



# An Italian Revolution: Reviving the Economy

Founded in 1994 by Maddalena Michieli, Professional Relo is a relocation and immigration service company for multinationals transferring their top managers to Italy, with or without their families.

Italy has suffered heavily from the long economic and financial crisis, which has generated, together with the nation's precarious political situation, a state of uncertainty and mistrust.

However, it must be said that certain aspects of Italian society – households' high levels of savings, strong family bonds, the inventiveness of small businesses and the high standards of several manufacturing sectors – have undoubtedly spared the country from an even worse fate.

The consistent reliability and good reputation of Italy's President Giorgio Napolitano, together with the recent arrival of new Prime Minister Matteo Renzi, will hopefully help the country to find renovated energy, to rediscover optimism,

belief and the necessary motivation to really make a change.

What must Italy's focus be on as the country seeks to emerge from the economic downturn?

Well, that's a complex question. On a short-term basis, the country must firstly solve the problems linked to corruption. Italy also needs to simplify its unreasonably complex bureaucracy, which serves only to feed corruption. The country must improve certainty in legal matters and firmness in punishment. More needs to be done to reduce tax evasion, and the country is in dire need of reform. Consumption of goods and services inside the country must be increased.

A number of sectors and industries will play important roles in Italy's recovery. The country certainly must focus on its "Made in Italy" trademark, which represents excellence in so many sectors, from manufacturing, to food and

wine, to fashion, to mention just a few. Italy must also develop its tourism and culture industry – an incredibly underestimated and underdeveloped area, despite the huge capital available.

Italy must create an economic climate which will draw back entrepreneurs, young people and foreign capital to invest in our country.



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Salvatore Vitale, senior partner at Rome-based international law firm Vitale & Partners, gives his thoughts on how Italy can emerge from the shadow of the 2008 financial crisis.

Since 2008, Italy has undergone a very severe financial crisis. We've seen a serious decline in some mature industrial sectors and the loss of a significant percentage of Italy's GDP. But, in the last few months, there have been clear signs of recovery. More importantly, significant waves of foreign direct investment are proving that Italy's trademarks and know-how are still appealing. In particular, there are Arab and Turkish groups which have recently taken over well-known Italian companies and businesses active in the luxury goods and food sectors.

Besides luxury brands, Italy also has excellent companies active in automation and manufacturing which can be the target of some possible acquisitions by foreign investors interested to gather Italian know-how and technology, and also to better exploit such features at a more global level. The real problem facing many Italian companies is the difficulty of accessing bank loans and the limited size and potential of the Borsa Italiana, Italy's stock exchange, which makes it necessary to get

funds from foreign sources in order to grow and compete internationally. This was recently pointed out by the Governor of the Bank of Italy.

Italy is still among the top four European manufacturing countries, and the second, after Germany, in terms of export capabilities and revenues. Unfortunately, the obstacles created by bureaucratic rules and administrative approaches and practices, as well as the abnormal taxation of business profits, limits the capabilities of such industries and businesses.

The new government and Premier Renzi must, as a top priority, simplify such overwhelming bureaucratic and tax pressures and obstacles by inverting the approach to reduce the public spending, in particular with regard to the bloated Italian bureaucracy, as well as the cost of Italian politics.

Decisive, strong fighting against political corruption (which still erodes up to 5% of the GDP) must now be a priority, as well as measures to simplify the enormous amount of bureaucratic requirements.

The Italian rules of civil procedure are undergoing a thorough reform, which also includes the

electronic filing of petitions and pleadings with courts, and the mandatory duration of proceedings. This should speed up court proceedings and make credit collection against defaulting debtors much easier and quicker, thus helping creditors to be more actively assisted for the full protection of their financial and business interests. Furthermore, mandatory mediation and alternative dispute resolution rules are being also implemented, at least as it may relate to less complicated cases. Finally, the culture of arbitration is acquiring new experts who can assist the most sophisticated foreign clients to solve their disputes out of court. All of this can contribute to improving the Italian investment environment, and to entice more foreign investors.



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