



Exporting to **ITALY**

—
A guide for clients



#GlobalAmbition

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Enterprise Ireland in the Eurozone

The Eurozone markets are a cornerstone of Enterprise Ireland's strategy to accelerate market diversification in order to continue to deliver sustainable economic growth. The ability to seek out new international opportunities and capitalise on them will be a key success factor for Irish companies in the period ahead. In addition, as part of the governments stated ambition to grow the domestic SME sector, Enterprise Ireland is committed to increasing the number of new exporters in the Eurozone.

The EU single market is particularly attractive for Irish exporters thanks to the absence of customs and tariffs as well as regulatory alignment in many areas. The absence of foreign exchange costs in the Eurozone market is an additional attraction in those 19 countries who have adopted the euro.

While the multinational sector has reaped the benefits of the single market, Irish owned businesses have yet to take advantage of what is the biggest Free Trade Agreement in the World.

Enterprise Ireland client exports to the Eurozone (2020: €5.8bn) are less than 80% of the value of those to the UK (2020: €7.51bn) despite the fact that the Eurozone population and Eurozone GDP is 5 times that of the UK.

Enterprise Ireland's Eurozone Strategy aims to inspire and support more companies to enter and scale in Eurozone markets. Since it was launched in 2017 exports to the Eurozone have increased by over 33% (to 2019); growth in Enterprise Ireland client exports increased by 15% in 2019 alone and increased by 1.6% in 2020 despite the challenges of Covid. However, the markets still remain relatively untapped and Enterprise Ireland is committed to continuing this strong growth.

Enterprise Ireland's Eurozone Strategy ultimate goal is for the Eurozone market to become an extension of the Irish domestic market for Irish businesses. It seeks to do this by creating an awareness of the opportunities afforded by a single market and a single currency and by providing the necessary supports to Irish owned businesses to exploit them.



Enterprise Ireland currently has 8 offices in 6 countries across the Eurozone

Country	Offices	2020 exports
Netherlands	Amsterdam	€1.71bn
Germany	Dusseldorf, Munich	€1.29bn
France	Paris, Lyon	€1.1bn
Belgium	Brussels	€546m
Italy	Milan	€431m
Spain	Madrid	€356m
Total Eurozone		€5.856bn





Rome

Capital



60.3m¹

Population (2020)



€26,973²

GDP per capita (2020)



€430.6m³

Enterprise Ireland Client Exports
(2020)



For more information: Watch video



Why Export to Italy

Italy is a manufacturing powerhouse and a hub of innovation. As the third-largest economy in the Eurozone and the eighth largest in the world⁴, Italy is at the vanguard of industries ranging from pharmaceutical manufacturing to fashion, food, and design.

'Made in Italy' is the third most recognisable brand in the world. The Italian business ecosystem thrives through more than 140 distinct industrial districts⁵ across the peninsula. These company collectives are one of Italy's unique industrial strengths, competing and cooperating to foster specialisation and excellence.

The Italian economy is characterised by goliaths such as Enel, Generali, and Leonardo, each with turnovers of over €1 billion⁶; 160 other Italian companies also fall into this bracket. This is contrasted by the fact that 95% of all businesses in Italy are SMEs⁷.

Italy is the second largest manufacturer in Europe and the seventh largest in the world with a yearly value in the region of €300 billion⁸. It's one of only five countries in the world whose manufactured products have an export trade surplus, with Italy's standing at €47 billion in 2019⁹.

Research and innovation are widely integrated into Italian industrial processes with a storied tradition of excellence in many fields such as engineering, life sciences, biotechnology, chemicals, aerospace, and automotive. Italy spends over €25 billion per year in research and development, making it the fourth highest for R&D investment in Europe¹⁰. Its manufacturing base is increasingly integrating digital technologies into the production process.

It's the largest pharmaceutical nation in Europe with an annual production value of €34 billion¹¹ from a sector that's achieved double-digit growth virtually every year for the last decade.

Italy continues to blaze a trail through its most recognisable industries. It remains one of the top 10 food exporters globally with an annual turnover in the region of €150 billion¹². Its fashion industry boasts 82,000 active businesses with a combined turnover of €24.2 billion¹³. Italy hosts over 50 million visitors annually with a tourism industry that ranks amongst the top five in the world¹⁴.

It is a logistical hub and gateway to the Middle East and Africa with a total of 432 million tons of goods and 1 billion people moving through its 40 major ports and 42 airports every year.

Italy is also a world leader in a series of more niche markets too; it's the second-largest footwear and wine exporter, third-largest fashion and yacht exporter, and fourth-largest furniture exporter¹⁵.

Its skilled workforce offers an overall better cost performance than its European counterparts with labour costs below the Eurozone average. On an hourly basis, labour costs in Italy are about 22% lower than France and 16% lower than Germany¹⁶.

Italy is also expected to be one of the largest recipients of the EU pandemic recovery funds in the second half of 2021, which will see an expected €220 billion overhaul of the economy. Prime Minister Mario Draghi's 'Recovery and Resilience' package will focus on three key pillars – digitisation and innovation, ecological transition, and social inclusion¹⁷.

Significant sums have been earmarked to revitalise public administration and production systems through digitalisation. There has also been a coherent effort to focus on 'Industry 4.0' by modernising the life cycle of manufacturing companies. Italy has sought to ensure that climate objectives remain a high priority through the creation of a dedicated Ministry for Ecological Transition, becoming only the fourth EU country to do so.



Why Export to Italy

(continued)

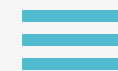
Opportunities in Italy are thus plentiful for Irish companies looking to begin their export journey or scale their international presence into a new market.

Italy is Ireland's ninth-largest export trading partner overall with a total bilateral trade valued at €13.9 billion in 2017¹⁸. The range of products and services that are traded between the two nations is considerable – from medical devices to dairy products, telecommunications equipment to cybersecurity software.

In recent years, Enterprise Ireland's Milan office has witnessed a significant increase in the number of Irish companies with a direct presence in the market. This reflects the paramount importance of relationship building to achieve long-term success in Italy.

Several key sectors have been identified as offering the greatest export opportunity for Irish companies targeting the Italian market. This includes high-tech construction, digital technologies, and engineering.

Italian Industrial Clusters



Italian clusters are characterised by their large concentration of SMEs, highly specialised production sector, and cooperation amongst local businesses.

Most of these enterprises are based around machinery, appliances, cars, clothing, shoes, leather goods, and agricultural products. Rather than having a large pool of global multinationals, Italy has many SMEs (often family-owned) grouped into clusters.

The north-western part of Italy is home to the "Industrial Triangle", which connects Milan, Turin, and Genoa.

It has a modern industry that tends to focus on machinery, aerospace, and car production.

The central and north-eastern regions have businesses with high-quality specialized craftsmanship. An example is Sassuolo in Modena that is known for the production of ceramic tiles, while Nogara in Verona produces wooden furniture.

As part of a more general spread, Italy has chemical, food, and beverage production across the country.

Clusters by District

Biomedical District of Mirandola (Region of Emilia-Romagna)

A biomedical cluster has been developed over the years in Mirandola, a small town located just north of the city of Modena.

The area is a leader in the European market for the production of disposable devices and components for dialysis treatments and more with over 100 companies specialised in plastic disposable products and electro-medical devices. Most are SMEs (85.6%), but there are also a number of multinationals (14.4%). 60% of the companies are foreign with 40% Italian owned.

As a whole, they employ a total of about 5,000 workers and have a combined turnover of almost €1 billion¹⁹.

Metal District of Lecchese (Region of Lombardy)

This area which takes in 40 municipalities between Lecco, Monza, Brianza, Bergamo, and Como both produces and manufactures metals.

It includes more than 1,500 strongly integrated businesses, each working on a part of the manufacturing process. However, some do take part in several different phases.

Italian Industrial Clusters (continued)



Furniture District of Lissone/Brianza (Region of Lombardy)

The infamous furniture district of Lissone/Brianza is the home of multiple production processes and furniture specialisations. This includes the assembly of furniture and also carving, inlay work, polishing, lacquering, and gilding, as well as working with glass, metals, plastics, padding, etc.

Though most firms are generally small-scale craftsmanship there are several large companies, many of which are leaders in the domestic and international markets. There is a substantial group of SMEs in the area also.

Businesses in Brianza are recognised for their high-quality products based on their considerable creative talent and strong technical and professional skills.

The most well-known firms being Flexform, Flou, TREP+, and Boffi Spa which operate alongside other international companies.

Textile District of Prato (Region of Tuscany)

Prato is considered one of the largest industrial districts in Italy and one of the most important centers in the world for the production of woollen yarns and fabrics. The textile district of Prato is made up of about 7,000 companies.

The companies produce fabrics for the apparel industry, textile furnishing products, yarns for the knitwear industry, knitwear and garments, non-woven fabrics, and special fabrics for industrial uses. The firms are mainly small and highly specialised²⁰.

Rubber District of Sebino (Region of Lombardy)

Italian companies operating in the rubber sector cover the entire supply chain and are among the most advanced in the world from the point of view of technology and know-how. There are thousands of firms, mostly concentrated in a small area between the cities of Bergamo and Brescia known as the Sebino District or as 'Rubber Valley'. The world-class rubber processing companies range from large companies such as Ar-tex and Oldrati to small family-owned businesses. They supply many different sectors in the industry from the automotive industry to medical systems. Every year they produce more than 500 million kg of rubber products.

Paper District of Lucca (Region of Tuscany)

This industrial district located near Lucca produces about 80% of all Italian tissue paper, and 40% of the national production of cardboard. More than 300 companies are located in the district, of which 70% are involved in paper converting operations, while the remaining 30% are engaged

in the production process. The Lucca district is a mix of multinationals and well-established family businesses.

The district also makes use of the dense network of companies specialised in robotics and mechanics, which design and manufacture increasingly advanced machinery to be used in the paper development process. This area has been able to resist economic crises and attract investment from abroad²¹.

Mechanic District Alto Vicentino (Region of Veneto)

The district includes the municipalities that fall to the north of Vicenza, in the so-called Alto Vicentino area. An economic hub of mechatronics has established itself here as well as a strong presence of the wider mechanical sector.

The area includes about 950 companies operating in the packaging, food machinery, wood processing machinery, and metal sectors.

Cosmetics Valley of Italy (Region of Lombardy)

More than half of the products used in the world of cosmetics come from a golden triangle of more than 500 companies in Milan, Bergamo, and Crema. The so-called "cosmetics valley" in the heart of Italy's richest region uses the combination of technology and creative flair to produce cosmetic devices as well as packaging for the beauty industry.



Italian Industrial Clusters (continued)



There has been huge investment in the industry with family-owned companies turning public in order to capitalise on the influx of money.

The Lombardy region has the highest density of cosmetics companies in Italy (54%), followed by Emilia-Romagna (10.4%), Veneto (8.2%), and Piedmont (5.6%)²².

Pharma Valley of Tuscany (Region of Tuscany)

The third-largest pharmaceutical cluster in Italy, (after Lazio and Piedmont) it has 300 companies and 19 large factories located in the provinces of Florence, Lucca, Pisa, and Siena.

The 'Pharma Valley' will launch a digital logistics platform for the life sciences, capable of supporting the procurement and distribution capacities of the entire sector. The leaders of this pharmaceutical grouping are Menarini, Kedrion, Eli Lilly, Molteni Farmaceutici, DIESSE Diagnostica, Aboca, Esaote, Abiogen, and the Toscana Life Sciences Foundation.

The highly technological platform is born from the needs of the sector in Tuscany but is aimed at all companies in central Italy to network, reduce transport costs and improve logistics for the import and export of pharmaceutical drugs and raw materials²³.

This cluster includes over 6,500 farms across 26 different municipalities. There are three main agri-food chains in the district: fruit and vegetables, processing and conservation of fish, and the production of wine.

Industries related to agri-food have developed around the supply chain with companies who produce packaging and manufacture machinery involved.

Aerospace District of Apulia (Region of Apulia)

Apulia is one of Italy's top regions in terms of aerospace activity and the industry has continued to extend across the territory.

Apulia is the only Italian region that not only accommodates the entire production chain, from manufacturing components to the creation of software, it is also home to companies in different design and production sectors. These sectors include fixed-wing aircraft, helicopters, aerospace propulsion, and software. The region is also an acknowledged world-leader in state-of-the-art technology for use in composite materials in carbon fibre.



Get Ready to Do Business in Italy

Italy is the second largest European country for manufacturing, behind Germany but ahead of France and Britain.²⁴ The “Made in Italy” insignia carries great status and the country has a longstanding reputation for stylish design, epitomised by its leading fashion brands and luxury items such as sports cars.

Establishing consumer brands can be difficult, particularly for products that, in other markets, rely on an “Irish” heritage as part of its marketing strategy.

Italy is also known for its excellence in manufacturing quality industrial products. Three of Europe’s top 20 companies measured by revenue are Italian²⁵, but the country’s business landscape is overwhelmingly made up of SMEs.

Critical factors include being early to market, having competitive product features, price, quality, perceived ability to deliver, and personal relationships. However, the relative importance of these and the way in which they are expressed is different.



Travelling and geography

Italy has a population of approximately 60.4 million (2018). Industrial activity is concentrated in the north from Turin in the west through Milan to Venice in the east. This is one of the most industrialized and prosperous areas in Europe and accounts for more than 50% of Italy’s national income.²⁶ By contrast, Italy’s southern region, or “Mezzogiorno” is less developed. While in geographical terms it is a large country, at more than four times the size of Ireland, its commercial and industrial topography makes it much more manageable than might at first appear.

For the most part an Irish business looking to find export opportunities in Italy can expect to do so by looking at just one or two of its northerly regions – Piedmont, of which Turin is the capital, and Lombardy of which Milan is the capital.

In light of global travel restrictions we are advising all clients to regularly review the Government of Ireland advice at www.gov.ie/, travel advice from the Department of Foreign Affairs, business continuity advice from the Department of Enterprise, Trade and Employment and the World Health Organisation website.



Get Ready to Do Business in Italy

(continued)



Language

Italian customers like to speak Italian, making language one of the main issues to be considered when looking to enter this market. Outside of high-level management in sectors such as pharmaceuticals or aviation, Italians expect to do business in Italian. This is not an insurmountable barrier, as the Irish companies successfully selling into Italy can attest to.

English language skills vary enormously in Italy. Materials should be translated into Italian and, at meetings, bring a translator or have someone on your team who speaks Italian. Initial correspondence and product literature should be professionally translated.

Have part or all of your website translated for the Italian market. Having a strong web presence is as important for the B2B market as for the B2C. Your website should also be optimised for Italian search engines. An .it domain is not essential as the Italian market is comfortable with .com, but .ie is not suited as it may be perceived as too parochial.

ROUTES TO MARKET



Choosing the right route to market in Italy is very important. Local agents and distributors play a crucial role thanks to their deep understanding of informal business practices and networks of relationships. Despite the relative proximity of the market, the nature of Italy's business culture is such that regular visits are an absolutely minimum, local presence is essential and a form of a more permanent presence is strongly advised.

If going the distributor route, it must be managed proactively to ensure a good working relationship is maintained over a long period of time. Because of the importance of trusted relationships, "distributor hopping" is to be discouraged. Cancelling an agreement prematurely can damage your reputation.

Joint ventures and acquisitions can be a successful route to market, enabling you to gain a foothold with the advantage of bringing on board established contacts, customers and market knowledge, three elements that are harder to achieve remotely from Ireland or by setting up a new office in the country.



Italian Market Opportunities For Irish Companies



CONSTRUCTION

High-Tech Construction

Irish companies in Italy have carved out a niche as the foremost contractors for high-tech construction projects such as data centres and pharmaceutical infrastructure.

Data centre development has long focused on northern European countries with Milan very much part of the secondary market. Nevertheless, the last five years, bookended by the Covid-19 pandemic, have seen a rapid adoption of ICT solutions and thus an uptick in data centre construction.

Italy is a key termination point for traffic coming in from Middle Eastern and North African countries via Sicily and Bari, with nearby Marseille the landing area for Asian traffic.

As an industrial hub, Milan is fast becoming an intriguing growth market. It has seen interest from all major cloud providers due to its developing ecosystem and strengthened connectivity serviced by international construction providers.

The presence of a large number of telecommunications operators in the country has created lucrative opportunities for service providers to offer advanced technical infrastructure.

Microsoft, Amazon Web Services, Google, Data4, Equinix and several other major players have all announced new projects and investment in Italy in 2021.

Pharmaceutical construction has also grown exponentially as Italy overtook Germany in 2018 to become the number one pharma producer in Europe with an annual production value of €34 billion. It remains Italy's only manufacturing sub-sector to stay above 2007 pre-recession levels and has achieved double-digit growth every year for the last decade.

https://www.assoimmobiliare.it/wp-content/uploads/2021/02/CW_Secondary-Market-Report_Data-Centre.pdf

<https://www.pharmaworldmagazine.com/italy-has-overtaken-germany-pharmaceutical-production/>



DIGITAL & ICT

Digital Technologies

Digital transformation is high on the Italian government's agenda with the pandemic accelerating the need for digital adoption and Italian companies receptive to digitalisation.

Over 85% of Italian companies digitised during 2020 compared to 75% of the European average.

Italy has traditionally lagged behind with digital adoption amongst the most developed countries.

This and the fact that the Italian government has allocated significant portion of the EU pandemic recovery funds to digital transformation creates an opportunity for Irish companies.

<https://www.delltechnologies.com/asset/en-ca/solutions/business-solutions/briefs-summaries/dt-index-2020-full-findings-report.pdf>



Financial Services & Fintech

The financial services sector is an important pillar of the Italian economy. The market is home to large banking groups such as Intesa Sanpaolo and UniCredit as well as one of Europe's biggest insurance players in Generali.

The vision of these subsectors is to become more digitized and efficient. Italian banks and insurance firms have invested heavily in digital and IT transformation in the last decade, with the Covid-19 pandemic accelerating the migration towards digital solutions and processes.

Key digital initiatives of Italian banks include the modernization of IT platforms through "reshaping" legacy systems, integrating cloud technologies, customer journey digitization, end-to-end process redesign, leveraging big data analytics and the launch of digital platforms. Digital health has become a priority for insurance companies.

Italian Market Opportunities For Irish Companies (continued)



These initiatives, backed by the NRRP, and a growing Fintech industry, will consolidate a sector which, traditionally, has been relatively fragmented and reliant on physical branches, compared to other Eurozone countries. This will help recover competitiveness and profitability.

Digital payments in Italy are also a strong and fast-growing sub-sector, accelerated by the Covid-19 pandemic, reaching €5.2 billion transactions in 2020 and representing 33% of the total value of payments. Growing digital payment areas include contactless payments as well as mobile payments and wearable payments.

<https://www.pwc.com/it/it/about-us/Italia2021/doc/Italia2021-LaFinanza-II-sistema-finanziario-a-servizio-del-rilancio-del-paese.pdf>

FinTech waves - The Italian FinTech Ecosystem 2020 (ey.com)

<https://www.milanofinanza.it/news/i-pagamenti-digitali-in-italia-valgono-268-miliardi-di-euro-202103111245048545#:~:text=Nonostante%20un%20calo%20dei%20consumi,totale%20dei%20pagamenti%20in%20Italia.>



Travel & Tourism

Italy is one of the most popular tourist destinations globally and tourism remains a key sector for the Italian economy. It accounts for 13% of GDP whilst employing 3.5 million people.

Prior to the Covid-19 pandemic, Italy experienced a record year for the sector in 2019 with over 130 million arrivals and growth of 2.6% over 2018.

Naturally, the pandemic has impacted tourism globally, but one positive note in Italy has been that it has accelerated badly needed digitalisation across the sector.

Italian travel suppliers have traditionally been reluctant to actively identify and invest in new technologies, however, have a newfound appreciation for innovative solutions that allow for a faster recovery from the pandemic. This has the impact of increasing operational efficiencies and profitability through the personalised and safe travel experience of their customers.

The new and reinforced focus on rapid digitalisation in conjunction with the €8 billion of the EU pandemic recovery fund that the Italian government plans to allocate to Tourism and Culture 4.0 will make Italy a very attractive market for travel technology solution providers.

<https://www.agi.it/economia/news/2020-12-29/turismo-numeri-pil-alberghi-10849024/#:~:text=Il%202019%20%C3%A8%20stato%20l,4%2C2%20milioni%20di%20persone.>

<https://www.industriequattropuntozero.it/2020/07/01/turismo-e-digitale-scenari-tecnologie-e-ipotesi-di-ripresa-post-covid/>



E-Commerce

E-Commerce in Italy has been growing steadily in recent years before being turbocharged by the Covid-19 pandemic's retail sector revolution. In 2020, e-commerce in Italy grew by 26% and is now worth €22.7 billion.

Over two million Italians made an online purchase for the first time in 2020. As it stands, 29 million Italians or 48% of the total population regularly buy online with purchases from mobile devices surging to 56% of the total online purchases. Shopping from smartphones is valued at €12.8 billion with growth of 42% in 2020.

Italian retailers and brands are increasingly investing in digital technologies to support their e-commerce activities with the aim of improving user experience and creating more value from their data through data analytics and AI technologies. This also allows them to develop an effective omnichannel strategy.

<https://www.digital4.biz/marketing/ecommerce/ecommerce-trend-2021-le-5-tendenze-che-cambiano-il-settore/>

Italian Market Opportunities For Irish Companies (continued)



Cybersecurity

Cybersecurity in Italy reached a value of €1.37 billion in 2020 - growing by 4% on the previous year in the midst of the Covid-19 pandemic.

Multinationals, SMEs, and all companies in between have experienced a significant increase in cyber-attacks in 2020 - up by 40%. This is in part due to the increase in working from home. Cybersecurity is now perceived as a critical area meriting attention and investment.

The most relevant solutions relate to endpoint security, wireless security to protect networks and infrastructure, and secure authentication.

<https://www.cybersecurity360.it/cybersecurity-nazionale/investimenti-in-cyber-security-il-mercato-cresce-ma-in-italia-non-mancano-le-difficolta/>



ENGINEERING Automotive

Italy has pivoted focus from vehicle production to automotive components with 2,200 active companies employing 250,000 workers. The latest merger between FCA Group (FIAT) and PSA Group (Peugeot) will see this trend continue.

There are four main automotive regions in Italy; Piedmont in northwest of Italy it is one of the most advanced in Europe with the FIAT-Chrysler group, Lombardy and specifically Brescia due to the high concentration of component manufacturers, Abruzzo is fertile ground for testing new motor tech and the 'Motor Valley' in Emilia-Romagna produces Italy's luxury car brands.

Magneti Marelli, one of the global component manufacturers, is headquartered in Milan with 43,000 employees and €13.6 billion turnover in 2019.

In Italy, 12.6% of all R&D investments made in the country goes to the motor vehicle sector. Nationally, the automotive sector is the third-leading industry for R&D spending, behind ICT and healthcare. Notably, Ferrari, a symbol of Italian motoring excellence, ranks 9th in the world for its focus on R&D.

Over the coming years, a number of major developments are foreseen for the future of the automotive sector in Italy, sustainable mobility, security systems, self-driving cars, connectivity, and car sharing.

These new developments present a lot of opportunities for Irish companies in the Italian market. A Mechatronics Hub was recently established in the north-eastern region of Trentino Alto Adige.

This hub is a common space for manufacturing, testing, conducting research, developing innovative products and creating more efficient production processes using a combination of advanced technology.



Medical Technology

Italy is a mature market for medical technology. Its high per capita income and sophisticated healthcare system facilitates a demand for a broad range of cutting-edge medical equipment.

The Italian market for medical equipment and supplies is the fourth largest in Europe following Germany, France, and the UK.

Italy boasts over 3,750 indigenous medical device companies and 570 multinationals.

The medical device market was valued at approximately €8 billion in 2018 with imports accounting for €5.2 billion.

The Italian government is the primary purchaser of medical equipment. Public hospitals account for over 75% of medical device sales with the remaining 25% tied to the private sector.

Despite having a considerable local manufacturing industry, the domestic market for medical equipment is highly dependent on imports.

The highest concentration of medical devices companies is in northern Italy, primarily in the regions of Lombardy, Veneto, and Emilia Romagna. The largest biomedical centre in Europe is located in Mirandola in Emilia-Romagna.

There are many opportunities for Irish companies



Italian Market Opportunities For Irish Companies (continued)



as the manufacturing sector comprises of 3,605 production plants, made up of a broad network of small-micro businesses and technological start-ups. Local production is strong in diagnostic imaging equipment, contrast media for imaging, cardiology equipment, sterilizers, implantable pacemakers, hospital furniture, anesthetic equipment, respiratory apparatus, dialysis equipment, and dental products ranging from instruments to dental chairs.

<https://www.trade.gov/knowledge-product/italy-medical-devices-and-technology>

<https://www.confindustriadm.it/il-settore-in-numeri-2020/>



Digital Health

In Italy, the need for a more efficient National Health Service has a high priority. To that end the use of digital technology through resources allocated to foster digital healthcare and the perception of e-health among both professionals in the sector and patients is notable. In the next few years, the expenditure on eHealth is expected to gradually increase.

There are a lot of opportunities for Irish companies to expand in this market with the likes of telehealth,

data analytics, cybersecurity, health information technology, connected medtech, and mobile health. The pandemic has accelerated the adoption of telemedicine and remote monitoring via sensors and wearable devices.

Digital health is driving the personalisation of medicine and healthcare, putting the patient at the centre of their treatment in an informed and supported manner. Through connected devices, remote monitoring, apps, and other technologies patients are empowered to manage their health and receive care in the right setting.

https://www.who.int/health-topics/digital-health#tab=tab_1

https://cdn.who.int/media/docs/default-source/documents/gs4dhdaa2a9f352b0445bafbc79ca799dce4d_02adc66d-800b-4eb5-82d4-f0bc778a5a2c.pdf?sfvrsn=f112ede5_68

<https://www.statista.com/topics/4965/digital-healthcare-in-italy/>

<https://healthmanagement.org/c/it/issuearticle/healthcare-it-and-e-health-in-italy>



Biotech

The Italian biotech industry recorded growth in all the main economic indicators. Its total number of companies has stabilised at around 700 units.

The overall investment in R&D reached €2.3 billion, while the investments in biotech R&D exceed €770 million. With 49% of biotech companies mainly involved in the human health field with another

39% involved in the production and development of products and services for industrial, environmental, veterinary, agricultural and zootechnic applications. They represent one of the main innovative areas of the bioeconomic field.

The biotech sector has shown its worth and potential by responding to the Covid-19 pandemic and is increasingly becoming a key technology for a sustainable economic recovery.

Irish companies have opportunities in this sector especially in healthcare with diseases which still lack adequate therapeutic solutions, such as those in oncology. Opportunities also exist in the agriculture sector especially in crop protection.

<https://www.enea.it/en/news-enea/news/companies-biotech-report-investments-and-turnover-on-the-rise>



Pharmaceuticals

Italy is one of the leading pharmaceutical producers in Europe. In 2019, the sector boasted a production value of over €34 billion, increasing steadily in recent years.

Companies operating in the pharmaceutical sector employ about 67,000 individuals, the majority of whom are highly educated and skilled. Over 40% are SME family owned companies and 59% represents foreign owned companies.

Out of €3 billion in investment, €1.7 billion represents R&D investment and €1.3 billion represents high tech plants and machinery.

The R&D industry employs 6,600 people. From 2008

Italian Market Opportunities For Irish Companies (continued)



to 2018, Italian pharma exports have grown more than any other large EU country.

The quality of Italy's Industrial pharmaceutical system has been a magnet for production activities previously carried out elsewhere in the world. In the last decade, production has been growing in value and volume.

This represents a great opportunity for Irish companies oriented to offering services to the pharma industry.

<https://www.farmaindustria.it/english-content/>



Industry 4.0

Within the 28 EU member states, Italy is the second-largest manufacturer behind Germany. In many aspects of the Fourth Industrial Revolution Italy is at the global forefront.

Italy remains one of the foremost countries in Europe, with more than 105,000 high-tech companies. With the adoption of 4.0 technologies such as the cloud, the Internet of Things (IoT) and machine-to-machine (M2M) communication Italian companies are investing heavily in scientific and technological research.

Italy is also above the European average in terms of the production and use of industrial robots and is in seventh place worldwide. The country had an annual production of 8,500 units at the end of 2020.

Italy ranks sixth worldwide in terms of M2M communication, which is fundamental to Industry 4.0. This technology permits the automatic, real-time exchange of data within a network of systems, machines, sensors and industrial robots.

Italy is also advancing in cloud computing, another technology crucial to digital innovation. This makes it possible to implement information management solutions such as big data, cognitive analytics, predictive models, artificial intelligence and machine-learning tools. The Italian cloud managed services market is growing rapidly and is expected to reach €3.4 billion by 2021.

https://www.deloitte.com/content/dam/insights/us/articles/DTLR1781_Italy4-0/

<https://www.zerounoweb.it/trends/dinamiche-di-mercato/osservatorio-internet-of-things-2020>
<https://www.osservatori.net/en/products/formats/video/cloud-market-italy-video>



AGRICULTURAL

Dairy

Italy is one of the main players in the world dairy industry. The national production combines quality, volume, and tradition.

The value of the sector is over €16 billion with a total number of dairy cows at 1.7 million. There are 27,500 dairy farms in Italy with a yearly milk production of 12 million tons.

Production is based in the north of Italy and particularly in the Lombardy region, with 23% of dairy cows concentrated in this area. There is demand for high technology products such as health detection, calving sensors, herd management technology, automated stables, and fast rotary systems – all areas in which Irish companies can offer great expertise and innovation.



Agri-Machinery

The agricultural machinery sector it is going through a dynamic phase with demand driven by incentives to purchase new-generation vehicles.

Italy is the second largest European manufacturer of agri-machinery after Germany. The total value of the sector comprising tractors, components and gardening machinery is €18 billion. Total hectares of land for agriculture is 12.8 million and the total number of farms is 1.5 million.

Machinery production is concentrated in the north of Italy. There are opportunities in Italy for tractor component manufacturers, balers, organic rice farming and organic agriculture in general.

Things To Consider When Doing Business In Italy



Language

Italian customers prefer to speak Italian, which makes language one of the main issues to be considered when looking to enter this market. Outside of high-level management in sectors such as pharmaceuticals or aviation, Italians expect to do business in Italian. This is not an insurmountable barrier, as Irish companies successfully selling into Italy can attest to.

English language skills vary significantly in Italy. Materials should be translated into Italian and at meetings it is recommended to bring a translator or have someone on your team who speaks Italian. Initial correspondence and product literature should be professionally translated.

Have part or all of your website translated for the Italian market. Having a strong web presence is as important for the B2B market as for the B2C. Your website should also be optimised for Italian search engines. An .it domain is not essential as the Italian market is comfortable with .com, but .ie is not suited as it may be perceived as too parochial.



Market Research

What are the current market trends for the sectors you will be targeting? If there is an obvious gap in the market, find out why: it may exist for a reason.



Route to Market

Choosing the right route to market in Italy is vital. Local agents and distributors play a crucial role thanks to their deep understanding of informal business practices and relationship networks. Despite the relative proximity of the market, the nature of Italy's business culture is such that regular visits are of an absolute necessity, local presence is essential, and a form of a more permanent presence is strongly advised.

If going the distributor route, it must be managed proactively to ensure a good working relationship is maintained over a long period of time. Because of the importance of trusted relationships, "distributor hopping" is to be discouraged. Cancelling an agreement prematurely can damage your reputation.

Joint ventures and acquisitions can be a successful route to market, enabling you to gain a foothold with the advantage of bringing on board established contacts, customers and market knowledge, three elements that are harder to achieve remotely from Ireland or by setting up a new office in the country.



Reference Customers

The importance of relationships in Italy makes securing that first reference customer all the more important in order to establish yourself in the market. Leverage any connection you may have in the market, even if they are suppliers or consultants, to demonstrate you have ties to the market.



Legal & Taxation Information



Visa requirements

Italy is a member of the European Union (EU) and EEA nationals are free to work in Italy without the need for a work permit.



Corporate structures

Limited Liability Companies

In Italy, there are two main types of limited liability companies:

- Società a responsabilità limitata (S.r.l.) [equivalent to a private limited liability company]
- Società per azioni (S.p.A.) [equivalent to a public limited liability company]

The most commonly selected option is the Srl due to its organisational flexibility and autonomy for its shareholders, however, the choice largely depends on the expected activity level in Italy.

Branches

Foreign corporations operating in Italy can operate as a branch office without the need to incorporate. However, it is generally advisable to incorporate rather than set up a branch office in Italy, given the numerous drawbacks associated with having a branch office. Having said that, foreign enterprises wanting to set up a branch in Italy for lower levels of activity are allowed to do so.

Representative Office

This is the easiest and least expensive type of foreign investment structure to set up and has no registered capital requirements. The defining characteristic of an Representative Office is its limited business scope. An Representative Office is generally forbidden from engaging in any profit-seeking activities, and can only legally engage in preparatory activities such as market research.



Key tax structures

Foreign companies operating in Italy may find it challenging to deal with the complexities of the country's tax system. The primary tax concerns are: Individual Income Tax (IIT) for employees in Italy, social security costs, VAT, withholding tax, business tax and permanent establishment concerns.

While Enterprise Ireland in Milan does not provide direct legal or tax advice to its clients we can facilitate introductions to experts that are both familiar with the Irish and Italian systems. Enterprise Ireland strongly advises companies planning on setting up a presence in Italy to seek professional advice in these matters and especially around employment legislation prior to commencing operations.



Corporate tax

Companies doing business in Italy are subject to a number of taxes, including the corporate income tax (IRES), the regional tax on productive activities

(IRAP), withholding tax, VAT, registration tax, social security taxes, transaction tax and stamp duty.

The current corporate income tax rate is 27.5%.



Employment

The Italian labour market is highly regulated and skewed heavily towards employee rights, making it notoriously tricky to navigate. There are numerous legislative requirements for employers to comply with, depending on the type of employee and contract that is of concern, and compliance with Italian labour and employment regulations is often costly and time consuming.

Generally, all employment contracts in Italy are required to be in writing. Given Italy is a member of the EU, the country is also subject to EU directives and legislation.



Helping You Win in Italy



Enterprise Ireland assists clients entering new markets with:

Pre-visit support

- Sector overview
- Validation of the opportunity for your product or service
- Evaluation of your market entry strategy
- Suggested channels to market
- Competitor analysis
- Relevant contacts/suggested itinerary

In-market support

- Introductions to buyers and decision makers
- Identification of potential partners
- Facilitating buyer visits to Ireland
- Assistance with product launches and workshops
- Securing reference sites

International trade events

- Inward buyers' missions to Ireland
- Group stands at international trade fairs
- Overseas trade missions
- Market study visits
- Client knowledge seminars
- Networking events with market contacts

Additional supports

- Introductions to specialists in all areas, including legal, recruitment, PR and taxation
- Access to mentors

Enterprise Ireland has built up an excellent network of individuals in Italy who are available to work with Irish client companies looking to develop their business. This includes market and sector specialists, business accelerators and members of Irish business associations.



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Ireland's EU Structural and
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European Union
**European Regional
Development Fund**

Ireland's European Structural and Investment Funds Programmes 2014-2021.
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