

INVEST IN ITALY: Right Time, Right Place

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ITA
ITALIAN TRADE AGENCY


Ministero dello Sviluppo Economico





Italy Packaging Industry

• March, 2018 •



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3rd largest economy in the Eurozone

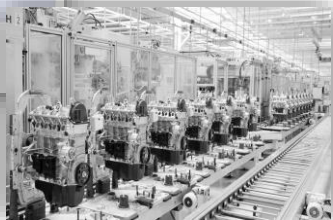
Italy is open to **Green Technology**

Italy has a large & skilled **workforce**

Italy has among the lowest **labour costs** in Western Europe

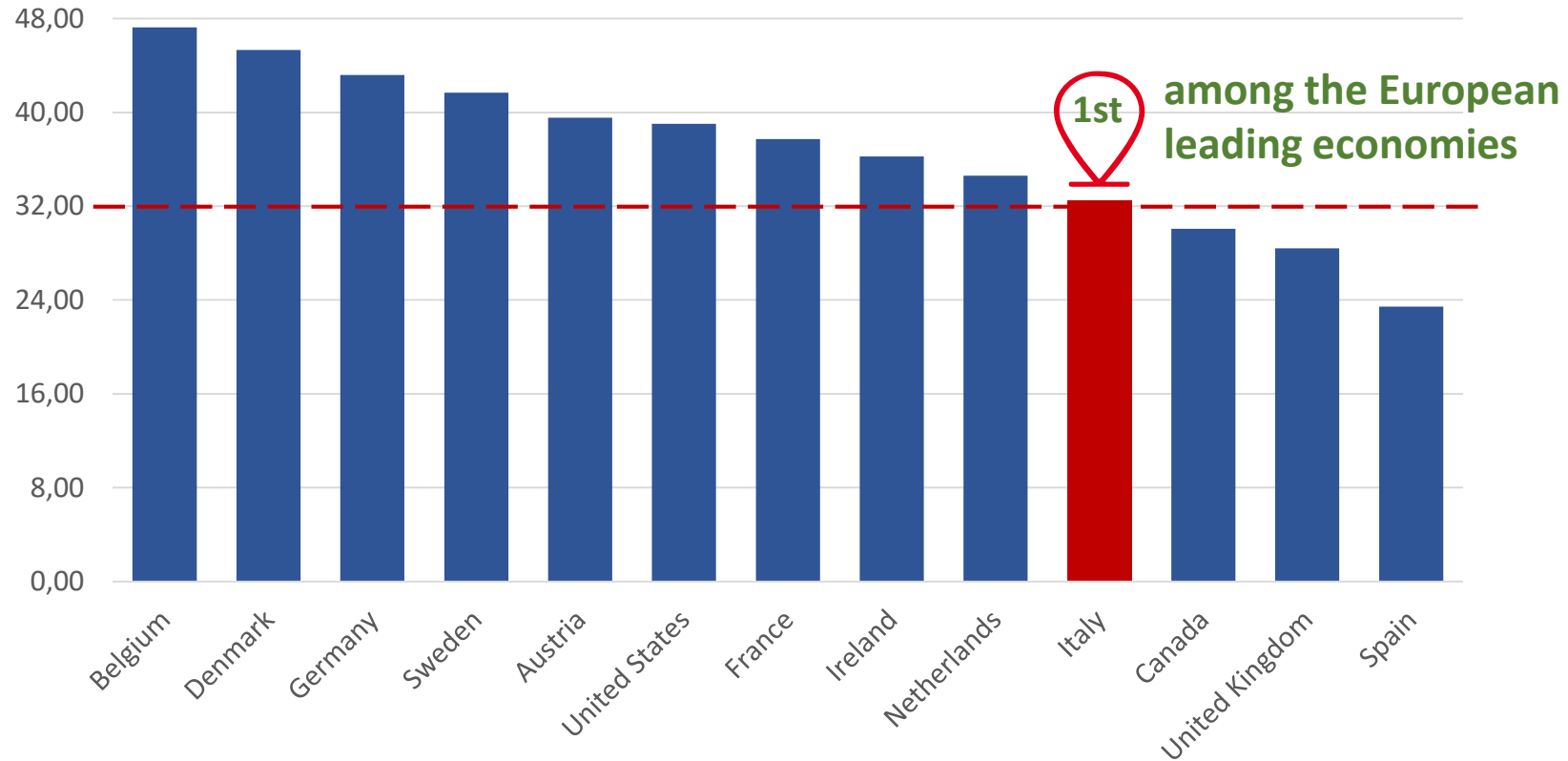


Competitive location for investment. Cheaper than USA and many Western European competitors





Labour cost (manufacturing hourly compensation costs; US Dollar)



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Source: Conference Board, International Labor Comparisons (2017 – data 2016)



Economic Outlook

GDP growth of 1.5% in 2017 is forecast for **1.4%** for 2018

Unemployment rate fell by 0,5% between 2016/2017

Export increased by 7.4% between 2016/2017

Investors' confidence index (2018) grows: +3 than 2017.

Italy ranks **10th** in 2018 for FDI attractiveness, +8 than in 2015

Italy is the **9th** economy in the world, based on strong export





Corporate Taxation Reform

In the last years the Italian Parliament approved new legislation, including tax incentives, specifically aimed at making Italy an attractive location for investment in manufacturing and R&D.

Among those specific tax incentives, the following are particularly relevant:

- **Patent box**
 - a 5 year-elective regime will grant a **partial tax exemption** on **income** derived from qualifying **intangible assets** (patents, know-how, trademarks) as long as the Italian company performs R&D activities
- **New R&D tax credit**
 - enhanced for 2015-2019, with the elimination of any access limitation based on turnover and a doubled cap amount (from 2.5M to 5M euro per year)
- **Tax credits/incentives** for the **purchase of machinery & industrial equipment**
- **Full deductibility** from the **IRAP** (regional tax) of labour cost for **employees** hired on a **permanent basis**





Corporate Taxation Reform

Other tax incentives are:

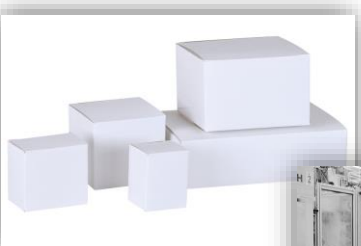
The “**Destination Italy**” Decree

- created a specific and dedicated **desk** of the **Revenue Agency** (*Agenzia delle Entrate*) in order to help and provide information **to foreign investors**
- enhanced the **tax ruling** procedures, by extending the validity period of the preventive rulings from 3 to 5 years and including also the existence of Italian permanent establishments of foreign companies





Packaging Industry



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When the container of products becomes the real product



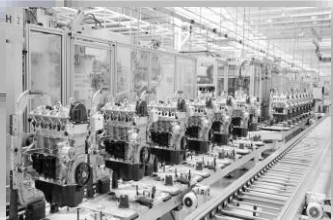
Health safety: **Materials**

It's important for packaging to focus on unique benefits, such as natural ingredients and formulations, offering transparency on the label. Innovative methods of displaying and preserving fresh food will also be key for short and long term success.



Environment: **Recycle**

Consumers are becoming increasingly more aware of global environmental issues and are changing their buying habits accordingly. These days, it's 'cool to care', and consumers are actively seeking out semiotic signs on packaging that manufacturers have a green conscience





Packaging is the science, art and technology of enclosing or protecting products for distribution, storage, sale, and use. Packaging also refers to the process of designing, evaluating, and producing packages.

Packaging can be described as a *coordinated system of* preparing goods for transport, warehousing, logistics,

sale, and end use. Packaging contains, protects, preserves, transports, informs, and sells. In Italy it is fully integrated into industrial complex processes, just think Italy ranks first along with Germany in packaging machinery sector.





Italy is the European second-biggest manufacturing power and one of the biggest European packaging producers



Italian packaging, 2017
+2,3% than 2016
Total turnover **32,4 blns €**

Some of the players:



Plastic and Paper packaging

- Beverage packaging
- Food packaging
- Industrial

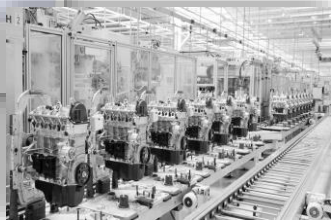


Metal packaging

- Tin plate
- Easy-open ends
- closures



And much more...

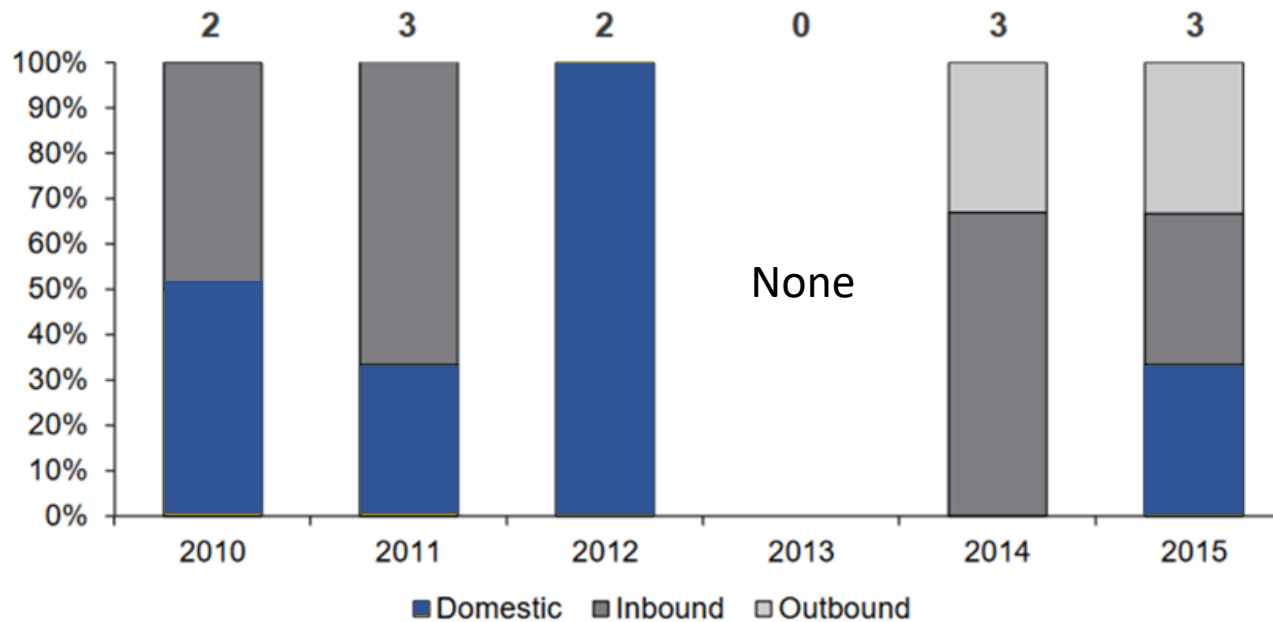


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In the **flexible packaging** segment Italy has been attracting several FDI for some considerable time

Deals in Italy



In this segment European market is the most dynamic and attractive (2010-2016 data)



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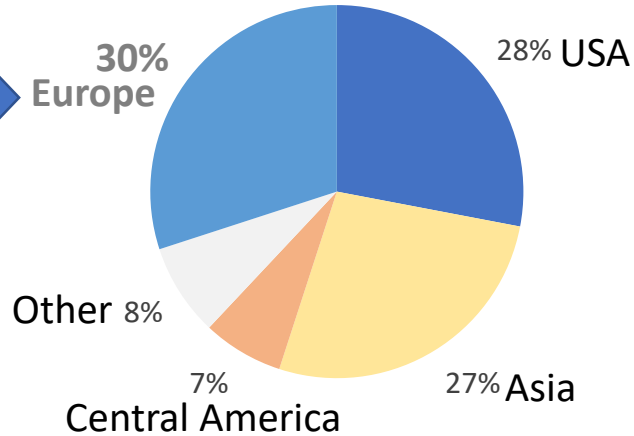


European outlook on packaging - % (2016)

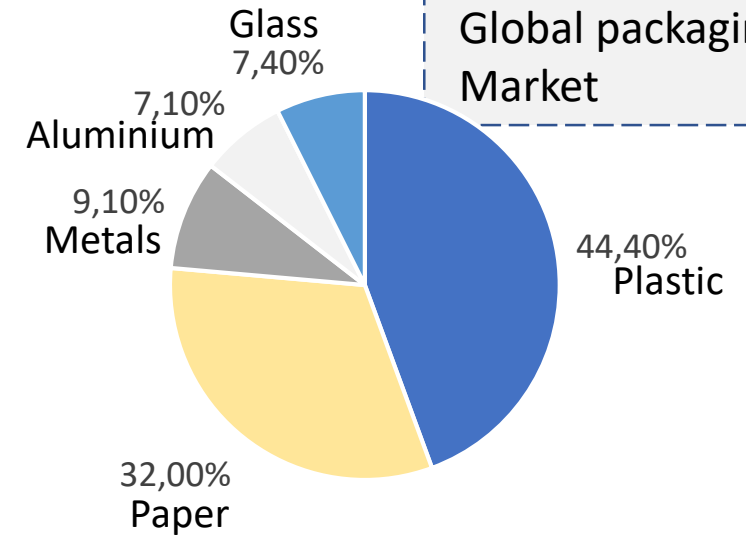
Strong Points

Almost a third of the global market

Packaging: Global Market by Regions



Material shares – Global packaging Market



The global packaging market is estimated to total **US\$ 424 billions** with an annual growth rate of some 3.5 per cent. **Europe** accounts for **US\$ 127 billions (30%)**





Italian Import/Export volume in tonnes (2014)

PRODUCT GROUP	IMPORT	EXPORT
Paper waste	18.548	372.967
Glass waste	89.235	9.084
Plastic waste	121.169	524.990
Wood waste	652.716	32.204
Non-ferrous metal waste	870.692	189.617
Ferrous metals	3.648.869	193.109
Electrical/electronic waste	20.339	96.912
Batteries and accumulators	24	15.065
End-of-life vehicles	1.361	20.872
End-of-life tyres	181	108.420
Undefined	442.020	2.233.022
Total	5.865.154	3.796.262

Strenghts



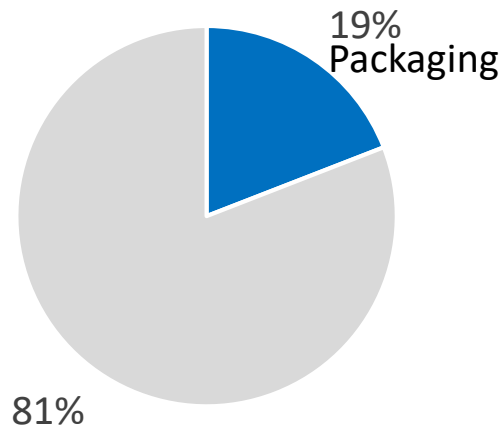
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Packaging Machinery

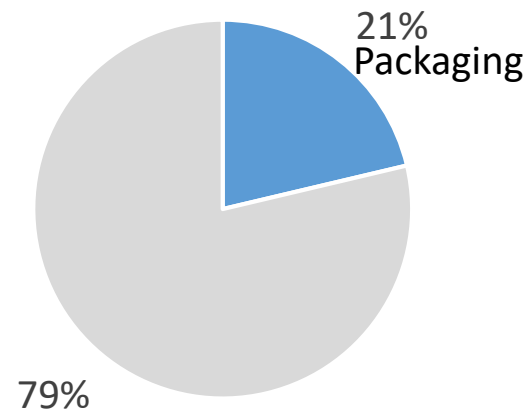
- Around a fifth of all machinery sector
- Export/Total turnover: 80%

Machinery turnover - 2016



+6,6% than 2015

Machinery Export - 2016



+5,8% than 2015

601 firms

19 big players for 55% of turnover

300 small for 4% turnover



On machinery
Bologna and
much more...





40 foreign-invested firms operating in the packaging subsidiary and mostly wholly-owned from 16 countries capitals

- **35 wholly-owned (88%)**

25% 1st Metal
 2nd Plastics
 3rd Glass



15% 1st Metal
 2nd Plastics



8% 1st Plastics
 2nd Glass



- **Other 3 controlled/equal**

33% Glass



33% Glass



33% Plastics



- **2 minority stake**

50% Plastics



50% Plastics



Source: ITA elaboration on Reprint data, 12/2017



- TRACEABILITY SYSTEMS
- ACTIVE PACKAGING

Smart packaging is a major factor in optimising the in-store handling, logistics and sales processes. This involves the use of packaging with **special identification codes** for the purposes of traceability and identification along the entire process chain through to end-of-life recycling, bringing advantages for both business and the environment.



The retail sector is already making significant investments, especially in supply chain **monitoring**, in warehouse **management** and in asset tracking.

An **identification tool** on packaging allows

- to speed up processes,
- reduce errors,
- resolve product shelf life issues,
- evaluate the impact of out of stock on revenues and the lack of product both in-store and in the warehouse.



SMART PACKAGING

valore aggiunto per il retail



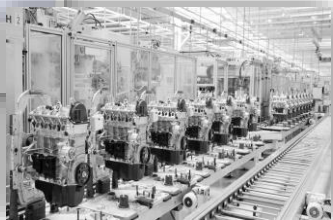
Ministry of Education, University and Research



• AEROSPACE TECHNOLOGY	ROME	http://www.ctna.it/
• AGRIFOOD	ROME	http://www.clusteragrifood.it/en/
• GREEN CHEMISTRY	MILAN	http://www.clusterspring.it/home/
• INTELLIGENT FACTORIES	BOLOGNA	http://www.fabbricaintelligente.it/en/
• CLUSTER TRASPORTI	ROME	http://www.clustertrasporti.it/
• LIFE SCIENCE	MILAN	http://www.clusteralisei.it/en/
• SMART LIVING TECHNOLOGIES	ANCONA	http://www.smartlivingtech.it/en
• SMART COMMUNITIES TECH	TURIN	http://www.smartcommunitiestech.it/en/

What's coming next...

- HERITAGE TECH
- DESIGN
- MADE IN ITALY
- SEA ECONOMICS
- ENERGY



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Source: <http://www.miur.gov.it/cluster>; http://www.distretti-tecnologici.it/centro_miur.htm



Abundant and Skilled Workforce

Italy has some of the world's best engineering universities. Indeed, engineering is the 2nd highest course for enrolment in the country – **225,619** currently studying an engineering discipline.¹

The engineering sector currently employs around 417,000 people in Italy.³

Mainstay

The Technological Departments of the Italian Universities annually produce a pool of graduates with the knowledge and industry experience to immediately enter the work force.



POLITECNICO MILANO



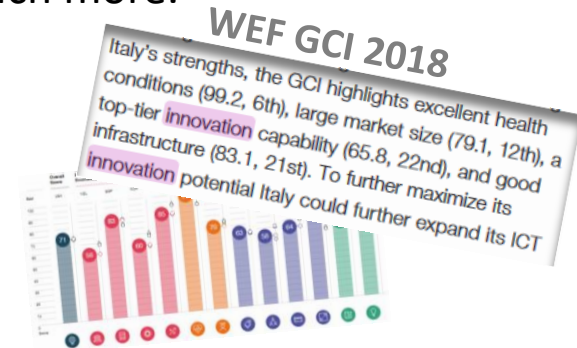
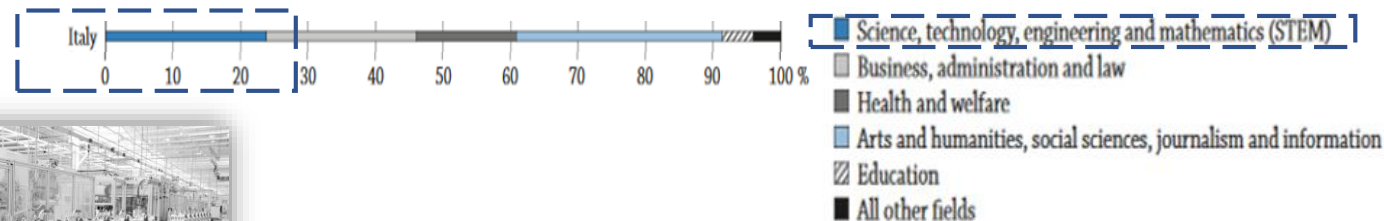
Università degli Studi di Napoli
FEDERICO II



POLITECNICO DI TORINO

And much more.

Tertiary-educated 25-64 years old (2016) – Fields of study



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Source: ¹Ministry of Education ²AlmaLaurea ³La Repubblica; OECD ILibrary (<http://www.oecd-ilibrary.org/education/education-at-a-glance-2017>)



Directive
2008/98/EC



Producer responsibility: Packaging and packaging waste

- Strengthen the re-use and the prevention, recycling and other recovery of waste
- Any natural or legal person who professionally develops, manufactures, processes, treats, sells or imports products has extended producer responsibility

These measures may include the obligation to provide publicly available information on re-usable and recyclable products.



Bisphenol A: a long way towards health safety

- Tin cans and food containers
- Banned from infant feeding bottles since 2011



From February 2018: stricter and heavier specific restrictions on food containers with bisphenol A





Companies Associations:



<http://www.ucima.it/uc-en/>



<http://www.istitutoimballaggio.it/>



<http://www.assocarta.it/en/>
<http://www.assografici.com>



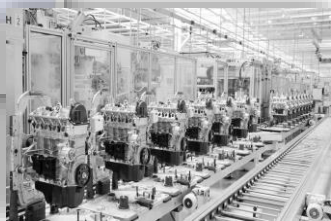
<http://www.gifco.org/>



<http://www.ciai.it/english-posts/>



<http://www.conai.org/en/>





National Italian Award



Packaging

Next trade shows and events:



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**Thank you for
your attention**