

Investing in Italy



'Brand Italy' is synonymous with style, flair and increasingly with hi-tech products. Products and services originating out of Italy certainly have added kudos, making it an attractive base for businesses to invest. However, setting up shop in Italy is not without its challenges and bureaucratic idiosyncrasies. To guide the potential investor through the challenges and opportunities of investing in Italy, LM speaks with Gianfranco Puopolo, Partner, at PG Legal.

Please can you introduce yourself, your areas of specialism and your firm profile?

I am co-founding partner of PG Legal, an independent corporate and commercial law firm in Italy, providing a full range of services to Italian and multinational corporations in a wide range of sectors, including, insurance, banking, finance, steel industry, commodities trading energy and gas, shipping & yachting, aviation, fashion & luxury goods.

I assist clients in complex international transactions, representing institutional investors as well as sellers and buyers. In addition to representing EU and US based corporations doing business in Italy, I am also a member of the board of directors of several companies and act as corporate secretary and advisor to board members in relation to strategic corporate decisions.

My deals and activities comprise representing Metinvest LLC in the acquisition of the Trameal Group of companies based in several European countries; acting for Metinvest LLC as a borrower of an acquisition finance loan from a syndicate of banks lead by BNP Paribas and ABN AMRO; representing mega yacht builders in the acquisition of Italian shipyards or in establishing joint-venture companies with Italian yacht builders; assisting shipyards, general contractors or high net worth individuals on the purchase and sale of yachts, yacht charters and yacht finance; representing and advising clients regarding the complex issues connected with the purchase and sale of aircraft, with particular emphasis on private jets; assisting aircraft owners with respect to aircraft registration and licensing matters.

The international experience and knowledge of PG Legal is constantly recognized by major legal directories such as Chambers that recommended our team as "highly efficient and reliable", ranking me as "leading individual". PG Legal is also a member of ASLA (The Italian Association of the Law Firms).

Fluent in English, French and Spanish, I am often invited as speaker at the international conferences, forums and seminars to discuss the practical know-how in different practice areas.

What are the main advantages of investing in Italy? What makes it preferable to other countries?

Italy is a gateway to the European Union. To a foreign company, investing in Italy means acquiring the possibility of availing itself of the advantages of the single market, including the freedom of establishment or the freedom to provide services thus overcoming the barriers that a Non-EU entity is likely to face in order to do business in the EU directly from its home country. As a member of the Monetary Union, Italy has a strong currency – the Euro – which has a significant impact on imports and exports and that is not subject to the loss of purchasing power,

as may be the case for weaker currencies. Further, by investing in development areas, such as Southern Italy, an entity may become eligible to state grants and non-refundable facilities.

Although its intricate bureaucracy often draws investors away, it cannot be denied that Italian craftsmanship is without rivals and that Italy offers a combination of state-of-the-art technology and creativity that make Italian products unique worldwide. This is a rare blend that will be difficult to find elsewhere in Europe and the "Made in Italy" brand gives a product unquestionable added value.

What expertise do you offer local and foreign clients?

Our lawyers' solid legal training represents our primary asset that is complemented by their academic preparation and practical expertise in the various fields of law we operate in. Also, we work in our clients' language: our lawyers are mother-tongue professionals that are qualified either in Italy and/or in their home countries. This allows us to understand our foreign clients' specific needs and to establish a constant and professional relationship while building up a relationship of confidence with our clients.

What are the main challenges and complexities facing foreign companies wishing to invest in Italy? How can your firm help them navigate these complexities?

Foreign companies are often trapped in the meanders of Italian bureaucracy that Italian themselves have a hard time dealing with. Foreign investors that are used to streamline processes in their home countries will have to cope with more complex laws and sometimes unreasonable, albeit mandatory, courses of action. Our role is to lead our clients through the red tape and to suggest possible short-cuts and alternate solutions in achieving their business goals. In this respect, we assist our clients by dealing directly with government officials and regulatory authorities with which we have established sound relations, and provided detailed guidelines on how to do business in Italy. We adopt a comprehensive approach that addresses all the potential issues related to a specific type of business, from legal to tax to regulatory and suggest a range of solutions that respond to our clients' business needs and objectives.

What challenges do you as a firm face when assisting clients to invest in Italy?

Often foreign clients approach the Italian market with a certain degree of mistrust that follows the many commonplaces on Italy. Thus, in addition to providing highly professional and qualified legal services, our job is to lead clients through the written and unwritten rules of Italian business and to help create a sentiment of complicity between the client and the new business environment it is called to operate in.

How will the Italian business environment develop over the next 3-5 years and what should foreign investors be aware of?

The Italian business environment is expected to recover from the financial recession in the short-medium term. Such a recovery can be attributable to lower interest rates (financing costs less) and higher cash reserves (companies that did not invest have a greater liquidity for future investments); the new political scenario that is boosting structural reforms and encouraging investment is also promising a stronger business environment.

Nonetheless, it is hard to predict what will happen in Italy in over the time span of the next 3-5 years as Italy's economy is linked to the economy of the Eurozone

How healthy is the current M&A market in Italy at the moment? How much did the global recession affect Italy?

The Italian M&A market was certainly affected by the global recession.

The aggregate value of M&A transactions decreased by one third in the first quarter of 2012 compared to the previous year and although the number to transactions that took place was actually higher than in 2011, their value was significantly lower and only 3 transaction had a value exceeding the threshold of 1 billion Euros.

A reversal of trend is expected to take place in 2014 on the wake of the positive results of 2013 in which foreign operators started to invest in Italy again. Over 100 transactions were completed in 2013, 9 of which were for a value of over 1 billion Euros.

What are the future aims and aspirations of your firm?

Our firm has always been a pioneer in addressing the new fields of law and business as they developed, from e-commerce to renewable energy, and has acquired renown expertise in niche areas, such as the yachting industry. Our future aims and aspirations are to continue to operate on the verge of new fields of law while keeping an eye on market developments. Further, our clients' satisfaction is of paramount importance to us and we will continue to strive to maintain the level of excellence of the legal assistance we provide. **LM**



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