 50: USE CULTURE AND SPORT AS LEVERS FOR A “DIPLOMACY OF ATTRACTION” ☸☸

**Problem/opportunity:** Including Italy in global value chains is a cultural as well as an economic operation. Italy’s historic, artistic and cultural heritage can help to generate attention, links and connections between Italy and the rest of the world. Cultural diplomacy must become more and better focused on increasing people’s loyalty to the “Italy brand”.

### Solutions

- **Make better use of the works of art stored, but not displayed, in Italian museums and capitalise on the spheres of excellence in our museum, restoration and archaeology sectors through “cultural diplomacy operations”**. These should focus on countries with a high concentration of potential investors and a high “demand for Italy”. Possible initiatives include: agreements to lend works of art to foreign institutions on a temporary, free loan basis, with the commitment to use the exhibition as a research opportunity; offer technological assistance programmes in the fields of archaeology, museums and restoration;

- **Promote the Italian language around the world**, including by supporting Italian schools abroad and other institutions promoting the language, and by engaging with foreign élites who have studied and speak Italian;
- **Enhance the appeal of Italian sports**, especially football, to support our economic diplomacy targets: sign a framework agreement with the Italian National Olympic Committee (C.O.N.I.) and enter into bilateral agreements with target countries for technical/professional exchange programmes.

## 4. GOVERNANCE

### *Destinazione Italia*

Over the years, the number of actors engaged in informing, supporting and assisting foreign investors has multiplied. Indeed, we now see the involvement of, among others, Invitalia SpA, the Italy Desk at the Ministry for Economic Development, the ICE (Foreign Trade Agency), and the Strategic Committee for the Development and Protection of National Interests Abroad, co-chaired by the Ministry of Foreign Affairs and the Ministry for the Economy and Finance.

The Government intends to reorganise this sphere of action and establish a single body with responsibility for supporting and assisting foreign investors in Italy. This body will liaise with the diplomatic-consular network to promote Italy abroad, and with the Regions for matters within their remit. The body in question will be ***Destinazione Italia***, a dedicated specialist division of Invitalia SpA, which will operate in close coordination with the Prime Minister's Office, the Ministry for Economic Development and the Ministry of Foreign Affairs.

*Destinazione Italia's* work and activities will be governed by specific agreements which will establish, *inter alia*, their strategic, operational, structural and economic components.

*Destinazione Italia's* sole mission will be to promote inward investment to Italy and support investors in the country. Its remit will also include facilitating their relations with the various government departments, agencies and bodies concerned, at the central, regional and local levels.

Its assistance role will include a clear coordination and liaison function with, and between, the various central government departments, and of “centre-periphery” coordination and liaison between the various levels of central, regional and local government. *Destinazione Italia's* role will not be limited to incorporating and enhancing Invitalia SpA's existing inward investment competences, but will also absorb those at present within the remit of the Italy Desk and the ICE Trade Agency.

We will also need to equip *Destinazione Italia* with high profile professional resources with proven national and international experience in the inward investment field to ensure that it can draw on the highest levels of expertise. This is particularly true in light of the agreements already signed. These resources will be selected on the basis of precise meritocratic criteria. Their remuneration will be linked primarily to measurable results achieved.

In addition to assisting investors “downstream”, *Destinazione Italia* will also be tasked with preparing investment packages “upstream” to offer to potential foreign investors in liaison with the diplomatic-consular network. These packages will be formulated starting from, and in liaison with, other branches of central and regional government.

They will concern – for example – companies representing the “Made in Italy” brand and which have capitalisation requirements; industrial sites and areas undergoing conversion; companies in distress or in extraordinary administration and monitored by the Ministry for Economic Development; the offering of science parks, certified incubators and technology clusters where foreign companies interested in integrating with the Italian research system can be

accommodated; greenfield and brownfield industrial projects; the divestment of public real estate assets; patents and development projects; inter-regional local development projects; and the enhancement and exploitation of the historic, artistic and cultural heritage.

Another way to support the work of *Destinazione Italia* would be to include specific local initiatives to attract investment in the programmes for the 2014-2020 European Territorial Cohesion funding round. These initiatives will be specified in the Partnership Agreement currently being drawn up. The Agreement will be activated from 2014 onwards through a specific operational programme coordinated by the Prime Minister's Office and which will also see the participation of other branches of central and regional government.

*Destinazione Italia* could set up an "arbitration mechanism" in the Prime Minister's Office, when necessary, to eliminate any gridlocks in realising an investment. The functions of the Prime Minister's Office could include (a) evaluating the possibility of derogating from certain stages of the procedure; (b) convening the departments concerned in order to reach an agreed solution; (c) urging departments that are dragging their heels to take the required action; (d) bringing substitute powers into play, in accordance with the law, in the event of continuing failure by said departments to take action; (e) having recourse to the Council of Ministers to resolve any disagreements between departments.

In terms of finalising the investment packages and support packages for foreign investors, the work of *Destinazione Italia* will be the subject of debate and public evaluation, starting with a report submitted each year to Parliament. The first report will be presented by the end of 2014.

## ANNEX 1 –TABLE OF MEASURES AND TIMESCALES

<b>IMPLEMENTATION TIMES</b>	<b>IMPLEMENTED</b>	<b>RAPID</b>	<b>SHORT-TERM</b>	<b>MEDIUM-TERM</b>
Lower taxes for companies employing young people	👍			
Better linkages between education and work	👍			
Access to credit	👍			
Low-interest business loans for investments	👍			
Business Capitalisation				
Open doors for young people to enter universities or research	👍			
Simplify residence permits for foreign students	👍			
Value culture more highly	👍			
Clear the backlog of court cases	👍			
Make it easier to do business	👍			
Extend the scope of provisions on innovative start-ups	👍			
Incentivise private sector participation in major infrastructure projects	👍			
Get the Transport Authority up and running	👍			
Reduce inappropriate costs in energy bills	👍			
Boost the “Ecobonus” on renovation and energy-efficiency projects	👍			

Closer collaboration between the tax authorities and investors. Tax agreements and dedicated help-desk		⌚ COUNCIL OF MINISTERS (CDM) 13 December 2013		
Strengthen the business tribunal		⌚ CDM 13 December 2013		
INCREASE THE INTEREST RATE ON LATE PAYMENTS		⌚		
CAPITALISE ON STATE-OWNED COMPANIES, INCLUDING THROUGH A DIVESTMENT PLAN		⌚		
NOT JUST BANKS. EXPAND FUNDING SOURCES FOR SMALL AND MEDIUM-SIZED ENTERPRISES		⌚ CDM 13 December 2013		
LIBERALISE THE RENTAL MARKET FOR LARGE NON-RESIDENTIAL BUILDINGS		⌚		
VISAS AS A MEANS OF ATTRACTION		⌚ CDM 13 December 2013		
<i>DESTINAZIONE ITALIA</i> CAMPAIGN		⌚		
ATTRACT INVESTMENTS THROUGH CONTINUOUS ENGAGEMENT: MARKETS, PEOPLE AND TOOLS		⌚		
REFORM OF THE “CONFERENCE OF SERVICES”			⌚⌚	

STANDARDISED PERMIT PROCEDURES AND FORMS				
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PROCEDURE TO HANDLE EMPLOYMENT DISPUTES			⌚⌚	
SIGN INTERNATIONAL CONVENTIONS AND BILATERAL AGREEMENTS CONCERNING SOCIAL SECURITY MATTERS			⌚⌚	
IMPLEMENT THE NATIONAL ENERGY STRATEGY TO LOWER ELECTRICITY AND GAS PRICES			⌚⌚ CDM 13 December 2013	
STREAMLINE COURT PROCEEDINGS			⌚⌚	
INCREASE THE EFFICIENCY OF THE IMPORT-EXPORT CYCLE			⌚⌚	
REVITALISE THE STOCK MARKET			⌚⌚	
INVESTMENT TO SUPPORT MICRO-, SMALL AND MEDIUM-SIZED COMPANIES PROMOTING THE “MADE IN ITALY” BRAND			⌚⌚	
ATTRACT CAPITAL AND SKILLS TO HELP START-UPS DEVELOP AND GROW			⌚⌚	
ENSURE THAT THE TOURISM SECTOR IS ABLE TO GRASP GLOBAL OPPORTUNITIES			⌚⌚	
CAPITALISE ON OUR CULTURAL HERITAGE WITH THE HELP OF FOREIGN INVESTORS			⌚⌚	
CAPITALISE ON PUBLIC REAL ESTATE ASSETS			⌚⌚	
MAKE BETTER USE OF UNDEREXPLOITED REAL ESTATE			⌚⌚	
ENCOURAGE CHANGES OF USE FOR REAL ESTATE			⌚⌚	

FACILITATE REAL-ESTATE INVESTMENT BY DEVELOPING LISTED REAL-ESTATE INVESTMENT COMPANIES (SIIQs)			⌚⌚	
TAX CREDITS FOR RESEARCH & DEVELOPMENT			⌚⌚ CDM 13 December 2013	
FOSTER UNIVERSITY AND RESEARCH SPIN-OFFS AND BOOST TECHNOLOGY TRANSFER			⌚⌚	
INTERNATIONALISE THE EDUCATION SYSTEM			⌚⌚	
INTERNATIONALISE THE RESEARCH SYSTEM			⌚⌚	
INCREASE THE USE OF INFORMATION TECHNOLOGY FOR THE PUBLIC SECTOR AND CITIZENS			⌚⌚	
CREATE A RAPID-RESPONSE MECHANISM TO TACKLE BUSINESS CRISES			⌚⌚	
FACILITATE ENVIRONMENTAL RECOVERY PROJECTS			⌚⌚ CDM 13 December 2013	
INVOLVE PRIVATE CAPITAL IN MAJOR INFRASTRUCTURE WORKS			⌚⌚	
DEVELOP PUBLIC-PRIVATE PARTNERSHIPS (PPP) IN SMALL AND MEDIUM-SIZED INFRASTRUCTURE PROJECTS			⌚⌚	
REFORM THE PORTS SYSTEM			⌚⌚	
A PLAN FOR AIRPORTS			⌚⌚	

DOMESTIC PRODUCTION OF HYDROCARBONS AND MINERAL RESOURCES			⌚⌚	
INVEST IN ENERGY EFFICIENCY			⌚⌚	
ATTRACT INVESTMENT IN THE GREEN ECONOMY			⌚⌚	
TRAIN THE INVESTORS OF THE FUTURE			⌚⌚	
BUILD A BETTER INTERNATIONAL REPUTATION			⌚⌚	
MOBILISE ITALIANS WORLDWIDE			⌚⌚	
USE CULTURE AND SPORT AS LEVERS FOR A “DIPLOMACY OF ATTRACTION”			⌚⌚	
REVIEW THE PROVISIONS GOVERNING ABUSE OF RIGHT				⌚⌚⌚
REVIEW TAX PENALTIES				⌚⌚⌚
REVIEW THE HANDLING OF TAX DISPUTES				⌚⌚⌚
REVIEW THE RULES GOVERNING THE TAX HAVEN “BLACK LIST”				⌚⌚⌚
ADAPT EMPLOYMENT CONTRACT RULES TO THE SPECIFIC FEATURES OF NEW INVESTMENTS				⌚⌚⌚
CONSOLIDATED TEXT OF EMPLOYMENT LAW PROVISIONS				⌚⌚⌚
ATTRACT INVESTMENT TO BENEFIT LOCAL COMMUNITIES				⌚⌚⌚

## ANNEX 2 – PUBLIC CONSULTATION ON THE *DESTINAZIONE ITALIA* PLAN

### Background

The *Destinazione Italia* plan was adopted by the Council of Ministers on 19 September 2013 as a living document (version 0.5) and was then put out to public consultation. The Government undertook to take the results of the consultation into account in:

- a) drafting the definitive version (1.0) of the “*Destinazione Italia*” policy document, which will be published today and will also include the section concerning governance and assistance;
- b) translating the measures into legal provisions, starting from today’s Council of Ministers meeting.

The results of the consultation will be set out in a comprehensive report which is due to be published in the near future.

### THE CONSULTATION – HOW IT WENT

The public consultation on the Government’s *Destinazione Italia* plan remained open for comment on the [www.destinazioneitalia.gov.it](http://www.destinazioneitalia.gov.it) website from 9 October to 9 December 2013, for a total of 60 days.

The Government encouraged citizens’ participation by organising and taking part in numerous **public events** organised in Italy and abroad to illustrate the plan.

The website received about **31,500 visits** and about 124,000 page views. 85% of the visits were from Italy and 15% from the rest of the world: a “long tail” of over 50 countries (led by the United States, United Kingdom, Belgium, France and Singapore).

The top 15 sites to generate visits to [www.destinazioneitalia.gov.it](http://www.destinazioneitalia.gov.it) include [governo.it](http://governo.it), [area.trieste.it](http://area.trieste.it), [partecipa.gov.it](http://partecipa.gov.it), [ponrec.it](http://ponrec.it), [esteri.it](http://esteri.it), [ice.gov.it](http://ice.gov.it), [sviluppoeconomico.gov.it](http://sviluppoeconomico.gov.it) and [formez.it](http://formez.it). This bears witness to the important role played by **coordinated, organised communication** by and between the various branches of the public administration.

### THE CONSULTATION – THE INPUT RECEIVED

Think tanks, trade associations, local and regional authorities, businesses and ordinary citizens had an opportunity to express their views on *Destinazione Italia* through the dedicated website in several ways. These included:

- specific comments on each of the 50 measures to **improve their incisiveness** or raise critical issues;

- completing a **questionnaire** to indicate their **priorities** for the plan and submit a structured position on the different sections of the document;
- suggestions for **additional, complementary initiatives** to those set out in the Plan;
- submitting **position papers** – longer documents examining each measure in the report, generally drawn up by think tanks, research centres and associations representing interested parties.

The *corpus* of information submitted by consultation participants was then broken down into 4 types of input, as shown below.

PRECISE COMMENTS ON MEASURES	QUESTIONNAIRES	NEW PROPOSALS	POSITION PAPERS
278	369	167	23

A particularly significant input – from both a quantitative and a qualitative perspective – was received from the numerous organisations that submitted position papers or structured and considered contributions with detailed comments on the plan as a whole or on a significant number of measures. These organisations were:

ABI, AEEG (Autorità per l’Energia Elettrica e il Gas), Agenzia Monopoli e Dogane, AIFI (Associazione Italiana Private Equity e Venture Capital), American Chamber of Commerce in Italy, ANEST (Associazione Italiana Energia Solare Termodinamica), ARTE.it, ASSOBIOTEC, AssoImmobiliare, Confindustria, FederChimica, Coldiretti Giovane Impresa, Confindustria Toscana Servizi, IBAN, Pugliaswiss, ASTRID, ItaliaDecide, ResPublica, Business Location Südtirol-Alto Adige, ConfCooperative, Conferenza delle Regioni e delle Province Autonome, CONFETRA (Confederazione Generale Italiana dei Trasporti e della Logistica, Confindustria Cultura Italia (Federazione italiana dell’Industria Culturale), CONFEDILIZIA, CONSOB , EPIN (Exploration & Production Independent Network), The European House – AMBROSETTI, FarmIndustria, FICEI (Federazione Italiana Consorzi ed Enti di Industrializzazione), Fondazione Magna Carta, GSE, I-COM (Istituto per la Competitività), ICE Agenzia, Istituto Bruno Leoni, Più Borsa, FederAlberghi, UPI, Agenzia Innovazione Campania, Comunicare Digitale, PNICUBE (Associazione nazionale degli incubatori e delle business plan competition universitarie), Italian Angels for Growth, UNARCA (Unione Nazionale Avvocati Responsabilità Civile e Assicurativa), Legacoop Ferrara, Fiaip (Federazione Italiana Agenti Immobiliari Professionali), Club della gioia, CRIF Spa, Contship Italia, Enel S.p.a., FIDEAS SRL, APRIMAR SRL, Hotel delle Mimose, NCTM - Studio Legale Associato, EfficiencyKNow, Po Valley Energy Ltd, De Berti Jacchia Studio Legale and Friuli Innovazione.

Several participants submitted joint contributions (for example, the Astrid, Res Publica and Italia Decide think tanks). Others took on the task of coordinating and compiling those submitted by a number of different organisations (for example, Più Borsa, coordinated by CONSOB and representing 11 other organisations).

## THE CONSULTATION – PRIORITIES AND LIAISON WITH THE GOVERNMENT AND ITS ACTIVITY

In maintaining its commitment to take the outcome of the consultation into account in later stages of the policy-making process, the government **constantly monitored the contributions** provided by citizens during the two months of the consultation. It included the most significant ones **in version 1.0 of the plan adopted by the Council of Ministers and published today**.

The observations and priorities expressed by participants in the consultation will also be reflected in the subsequent process of **transforming the measures in the *Destinazione Italia* plan into law**.

The following list shows, including on the basis of the consultation, ***Destinazione Italia's* 10 priority measures** and indicates for each whether any relevant provision was adopted at today's Council of Ministers.

It should be noted that **most of the measures given priority status in the questionnaires or discussed with most interest** in the position papers **were immediately transformed into legislative provisions by today's Council of Ministers**.

This outcome confirms **the usefulness of the consultation** in supporting the Government's choices and strengthens its **accountability** to citizens.

The Government's priorities on the basis of the consultation	Included in the legislative package of 13 December
Closer collaboration between the tax authorities and investors. Tax agreements and dedicated help-desk <b>(Measure 1)</b>	X
Reform of the “Conference of Services” <b>(Measure 2)</b>	
Consolidated text of employment law provisions <b>(Measure 5)</b>	
Implement the national energy strategy to lower electricity and gas prices <b>(Measure 12)</b>	X
Strengthen the business tribunal <b>(Measure 13)</b>	X
Not just banks. Expand funding sources for small and medium-sized enterprises <b>(Measure 18)</b>	X

Facilitate real estate investment by developing listed property-investment companies (Italian initials SIIQ) <b>(Measure 28)</b>	
Tax credits for research and development <b>(Measure 29)</b>	X
Facilitate environmental recovery projects <b>(Measure 35)</b>	X
Visas as a means of attraction <b>(Measure 44)</b>	X