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*Country Profile  
Republic of Italy (Up-Date)*



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## SECTION (1)

### 1. INTRODUCTION

This issue of an update country profile (CP) concerning the Republic of Italy is part of a series prepared by the Export Consulting Unit (ECU) aimed at exploring export opportunities for Saudi manufacturers in the surveyed countries. This up-date study aims to highlight the main export opportunities to Italy and its trade barriers. This will categorize the opportunities available for KSA manufacturers for considering sales extension through export.

#### 1.1 Italy Flag

The flag of Italy was officially adopted on January 21/1919. The Italian flag, the famous tricolor, is derived from an original design by Napoleon. It consists of three vertical bands of equal width, displaying the national colors of Italy: green, white and red.



#### 1.2 Fact Table

Italy is a peninsula extending into the Central Mediterranean Sea and it is located in Southern Europe. Italy have borders with France in the West; Switzerland and Austria from the North; and Slovenia from the East. The country also shares a border with two tiny independent states, San Marino and the Vatican City, both of which are entirely surrounded by Italian territory. Italy has an area of 301,340 square kilometers (116,348 square miles) and a coastline length of 7,600 kilometers (4,722 miles).

Italy coastal area have Mediterranean climate while the interior parts of Italy have continental climate. Places located on high altitudes are colder and wetter than the places located along the coast. Italian Statistics office is the National Institute of Statistics (ISTAT). ISTAT that Italy population in 2012 was 60,626,442. Moreover, the Central Intelligence Agency (CIA) World Factbook estimated that Italy population growth rate is 0.34% and its population in 2013 is 61,482,297.



Furthermore, Italy was ranked 24th in the world in term of the population number in 2013 by the CIA, a drop by two ranks compare to its ranking in 2007. Moreover, ISTAT pointed out that Italy population is increasing by new immigrants and new life birth and in 2013 there was on average 40,269 new immigrants and 40,782 new life birth every month. Furthermore, in 2012 ISTAT estimated that Italy has population density of 201 persons per square kilometer.

Italy is subdivided into 20 regions namely: Abruzzo, Basilicata, Calabria, Campania, Emilia-Romagna, Lazio, Liguria, Lombardia, Marche, Molise, Piemonte, Puglia, Toscana, Umbria, Veneto, Friuli-Venezia Giulia, Sardegna, Sicilia, Trentino-Alto Adige, Valle d'Aosta. It is further divided into 109 provinces and 8,101 municipalities. The people in Italy mainly follow Roman Catholicism as their religion.

The official language of Italy is Italian. Moreover, there is a minority of the population who speaks German, French, and Slovene. Moreover, the Italian language is a descended from Latin and therefore the Italian language vocabulary is close to Latin.

Table 1: Fact Table

<i>Location</i>	Southern Europe, a peninsula extending into the central Mediterranean Sea
<i>Time Difference</i>	UTC+1 (6 hours ahead of Washington, DC during Standard Time)
<i>Capital &amp; major Cities</i>	Rome (Capital), Milan, Naples, Turin, Palermo
<i>Population</i>	60,626,442 (2012), 61,482,297 (July 2013 est.)
<i>Population Growth</i>	0.34% (2013 est.)
<i>Religions</i>	Christian (79.5%) (Majority Roman Catholic and small groups of Jehovah witnesses and Protestants), Atheist and Agnosticism (19.5%) and 1% Muslims.
<i>Major Languages</i>	Italian (official), German, French, Slovene
<i>Industries</i>	Tourism, machinery, iron and steel, chemicals, food processing, textiles, motor vehicles, clothing, footwear, and ceramics.
<i>Industrial Production Growth Rate</i>	-4.30% (2012)
<i>Budget</i>	Revenues: \$972.5 billion; Expenditures: \$1.034 trillion (2012)
<i>GDP</i>	\$1,567 billion (2012)
<i>GDP - Per Capita</i>	\$ 25,700 (2012)
<i>GDP - Real Growth Rate</i>	-2.50% (2012)
<i>GDP - Composition by Sector</i>	Agriculture: 2%; Industry: 29%; Services: 69% (2012)
<i>Imports Commodities</i>	Engineering Products, Chemicals, Transport Equipment, Energy Products, Minerals and Nonferrous Metals, Textiles and Clothing, Food, Beverages, and Tobacco.
<i>Imports - Main Partners:</i>	Germany 12.8%, France 11.3%, US 6.6%, Switzerland 5.8%, UK 5%, Spain 4.8% (2012)
<i>National Currency</i>	Euros
<i>Exchange Rate</i>	Euros (EUR) per US dollar -0.7778 (2012), 0.7185 (2011), 0.755 (2010), 0.7198 (2009), 0.6827 (2008)

Source: Adapted from the CIA World Factbook



## SECTION (2)

### 2. POLITICAL & ECONOMICAL ENVIRONMENTS

#### 2.1 Political Structure

Italy is Republic state based on parliamentary democracy. The president is the Chief of the state and is elected by an electoral college consisting of both houses of parliament and regional representatives to serve a seven-year term. The Prime Minister is the head of the government which have the responsibility of enforcing the law in the country and running the day-to-day affairs. The Prime Minister is appointed by the President and confirmed by the parliament on the basis of the majority support in the parliament to serve a five-year term. The legislation in Italy is bicameral. The parliament consists of 2 chambers: Senate (the upper house) consisting of 315 members and the Chamber of Deputies (the lower house) consisting of 630 members.

#### 2.2 Economy

Italy is the ninth largest economy in the world, after the United States, China, Japan, Germany, France, UK, Brazil and Russia (World Bank, 2013). Moreover, Italy is a member of the Group of Eight (G-8) industrialized nations and it is a member of the European Union (EU) and the Organization for Economic Cooperation and Development (OECD).

##### 2.2.1 Economy Performance

As it can be seen in the below table that Italy economy is in a recession. Italy GDP in 2012 at current prices decreased by 0.5% from Euros 1,580 billion in 2011 to Euros 1,567 billion in 2012. Moreover, Italy GDP in 2012 at constant prices reduced by 2.4% from Euros 1,423.7 billion to 1,389.9 billion.

Table 2: Main Economic Indicators

Indicators	2011	2012
GDP constant prices (Euros billion)	1,423.7	1,389.9
GDP ( <i>constant prices, annual % change</i> )	0.38%	-2.4%
GDP per capita constant prices (Euros)	23,482.7	22,853.2
GDP current prices ( <i>Euros billion</i> )	1,578.5	1,565.9
GDP per capita current prices (Euros)	26,036.5	25,746.4
Inflation rate ( <i>consumer prices, annual % change</i> )	2.9%	3.3%
Unemployment Rate (%)	8.4%	10.7%
Source: IMF - World Economic Outlook Database.		



## 2.2.2 Balance of Payments

Table 3: Italy Balance of Payments

Balance of Payments (billions of euros)					
	2008	2009	2010	2011	2012
<b>Current account</b>	-44.9	-30.2	-54.5	-48.3	-8.4
Goods	-2.1	0.8	-20.9	-17.4	17.8
Services	-8.6	-8.4	-9.2	-5.7	-0.7
Income	-19.4	-10.4	-8.3	-9.4	-10.1
Transfers	-14.8	-12.2	-16.1	-15.8	-15.5
<i>of which: EU institutions</i>	-9.9	-7.0	-10.1	-10.4	n/a
<b>Capital account</b>	-0.2	-0.1	-0.6	0.6	3.8
Intangible assets	-1.0	-0.6	-0.7	-0.4	1.7
Transfers	0.9	0.5	0.2	1.1	2.1
<i>of which: EU institutions</i>	2.2	1.6	1.5	2.7	3.2
<b>Financial account</b>	31.4	37.3	86.7	72.8	7.7
<i>Outward</i>	-45.7	-15.3	-24.7	-38.6	-23.2
<i>Inward</i>	-7.4	14.5	6.9	24.7	12.5
Portfolio Investment	75.2	28.1	38.5	-34.4	29.2
<i>Equities</i>	61.9	2.6	-37.9	8.9	0.8
<i>Debit Securities</i>	13.3	25.5	76.4	-43.3	28.4
Financial derivatives	1.9	4.3	-4.7	7.5	-0.4
Other Investment	13.0	5.7	71.8	114.5	-9.0
<i>of which banks</i>	-18.5	-2.4	8.3	-73.2	-58.7
Change in official reserves	-5.6	0.1	-1.0	-0.9	-1.5
<b>Errors and omissions</b>	13.7	-7.1	-31.7	-25.2	-3.1

Source: Adapted from BANCA D'ITALIA 2012 Annual Report.

### 2.2.3 Global Benchmarks of Italy's Economy

The World Bank Report on Doing Business 2013, based on the criteria of the International Finance Corporation (IFC), ranks Italy in the 73rd out of 185 countries in terms of business friendliness. (Italy ranked 87th in 2012.) Italy falls below all other industrialized OECD countries, as well as countries such as Belarus (58th) and Rwanda (52nd). Several specific indicators relating to Italy have deteriorated, including building permits (103rd), access to credit (104th), enforcing contracts (160th), and high corporate taxes (131st). On a positive note, Italy ranks 31st on resolving insolvency, possibly due to Italy's 2007-2009 reforms to its bankruptcy procedures that promoted debt restructuring and pre-bankruptcy agreements.



The World Economic Forum's (WEF) 2012-2013 Global Competitiveness Guide ranks Italy 42nd out of 144 countries with a score of 4.5 on a seven-point scale. Italy was the lowest ranked G-7 country, but scores better on the sophistication of its business environment where it ranks 2nd in the world for its business clusters and 2nd in the world for breadth of the value chain executed in-house by companies. The WEF ranks Italy 127th in labor market efficiency. The WEF ranks Italy 97th overall for its institutional environment.

#### **2.2.4 Important Sectors of the Economy**

Italy's economy (the 9<sup>th</sup>-largest in the world), is fully diversified and dominated by small and medium-sized firms (SMEs), which comprise 99.9% of the number of businesses in Italy. It is an original member of the 17-nation Eurozone. Germany, France, the United States, Spain, Switzerland, and the United Kingdom are Italy's most important trading partners, with China continuing to gain ground. Tourism is an important source of external revenue. Italy continues to lag behind many industrialized nations as a recipient of direct foreign investment.

Italy's high level of public debt, negative economic growth, and rising sovereign debt yields led the government to introduce austerity measures and structural reforms in 2011 and 2012. Most of these actions took place under the leadership of Mario Monti, who led a Non-Elected, technical government until his resignation in December 2012. Monti's actions included addressing Italy's rigid labor markets, opaque tax and commercial laws, rampant tax evasion, and excessive regulation through seven reform packages that were approved by the Italian parliament.

Italy's relatively affluent domestic market, proximity to emerging economies in North Africa and the Middle East, and assorted centers of excellence in scientific and information technology research, remain attractive to many investors. The government of Italy (GOI) in 2012 remained open to specific foreign sovereign wealth funds to invest in shares of Italian companies and banks, and continued to promote investment opportunities online. GOI efforts to sell Italy as a desirable direct investment destination were



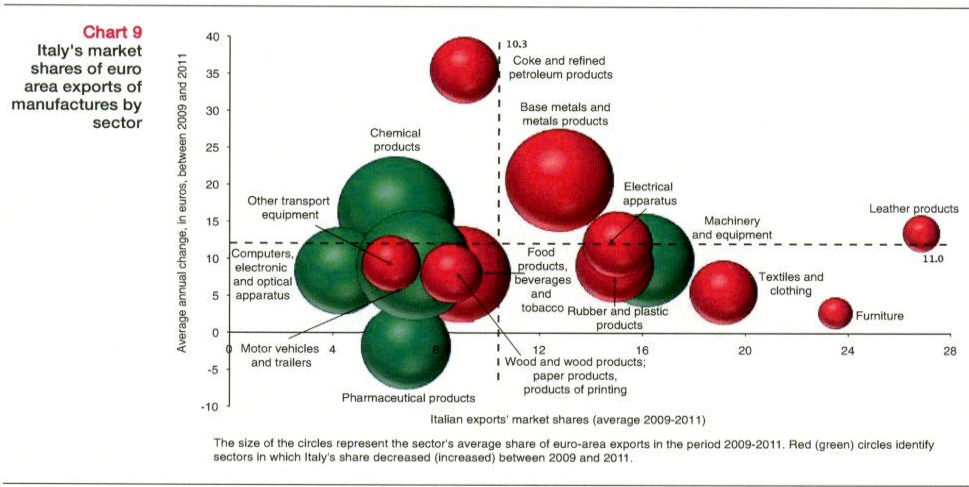


overshadowed in large part by the Eurozone financial crisis, Italy's economic downturn, and setbacks to Monti's reform program. However, as Italy's fiscal situation stabilized in 2012 and reforms were implemented, international investor interest rose in Italy's sovereign debt auctions. Legislation passed in 2012 provided investment and tax incentives which bolstered infrastructure spending in targeted areas.

In many sectors, the unit values of Italian exports rose more than the prices applied in foreign markets, especially those related to fashions and clothing. This could be viewed as a sign of upgrading of the quality of the products exported by Italian firms, in response to heightened competitive pressure in markets abroad. However, other empirical evidence does not fully corroborate this interpretation.

The prospects of Italian exports will also depend on their ability to intercept the demand for "affordable luxury", which is expected to grow rapidly in the emerging countries in the coming years as the upper-middle class and women increasingly participate in education and employment. With this objective in mind, distribution channels and technology will have to be adapted to the new market trends. In the following diagram, the size of the circle indicates the sector's share of the global exports while the red (green) colors indicates the historical decrease or (increase) curve for each sector.

**Italy's market shares of world exports by sector**



Source: ICE on data published by Eurostat and national statistical institutes



## **Agriculture**

Agriculture is one of Italy's primary industry sectors, accounting for 2% of GDP in 2012. The most important products are grains, sugar beets, soybeans, meat and dairy products -- especially in the North of the country -- and fruits, vegetables, olive oil, wine and durum wheat in the South. Italy is the world's fifth-largest exporter of agri-food products. Italy has a diversified industrial economy with roughly the same total and per capita output as France or the United Kingdom. Italian industries, including the food processing sector, rely heavily on imports of raw materials. Italy's major food and agricultural trading partners are EU Member States, with neighboring France and Germany each accounting for slightly less than a fifth of Italy's agricultural trade. Italy is one of the largest agricultural producers in the European Union (EU).

The EU remains Italy's most important trading partner with the top five suppliers being France, Germany, Spain, the Netherlands, and Austria, while the main importers of Italy's goods, in addition to Germany and France, were the United States, followed by the UK and Spain. Among Italy's food exports pasta, virgin & extra-virgin olive oil, canned tomatoes, cheese, biscuits and baked goods. Due to its large food processing sector's need for inputs, Italy has become a net agricultural importing country. Italian perception of the place and role of Italian food in the global marketplace ties into the issue of protected designations of origin, or geographic indications, which represent only a small fraction of the value of total food production yet loom large in Italy's national marketing of its food exports as 'high quality and Italian'.

## **Tourism**

The growth of the Italian tourism industry slowed in 2012 as the country entered another recessionary period. Besides the nation's economic contraction, a decline in investment and consumer spending was also recorded. According to the National Statistic Institute (Istat), the economy contracted by 2.6%, investment decreased by 2.3% and domestic consumption declined at a rate of 0.7% over figures from 2011. Growth in



tourist arrivals to Italy was driven by the recovery concerning tourism from traditional markets such as the US and the UK and by a strong rise of arrivals from emerging markets such as Russia and China. In 2012, Italy was ranked fifth by the United Nations World Tourism Organization (UNWTO) in terms of inbound tourist arrivals and international tourist receipts. While the country recorded a decline in domestic tourism in 2011, inbound tourism continued to increase.

In fact, inbound tourism growth remained strong through the 2009 financial crisis and has remained so through the European debt crisis. The travel and tourism sector accounted for 10.3% of the nation's total GDP and 11.7% of its employment in 2012. With more than 46.1 million tourists a year, Italy is the fifth highest tourist earner, and fifth most visited country in the world, behind France (79.5 million), United States (62.3 million), China (57.6) and Spain (56.7 million).

### **Textile and Apparel Sector (T&A)**

The textile and apparel sector is one of the most important sectors of the processing industry in Italy and also plays an important role in the European Union and even on a global scale. Its condition and functioning are also essential for textile and apparel enterprises in Central and Eastern European countries as they purchase Italian textiles and yarn and are engaged in the sale of high-quality processed products which enjoy widespread popularity. The T&A sector is an essential part of the Italian processing industry. It has a 10% share in Italy's turnover, employment and export and generates one third of the Italian trade balance surplus. These figures are much larger than in other developed European countries.

The factors which contribute to the success of Italian textiles are primarily the ability to couple innovativeness, fashion and a creative style with production technologies. In recent years, the Italian textile and apparel sector has faced another serious challenge posed by countries with low labour costs and a high investment level, allowing them to increase production quality and thus compete effectively in the global market. In this



difficult situation, Italian enterprises need to develop new strategies and products as well as improve quality and flexibility in order to ensure the continued popularity of their products in the fashion sector, thus maintaining competitiveness. The Italian textile sector primarily consists of micro and small enterprises marked by a large degree of production cycle dispersion, especially those specializing in fiber (yarn) treatment in different production phases.

Italy is one of the leading manufacturers and exporters of textiles, occupying the second position in the world after China, with a 6.5% market share. It is also the third biggest apparel exporter, after China and Mexico, with a 5.3% market share. It is estimated that in the luxury market, ten Italian companies control as much as 20% of the global market, manufacturing goods valued at EUR 40 billion. In particular they hold a very strong position in the American and Japanese markets.

### **Engineering Sector**

Italy's engineering sector has emerged as one of the fastest growing industries in the country, accounting for 18.7% of machinery produced in the European Union, ranking only behind the leader, Germany (33.5%), but ahead of France (10.5%) and the United Kingdom (10.4%), according to Eurostat findings. Like many countries within the European Union, Italy's manufacturing base has been hit hard over the past year. According to a recent report by Federmacchine, a federation which represents 12 Italian trade associations, which came as a result of dramatic drop-offs in domestic demand and, to a lesser extent, from abroad.

But while a host of industries struggled with drops in output, one significant bright spot, according to the report, was exports for machinery and equipment, which jumped 50.1 billion Euros. Italy has seen significant jumps of exports outside the European Union, specifically with Russia (6.9% ), Africa (13.8%) and South America (16.5%). Italy's presence in machine manufacturing has grown for a multitude of reasons: smarter management, more sophisticated technology and changes in the marketplace. But

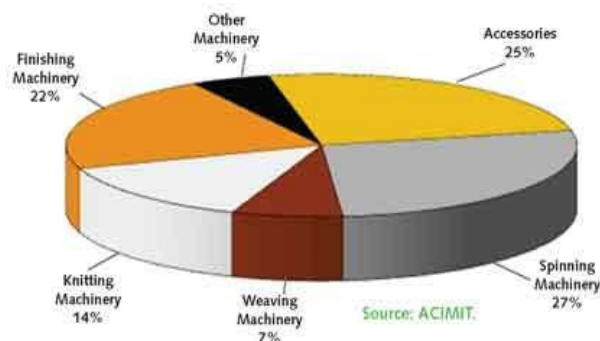


according to Nordmeccanica's Caimmi, another significant factor is the understanding of the needs of a wider group of customers.

### Italian Textile machinery

Textile machinery market is closely influenced by the textile industry; regulations affecting this market have a direct bearing on the textile machinery market. Global textile production and consumption trends have long been subjected to and governed by a set of trade regulations, prominent among them being the Agreement on Textile and Clothing (ATC), formerly known as Multifiber Arrangement (MFA). Despite the MFA quotas completely being phased out, there continue to exist tariffs and preferential agreements, which are expected to influence market fortunes.

Italy's textile machinery production in 2012 amounted to 2.4 billion Euro. Exports accounted for 83% of total production in 2012, amounting to 2 billion Euro. Exports remain the primary driver for the industry's manufacturers, representing fully 83% of production, directed mainly to China, Turkey and India (overall, these three countries absorb 39% of foreign sales by Italian manufacturers of textile machinery). Whereas exports have fallen by 7%, the domestic market has fared even worse (decline of 19% compared to 2011). Import trends have also shown negative results, at 15% decline. The slowdown in investments, which is common to many producers in the textile industry, has also hit main competitors (Germany, Japan and Switzerland), who have observed an overall downturn in machinery sales abroad.





### **2.2.5 Energy and Natural Resources**

Italy has few natural resources. There are no substantial deposits of iron, coal, or oil. Proven natural gas reserves, mainly in the Po Valley and offshore Adriatic, have grown in recent years and constitute the country's most important mineral resource. Most raw materials needed for manufacturing and more than 80% of the country's energy sources are imported.

Currently, the majority of Italian electricity is produced gas, oil, coal and hydro. Italy also imports about 16% of its electricity need from France for 6.5 GWe, which makes it the world's biggest importer of electricity.

### **2.2.6 Summary of Italy's Economic Dynamics**

As emerges in the data of the national statistical institute Italy's economic structure is similar to that of the most advanced European nations. Two-thirds of Italy's Gross Domestic Product (approximately 69%) is represented by the services sector, whose strong point is tourism. Approximately 29% of the national income is owing to industry (including the construction sector) and the remaining approximate 2% derives from agriculture. The strongest industrial sectors are machinery and apparel/textiles.

The Italian economy is not only small enterprise however. There are many large-scale industrial groups that contributed to the industrial history of the country and to its development. "Made in Italy" does not only mean elegant apparel, sophisticated design and advanced machinery, but it also, and above all, translates into exports that contribute substantially to a national economy sustained and represented by the labour and initiatives of large-scale enterprises together with the vast network of small and medium-sized ones.

The Italian economy is also supported by another important pillar: tourism, thanks to its inestimable archaeological and artistic patrimony. Indeed,



according to Unesco, more than half the world's artistic/historic patrimony can be found in Italy, a country that counts hundreds of archaeological sites and over 2000 museums. Tourism is one of the Italian economy's most important items: every year foreign travellers spend over 30 billion euro in the country, while Italians travelling abroad spend around 18 billion euro.

Agri-alimentary, machinery, apparel/textiles, industrial design and furniture and furnishings production are the sectors that not only are the most important in terms of the income, employment and number of firms, but which also underpin Italian exports throughout the world and thereby make a significant contribution to our country's trade balance. Despite the aggressive presence of China and other countries on the world market, Italy ranks ninth in the world among major exporting countries and sixth among the world's major importers.

### **2.2.7 Economic Growth Outlook**

Italy exiting recession and growth is projected to rise through 2014-2015 as fiscal consolidation eases. However, economic slack will remain large. The return to growth is supported by exports, which are projected to gain further momentum in the next two years as foreign demand accelerates. Domestic demand will gain momentum during 2014 as investment turns round. Unemployment is set to remain high as the impact of rising demand is likely to initially increase average working hours of persons already employed. Cost and price pressures will stay weak.

The underlying improvement in the budget deficit was substantial in 2013. The likely 2013 deficit of 3% of GDP reflects the appropriate operation of the automatic stabilizers, but with the debt-to-GDP ratio still rising, fiscal tightening of at least as much as programmed is needed in 2014-15. Putting recent reforms into practice is essential to strengthen the still weak recovery. Further reductions in labour taxation should be part of a coherent overall tax reform.



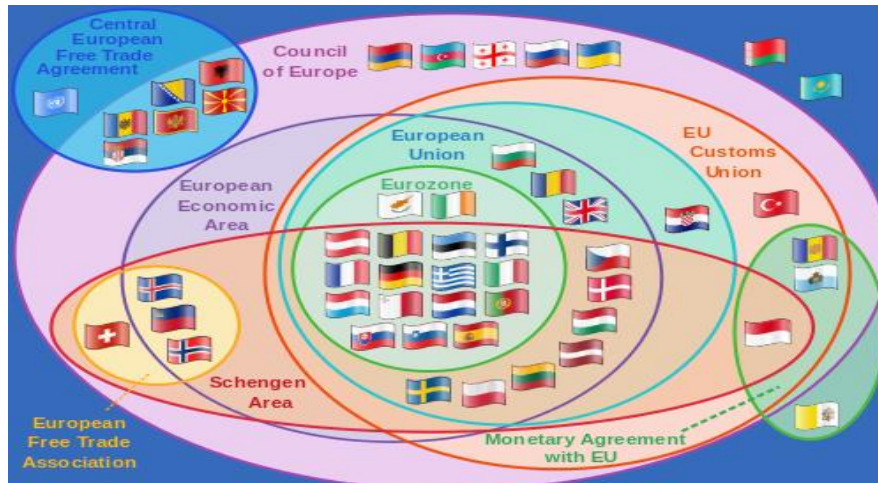
## SECTION (3)

### 3. TRADE AGREEMENTS & REGULATIONS

#### 3.1 Trade Agreements

Italy is one of the founding members of the European Union and is one of the countries participating in the European Economic and Monetary Union (EMU), which brought about the euro as their shared common currency. It was also a signatory to the Schengen agreement, which permits free movement of persons between participating EU countries. Under the European Economic Area (EEA) agreement, the EU and three of the four European Free-Trade Association (EFTA) member states constitute an enlarged single market. The EEA extends EU commercial law to the EFTA states, thereby providing for the free circulation of goods, services, capital and labour, giving businesses the right to establish themselves or subsidiaries throughout the EEA. Other commercially significant international agreements include numerous bilateral tax treaties.

The following diagram illustrates Italy's involved agreements:



The diagram shows the relationships between various multinational European organizations and agreements. It appears that Italy involved in; Eurozone, European Union, EU customs Union, European Economic Area, Schengen Area, Council of Europe & lastly European Free Trade Associations.

The European Union (EU) allows for the free movement of goods between Italy and other member states: Austria, Belgium, Bulgaria, Croatia, Cyprus,





Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Sweden, United Kingdom and Croatia. The European Union has numerous bilateral and multilateral agreements, such as the Agreement on Textiles and Clothing (formerly the Multi-Fiber Agreement), PECO countries Agreement, Turkey Agreement, Baltic Sea countries Agreement.

All these agreements are grouped under the umbrella of the World Trade Organization (WTO), which is the successor to the General Agreement on Tariff and Trade (GATT). The WTO oversees most global trade in goods and services as negotiated in the various agreements; it also provides arbitration in case of disputes. MFN or Most Favored Nation tariff treatment is accorded to all countries that have ratified the WTO, as well as, to other previous GATT members who have yet to ratify the accord. All agreements ratified by European Union Executive Commission automatically apply to all EU member states. The exemption or reduced tariff is applicable only to qualified members under the agreement as originating goods. Under the General Preferential Tariff (GPT) duty-free entry is allowed for direct importation in all EU member states of eligible goods from the countries listed in the preliminary section of the Customs Tariff.

### **3.1.1 Italy and the WTO**

Italy has been a WTO member since 1 January 1995. It is a member State of the European Union. All EU member States are WTO members, as is the EU (until 30 November 2009 known officially in the WTO as the European Communities for legal reasons) in its own right.

### **3.1.2 Italy and the European Union**

Italy was one of the six founder members of the European Union (EU) in 1957 along with Belgium, France, Germany, Luxembourg and the Netherlands, and the original Common Market agreement was signed in Italy and dubbed the 'Treaty of Rome'. Since then Austria, Denmark, Finland, Greece, Ireland, Portugal, Spain, Sweden and the United Kingdom have increased the number of members to 15. The EU countries plus Iceland, Liechtenstein and Norway also make up the European Economic Area (EEA). Nationals of EU (and EEA)



countries have the right to work in Italy or any other member state without a work permit, provided they have a valid passport or national identity card and comply with the member state's laws and regulations on employment. EU nationals are entitled to the same treatment as Italian citizens in matters of pay, working conditions, access to housing, vocational training, social security and trade union rights, and their families and immediate dependents are entitled to join them and enjoy the same rights. The Single European Act, which came into effect on 1st January 1993, created a single market with a more favourable environment for stimulating enterprise, competition and trade, and made it easier for EU nationals to work in other EU countries.

There are still barriers to full freedom of movement and the right to work within the EU, for example some jobs in member states require applicants to have specific skills or vocational qualifications, and qualifications obtained in some member states aren't recognized in others. However, in most trades and professions, member states are required to recognize qualifications and experience obtained elsewhere in the EU. There are restrictions on employment in the civil service, when the right to work may be limited in individual cases on the grounds of public policy, security or public health.

### **3.1.3 European Union & Gulf States**

Negotiations on an Free Trade Agreement (FTA) between the EU and Gulf Cooperation Council (GCC) have been going on, albeit with a number of suspensions, for two decades.<sup>33</sup> Negotiations started in 1990 and were suspended while the GCC finalized plans for the creation of a GCC customs union. The negotiations resumed in 2002 following the adoption of new wider negotiation directive from both sides and a commitment on behalf of the GCC to establish a customs union, which entered into force in 2003 with the GCC adopting a unified customs tariff of 5%. The proposed FTA is to foster economic integration between the two regions and provide for progressive and reciprocal liberalization of trade in goods and services. The negotiations also cover government procurement, intellectual property rights, competition policy, dispute settlement, and rules of origin, as well as political issues such as human rights, immigration, and the fight against terrorism.

The negotiations were most recently suspended in December 2008, despite agreement on most chapters and provisions. Sticking points have included the GCC's opposition to EU demands for political and human rights reforms



and the EU's imposition of a heavy carbon tax on oil and its derivatives, as well as on petrochemicals. The GCC member states hold a large share of the world's energy reserves while climate-related carbon issues are of growing importance on the EU policy agenda.

### **3.1.4 Regional Trade Agreement**

A trade agreement is an agreement between two or more countries on the conditions for trade relations between them. There is a distinction between trade agreements between two countries (bilateral trade agreements) and agreements among a larger number of countries (multilateral trade agreements).

In recent years, many countries, including the US, Japan, Singapore and other countries in Asia and Latin America, have become involved in a greater number of free trade negotiations. This contributes to more open world trade and leads to welfare gains, primarily for those parties that have entered into agreements. At the same time, the competitiveness of companies from the countries that do not take part is reduced.

The EU is currently involved in a process of discussing and questioning its previous wait-and-see approach towards new free trade agreements. A reappraisal of this kind would not entail a change of principle by the EU, but would allow active efforts to begin negotiations with countries and regions that are considered to be of interest for expanded trade relations.

The EU has entered into a large number of bilateral and regional agreements with many of the Mediterranean countries as well as with Mexico, South Africa and Chile. At present, the EU is conducting negotiations with Mercosur (Argentina, Brazil, Uruguay and Paraguay), the Gulf States (Gulf Cooperation Council), Serbia and Montenegro, Bosnia and Herzegovina, and the ACP countries (African, Caribbean and Pacific States).

### **3.1.5 Organisation for Economic Cooperation and Development (OECD)**

The Organisation for Economic Cooperation and Development (OECD), based in Paris, is an international cooperation organisation for economic development, primarily for its 30 member countries.



Italy has joined the OECD in March 1962. The OECD plays a significant role in the field of trade policy by supporting improvements to the multilateral trade system and continued dismantling of trade barriers. Through its analyses, the OECD played a significant role in laying the foundation for successful negotiations in the WTO.

OECD work in international investment issues primarily focuses on the assessment of various political guidelines, issues involving international investment rules and updating the organisations guidelines for multinational companies.

## 3.2 Taxation

### 3.2.1 Taxes

The Italian taxation system includes various forms of direct and indirect taxation, which depend on the legal nature of the company, as well as on the characteristics of the income production activities.

#### *Direct Taxes*

The direct taxes refer to the assets of the companies and are therefore calculated on the income of the companies and of the sole proprietorships.

The main ones are:

- **Income tax of individuals (IRPEF):** applied to the income of sole proprietorships, except for the property component.
- **Tax on company income (IRES):** applies to the income of limited liability companies;
- **Italian regional tax on productive activities (IRAP):** applies to sole proprietorships, to partnerships and to limited liability companies.
- **Own Municipal Tax (IMU):** this applies to sole proprietorships, to partnerships and limited liability companies that own property, land and building areas, for any use, including those which are instrumental or whose production or exchange is directly related to the activity of the company.



## **Indirect Taxes**

These are taxes which are levied on capital when it is transferred (e.g. the sale of goods) or are spent (e.g. performance of a service).

- **Value Added Tax (VAT):** is levied on the added value of each stage of production and exchange of goods and services on national territory, at a standard rate of 21%, 22% from July 2013, at a minimum rate of 4% and a reduced rate of 10% in cases stipulated by the law for certain business sectors.
- **Registration Tax:** applied at the time of registration of documents for specific transactions (e.g. the transfer of property, contracts, registered documents, etc.) at a fixed rate or one that is proportional to the specific case.
- **Mortgage Tax:** applies to acts of transcription, registration, renewal in public property registers, which follow sales, donations, inheritance of immovable property, usufruct or other property rights, at a fixed rate or one that is proportional to the specific case.
- **Land Registry Tax:** these are levied on land registration transactions following acts of transaction, donation or inheritance agreements, at a fixed rate or one that is proportional to the specific case.

In Italy, companies can periodically make use of various tax incentives aimed at supporting business development, promoting employment, developing certain areas and regions, and encouraging research and innovation in particular in Southern Italy. The website of the Ministry for Economic Development predisposes the main measures of incentives and support aimed for companies.

## **3.3 Imports**

### **3.3.1 Import Requirements & Documentation**

The official model for written declarations to customs is the Single Administrative Document (SAD). Goods brought into the EU customs territory are, from the time of their entry, subject to customs supervision until customs formalities are completed. Goods are covered by a Summary Declaration which is filed once the items have been presented to customs



officials. The customs authorities may, however, allow a period for filing the Declaration which cannot be extended beyond the first working day following the day on which the goods are presented to customs. The Summary Declaration is filed by:

- The person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- The person in whose name the person referred to above acted.

The Summary Declaration can be made on a form provided by the customs authorities. However, customs authorities may also allow the use of any commercial or official document that contains the specific information required to identify the goods. The SAD serves as the EU importer's declaration. It encompasses both customs duties and VAT and is valid in all EU Member States. The declaration is made by whoever is clearing the goods, normally the importer of record or his/her agent. European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. Information on import/export forms is contained in Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

- 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
- 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension.



### **3.3.2 Imports Tariff**

Italy applies the customs EU laws and coherent regulations, as well as common customs tariffs from the United States and other non-EU countries. The basis of EU Customs Tariff is the ten-digit Harmonized Commodity Description and Coding System (HS), which indicates the duty that should be applied and whether an import license or permit is required for the commodity in question.

The Integrated Tariff of the Community, TARIC, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show various rules applying to specific products being imported (or in some cases exported from) into the customs territory of the EU, to determine if a license is required for a particular product. The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union, and is updated daily.

### **3.3.3 Import Duties**

All merchandise coming into Italy must clear Customs and is subject to customs duty assessment unless the goods are duty or tax exempt by law. Customs duties are, generally, an ad valorem rate (a percentage), which is applied to the transaction value (EU Euro) of the imported goods based on the cost of the goods, insurance, and freight charges. Some articles, however, are dutiable at a specific rate of duty (so much per piece, liter, kilo etc.) and others at a compound rate (combination of both ad valorem and specific rates). The dutiable value of merchandise is determined by the EU Customs code. Several appraisal methods are used to arrive at this value. Generally, the transaction value of the merchandise serves as a basis of appraisal. Transaction value is the price the buyer actually pays the seller for the goods sold and being imported. The Harmonized Tariff Schedule of European Union (2002 Edition), issued by Istituto Poligrafico dello Stato, prescribes the rates of duty and classification of merchandise by the type of product; i.e. animal and vegetable products, textile fibers and textile products. The tariff schedule provides several rates of duty for each item.



Below is a summary of the new rules for EU de minimis value that enter into effect December 1, 2008:

- A commercial shipment below 22 Euros: no duty and no VAT collected.
- A commercial shipment between 22 Euros and 150 Euros: no duty but VAT is collected.
- A commercial shipment over 150 Euros: duty and VAT are collected.

It is recommended that before you send Delivered Duty Paid (DDP) shipments to Italy; verify the local customs/VAT requirements at the EU destination country.

### **3.3.4 Customs Duties**

Average Customs Duty (Excluding Agricultural Products) Transactions carried out within the EEA are exempt from duties. The Common Customs Tariff (CCT) of the European Union is applied to goods from outside the EU. In general, duties are not very high, especially for industrial products (4.2% on average). Products Having a Higher Customs Tariff Duties for countries outside Europe are relatively low, especially for industrial products (4.2% on average for the general tariff); however, the sectors of textiles, articles of clothing (high duties and quotas) and agri-food (average duty 17.3% and many tariff quotas, CAP) still have protection measures. Preferential Rates Granted to imports from countries with which the European Union has signed trade agreements ( Australia , Canada , United States, Mexico, South Korea, EFTA) Mediterranean agreements ( Turkey , Jordan , Morocco , Palestine , Tunisia , Egypt , Lebanon and Syria) and ACP (Cotonou Agreement) agreements. The Cotonou Agreement is a treaty between the European Union and the African, Caribbean and Pacific Group of States ('ACP countries')

### **3.3.5 Excise Duties**

Excise taxes are assessed against certain commodities, which are normally identified as "luxury" goods. The excise tax is normally assessed against tobacco products, perfumes products but can also be assessed against other goods as deemed by Italian regulations.





### **3.3.6 Imports Preferential Treatment**

The EU's scheme on Generalized System of Preferences ("GSP") entered into effect on 1 January 2009, and has been extended to remain in force until 31 December 2013 (or until such time as the next Regulation becomes applicable, whichever comes first). Some countries has been grouped as to-be-excluded countries, which also includes India, Brazil, South Africa, Indonesia, Malaysia and Russia, while Chinese mainland exports of, among other product categories, toys, electrical equipment, footwear, textiles, wooden articles, and watches and clocks have already been excluded from the preferential treatment. Regarding Hong Kong, the territory has been fully excluded from the EU's GSP scheme since 1 May 1998. Saudi Arabia is under this preferential treatment scheme.

### **3.3.7 Customs Classification**

The European Community (EC) Combined Nomenclature integrates the Harmonized System Nomenclature and comprises supplementary subdivisions with eight digits and its own legal terms created for Community purposes. Method of Calculation of Duties Practically speaking, it is the TARIC code (made up of 10 digits) which enables Customs duty rates to be defined as well as the Community regulations applicable when a product is imported from a country which does not belong to the European Union. To find out the Customs duty on a product based on its country of origin, you should consult the TARIC database.

### **3.3.8 Countervailing**

Countervailing duties are assessed to counter the effects of subsidies provided by a foreign government for merchandise exported to Italy resulting in artificially low prices that are detrimental to Italian and other European Union member states industries.

### **3.3.9 Watch Duty Rate**

Watches imported into Italy (EU) are subject to duty assessment on a per item basis versus the traditional duty assessment on a set percentage of value declared. The actual duty and the final rate of duty are determined based on the customs classification of the watch at the time of entry processing.



### **3.3.10 Value-Added Tax (VAT)**

VAT or value added tax is assessed at a rate of 22% on those shipments that are entered as normal consumption entries in addition to the normal rate of duty.

### **3.3.11 Examination Fees**

Additional fees can be assessed on some commodities to cover the expense of performing the examinations and or testing required as a condition of the goods entry into the commerce of Italy. Commodities affected: cosmetics, drugs and medicines, artwork.

## **3.4 Imports Procedures & Regulation**

### **3.4.1 Anti-Dumping Measures**

The EU has initiated anti-dumping (AD) proceedings against internationally imported products. A good example of anti-dumping cases is some of the products that imported from China. Currently, there are number of Chinese items subject to EU's anti-dumping measures, including bicycles (at a duty rate of 48.5%), fasteners (27.4%-85.0%), ironing boards (42.3%) and saddles (29.6%), which are among the affected products of interest to China. As at the end of 2011, the EU did not apply any AD measures on imports from Hong Kong.

To combat the spread of the Asian longhorn beetle, the EU introduced in July 1999 emergency controls on wooden packaging material originating in the Chinese mainland. Wood covered by the measures must be stripped of its bark and free of insect bore holes greater than 3mm across, or have been kiln-dried to below 20% moisture content.

### **3.4.2 Import Restrictions**

The importation of certain classes of merchandise may be prohibited or restricted to protect the economy and security of Italy and other EU member states, to safeguard consumer health, wellbeing, and to preserve domestic plant and animal life. Some commodities are also subject to an import quota or a restraint under bilateral trade agreements and arrangements. In addition to Customs requirements, many prohibited or restricted imports are subject to laws and regulations administered by



other Italian Government agencies for which the Italian Customs Department is the enforcer. These laws and regulations may, for example, prohibit entry; limit entry to certain points; restrict routing, storage, use, require treatment, labeling or processing as condition of release. Customs release only takes place when the additional requirements are met. These requirements apply to all importation types. The exporter should be certain that the Italian importer has provided proper information to (1) permit the submission of necessary information concerning packing, labeling, etc. and (2) ensure that necessary arrangements have been made by the importer for entry of the merchandise into Italy.

### **3.4.3 Import Prohibitions**

The following items are prohibited into Italy:

- Atlantic red tuna fish (*Thunnus Thynnus*) originating from Belize, Panama, and Honduras
- Toys and games containing copper sulfate
- Items having a flexible metal blade entirely contained in a plastic, paper, or fabric sheath
- Illicit Narcotics and Drugs
- All forms of asbestos fibers
- L-tryptophane and any items having L-tryptophane as an ingredient
- Rubber erasers that are similar in appearance to food products that are easily ingested
- Medical thermometers containing mercury intended for human consumption
- Certain Beef hormones
- Tobacco and Manufactured Tobacco substitutes
- All products containing the biocide dimethylfumarate (DMF)
- Food Supplements/Additives & Vitamins that contains Stevia

### **3.4.4 Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)**

REACH is a major reform of EU chemicals policy that was adopted in December 2006 and became national law in the 28 EU member states in June 2007 (Regulation 1907/2006). Virtually every industrial sector, from automobiles to textiles, is affected by the new policy. REACH stands for the



"Registration, Evaluation and Authorization and Restriction of Chemicals." Since June 1, 2008, REACH requires chemicals produced or imported into the EU in volumes above 1 ton per year to be registered with a central European Chemicals Agency (ECHA), including information on their properties, uses and safe ways of handling them.

Chemicals pre-registered before December 1, 2008; benefit from extended registration deadlines, from three to eleven years depending on the volume of the substance and its hazardous properties. KSA companies without a presence in Europe cannot register directly and must have their chemicals registered through their importer or EU-based 'Only Representative of non-EU manufacturer'.

Saudi exporters to the EU should carefully consider the REACH 'Candidate List' of substances of very high concern. Substances on that list are subject to communication requirements, and, at a later stage, may require authorization for the EU market. For more information, see the ECHA website: [www.echa.europa.eu](http://www.echa.europa.eu)

#### **3.4.5 Waste Electrical and Electronic Equipment (WEEE) & Restricting the Use of Hazardous Substances (RoHS)**

EU rules on Waste Electrical and Electronic Equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for exporters. They require exporters to register the products with a national WEEE authority, or arrange for this to be done by a local partner. Similarly, related rules for Restricting the Use of Hazardous Substances (RoHS) lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls (PBB), and Polybrominated Diphenyl Ethers (PBDE), do not entail customs or importation paperwork. However, exporters may be asked by a European RoHS enforcement authority or by a customer to provide evidence of due diligence in compliance with the substance bans on a case-by-case basis. The WEEE and RoHS Directives are currently being revised to enlarge the scope and add substances to be banned in electrical and electronic equipment; exporters seeking more information on WEEE and RoHS regulations should visit: [www.buyusa.gov/europeanunion/weee.html](http://www.buyusa.gov/europeanunion/weee.html)



### **3.4.6 Foreign-Trade Zones/Free Ports**

The main Free trade zone (FTZ) in Italy is located in Trieste, in the northeast. At Trieste FTZ, customs duties are deferred for 180 days from the time the goods leave the FTZ and enter another EU country. The goods may undergo transformation free of any customs restraints. An absolute exemption is granted from any duties on products coming from a third country and re-exported to a non-EU country. Legislation to create other FTZs in Genoa and Naples exists, but has yet to be implemented. A free trade zone operated in Venice for a period but is being restructured. Currently, goods of foreign origin may be brought into Italy without payment of taxes or duties, as long as the material is to be used in the production or assembly of a product that will be exported.

### **3.4.7 Intellectual Property Rights (IPR) Protection**

Several general principles are important for effective management of intellectual property ("IP") rights in Italy. First, it is important to have an overall strategy to protect your IP. Second, rights must be registered and enforced in Italy, under local laws. KSA registered trademarks and patent registrations will not be automatically protected in Italy. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so it should be considered to apply for trademark and patent protection even before selling the products/services in the Italian market. It is vital that companies understand that intellectual property is primarily a private right. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Italian law.



### **3.4.8 Copyright**

Italian law generally provides adequate protection of all property rights, including intellectual property. As a member of the European Union, Italy adheres to a series of multilateral conventions on industrial, intellectual, and commercial property.

Italy is a signatory to various multilateral conventions on the protection of copyrights, including the Berne Convention of 1971, the Rome Convention of 1961, and the WTO's trade related intellectual property (TRIPS) agreement. Italian copyright law protects computer programs and databases. The enforcement framework in Italy is generally effective against conventional hard goods piracy, but illegal downloading is a problem in Italy. However, on April 1, 2009 EU's Intellectual Property Rights Enforcement Directive (IPRED) 2004/48/EC was implemented, making it possible for rights holders to track down people suspected of illegal file sharing.

### **3.4.9 Trademarks**

Italy protects trademarks under a specific trademark act (1960:644) and is a signatory to the 1989 Madrid Protocol. The EU-wide Community Trademark (CTM) can be obtained via a single language application to the Office of Harmonization in the Internal Market (OHIM) in Alicante, Spain. It lasts ten years and is renewable indefinitely. For companies looking to protect trademarks in three or more EU countries the CTM is a more cost effective option than registering separate national trademarks.

On October 1, 2004, the European Commission (EC) acceded to the World Intellectual Property Organization (WIPO) Madrid Protocol. The accession of the EC to the Madrid Protocol establishes a link between the Madrid Protocol system, administered by WIPO, and the Community Trademark system, administered by OHIM. As of October 1, 2004, Community Trademark applicants and holders are allowed to apply for international protection of their trademarks through the filing of an international application under the Madrid Protocol. Conversely, holders of international registrations under the Madrid Protocol will be entitled to apply for protection of their trademarks under the Community Trademark system.



### **3.4.10 Conformity Assessment**

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice regarding conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. Conformity assessment bodies in individual member states are listed in NANDO, the European Commission's website. Key Link:

<http://ec.europa.eu/enterprise/newapproach/nando/>

### **3.4.11 Accreditation**

Independent test and certification laboratories, known as notified bodies, have been officially accredited by competent national authorities to test and certify to EU requirements. "European Accreditation" is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

### **3.4.12 Competition from State Owned Enterprises**

The Italian government has in the past owned and operated a number of monopoly or dominant companies in certain strategic sectors. However, beginning in the 1990s and through the early 2000s, the government began to privatize most of these state owned enterprises. Notwithstanding this privatization effort, as noted above, the government still retains a de facto controlling interest in several key industrial firms, e.g., Finmeccanica (a defense/aerospace/security conglomerate), ENI (oil and gas), ENEL (electricity), and Terna (utilities). They have full ownership of Trenitalia



(transportation) and Poste Italian (in their financial services operations). Regarding Telecom Italia (telecommunications), although the government of Italy (GOI) owns no stock, it nevertheless restricts who can buy large stakes in the company. As Italy has begun to comply with EU competitiveness regulations, some opportunities have emerged for new firms, such as ( the Italian high speed trains (Nuovo Trasporto Viaggiatori - NTV), which began operating high-speed trains across Italy in 2012, breaking Trenitalia's monopoly. In practice, these parasternal firms still benefit from their past monopoly status and, sometimes, ownership of infrastructure. Existing laws and practices still give them an advantage in public procurement decisions and other critical areas affecting their business. In some cases, particularly in the industrial sectors, non-Italian firms seeking to do business in these strategic areas have found it advantageous to form partnerships with the parastatals rather than to try to compete head-to-head with them.

#### **3.4.13 Products Entries into Italy**

Import entries must be accounted for immediately for standard clearance procedure (PN) and within three business days of the date of release of the shipment for simplified clearance procedure (PS). Accounting is achieved by submitting the EU Single Administrative Document (SAD) to customs. This can be accomplished physically or electronically via Customs E.D.I (Electronic Data Interchange) system.

According to customs regulations it is the importer's responsibility to keep records of all transactions for a period of five years, records are defined as copies of all documentation relevant to any transactions presented to customs; including but not limited to commercial invoices, bills of lading, purchase orders and related correspondence. At any time, Customs or the Finance Department may raise importer compliance issues regarding any one or all transactions. Much of the information that Customs is concerned with is provided with importer's entry documentation.

Importers shipping into Italy should consult the following Italian agencies for detailed information and guidance (Attachment 6).





### **3.4.14 EORI Scheme**

The EU legislation requires all member states to adopt the Economic Operators Registration and Identification (EORI) Scheme. All Economic Operators (who are defined as persons natural or legal whose businesses are regulated by Customs legislation) need to use a unique EORI reference number in all electronic communications with Customs and other government agencies involved in the international movement of goods be it export, transit or import operations.

A unique EORI number will be allocated to each Economic Operator in the EU, to be used in all member states in which they operate. This EORI will be used for making import, export and transit declarations.

### **3.4.15 Customs Valuation**

All goods categorized, as non-document commercial goods shipped to Italy must have a proper value declared and proper description provided which should convey the shipper's intent related to the goods as well as any special processing requirements that exist for the goods shipped. Everything has a value, whether or not a transaction took place. Failure to properly document value of any goods will result in delays and or additional fees as deemed necessary in addition to warehouse fees.

## **3.5 Labeling & Marking Standards**

### **3.5.1 Country of Origin Marking**

Every article entering Italy must be marked with the name of the country of origin in any official language, preferably in Italian or English, unless an exception of marking is provided for in the law. The country of origin is the country of manufacture, production, or growth of the article. The requirement applies to each unit unless exempted. The phrase "made in" is required only in the case where the name of any locality other than the



country or locality in which the article was manufactured appears on the article or its container. The marking "made in (country)", "product of (country)", or other words of similar meaning must appear in close proximity to and in comparable size letters of the other locality to avoid possible confusion. When marking is not feasible, such as when the article is too small or marking would in some way damage the merchandise, then the packaging or container that will reach the ultimate consumer must be marked.

### **3.5.2 Marking of Goods**

Marking of all goods consigned for consumption into Italian (EU) commerce must be legible. This means it must be of an adequate size, and clear enough, to be read easily by a person of normal vision. The article should be marked as permanently as the nature of the product will permit. However, any reasonable method of marking that will accomplish the purpose of the law is acceptable. Markings that will not remain on the article during handling or for any other reason except deliberate removal are not considered to constitute a proper marking. The best form of marking is one which becomes a part of the article itself, such as branding, stenciling, stamping, printing, molding and similar methods. Other forms of marking will be acceptable if it is certain that the marking used will remain on the article, and will remain legible and conspicuous, until the article reaches the ultimate purchaser in Italy. It is important that this marking withstand handling. This means it must be of a type that can be defaced, destroyed, removed, altered, obliterated, or obscured only by a deliberate act. When tags are used, they must be attached in a conspicuous place and in a manner, which assures that, unless deliberately removed, they will remain on the article until it reaches the ultimate purchaser.

### **3.5.3 Textile products**

All textile products must be permanently affixed with a readily accessible label containing the following information:



- Fiber content shown by generic name, preferably in Italian or English as a percentage of total mass for all fibers with a total mass of 100% and in order of predominance of mass;
- Dealer identity and/or Country of Manufacture
- Special care instructions if necessary for the consumer, should be provided.

Other special marking rules are issued by various regulatory agencies and departments for specific products such as iron and steel pipe and pipe fittings, manhole cover parts, scissors, razors, for surgical, scientific and laboratory equipment, for watches and clocks. These articles must be marked by cutting, die-sinking, engraving or stamping. Specific labeling requirements also exist for household appliances, food, drugs, electronics. Marking exemption may apply to various articles due to their own specific limitations, like goods for one time use or articles that are incapable of being marked.

#### **3.5.4 CE Marking**

The CE (Conformite Europeenne) Marking is required to be displayed on regulated products offered for commercial sale on the European market. It indicates that a product complies with applicable European Directives related to health, safety, environment and consumer protection. Because the CE Marking identifies products that meet a common set of criteria established and adopted by the 18 member countries of the European Economic Area (EEA), the CE Marking on your products will permit them to move freely in commerce throughout the European market. The manufacturer, or authorized representative, is responsible for placing the CE Marking on compliant products. The common CE Marking logo is placed on the product, product literature or packaging as described in each Directive. Articles regulated under the European Directives that are not properly marked when imported are subject to delay in customs and may not be cleared for consumption.



### **3.5.5 Trade Promotion and Advertising - General Legislation**

Laws against misleading advertisements differ widely from member state to member state within the EU. To respond to this imperfection in the Internal Market, the Commission adopted a directive, in force since October 1986, to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor." member states can authorize even more extensive protection under their national laws.

The potential trade barriers with Italy can be summarized as the following, although they may not necessarily apply to all sector commodities:-

- Delays on customs clearance and extensive standards, certification and regulations including technical regulations;
- Intellectual Property Rights & trademark enforcement problems;
- General transportation and logistics obstacles, distance wise, between the two countries;
- Accessibility obstacles to sufficient or sound business and trade information;
- Exchanges & Currency Issues.

### **3.5.7 Technical Barriers to Trade (TBT's)**

Technical barriers or non-tariff barriers to trade, as they are sometimes known, can cause many problems for exporters looking for new markets for their products. These barriers can be in the form of regulations, standards, testing and certification procedures. The World Trade Organization (WTO) Agreement on Technical Barriers to Trade tries to ensure that these barriers do not create unnecessary obstacles. To obtain further information on Technical Barriers to Trade as well as Notifications on Technical Regulations and Conformity Assessment Procedures, go to <http://www.wto.org/index.htm>



## SECTION (4)

### 4. ITALY TRADE

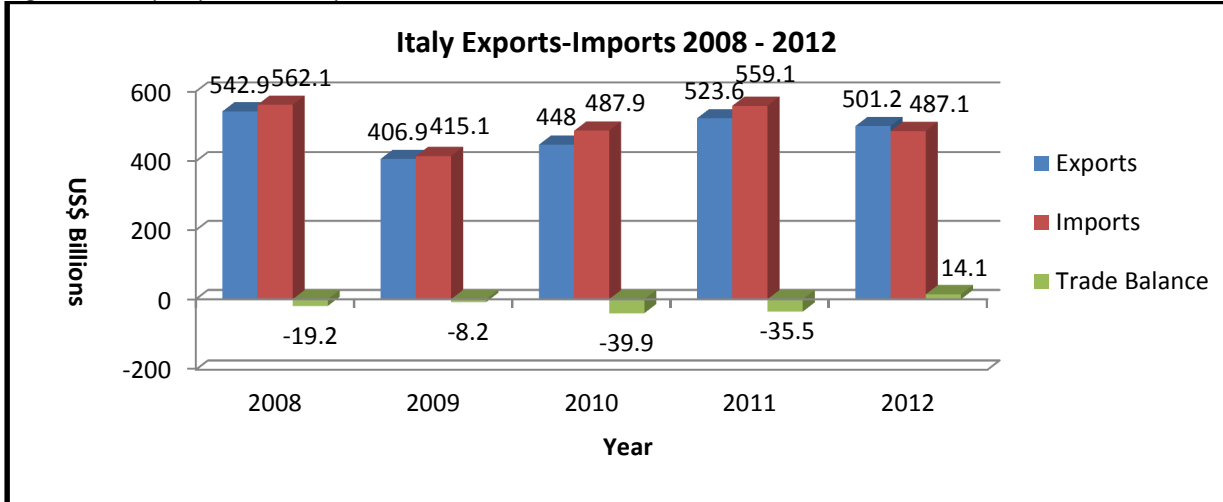
This section is focusing on Italy foreign trade with the world and it is divided into the following sub-sections:

- 4.1 Italy Historical Foreign Trade.
- 4.2 Italy Top Imports.
- 4.3 Italy Top Exports.
- 4.4 KSA Trade with Italy.

#### 4.1 ITALY HISTORICAL FOREIGN TRADE

The figure below presents Italy's total foreign trade for the period between 2008 and 2012.

Figure 2: Italy Exports and Imports 2008-2012



As it can be seen from the above figure, Italy foreign trade declined in 2009 and started to recover in 2010. However, until 2012 Italy foreign trade value is still below its level in 2008.

#### 4.2 ITALY IMPORTS

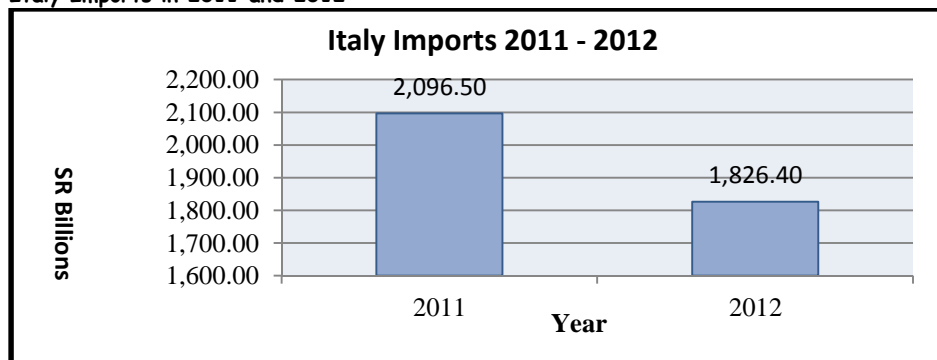
The table and figure below presents Italy's imports in 2011 and 2012:

Table 4: Italy Imports in 2011 and 2012

Italy Imports			
2011		2012	
US\$ Billions	SR Billions	US\$ Billions	SR Billions
559	2,096.5	487	1,826.4
Growth = (13%)			



Figure 3: Italy Imports in 2011 and 2012

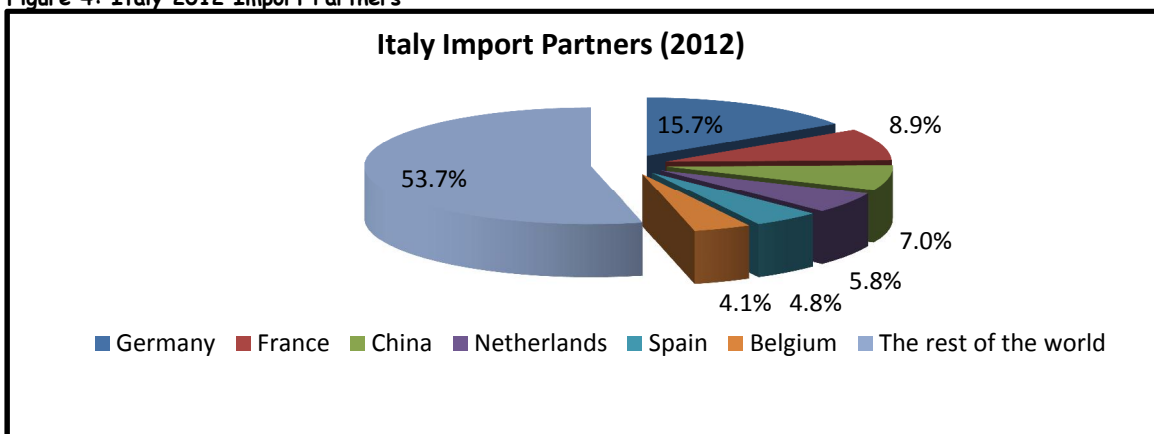


As it can be seen from the above table, Italy imports value in 2012 declined by 13% compared to 2011 from SR 2,096 Billion to SR 1,826 Billion. The decline is due to macroeconomic reasons, which are mostly linked to the recovery of the 2009 economic crisis.

#### 4.2.1 Italy's Major Import Partners

Italy major imports partners in 2012 were Germany, France, China, Netherlands, Spain and Belgium. The chart below presents the percentage of the major import partners of Italy's total imports.

Figure 4: Italy 2012 Import Partners



#### 4.2.2 Italy Major Imports by Sector

The table below presents the top twenty of Italy import sectors and their portion of Italy's total import value in 2012:

Table 4: Italy 2012 Top Imports By Sector

Italy Top Imports By Sector from World - 2012					
Rank	HS Code	Product	(000) US\$	% of Total Imports	CAGR
1	27	Mineral fuels, oils, distillation products, etc	109,145,926	22.4%	22.4%
2	84	Machinery, boilers, etc	39,284,619	8.1%	30.5%
3	85	Electrical, electronic equipment	34,617,851	7.1%	37.6%
4	87	Vehicles other than railway, tramway	31,997,478	6.6%	44.1%



5	30	Pharmaceutical products	20,520,066	4.2%	48.4%
6	39	Plastics and articles thereof	19,156,337	3.9%	52.3%
7	72	Iron and steel	18,455,377	3.8%	56.1%
8	29	Organic chemicals	17,419,658	3.6%	59.7%
9	71	Pearls, precious stones, metals, coins, etc	12,931,781	2.7%	62.3%
10	90	Optical, photo, technical, medical, etc apparatus	10,931,448	2.2%	64.6%
11	74	Copper and articles thereof	8,051,655	1.7%	66.2%
12	61	Articles of apparel, accessories, knit or crochet	7,543,252	1.5%	67.8%
13	62	Articles of apparel, accessories	7,383,044	1.5%	69.3%
14	38	Miscellaneous chemical products	6,864,997	1.4%	70.7%
15	2	Meat and edible meat offal	5,873,175	1.2%	71.9%
16	64	Footwear, gaiters and the like, parts thereof	5,823,425	1.2%	73.1%
17	73	Articles of iron or steel	5,731,379	1.2%	74.3%
18	48	Paper and paperboard, articles of pulp	5,649,567	1.2%	75.4%
19	76	Aluminium and articles thereof	5,350,768	1.1%	76.5%
20	40	Rubber and articles thereof	5,318,130	1.1%	77.6%
<b>Sub-Total</b>			<b>378,049,933</b>	<b>77.6%</b>	<b>-</b>
<b>Other Imports</b>			<b>109,068,405</b>	<b>22.4%</b>	<b>-</b>
<b>Total Imports</b>			<b>487,118,338</b>	<b>100%</b>	<b>-</b>

As it can be seen from the above table that in 2012 Italy top twenty import sectors accounted for 77.7% of Italy total import value. Further breakdown of Italy import is in attachment 2.

### 4.3 ITALY EXPORTS

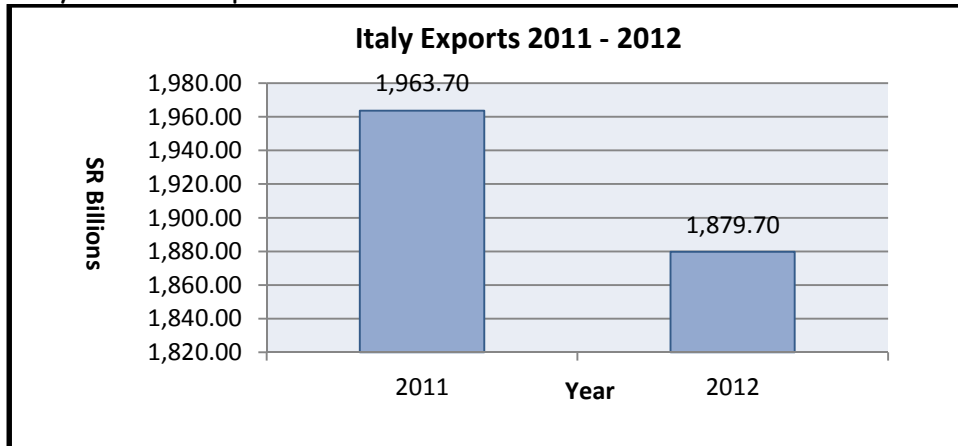
The table and figure below presents Italy's exports in 2011 and 2012:

Table 5: Italy Exports in 2011 and 2012

Italy Exports in 2011 and 2012			
2011		2012	
US\$ Billion	SR Billion	US\$ Billion	SR Billion
523.6	1,963.7	501.2	1,879.7
<b>Growth</b>		=	<b>(4.3%)</b>



Figure 5: Italy 2011-2012 Exports

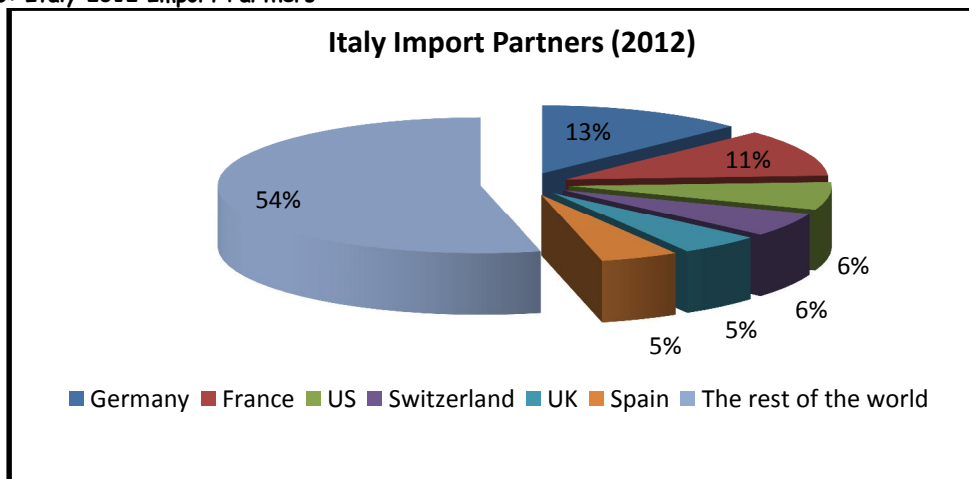


As it can be seen from the above table that Italy export value in 2012 declined by 4.3% compared to 2011 from SR 1,963.7 Billion to SR 1,879.7 Billion. The decline is due to macroeconomic reasons, which are mostly linked to the recovery of the 2009 economic crisis.

#### 4.3.1 Italy's Major Export Partners

Italy major export partners in 2012 were Germany, France, US, Switzerland, UK and Spain. The chart below presents the share of the major export partners of Italy total exports.

Figure 6: Italy 2012 Import Partners



#### 4.3.2 Italy Major Exports by Sector

The table below presents the top twenty of Italy export sectors and their portion of Italy total export value in 2012:





Table 6: Italy 2012 Top Exports By Sector

Italy Top Exports By Sector from World - 2012					
Rank	HS Code	Product	(000) US\$	% of Total Imports	CAGR
1	84	Machinery, boilers, etc	98,857,876	19.7%	19.7%
2	87	Vehicles other than railway, tramway	35,013,830	7.0%	26.7%
3	27	Mineral fuels, oils, distillation products, etc	30,068,335	6.0%	32.7%
4	85	Electrical, electronic equipment	28,539,812	5.7%	38.4%
5	30	Pharmaceutical products	19,996,465	4.0%	42.4%
6	39	Plastics and articles thereof	19,965,376	4.0%	46.4%
7	73	Articles of iron or steel	19,867,543	4.0%	50.3%
8	71	Pearls, precious stones, metals, coins, etc	19,021,425	3.8%	54.1%
9	72	Iron and steel	15,441,506	3.1%	57.2%
10	94	Furniture, lighting, signs, prefabricated buildings	13,068,912	2.6%	59.8%
11	62	Articles of apparel, accessories, not knit or crochet	12,527,883	2.5%	62.3%
12	90	Optical, photo, technical, medical, etc apparatus	11,443,037	2.3%	64.6%
13	64	Footwear, gaiters and the like, parts thereof	10,827,788	2.2%	66.8%
14	22	Beverages, spirits and vinegar	8,405,703	1.7%	68.4%
15	61	Articles of apparel, accessories, knit or crochet	7,805,710	1.6%	70.0%
16	42	Articles of leather, animal gut, harness, travel goods	7,399,866	1.5%	71.5%
17	29	Organic chemicals	7,383,184	1.5%	72.9%
18	48	Paper and paperboard, articles of pulp, paper and board	7,235,231	1.4%	74.4%
19	76	Aluminium and articles thereof	6,062,104	1.2%	75.6%
20	88	Aircraft, spacecraft, and parts thereof	5,689,264	1.1%	76.7%
<b>Sub-Total</b>			<b>384,620,850</b>	<b>76.7%</b>	-
<b>Other Imports</b>			<b>116,600,826</b>	<b>23.3%</b>	-
<b>Total Imports</b>			<b>501,221,676</b>	<b>100%</b>	-

As it can be seen from the above table that in 2012 Italy top twenty export sectors accounted for 76.7% of Italy total export value. Further breakdown of Italy export is attached in attachment 3.

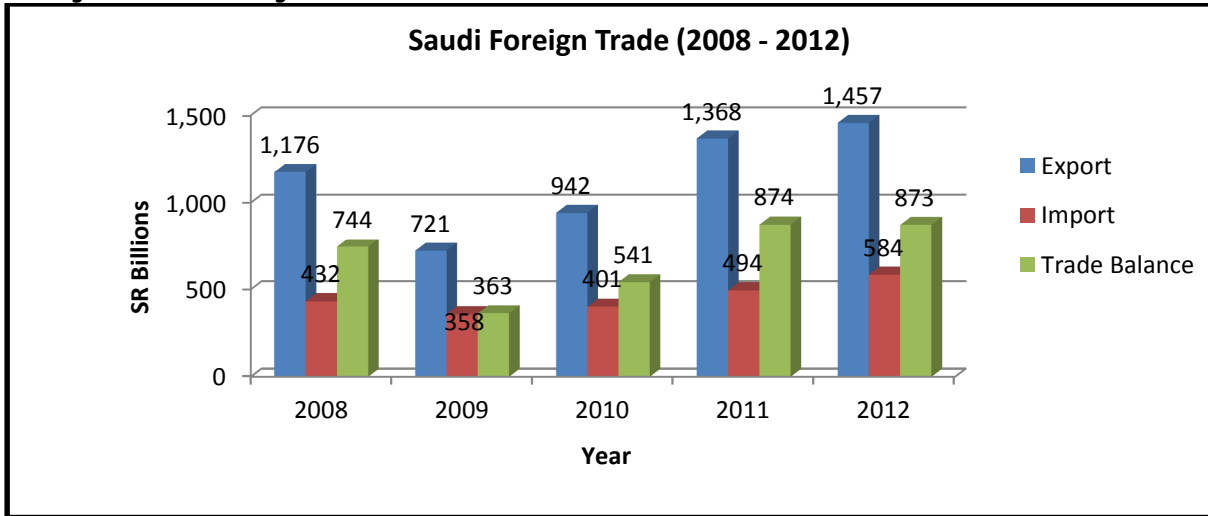


#### 4.4 SAUDI TRADE WITH ITALY

##### A- KSA World Trade (Export & Import)

The figure below presents KSA total foreign trade for the period between 2008 and 2012.

Figure 7: Saudi Foreign Trade 2008 - 2012



As it can be seen from the above figure that KSA foreign trade declined in 2009 and started to recover in 2010 onwards. In 2012 KSA foreign trade surpassed its level in 2008 by SR 281 billion and SR 152 billion for the total export and import value respectively. Moreover, KSA 2012 export and import volume surpassed its level in 2008 by 14,626 and 16,888 thousand tons respectively.

##### B- KSA TRADE WITH ITALY

The table below presents the foreign trade balance between KSA and Italy in 2011 and 2012:

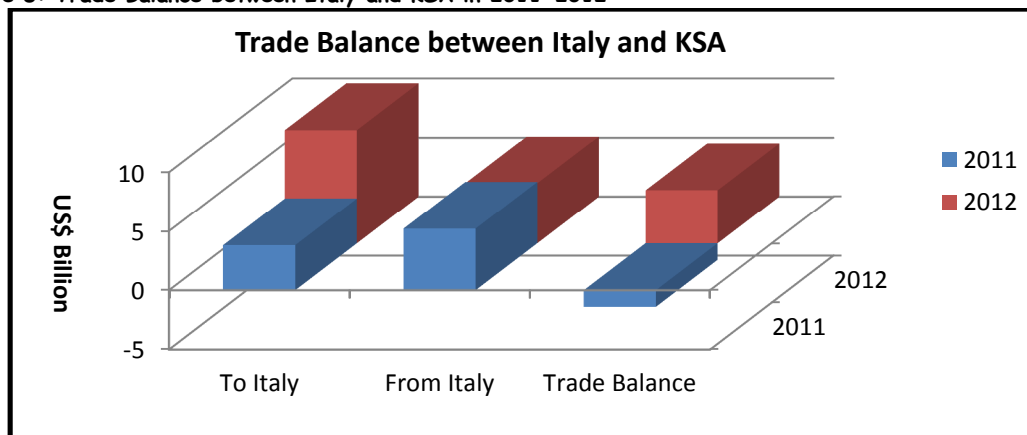
Table 7: KSA and Italy Balance of Trade in 2011 and 2012

KSA & Italy Balance of Trade (US\$ Billion)		
Year	2011	2012
Export To Italy	3.8	9.6
Import From Italy	5.2	5.1
<b>Trade Balance</b>	<b>-1.4</b>	<b>4.5</b>

As it can be seen from the above table, that KSA's import from Italy remained at constant level in the last two years at approximately US\$ 5.1 billion. However, KSA export to Italy increased significantly from US\$ 3.8 billion in 2011 to US\$ 9.6 billion in 2012. The following chart shows KSA and Italy trade balance:



Figure 8: Trade Balance between Italy and KSA in 2011-2012



#### 4.4.1 KSA Top Exports to Italy by Sector

The table below presents KSA top twenty export sectors to Italy and KSA share of Italy imports for each sector (intensity) among the other countries:

Table 8: KSA 2012 Top Exports by Sector to Italy

KSA Top Exports by Sector to Italy (2012)					
Rank	HS Code	Sector	(000) US\$	%	Intensity of KSA Exports by Sector
1	27	Mineral fuels, oils, distillation products, etc	8,412,176	87.42%	7.707%
2	39	Plastics and articles thereof	572,492	5.95%	2.989%
3	29	Organic chemicals	569,767	5.92%	3.271%
4	74	Copper and articles thereof	13,999	0.15%	0.174%
5	41	Raw hides and skins (other than furskins) and leather	9,175	0.10%	0.239%
6	71	Pearls, precious stones, metals, coins, etc	5,698	0.06%	0.044%
7	84	Machinery, boilers, etc	5,642	0.06%	0.014%
8	73	Articles of iron or steel	4,145	0.04%	0.072%
9	56	Wadding, felt, nonwovens, yarns, twine, cordage, etc	3,903	0.04%	0.635%
10	76	Aluminium and articles thereof	2,763	0.03%	0.052%
11	88	Aircraft, spacecraft, and parts thereof	2,730	0.03%	0.138%
12	83	Miscellaneous articles of base metal	2,702	0.03%	0.181%
13	85	Electrical, electronic equipment	2,639	0.03%	0.008%
14	90	Optical, photo, technical, medical, etc apparatus	2,463	0.03%	0.023%
15	99	Commodities not elsewhere specified	1,752	0.02%	0.171%
16	38	Miscellaneous chemical products	1,591	0.02%	0.023%
17	72	Iron and steel	1,542	0.02%	0.008%
18	68	Stone, plaster, cement, mica, etc articles	1,366	0.01%	0.129%
19	32	Tanning, dyeing extracts, tannins, derivs, pigments etc	1,253	0.01%	0.047%
20	70	Glass and glassware	1,027	0.01%	0.047%
<b>Sub-Total</b>			<b>9,618,825</b>	<b>99.96%</b>	<b>3.180%</b>
<b>Other Exports</b>			<b>4,402</b>	<b>0.04%</b>	<b>-</b>
<b>Grand Total</b>			<b>9,623,227</b>	<b>100.00%</b>	<b>-</b>



As it can be seen in the above table that the mineral fuels, oils, distillation products sector accounted for around 87.42% of KSA export to Italy and the Plastics & articles thereof sector, and the Organic Chemicals sector accounted for 5.95% and 5.92% respectively. Whereas the other sectors accounted for less than 1% of KSA export value to Italy.

#### 4.4.2 Italian Top Exports to KSA by Sector

The table below presents Italy's top twenty export sectors to KSA:

Table 9: Italy 2012 Top Exports by Sector to KSA

Italy Top Exports by Sector to KSA (2012)				
Rank	HS Code	Sector	(000) US\$	%
1	84	Machinery, boilers, etc	1,795,292	35%
2	27	Mineral fuels, oils, distillation products, etc	569,676	11%
3	85	Electrical, electronic equipment	381,928	7%
4	73	Articles of iron or steel	247,422	5%
5	94	Furniture, lighting, signs, prefabricated buildings	221,816	4%
6	87	Vehicles other than railway, tramway	200,252	4%
7	68	Stone, plaster, cement, mica, etc articles	146,602	3%
8	90	Optical, photo, technical, medical, etc apparatus	129,605	3%
9	38	Miscellaneous chemical products	113,053	2%
10	39	Plastics and articles thereof	111,983	2%
11	69	Ceramic products	102,484	2%
12	83	Miscellaneous articles of base metal	69,004	1%
13	30	Pharmaceutical products	65,013	1%
14	62	Articles of apparel, accessories, not knit or crochet	64,675	1%
15	19	Cereal, flour, starch, milk preparations and products	63,894	1%
16	48	Paper and paperboard, articles of pulp, paper and board	48,630	1%
17	72	Iron and steel	48,244	1%
18	86	Railway, tramway locomotives, rolling stock, equipment	45,120	1%
19	08	Edible fruit, nuts, peel of citrus fruit, melons	44,921	1%
20	40	Rubber and articles thereof	43,718	1%
<b>Sub-Total</b>			<b>4,513,332</b>	<b>88%</b>
<b>Other Exports</b>			<b>619,659</b>	<b>12%</b>
<b>Grand Total</b>			<b>5,132,991</b>	<b>100%</b>

As it can be seen from the above table, the Italian major exports to KSA are Machinery and boilers products; Mineral fuels, oils, distillation products; Electrical, electronic equipment; Articles of iron or steel; Furniture, lighting, signs, prefabricated buildings and Vehicles other than railway and tramway. These sectors imports value accounted for 66% of KSA total imports from Italy.



## SECTION (5)

### 5. OPPORTUNITIES FOR KSA EXPORTERS

The export opportunities to Italy was identified by matching Italy top imports and KSA top export to Italy. Then, the 10 top Italy import sectors that appeared also in KSA top 20 export to Italy will be considered as an export opportunity to Italy. The below tables presents KSA top export to Italy and Italy top imports and the identified export opportunities.

Table 10: KSA export opportunities to Italy

Rank	HS	KSA Top Exports to Italy	HS	Italy Top Imports From World
1	27	Mineral fuels, oils, distillation products, etc	27	Mineral fuels, oils, distillation products, etc
2	39	Plastics and articles thereof	84	Machinery, boilers, etc
3	29	Organic chemicals	85	Electrical, electronic equipment
4	74	Copper and articles thereof	87	Vehicles other than railway, tramway
5	41	Raw hides and skins (other than furskins) and leather	30	Pharmaceutical products
6	71	Pearls, precious stones, metals, coins, etc	39	Plastics and articles thereof
7	84	Machinery, boilers, etc	72	Iron and steel
8	73	Articles of iron or steel	29	Organic chemicals
9	56	Wadding, felt, nonwovens, yarns, twine, cordage, etc	71	Pearls, precious stones, metals, coins, etc
10	76	Aluminium and articles thereof	90	Optical, photo, technical, medical, etc apparatus
11	88	Aircraft, spacecraft, and parts thereof	74	Copper and articles thereof
12	83	Miscellaneous articles of base metal	61	Articles of apparel, accessories, knit or crochet
13	85	Electrical, electronic equipment	62	Articles of apparel, accessories, not knit or crochet
14	90	Optical, photo, technical, medical, etc apparatus	38	Miscellaneous chemical products
15	99	Commodities not elsewhere specified	02	Meat and edible meat offal
16	38	Miscellaneous chemical products	64	Footwear, gaiters and the like, parts thereof
17	72	Iron and steel	73	Articles of iron or steel
18	34	Stone, plaster, cement, mica, etc articles	48	Paper and paperboard, articles of pulp, paper and board
19	32	Tanning, dyeing extracts, tannins, derivs, pigments etc	76	Aluminium and articles thereof
20	70	Glass and glassware	40	Rubber and articles thereof



KSA's top ten sectors opportunities for export to Italy which are the matched sectors with Italy's top imports are shown below:

Table 11: The top 10 export opportunities to Italy

The top 10 export opportunities to Italy		
Rank	HS	Sector
1	27	Mineral fuels, oils, distillation products, etc
2	84	Machinery, boilers, etc
3	85	Electrical, electronic equipment
4	39	Plastics and articles thereof
5	72	Iron and steel
6	29	Organic chemicals
7	71	Pearls, precious stones, metals, coins, etc
8	90	Optical, photo, technical, medical, etc apparatus
9	74	Copper and articles thereof
10	38	Miscellaneous chemical products

## 5.1 KSA EXPORT OPPORTUNITIES

The worldwide Harmonized Commodity Description and Coding System group all goods that can be traded between countries into 21 Sections. These Sections are further broken-down into 99 Chapters (2-digits codes), each represent a sector. These 2-digits codes are furtherer broken-down to 4-digits codes, each represent a sub-sector. These 4-digits codes are further broken-down into 6-digits codes representing about 5,000 commodity groups (European Commission, 2013). Therefore, the following section of this report will:

1. Breakdown each export opportunities sector (2-digits HS code) into 4-digits codes (sub-sectors).
2. Describe each sub-sector.
3. Presents Italy import value for each sub-sector.



### 5.1.1 EXPORT OPPORTUNITIES IN THE MINERAL FUELS, OILS, DISTILLATION PRODUCTS

The table below present Italy's total import value and volume in 2012 for the Mineral Fuels, Oils, Distillation Products Sector:

Table 12:

Sector	HS	(000) US\$	Ton	US\$/Ton	% of total Imports
Mineral Fuels, Oils, Distillation Products Sector	27	109,145,926	Not Available (N/A)		22.4%

The table below presents a description of the Mineral Fuels, Oils, Distillation Products Sector top 10 4-digits sub-sectors in term of import value; their import values, volumes and their percentage of the sector imports.

Table 13:

H.S	Products Description	Value (000) US\$	Volume (000) Tons	US\$ /Ton	% of the Sector Imports
2709	Petroleum oils and oils obtained from bituminous minerals, crude.	56,916,311	68,754,394	828	52.15%
2711	Petroleum gases and other gaseous hydrocarbons.	33,125,026	50,910,775	651	30.35%
2710	Petroleum oils obtained from bituminous minerals, other than crude	13,238,842	13,238,842	853	12.13%
2701	Coal; briquettes, ovoids and similar solid fuels manufactured from coal.	3,673,334	25,875,854	142	3.37%
2716	Electrical energy.	3,363,239	N/A		3.08%
2713	Petroleum coke, petroleum bitumen and other residues of petroleum oils	310,847	2,032,172	153	0.29%
2707	Oils and other products of the distillation of high temperature coal tar	237,320	262,601	904	0.22%
2712	Petroleum jelly; paraffin wax, microcrystalline petroleum wax, slack wax	86,764	54,838	1,582	0.08%
2703	Peat (including peat litter), whether or not agglomerated.	76,517	534,382	143	0.07%
2704	Coke and semi-coke of coal, of lignite or of peat	17,199	55,687	309	0.02%
	<b>Sub-Total</b>	109,102,512	N/A		99.96%
	<b>Other Mineral Fuels, Oils, Distillation Products Sub-sector Imports</b>	43,414	N/A		0.04%
	<b>Grand Total</b>	109,145,926	N/A		100%



## 5.1.2 EXPORT OPPORTUNITIES IN THE BOILERS AND MACHINERY SECTOR

The table below present Italy's total import value and volume in 2012 for the Boilers and Machinery Sector:

Table 14:

Sector	HS	(000) US\$	Tons	US\$/Ton	% of total Imports
Boilers and Machinery Sector	84	39,284,619	2,683,679	14,638	8.1%

The table below presents a description of the Boilers and Machinery Sector top 10 4-digits sub-sectors in term of import value; their import values, volumes and their percentage of the sector imports.

Table 15:

H.S	Products Description	Import Value (000) US\$	Import Volume Tons	US\$/Ton	% of the Sector Imports
8471	Automatic Data Processing Machines (Computers).	5,874,333	56,026	104,850	15%
8443	Printing and Ancillary Machinery.	2,124,745	142,045	14,958	5%
8409	Parts for Internal Combustion Spark Engines.	2,102,449	233,028	9,022	5%
8481	Taps, Cocks, Valves for Pipes, Tanks, Boilers, etc.	1,993,794	103,388	19,285	5%
8414	Air, Vacuum Pumps, Compressors and Ventilating Fans.	1,894,989	147,700	12,830	5%
8411	Turbo-Jets, Turbo-Propellers.	1,768,873	12,886	137,271	5%
8413	Pumps for liquids, whether or not fitted with a measuring device	1,450,093	85,344	16,991	4%
8483	Transmission shafts	1,438,966	157,042	9,163	4%
8431	Parts suitable for use solely or principally with the machinery of headings 8425 to 8430.	1,363,944	234,706	5,811	3%
8421	Liquid, Gas Centrifuges, Filtering, Purifying Machine.	1,350,321	66,529	20,297	3%
<b>Sub-Total</b>		<b>21,362,507</b>	<b>1,238,694</b>	<b>17,246</b>	<b>54%</b>
<b>Other Boilers and Machinery Sub-sector Imports</b>		<b>17,922,112</b>	<b>1,444,985</b>	<b>12,403</b>	<b>46%</b>
<b>Grand Total</b>		<b>39,284,619</b>	<b>2,683,679</b>	<b>14,638</b>	<b>100%</b>





### 5.1.3 EXPORT OPPORTUNITIES IN THE ELECTRICAL, ELECTRONIC EQUIPMENT

The table below table present Italy's total import value and volume in 2012 for the Electrical, Electronic Equipment Sector:

Table 16:

Sector	HS	(000) US\$	Ton	US\$/Ton	% of Total Imports
Electrical, Electronic Equipment Sector	85	34,617,851	1,625,088	21,462	7.1%

The table below presents a description of the Electrical, Electronic Equipment Sector top 10 4-digits sub-sectors in term of import value; their import values, volumes and their percentage of the sector imports.

Table 17:

H.S	Products Description	Import Value (000) US\$	Import Volume Tons	US\$ /Ton	% of the Sector Imports
8517	Telephone sets, including telephones for cellular networks or for other wireless networks	7,015,298	36,304	193,239	20%
8541	Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, including photovoltaic cells	3,330,737	240,712	13,837	10%
8528	Monitors and projectors, not incorporating television reception apparatus	2,272,607	115,952	19,599	7%
8536	Electrical apparatus for switching or protecting electrical circuits	1,938,380	56,548	34,279	6%
8542	Electronic integrated circuits.	1,750,902	9,700	180,514	5%
8504	Electrical transformers, static converters (for example, rectifiers)	1,721,691	79,240	21,728	5%
8501	Electric motors and generators (excluding generating sets).	1,633,093	154,308	10,583	5%
8544	Insulated (including enamelled or anodised) wire, cable	1,569,431	121,824	12,883	5%
8503	Parts suitable for use solely or principally with the machines of heading 8501 or 8502.	1,211,331	118,734	10,202	3%
8523	Discs, tapes, solid-state non-volatile storage devices, 'smart cards' and other media for the recording of sound or of other phenomena	1,169,979	15,270	76,621	3%
<b>Sub-Total</b>		<b>23,613,449</b>	<b>948,592</b>	<b>573,485</b>	<b>68%</b>
<b>Other Electrical, Electronic Equipment Sub-sector Imports</b>		<b>11,004,402</b>	<b>676,496</b>	<b>16,267</b>	<b>32%</b>
<b>Grand Total</b>		<b>34,617,851</b>	<b>1,625,088</b>	<b>589,752</b>	<b>100%</b>



## 5.1.4 EXPORT OPPORTUNITIES IN THE PLASTICS AND ARTICLES THEREOF

The below table present Italy's total import value and volume in 2012 for the Plastics and Articles Thereof Sector:

Table 17:

Sector	HS	(000) US\$	Ton	US\$/Ton	% of Total Imports
Plastics and Articles Thereof Sector	39	19,156,337	7,780,065	2,462	3.9%

The table below presents a description of the Plastics and Articles Thereof Sector top 10 4-digits sub-sectors in term of import value; their import values, volumes and their percentage of the sector imports.

Table 18:

H.S	Products Description	Import Value (000) US\$	Import Volume Tons	US\$/Ton	% out of Total Sector Imports
3901	Polymers of ethylene, in primary forms.	2,778,980	1,716,981	1,619	15%
3902	Polymers of propylene or of other olefins, in primary forms.	2,358,617	1,507,450	1,565	12%
3907	Polyacetals, other polyethers and epoxide resins, in primary forms	2,052,475	854,630	2,402	11%
3920	Other plates, sheets, film, foil and strip, of plastics, non-cellular and not reinforced	1,701,410	456,053	3,731	9%
3926	Other articles of plastics and articles of other materials of headings 3901 to 3914.	1,321,319	172,469	7,661	7%
3923	Articles for the conveyance or packing of goods, of plastics	1,072,183	213,797	5,015	6%
3904	Polymers of vinyl chloride or of other halogenated olefins, in primary forms.	1,030,889	705,798	1,461	5%
3903	Polymers of styrene, in primary forms.	1,023,319	529,502	1,933	5%
3908	Polyamides in primary forms.	727,186	218,177	3,333	4%
3909	Amino-resins, phenolic resins and polyurethanes, in primary forms.	617,071	273,221	2,259	3%
<b>Sub-Total</b>		<b>14,683,449</b>	<b>6,648,078</b>	<b>2,209</b>	<b>77%</b>
<b>Other Plastics and Articles Thereof Sub-sector Imports</b>		<b>4,472,888</b>	<b>1,131,987</b>	<b>3,951</b>	<b>23%</b>
<b>Grand Total</b>		<b>19,156,337</b>	<b>7,780,065</b>	<b>2,462</b>	<b>100%</b>



### 5.1.5 EXPORT OPPORTUNITIES IN IRON AND STEEL

The below table present Italy's total import value and volume in 2012 for the Iron and Steel Sector:

Table 19:

Sector	HS	(000) US\$	Tons	US\$/Ton	% of Total Imports
Iron and Steel Sector	72	18,455,377	20,935,142	881	3.8%

The table below presents a description of the Iron and Steel Sector top 10 4-digits sub-sectors in term of import value; their import values, volumes and their percentage of the sector imports.

Table 20:

H.S	Products Description	Import Value (000) US\$	Import Volume Tons	US\$/Ton	% of the Sector Imports
7219	Flat-rolled products of stainless steel, of a width of 600 mm or more.	2,498,750	836,679	2,987	14%
7204	Ferrous waste and scrap; remelting scrap ingots of iron or steel.	2,302,660	5,272,741	437	12%
7208	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated.	2,171,028	3,234,659	671	12%
7202	Ferro-alloys.	1,946,856	942,841	2,065	11%
7207	Semi-finished products of iron or non-alloy steel.	1,727,747	2,941,528	587	9%
7210	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated.	1,615,439	1,597,528	1,011	9%
7225	Flat-rolled products of other alloy steel, of a width of 600 mm or more.	1,126,770	1,106,002	1,019	6%
7228	Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel.	530,842	280,683	1,891	3%
7201	Pig iron and spiegeleisen in pigs, blocks or other primary forms.	503,208	1,106,558	455	3%
7209	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, cold-rolled (cold-reduced), not clad, plated or coated.	490,563	640,775	766	3%
<b>Sub-Total</b>		<b>14,913,863</b>	<b>17,959,994</b>	<b>830</b>	<b>81%</b>
<b>Other Iron and Steel Sub-sector Imports</b>		<b>3,541,514</b>	<b>2,975,148</b>	<b>1,190</b>	<b>19%</b>
<b>Grand Total</b>		<b>18,455,377</b>	<b>20,935,142</b>	<b>881</b>	<b>100%</b>



### 5.1.6 EXPORT OPPORTUNITIES IN THE ORGANIC CHEMICALS

The below table present Italy's total import value and volume in 2012 for the Organic Chemicals Sector:

Table 21:

Sector	HS	(000) US\$	Tons	US\$/Ton	% of Total Imports
Organic Chemicals Sector	29	17,419,658	4,606,904	3,782	3.6%

The table below presents a description of the Organic Chemicals Sector top 10 4-digits sub-sectors in term of import value; their import values, volumes and their percentage of the sector imports.

Table 22:

H.S	Products Description	Import Value (000) US\$	Import Volume Tons	US\$/Ton	% of the Sector Imports
2933	Heterocyclic compounds with nitrogen hetero-atom(s) only	3,841,480	219,454	17,505	22%
2941	Antibiotics	1,831,593	6,130	298,781	11%
2937	Hormones, prostaglandins, thromboxanes and leukotrienes, natural or reproduced by synthesis	1,313,559	136	9,627,588	8%
2917	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids	1,074,395	672,244	1,598	6%
2905	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives	1,056,372	1,050,251	1,006	6%
2909	Ethers, ether-alcohols, ether-phenols, ether-alcohol-phenols, alcohol peroxides, ether peroxides, ketone peroxides	861,145	584,015	1,475	5%
2902	Cyclic hydrocarbons	604,566	420,265	1,439	3%
2934	Acids and their salts, whether or not chemically defined; other heterocyclic compounds	580,684	13,752	42,227	3%
2922	Oxygen-function amino-compounds	559,555	117,114	4,778	3%
2924	Carboxamide-function compounds; amide-function compounds of carbonic acid	542,579	30,869	17,577	3%
<b>Sub-Total</b>		<b>12,265,928</b>	<b>3,114,230</b>	<b>3,939</b>	<b>70%</b>
<b>Other Iron and Steel Sub-sector Imports</b>		<b>5,153,730</b>	<b>1,492,674</b>	<b>3,453</b>	<b>30%</b>
<b>Grand Total</b>		<b>17,419,658</b>	<b>4,606,904</b>	<b>3,782</b>	<b>100%</b>



### 5.1.7 EXPORT OPPORTUNITIES IN THE PEARLS, PRECIOUS STONES, METALS, COINS, ETC.

The below table present Italy's total import value and volume in 2012 for the Pearls, Precious Stones, Metals and Coins Sector:

Table 23:

Sector	HS	(000)US\$	Ton	US\$/Ton	% of Total Imports
Pearls, Precious Stones, Metals and Coins Sector	71	12,931,781	14,440	895,557	2.7%

The table below presents a description of the Pearls, Precious Stones, Metals and Coins Sector top 10 4-digits sub-sectors in term of import value; their import values, volumes and their percentage of the sector imports.

Table 24:

H.S	Products Description	Import Value (000) US\$	Import Volume Tons	US\$/Ton	% of the Sector Imports
7108	Gold (including gold plated with platinum), unwrought or in semi-manufactured forms, or in powder form.	7,532,022	195	38,625,751	58.2%
7112	Waste and scrap of precious metal or of metal clad with precious metal	1,693,448	5,993	282,571	13.1%
7113	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal.	1,359,607	208	6,536,572	10.5%
7102	Diamonds, whether or not worked, but not mounted or set.	556,770	4	139,192,564	4.3%
7106	Silver (including silver plated with gold or platinum)	512,244	638	802,890	4.0%
7110	Platinum, unwrought or in semi-manufactured forms, or in powder form.	502,094	17	29,534,923	3.9%
7117	Imitation jewellery.	331,303	5,970	55,495	2.6%
7103	Precious stones (other than diamonds) and semi-precious stones, whether or not worked or graded but not strung, mounted or set	163,230	875	186,548	1.3%
7115	Other articles of precious metal or of metal clad with precious metal.	70,719	119	594,281	0.5%
7105	Dust and powder of natural or synthetic precious or semi-precious stones.	33,291	53	628,128	0.3%
<b>Sub-Total</b>		<b>12,754,728</b>	<b>14,072</b>	<b>906,390</b>	<b>98.6%</b>
<b>Other Iron and Steel Sub-sector Imports</b>		<b>177,053</b>	<b>368</b>	<b>481,122</b>	<b>1.4%</b>
<b>Grand Total</b>		<b>12,931,781</b>	<b>14,440</b>	<b>895,557</b>	<b>100%</b>



### 5.1.8 EXPORT OPPORTUNITIES IN THE OPTICAL, PHOTO, TECHNICAL, MEDICAL, ETC APPARATUS

The below table present Italy's total import value and volume in 2012 for the Optical, Photo, Technical, Medical, Apparatus Sector:

Table 25:

Sector	HS	(000)US\$	Tons	US\$/Ton	% of Total Imports
Optical, Photo, Technical, Medical, Apparatus Sector	90	10,931,448	144,187	75,814	2.2%

The table below presents a description of the Optical, Photo, Technical, Medical, Apparatus Sector top 10 4-digits sub-sectors in term of import value; their import values, volumes and their percentage of the sector imports.

Table 26:

H.S	Products Description	Import Value (000) US\$	Import Volume Tons	US\$/Ton	% of the Sector Imports
9018	Instruments and appliances used in medical, surgical	2,849,656	60,004	47,491	26%
9021	Orthopaedic appliances, including crutches, surgical belts and trusses	1,684,222	3,325	506,533	15%
9027	Instruments and apparatus for physical or chemical analysis	813,706	5,231	155,554	7%
9031	Measuring or checking instruments, appliances and machines	759,954	9,863	77,051	7%
9032	Automatic regulating or controlling instruments and apparatus.	707,512	13,672	51,749	6%
9003	Frames and mountings for spectacles, goggles or the like, and parts thereof.	519,863	2,515	206,705	5%
9026	Instruments and apparatus for measuring or checking the flow, level, pressure or other variables of liquids or gases	474,574	7,221	65,721	4%
9001	Optical fibres and optical fibre bundles; optical fibre cables	460,746	2,589	177,963	4%
9022	Apparatus based on the use of X-rays or of alpha, beta or gamma radiations	441,015	3,358	131,333	4%
9014	Direction finding compasses; other navigational instruments and appliances.	397,522	283	1,404,673	4%
<b>Sub-Total</b>		<b>9,108,770</b>	<b>108,061</b>	<b>84,293</b>	<b>83%</b>
<b>Other Iron and Steel Sub-sector Imports</b>		<b>1,822,678</b>	<b>36,126</b>	<b>50,453</b>	<b>17%</b>
<b>Grand Total</b>		<b>10,931,448</b>	<b>144,187</b>	<b>75,814</b>	<b>100%</b>



### 5.1.9 EXPORT OPPORTUNITIES IN THE COPPER AND ARTICLES THEREOF:

The below table present Italy's total import value and volume in 2012 for the Copper and Articles Thereof Sector:

Table 27:

Sector	HS	(000)US\$	Tons	US\$/Ton	% of Total Imports
Copper and Articles Thereof Sector	74	8,051,655	1,043,759	7,714	1.7%

The table below presents a description of the Copper and Articles Thereof Sector top 10 4-digits sub-sectors in term of import value; their import values, volumes and their percentage of the sector imports.

Table 28:

H.S	Products Description	Import Value (000) US\$	Import Volume Tons	US\$/Ton	% of the Sector Imports
7403	Refined copper and copper alloys, unwrought.	4,699,022	597,557	7,864	58.2%
7408	Copper wire.	1,025,450	131,771	7,782	12.7%
7404	Copper waste and scrap.	807,755	137,831	5,860	10.0%
7409	Copper plates, sheets and strip, of a thickness exceeding 0,15 mm.	431,051	54,249	7,946	5.3%
7411	Copper tubes and pipes.	370,796	43,773	8,471	4.6%
7407	Copper bars, rods and profiles.	326,281	49,521	6,589	4.0%
7412	Copper tube or pipe fittings (for example, couplings, elbows, sleeves).	101,142	6,151	16,443	1.2%
7413	Stranded wire, cables, plaited bands and the like, of copper, not electrically insulated.	61,732	6,397	9,649	1.0%
7419	Other articles of copper.	60,721	4,116	14,752	0.8%
7410	Copper foil (whether or not printed or backed with paper, paperboard	55,767	5,525	10,093	0.7%
<b>Sub-Total</b>		<b>7,939,717</b>	<b>1,036,891</b>	<b>7,657</b>	<b>98.5%</b>
<b>Other Iron and Steel Sub-sector Imports</b>		<b>111,938</b>	<b>6,868</b>	<b>16,298</b>	<b>1.5%</b>
<b>Grand Total</b>		<b>8,051,655</b>	<b>1,043,759</b>	<b>7,714</b>	<b>100%</b>



## 5.1.10 EXPORT OPPORTUNITIES IN THE MISCELLANEOUS CHEMICAL PRODUCTS

The below table present Italy's total import value and volume in 2012 for the Miscellaneous Chemical Products Sector:

Table 29:

Sector	HS	(000)US\$	Ton	US\$/Ton	% of Total Imports
Miscellaneous Chemical Products Sector	38	6,864,997	2,551,553	2,690	1.4%

The table below presents a description of the Miscellaneous Chemical Products Sector top 10 4-digits sub-sectors in term of import value; their import values, volumes and their percentage of the sector imports.

Table 30:

H.S	Products as described	Import Value (000) US\$	Import Volume Tons	US\$/Ton	% of the Sector Imports
3826	Biodiesel and mixtures thereof, not containing or containing less than 70 % by weight of petroleum oils or oils obtained from bituminous minerals.	1,462,309	1,185,015	1,234	21%
3822	Diagnostic or laboratory reagents on a backing, prepared diagnostic	1,258,579	20,350	61,848	18%
3824	Prepared binders for foundry moulds or cores; chemical products	1,103,033	366,708	3,008	16%
3808	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators	906,396	106,053	8,547	13%
3811	Anti-knock preparations, oxidation inhibitors, gum inhibitors	503,939	153,909	3,274	7%
3823	Industrial monocarboxylic fatty acids; acid oils from refining	399,337	240,070	1,663	6%
3815	Reaction initiators, reaction accelerators and catalytic preparations	307,782	39,731	7,747	5%
3812	Prepared rubber accelerators; compound plasticisers for rubber	158,246	39,128	4,044	2%
3818	Chemical elements doped for use in electronics, in the form of discs	147,834	364	406,203	2%
3809	Finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs and other products and preparations	116,095	60,738	1,911	2%
	Sub-Total	6,363,550	2,212,066	2,877	92.5%
	Other Iron and Steel Sub-sector Imports	501,447	339,487	1,477	7.5%
	Grand Total	6,864,997	2,551,553	2,690	100%





## SECTION (6)

### 6. SUCCESSFUL MARKETING

To ensure a successful marketing, exporters must be aware of the different issues in the target market that shape and affect the different marketing tools. This includes the issues of choosing the appropriate channel(s) of distribution and advertising.

This section aims to generally identify these issues in Italy market. However, exporters must carry out more in-depth research in this regard depending on the type of the product before attempting to sell in the market. Moreover, we would like to direct the attention to the importance of international business magazine, which contains information about bids, export opportunities, etc. in most of the countries around the world.

#### 6.1 Approaching the Market

In order to perform export opportunities in Italy, it is highly recommended for KSA local producers and exporters to establish relationships with local agents or partners who can identify and monitor threats and opportunities as they arise, advice on local competition, respond to bids for tenders and assist in building relations with others. Exporters should bear in mind before approaching Italy to have the proper tools and capabilities to investigate research and plan to minimize the risk of penetrating the Italy market. There are certain issues, in term of marketing, any exporter to Italy should consider before entering the Italy market.

#### 6.2 Advertising, Trade Fairs & Exhibitions

Advertising plays a major role in Italy's commercial life. All types of media are available. Daily newspapers and other publications are by far the most important media accounting for over half of all advertising expenditures. Direct mail is the second most important advertising medium, followed by radio and television commercials. Other forms, useful for certain types of products, are point-of-sale advertising, motion picture advertising, outdoor posters, and billboards. Commercial broadcasting exists and is growing in importance.

Italy hosts major trade shows that attract buyers from throughout Europe, the Mediterranean, and beyond. Shows where international companies have obtained good results include Solar Expo/Greenbuilding (now called



Innovation Cloud) (renewable/energy efficiency), Cosmoprof (Cosmetics), Zoomark (pet products), Autopromotec (automotive), EICMA (motorcycles) Showcase USAItaly (tourism), and TTG Incontri (tourism).

On the other hand, trade fairs and exhibitions provide an excellent insight into market conditions in Italy. Executives can gain Primary knowledge of the latest trends and developments in the selected sector of their choice, as well as an Opportunity to evaluate the competition. In addition, trade fairs helps in establishing contracts and relations with potential customers and business executives that assist to develop the market with Italy.

### 6.3 Pricing

When providing the Italian buyer with a price quote, firms most frequently provide a quote that includes sales price plus packing costs, insurance, and freight to the named point of destination. (This is called the "CIF" price and is commonly misused because it applies only to sea freight to the port of destination. "CIP" - carriage and insurance paid to destination, is usually more correct: see International Chamber of Commerce: (<http://www.iccwbo.org/incoterms/id3040/index.html>). Usually, the average Italian business representative can then determine the charges for customs, taxes, and local transportation to arrive at the final landed cost to the importer. The customary terms of sale in Italy are either cash on delivery (which is rare) or settlement 60-120 days after invoice date (more common).

Sales made on cash terms call for payment before delivery, on delivery, or shortly thereafter, that is, usually within 10 days from the date of delivery. A two to five percent discount is given for payment of the full amount of the transaction at the end of the specified period from one to four months from the date of the invoice. The length of the period depends on the commodity involved, the credit standing of the buyer, and the marketing and sales objective of the seller. A period of up to two years is often allowed for payment of capital goods, store equipment, trucks, and similar heavy equipment. Conscious of the discrepancies among member states in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.



## **6.4 Market Research and Consultancy**

Needless to say that market intelligence and research is very crucial aspect for entering new markets. The research now available in Italy comes from different sources; the government, semi-independent providers and fully independent providers. Furthermore, there are few numbers of market research companies that provide information about certain products and could conduct primary research, as well. All these sources provide basic information about the economical situation of the country and trade activities as well as market needs in addition of identifying local agents and distributors.

## **6.5 Distribution and Sales Channels in Italy**

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with EU and member state national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent's remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

The EU also looks to combat payment delays with Directive 2000/35/EC which was reviewed in 2010. The new directive, which replaces the existing one in March 2013, covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. In sum, the new Directive 2011/7/EU entitles a seller who does not receive payment for goods and/or services within 30 days of the payment deadline to collect interest (at a rate of 8 percent above the European Central Bank rate) as well as 40 Euro as compensation for recovery of costs. For business-to-business transactions a 60 day period may be negotiated subject to conditions. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.



## **6.6 Italy Market Entry Strategy**

The cultivation and maintenance of personal relationships are a vital part of doing business in Italy. Finding the right Italian agent, distributor, or business partner is therefore essential to enter the Italian market. It is usually not effective to rely on agents or distributors in neighboring markets, since despite the existence of the EU common market, the Italian market remains very individualized.

## **6.7 Success Factors for KSA Exporters**

This report has tackled different aspects in the Italy market. This part of the report lists some of the important factors that can increase the chances of success and lowering the risk when willing to export to Italy.

- The strong political relationship between KSA and Italy.
- Ongoing negotiations for a free trade agreement (FTA) between the GCC & EU which will enlarge the chances of Saudi exporters.
- Products that require high fuel consumption e.g. solar glass and/or Halal Food would be cost efficient comparing to European produced products, and that gives Saudi exporters a price advantage over EU or Italian products.
- Commercial activities are highly facilitated by the government of Italy in form of trade & business associations, which are official & secured bodies that helps traders to establish their networks & all the related necessary arrangements.
- Saudi products are viewed to be reliable products and have better reputation over other countries for their quality.
- Examine the competitiveness of KSA products by doing a field survey in Italy market.
- The export financing, export credit insurance and guarantees offered by the Saudi Export Program (SEP) of the Saudi Fund for Development. SEP provides Saudi exporters with coverage against non-payment risks if the non-payment is due to specific commercial and/or political risks.



## 6.8 CONCLUSION

Despite the economic recession of Italy and the decline of its foreign trade, Italy remains the ninth largest economy in the world with a total import value of US \$ 559 Billion to US \$ 487 Billion in 2011 and 2012 respectively. Moreover, Italy remains an attractive foreign market which believes that foreign trade creates a choice and it is critical for economic growth. For this reason, the ECU encourages KSA exporters to further explore the export opportunities identified in this report. Moreover, before exporting to Italy or to any other EU countries, ECU encourages KSA exporters to visit the European Commission Export Helpdesk website: <http://exporthelp.europa.eu> in which they may find:

1. The EU standards and requirements for each type of product (The products are classified based on the Harmonized System).
2. The EU import tariffs and whether there is a preferential tariff for each type of product (6-digit HS code). It is worth pointing that KSA exporters are ineligible for the EU Generalized Scheme of Preferences (GSP), "a set of rules allowing exporters from developing countries to pay lower duties on their exports", until 31/12/2013. However, as of January 2014 KSA will not be part of the Generalized Scheme of Preferences and it will be considered by the EU as a high income country (European Commission, 2013).
3. The EU import procedures.
4. Documents for custom clearance.
5. Trade statistics for each type of product (classified based on the Harmonized System) for every country in the EU.
6. Contact details for the local authorities and the main business organizations in the EU.
7. An online contact form in which they answer any questions about exporting to the EU.



**Attachment (1): Addresses in Italy**

**Royal Embassy of Saudi Arabia**

Via G. B. Pergolesi, 9, 00198 Roma

Tel. +39 (06) 8445851

Fax. +39 (06) 8558658

E-mail: [itemb@mofa.gov.sa](mailto:itemb@mofa.gov.sa)

Web: <http://embassies.mofa.gov.sa/sites/Italy>

**National Institute of Statistics**

Via C. Balbo, 16, 00184 Roma

Tel. +39 (06) 46731

Web: <http://en.istat.it/>

**Ministry of Economic Development**

Via Molise, 2, 00187 Rome

Tel. +39 (06) 47051

E-mail: [segreteria.ministro@sviluppoeconomico.gov.it](mailto:segreteria.ministro@sviluppoeconomico.gov.it)

Web: [www.mise.gov.it](http://www.mise.gov.it)

**Ministry of Economy and Finance**

Via XX. Settembre, 97, 00187 Roma

Tel. +39 (06) 476111

Web: [www.mef.gov.it](http://www.mef.gov.it)

**Italian Trade Commission in Saudi Arabia**

Olaya Main Road, Mizan Building, Fifth Floor, Office 4

P.O.BOX 94324, RIYADH 11693

Tel. +966 (1) 4659201

Fax. +966 (1) 4659453

E-mail: [riyad@ice.it](mailto:riyad@ice.it)

**Central Bank of Italy**

Via Nazionale, 91, 00184 Rome

Tel. +39 (06) 47921

Web: [www.bancaditalia.it](http://www.bancaditalia.it)

E-mail: [bancaditalia@pec.bancaditalia.it](mailto:bancaditalia@pec.bancaditalia.it)

**Confederation of Italian Industries**

Viale dell'Astronomia, 30, 00144 Rome

Web: [www.confindustria.it](http://www.confindustria.it)

E-mail: [piei@confindustria.it](mailto:piei@confindustria.it)

**The European Commission Export Helpdesk**

Web: <http://exporthelp.europa.eu>



### Attachment (2): Italy's Imports (2011-2012)

	HS Code	Sector	2011 Imports US\$	%	2012 Imports US\$	%
1	27	Mineral fuels, oils, distillation products, etc	110,172,033	19.70%	109,145,926	22.41%
2	84	Machinery, boilers, etc	45,120,828	8.07%	39,284,619	8.06%
3	85	Electrical, electronic equipment	46,203,309	8.26%	34,617,851	7.11%
4	87	Vehicles other than railway, tramway	44,810,289	8.01%	31,997,478	6.57%
5	30	Pharmaceutical products	21,731,587	3.89%	20,520,066	4.21%
6	39	Plastics and articles thereof	22,119,294	3.96%	19,156,337	3.93%
7	72	Iron and steel	24,882,740	4.45%	18,455,377	3.79%
8	29	Organic chemicals	18,252,310	3.26%	17,419,658	3.58%
9	71	Pearls, precious stones, metals, coins, etc	12,464,098	2.23%	12,931,781	2.65%
10	90	Optical, photo, technical, medical, etc apparatus	12,559,735	2.25%	10,931,448	2.24%
11	74	Copper and articles thereof	9,810,604	1.75%	8,051,655	1.65%
12	61	Articles of apparel, accessories, knit or crochet	8,859,954	1.58%	7,543,252	1.55%
13	62	Articles of apparel, accessories, not knit or crochet	8,746,390	1.56%	7,383,044	1.52%
14	38	Miscellaneous chemical products	7,452,513	1.33%	6,864,997	1.41%
15	02	Meat and edible meat offal	6,356,334	1.14%	5,873,175	1.21%
16	64	Footwear, gaiters and the like, parts thereof	6,759,324	1.21%	5,823,425	1.20%
17	73	Articles of iron or steel	6,769,180	1.21%	5,731,379	1.18%
18	48	Paper and paperboard, articles of pulp, paper and board	6,855,365	1.23%	5,649,567	1.16%
19	76	Aluminium and articles thereof	7,090,868	1.27%	5,350,768	1.10%
20	40	Rubber and articles thereof	6,728,728	1.20%	5,318,130	1.09%
21	04	Dairy products, eggs, honey, edible animal products	5,350,054	0.96%	4,619,993	0.95%
22	44	Wood and articles of wood, wood charcoal	5,633,165	1.01%	4,444,552	0.91%
23	03	Fish, crustaceans, molluscs, aquatic invertebrates	4,908,299	0.88%	4,181,093	0.86%
24	41	Raw hides and skins (other than furskins) and leather	4,325,814	0.77%	3,834,285	0.79%
25	15	Animal, vegetable fats and oils, cleavage products, etc	4,240,538	0.76%	3,805,702	0.78%
26	94	Furniture, lighting, signs, prefabricated buildings	3,916,727	0.70%	3,279,333	0.67%
27	10	Cereals	4,009,533	0.72%	3,207,915	0.66%
28	42	Articles of leather, animal gut, harness, travel goods	3,240,350	0.58%	3,009,727	0.62%
29	28	Inorganic chemicals, precious metal compound, isotopes	3,269,678	0.58%	2,987,347	0.61%
30	33	Essential oils, perfumes, cosmetics, toileteries	3,218,638	0.58%	2,924,102	0.60%
31	24	Tobacco and manufactured tobacco substitutes	3,090,201	0.55%	2,816,212	0.58%
32	08	Edible fruit, nuts, peel of citrus fruit, melons	3,077,321	0.55%	2,810,711	0.58%
33	32	Tanning, dyeing extracts, tannins, derivs, pigments etc	3,049,431	0.55%	2,644,886	0.54%
34	95	Toys, games, sports requisites	3,099,040	0.55%	2,551,652	0.52%
35	26	Ores, slag and ash	3,356,968	0.60%	2,521,299	0.52%

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36	23	Residues, wastes of food industry, animal fodder	2,461,796	0.44%	2,377,401	0.49%
37	89	Ships, boats and other floating structures	3,152,356	0.56%	2,352,147	0.48%
38	47	Pulp of wood, fibrous cellulosic material, waste etc	2,711,703	0.48%	2,212,903	0.45%
39	09	Coffee, tea, mate and spices	2,147,736	0.38%	2,049,516	0.42%
40	22	Beverages	2,101,051	0.38%	2,007,530	0.41%
41	01	Live animals	2,165,671	0.39%	1,985,341	0.41%
42	88	Aircraft, spacecraft, and parts thereof	2,487,019	0.44%	1,982,574	0.41%
43	70	Glass and glassware	2,287,007	0.41%	1,926,856	0.40%
44	17	Sugars and sugar confectionery	1,620,293	0.29%	1,753,126	0.36%
45	07	Edible vegetables and certain roots and tubers	1,900,988	0.34%	1,688,807	0.35%
46	16	Meat, fish and seafood food preparations nes	1,732,430	0.31%	1,663,711	0.34%
47	91	Clocks and watches and parts thereof	1,644,123	0.29%	1,661,222	0.34%
48	51	Wool, animal hair, horsehair yarn and fabric thereof	2,018,182	0.36%	1,586,779	0.33%
49	19	Cereal, flour, starch, milk preparations and products	1,656,803	0.30%	1,543,352	0.32%
50	54	Manmade filaments	1,768,588	0.32%	1,512,756	0.31%
51	52	Cotton	2,263,281	0.40%	1,512,278	0.31%
52	82	Tools, implements, cutlery, etc of base metal	1,750,908	0.31%	1,505,301	0.31%
53	83	Miscellaneous articles of base metal	1,703,678	0.30%	1,494,033	0.31%
54	25	Salt, sulphur, earth, stone, plaster, lime and cement	1,711,034	0.31%	1,492,043	0.31%
55	34	Soaps, lubricants, waxes, candles, modelling pastes	1,616,908	0.29%	1,440,842	0.30%
56	12	Oil seed, oleagic fruits, grain, seed, fruit, etc, nes	1,409,713	0.25%	1,417,309	0.29%
57	20	Vegetable, fruit, nut, etc food preparations	1,484,861	0.27%	1,310,539	0.27%
58	55	Manmade staple fibres	1,650,016	0.30%	1,260,802	0.26%
59	18	Cocoa and cocoa preparations	1,254,448	0.22%	1,142,283	0.23%
60	31	Fertilizers	1,086,229	0.19%	1,131,524	0.23%
61	21	Miscellaneous edible preparations	1,198,640	0.21%	1,120,773	0.23%
62	63	Other made textile articles, sets, worn clothing etc	1,373,248	0.25%	1,113,422	0.23%
63	68	Stone, plaster, cement, mica, etc articles	1,218,885	0.22%	1,058,687	0.22%
64	99	Commodities not elsewhere specified	1,107,701	0.20%	1,024,489	0.21%
65	96	Miscellaneous manufactured articles	866,150	0.15%	1,000,628	0.21%
66	75	Nickel and articles thereof	1,172,018	0.21%	970,718	0.20%
67	69	Ceramic products	1,013,211	0.18%	830,943	0.17%
68	49	Printed books, newspapers, pictures etc	864,219	0.15%	763,315	0.16%
69	86	Railway, tramway locomotives, rolling stock, equipment	816,721	0.15%	720,984	0.15%
70	06	Live trees, plants, bulbs, roots, cut flowers etc	784,107	0.14%	667,095	0.14%
71	60	Knitted or crocheted fabric	755,211	0.14%	649,596	0.13%
72	35	Albuminoids, modified starches, glues, enzymes	693,886	0.12%	622,887	0.13%
73	56	Wadding, felt, nonwovens, yarns, twine, cordage, etc	707,472	0.13%	614,678	0.13%
74	79	Zinc and articles thereof	818,694	0.15%	536,142	0.11%
75	59	Impregnated, coated or laminated textile fabric	567,457	0.10%	461,516	0.09%
76	37	Photographic or cinematographic goods	560,373	0.10%	443,369	0.09%
77	93	Arms and ammunition, parts and accessories thereof	451,739	0.08%	440,304	0.09%
78	81	Other base metals, cermets, articles thereof	448,478	0.08%	438,306	0.09%



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79	43	Furskins and artificial fur, manufactures thereof	470,300	0.08%	437,695	0.09%
80	50	Silk	445,536	0.08%	400,682	0.08%
81	11	Milling products, malt, starches, inulin, wheat gluten	317,561	0.06%	311,039	0.06%
82	05	Products of animal origin, nes	311,061	0.06%	293,998	0.06%
83	97	Works of art, collectors pieces and antiques	154,335	0.03%	288,439	0.06%
84	58	Special woven or tufted fabric, lace, tapestry etc	303,022	0.05%	275,414	0.06%
85	65	Headgear and parts thereof	306,859	0.05%	245,243	0.05%
86	13	Lac, gums, resins, vegetable saps and extracts nes	215,805	0.04%	238,587	0.05%
87	78	Lead and articles thereof	327,866	0.06%	238,507	0.05%
88	57	Carpets and other textile floor coverings	279,310	0.05%	216,020	0.04%
89	53	Vegetable textile fibres nes, paper yarn, woven fabric	222,558	0.04%	179,763	0.04%
90	45	Cork and articles of cork	169,497	0.03%	174,729	0.04%
91	92	Musical instruments, parts and accessories	191,468	0.03%	157,277	0.03%
92	67	Bird skin, feathers, artificial flowers, human hair	147,636	0.03%	107,389	0.02%
93	80	Tin and articles thereof	168,983	0.03%	101,496	0.02%
94	36	Explosives, pyrotechnics, matches, pyrophorics, etc	108,071	0.02%	96,595	0.02%
95	66	Umbrellas, walking-sticks, seat-sticks, whips, etc	115,873	0.02%	77,215	0.02%
96	46	Manufactures of plaiting material, basketwork, etc.	78,872	0.01%	61,591	0.01%
97	14	Vegetable plaiting materials, vegetable products nes	53,817	0.01%	39,098	0.01%
<b>Total</b>			<b>559,124,701</b>	<b>100%</b>	<b>487,118,338</b>	<b>100%</b>

***Attachment (3): Italy's Exports (2011 - 2012)***

	HS Code	Sector	2011 Exports US\$	%	2012 Exports US\$	%
1	84	Machinery, boilers, etc	104,323,033	19.925%	98,857,876	19.723%
2	87	Vehicles other than railway, tramway	37,696,872	7.200%	35,013,830	6.986%
3	27	Mineral fuels, oils, distillation products, etc	26,868,639	5.132%	30,068,335	5.999%
4	85	Electrical, electronic equipment	32,437,527	6.195%	28,539,812	5.694%
5	30	Pharmaceutical products	18,924,778	3.615%	19,996,465	3.990%
6	39	Plastics and articles thereof	21,693,534	4.143%	19,965,376	3.983%
7	73	Articles of iron or steel	21,398,684	4.087%	19,867,543	3.964%
8	71	Pearls, precious stones, metals, coins, etc	16,790,399	3.207%	19,021,425	3.795%
9	72	Iron and steel	16,727,368	3.195%	15,441,506	3.081%
10	94	Furniture, lighting, signs, prefabricated buildings	14,094,239	2.692%	13,068,912	2.607%
11	62	Articles of apparel, accessories, not knit or crochet	13,185,213	2.518%	12,527,883	2.499%
12	90	Optical, photo, technical, medical, etc apparatus	11,824,842	2.258%	11,443,037	2.283%
13	64	Footwear, gaiters and the like, parts thereof	11,602,663	2.216%	10,827,788	2.160%
14	22	Beverages, spirits and vinegar	8,500,262	1.624%	8,405,703	1.677%
15	61	Articles of apparel, accessories, knit or crochet	8,224,373	1.571%	7,805,710	1.557%
16	42	Articles of leather, animal gut, harness, travel goods	6,847,589	1.308%	7,399,866	1.476%
17	29	Organic chemicals	7,694,876	1.470%	7,383,184	1.473%
18	48	Paper and paperboard, articles of pulp, paper and board	8,092,364	1.546%	7,235,231	1.444%
19	76	Aluminium and articles thereof	6,905,848	1.319%	6,062,104	1.209%
20	88	Aircraft, spacecraft, and parts thereof	5,075,764	0.969%	5,689,264	1.135%
21	40	Rubber and articles thereof	6,194,356	1.183%	5,531,253	1.104%

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22	38	Miscellaneous chemical products	5,854,035	1.118%	5,526,092	1.103%
23	41	Raw hides and skins (other than furskins) and leather	5,357,894	1.023%	4,942,448	0.986%
24	69	Ceramic products	5,188,825	0.991%	4,874,112	0.972%
25	19	Cereal, flour, starch, milk preparations and products	4,846,417	0.926%	4,804,083	0.958%
26	74	Copper and articles thereof	4,574,097	0.874%	4,320,567	0.862%
27	33	Essential oils, perfumes, cosmetics, toileteries	3,947,639	0.754%	3,875,056	0.773%
28	08	Edible fruit, nuts, peel of citrus fruit, melons	4,002,295	0.764%	3,818,442	0.762%
29	20	Vegetable, fruit, nut, etc food preparations	3,736,712	0.714%	3,662,317	0.731%
30	83	Miscellaneous articles of base metal	3,785,962	0.723%	3,482,694	0.695%
31	89	Ships, boats and other floating structures	5,086,463	0.971%	3,385,187	0.675%
32	68	Stone, plaster, cement, mica, etc articles	3,246,912	0.620%	3,250,926	0.649%
33	32	Tanning, dyeing extracts, tannins, derivs,pigments etc	3,344,079	0.639%	3,172,946	0.633%
34	04	Dairy products, eggs, honey, edible animal product nes	3,048,724	0.582%	2,959,293	0.590%
35	70	Glass and glassware	3,072,885	0.587%	2,772,492	0.553%
36	99	Commodities not elsewhere specified	2,428,589	0.464%	2,562,598	0.511%
37	51	Wool, animal hair, horsehair yarn and fabric thereof	2,690,986	0.514%	2,399,214	0.479%
38	02	Meat and edible meat offal	2,497,682	0.477%	2,398,956	0.479%
39	15	Animal,vegetable fats and oils, cleavage products, etc	2,401,962	0.459%	2,266,126	0.452%
40	54	Manmade filaments	2,288,947	0.437%	2,158,433	0.431%
41	28	Inorganic chemicals, precious metal compound, isotopes	2,683,794	0.513%	2,095,517	0.418%
42	34	Soaps, lubricants, waxes, candles, modelling pastes	2,194,066	0.419%	2,062,595	0.412%
43	52	Cotton	2,411,059	0.460%	1,999,488	0.399%
44	21	Miscellaneous edible preparations	1,960,279	0.374%	1,879,375	0.375%
45	44	Wood and articles of wood, wood charcoal	1,956,383	0.374%	1,876,728	0.374%
46	93	Arms and ammunition, parts and accessories thereof	1,429,776	0.273%	1,785,022	0.356%
47	82	Tools, implements, cutlery, etc of base metal	1,810,915	0.346%	1,751,108	0.349%
48	91	Clocks and watches and parts thereof	1,448,031	0.277%	1,700,653	0.339%
49	49	Printed books, newspapers, pictures etc	1,919,939	0.367%	1,690,813	0.337%
50	18	Cocoa and cocoa preparations	1,559,735	0.298%	1,673,110	0.334%
51	95	Toys, games, sports requisites	1,900,635	0.363%	1,629,962	0.325%
52	56	Wadding, felt, nonwovens, yarns, twine, cordage, etc	1,823,618	0.348%	1,619,373	0.323%
53	07	Edible vegetables and certain roots and tubers	1,696,535	0.324%	1,570,676	0.313%
54	96	Miscellaneous manufactured articles	1,157,719	0.221%	1,379,247	0.275%
55	09	Coffee, tea, mate and spices	1,316,340	0.251%	1,363,125	0.272%
56	60	Knitted or crocheted fabric	1,392,942	0.266%	1,213,357	0.242%
57	55	Manmade staple fibres	1,402,970	0.268%	1,205,009	0.240%
58	86	Railway, tramway locomotives, rolling stock, equipment	1,221,570	0.233%	1,039,561	0.207%
59	25	Salt, sulphur, earth, stone, plaster, lime and cement	1,078,077	0.206%	1,031,310	0.206%
60	59	Impregnated, coated or laminated textile fabric	1,110,325	0.212%	1,003,178	0.200%
61	16	Meat, fish and seafood food preparations nes	1,009,130	0.193%	997,997	0.199%
62	06	Live trees, plants, bulbs, roots, cut flowers etc	947,870	0.181%	878,746	0.175%
63	10	Cereals	1,065,675	0.204%	818,374	0.163%
64	35	Albuminoids, modified starches, glues, enzymes	840,510	0.161%	809,041	0.161%
65	63	Other made textile articles, sets, worn clothing etc	830,821	0.159%	803,522	0.160%
66	23	Residues, wastes of food industry, animal fodder	741,529	0.142%	732,133	0.146%
67	12	Oil seed, oleagic fruits, grain, seed, fruit, etc, nes	538,997	0.103%	562,150	0.112%
68	31	Fertilizers	528,870	0.101%	552,769	0.110%
69	43	Furskins and artificial fur, manufactures thereof	521,208	0.100%	550,499	0.110%

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70	58	Special woven or tufted fabric, lace, tapestry etc	530,542	0.101%	475,082	0.095%
71	24	Tobacco and manufactured tobacco substitutes	398,193	0.076%	453,262	0.090%
72	17	Sugars and sugar confectionery	400,083	0.076%	415,160	0.083%
73	03	Fish, crustaceans, molluscs, aquatic invertebrates nes	562,385	0.107%	410,881	0.082%
74	97	Works of art, collectors pieces and antiques	291,436	0.056%	406,581	0.081%
75	50	Silk	417,985	0.080%	393,150	0.078%
76	47	Pulp of wood, fibrous cellulosic material, waste etc	427,691	0.082%	363,563	0.073%
77	65	Headgear and parts thereof	427,071	0.082%	358,820	0.072%
78	75	Nickel and articles thereof	289,520	0.055%	324,942	0.065%
79	11	Milling products, malt, starches, inulin, wheat gluten	345,735	0.066%	311,444	0.062%
80	26	Ores, slag and ash	353,699	0.068%	281,899	0.056%
81	13	Lac, gums, resins, vegetable saps and extracts nes	198,294	0.038%	248,970	0.050%
82	53	Vegetable textile fibres nes, paper yarn, woven fabric	269,395	0.051%	233,121	0.047%
83	37	Photographic or cinematographic goods	282,391	0.054%	222,361	0.044%
84	81	Other base metals, cermetes, articles thereof	208,261	0.040%	196,319	0.039%
85	79	Zinc and articles thereof	234,761	0.045%	195,063	0.039%
86	57	Carpets and other textile floor coverings	190,368	0.036%	178,555	0.036%
87	92	Musical instruments, parts and accessories	168,873	0.032%	162,498	0.032%
88	05	Products of animal origin, nes	165,016	0.032%	144,284	0.029%
89	01	Live animals	62,775	0.012%	66,123	0.013%
90	67	Bird skin, feathers, artificial flowers, human hair	65,206	0.012%	64,217	0.013%
91	78	Lead and articles thereof	69,284	0.013%	58,008	0.012%
92	45	Cork and articles of cork	69,087	0.013%	57,975	0.012%
93	66	Umbrellas, walking-sticks, seat-sticks, whips, etc	54,422	0.010%	50,756	0.010%
94	36	Explosives, pyrotechnics, matches, pyrophorics, etc	37,785	0.007%	42,989	0.009%
95	80	Tin and articles thereof	36,001	0.007%	30,075	0.006%
96	46	Manufactures of plaiting material, basketwork, etc.	8,300	0.002%	10,980	0.002%
97	14	Vegetable plaiting materials, vegetable products nes	6,559	0.001%	6,073	0.001%
<b>Total</b>			<b>523,574,762</b>	<b>100%</b>	<b>501,221,676</b>	<b>100%</b>

**Attachment (4): SUMMARY OF KSA PRODUCTS SUB-SECTOR FOR EXPORTS TO ITALY**

The table below presents the top 100 export opportunities to Italy:

Table 31: Italy top 100 Export Opportunities

Rank	H.S	Products Description
1	2709	Petroleum oils and oils obtained from bituminous minerals, crude.
2	2711	Petroleum gases and other gaseous hydrocarbons.
3	2710	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 % or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils.
4	2701	Coal; briquettes, ovoids and similar solid fuels manufactured from coal.
5	2716	Electrical energy.
6	2713	Petroleum coke, petroleum bitumen and other residues of petroleum oils or of oils obtained from bituminous minerals.
7	2707	Oils and other products of the distillation of high temperature coal tar; similar products in which the weight of the aromatic constituents exceeds that of the non-aromatic constituents.



8	2712	Petroleum jelly; paraffin wax, microcrystalline petroleum wax, slack wax, ozokerite, lignite wax, peat wax, other mineral waxes, and similar products obtained by synthesis or by other processes, whether or not coloured.
9	2703	Peat (including peat litter), whether or not agglomerated.
10	2704	Coke and semi-coke of coal, of lignite or of peat, whether or not agglomerated; retort carbon.
11	8471	Automatic Data Processing Machines (Computers).
12	8443	Printing and Ancillary Machinery.
13	8409	Parts for Internal Combustion Spark Engines.
14	8481	Taps, Cocks, Valves for Pipes, Tanks, Boilers, etc.
15	8414	Air, Vacuum Pumps, Compressors and Ventilating Fans.
16	8411	Turbo-Jets, Turbo-Propellers.
17	8413	Pumps for liquids, whether or not fitted with a measuring device.
18	8483	Transmission shafts (including cam shafts and crank shafts) and cranks; bearing housings and plain shaft bearings; gears and gearing; ball or roller screws; gear boxes and other speed changers, including torque converters; flywheels and pulleys, including pulley blocks; clutches and shaft couplings (including universal joints).
19	8431	Parts suitable for use solely or principally with the machinery of headings 8425 to 8430. Refer to the link in attachment 4 or contact ECU for a description for the headings 8425 to 8430.
20	8421	Liquid, Gas Centrifuges, Filtering, Purifying Machine.
21	8517	Telephone sets, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network), other than transmission or reception apparatus of heading 8443, 8525, 8527 or 8528.
22	8541	Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light-emitting diodes; mounted piezoelectric crystals.
23	8528	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus.
24	8536	Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits (for example, switches, relays, fuses, surge suppressors, plugs, sockets, lamp holders and other connectors, junction boxes), for a voltage not exceeding 1 000 V; connectors for optical fibres, optical fibre bundles or cables.
25	8542	Electronic integrated circuits.
26	8504	Electrical transformers, static converters (for example, rectifiers) and inductors.
27	8501	Electric motors and generators (excluding generating sets).
28	8544	Insulated (including enamelled or anodised) wire, cable (including coaxial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors.
29	8503	Parts suitable for use solely or principally with the machines of heading 8501 or 8502. Refer to the link in attachment 4 or contact ECU for a description for heading 8502.
30	8523	Discs, tapes, solid-state non-volatile storage devices, 'smart cards' and other media for the recording of sound or of other phenomena, whether or not recorded, including matrices and masters for the production of discs, but excluding products of Chapter 37. Refer to the link in attachment 4 or contact ECU for a description for chapter 37 products.
31	3901	Polymers of ethylene, in primary forms.
32	3902	Polymers of propylene or of other olefins, in primary forms.
33	3907	Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, polyallyl esters and other polyesters, in primary forms.
34	3920	Other plates, sheets, film, foil and strip, of plastics, non-cellular and not reinforced, laminated, supported or similarly combined with other materials.
35	3926	Other articles of plastics and articles of other materials of headings 3901 to 3914. Refer to the link in attachment 4 or contact ECU for a description for chapter 39 headings.



36	3923	Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps and other closures, of plastics.
37	3904	Polymers of vinyl chloride or of other halogenated olefins, in primary forms.
38	3903	Polymers of styrene, in primary forms.
39	3908	Polyamides in primary forms.
40	3909	Amino-resins, phenolic resins and polyurethanes, in primary forms.
41	7219	Flat-rolled products of stainless steel, of a width of 600 mm or more.
42	7204	Ferrous waste and scrap; remelting scrap ingots of iron or steel.
43	7208	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated.
44	7202	Ferro-alloys.
45	7207	Semi-finished products of iron or non-alloy steel.
46	7210	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated.
47	7225	Flat-rolled products of other alloy steel, of a width of 600 mm or more.
48	7228	Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel.
49	7201	Pig iron and spiegeleisen in pigs, blocks or other primary forms.
50	7209	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, cold-rolled (cold-reduced), not clad, plated or coated.
51	2933	Heterocyclic compounds with nitrogen hetero-atom(s) only.
52	2941	Antibiotics.
53	2937	Hormones, prostaglandins, thromboxanes and leukotrienes, natural or reproduced by synthesis; derivatives and structural analogues thereof, including chain modified polypeptides, used primarily as hormones.
54	2917	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives.
55	2905	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives.
56	2909	Ethers, ether-alcohols, ether-phenols, ether-alcohol-phenols, alcohol peroxides, ether peroxides, ketone peroxides (whether or not chemically defined), and their halogenated, sulphonated, nitrated or nitrosated derivatives.
57	2902	Cyclic hydrocarbons.
58	2934	Acids and their salts, whether or not chemically defined; other heterocyclic compounds.
59	2922	Oxygen-function amino-compounds.
60	2924	Carboxamide-function compounds; amide-function compounds of carbonic acid.
61	7108	Gold (including gold plated with platinum), unwrought or in semi-manufactured forms, or in powder form.
62	7112	Waste and scrap of precious metal or of metal clad with precious metal; other waste and scrap containing precious metal or precious-metal compounds, of a kind used principally for the recovery of precious metal.
63	7113	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal.
64	7102	Diamonds, whether or not worked, but not mounted or set.
65	7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form.
66	7110	Platinum, unwrought or in semi-manufactured forms, or in powder form.
67	7117	Imitation jewellery.
68	7103	Precious stones (other than diamonds) and semi-precious stones, whether or not worked or graded but not strung, mounted or set; ungraded precious stones (other than diamonds) and semi-precious stones, temporarily strung for convenience of transport.
69	7115	Other articles of precious metal or of metal clad with precious metal.
70	7105	Dust and powder of natural or synthetic precious or semi-precious stones.
71	9018	Instruments and appliances used in medical, surgical, dental or veterinary sciences, including scintigraphic apparatus,



		other electro medical apparatus and sight-testing instruments.
72	9021	Orthopaedic appliances, including crutches, surgical belts and trusses; splints and other fracture appliances; artificial parts of the body; hearing aids and other appliances which are worn or carried, or implanted in the body, to compensate for a defect or disability.
73	9027	Instruments and apparatus for physical or chemical analysis (for example, polarimeters, refractometers, spectrometers, gas or smoke analysis apparatus); instruments and apparatus for measuring or checking viscosity, porosity, expansion, surface tension or the like; instruments and apparatus for measuring or checking quantities of heat, sound or light (including exposure meters); microtomes.
74	9031	Measuring or checking instruments, appliances and machines, not specified or included elsewhere in this chapter; profile projectors.
75	9032	Automatic regulating or controlling instruments and apparatus.
76	9003	Frames and mountings for spectacles, goggles or the like, and parts thereof.
77	9026	Instruments and apparatus for measuring or checking the flow, level, pressure or other variables of liquids or gases (for example, flow meters, level gauges, manometers, heat meters), excluding instruments and apparatus of heading 9014, 9015, 9028 or 9032. Refer to the link in attachment 4 or contact ECU for a description for chapter 90 products.
78	9001	Optical fibres and optical fibre bundles; optical fibre cables other than those of heading 8544; sheets and plates of polarising material; lenses (including contact lenses), prisms, mirrors and other optical elements, of any material, unmounted, other than such elements of glass not optically worked.
79	9022	Apparatus based on the use of X-rays or of alpha, beta or gamma radiations, whether or not for medical, surgical, dental or veterinary uses, including radiography or radiotherapy apparatus, X-ray tubes and other X-ray generators, high tension generators, control panels and desks, screens, examination or treatment tables, chairs and the like.
80	9014	Direction finding compasses; other navigational instruments and appliances.
81	7403	Refined copper and copper alloys, unwrought.
82	7408	Copper wire.
83	7404	Copper waste and scrap.
84	7409	Copper plates, sheets and strip, of a thickness exceeding 0,15 mm.
85	7411	Copper tubes and pipes.
86	7407	Copper bars, rods and profiles.
87	7412	Copper tube or pipe fittings (for example, couplings, elbows, sleeves).
88	7413	Stranded wire, cables, plaited bands and the like, of copper, not electrically insulated.
89	7419	Other articles of copper.
90	7410	Copper foil (whether or not printed or backed with paper, paperboard, plastics or similar backing materials) of a thickness (excluding any backing) not exceeding 0,15 mm.
91	3826	Biodiesel and mixtures thereof, not containing or containing less than 70 % by weight of petroleum oils or oils obtained from bituminous minerals.
92	3822	Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents whether or not on a backing, other than those of heading 3002 or 3006; certified reference materials. Refer to the link in attachment 4 or contact ECU for a description for headings 3002 and 3006.
93	3824	Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included.
94	3808	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants and similar products, put up in forms or packings for retail sale or as preparations or articles (for example, sulphur-treated bands, wicks and candles, and fly-papers).
95	3811	Anti-knock preparations, oxidation inhibitors, gum inhibitors, viscosity improvers, anti-corrosive preparations and other prepared additives, for mineral oils (including gasoline) or for other liquids used for the same purposes as mineral oils.
96	3823	Industrial monocarboxylic fatty acids; acid oils from refining; industrial fatty alcohols.
97	3815	Reaction initiators, reaction accelerators and catalytic preparations, not elsewhere specified or included.



98	3812	Prepared rubber accelerators; compound plasticisers for rubber or plastics, not elsewhere specified or included; anti-oxidising preparations and other compound stabilisers for rubber or plastics.
99	3818	Chemical elements doped for use in electronics, in the form of discs, wafers or similar forms; chemical compounds doped for use in electronics.
100	3809	Finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or included.

***Attachment (5): The Chapters Descriptions of the Harmonized System***

<http://www.exporthelp.europa.eu/thdapp/nomenclature/NomenclatureServlet?action=chapters&section=tariff&languageId=en&simDate=20131225>

***(Attachment 6) Sectors & Related Government's Authorities***

Sectors & Related Government's authorities	
Agricultural commodities - Ministero Politiche Agricole e Forestali (Dept. of Agriculture and Forestry Policies), Corpo Forestale dello Stato (Forestry Police Dept.)	Gold, Silver, Currency, Stamps - Ministero del Tesoro, Istituto Poligrafico e Zecca dello Stato
Beverages - Ministero delle Finanze (Finance Dept.)	Motor vehicles and boats - Ministero dell'Industria e del Commercio
Arms, Ammunition, Radioactive Materials - Ministero della Difesa (Defense Dept.), Ministero dell'Interno (Domestic Affairs Dept.)	Pesticides, Toxic and Hazardous Substances - Ministero dell'Ambiente (Environment Dept.)
Consumer Products (Energy Conservation and Safety) - Ministero della Sanita', Ministero dell'Industria e del Commercio	Textile, Wool and Fur Products - Ministero del Commercio Estero
Electronic Products - Ministero della Sanita', Ministero dell'Industria e del Commercio	Trademarks, Trade Names and Copyrights - Ministero del Commercio Estero, Customs Dept.
Foods, Drugs, Cosmetics and Medical Device - Ministero della Sanita', Customs Dept.	Wildlife and Pets - Ministero della Sanita', Ministero dell'Ambiente, Customs Dept, CFS
	Fine Arts Products - Ministero dei Beni Culturali, Customs Dept.