



Agenzia nazionale per l'attrazione  
degli investimenti e lo sviluppo d'impresa SpA

## The role of Public Administrations in facilitating FDI

### INVITALIA, Gateway to Italy:

*Our role and experience in attracting Chinese investors, analysis  
on some of the problems encountered*

*Rome, 18 June 2013*





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- Overview of Chinese investment in Italy
- Major difficulties encountered by Chinese investors in Italy
- Gateway to Italy: our role and experience

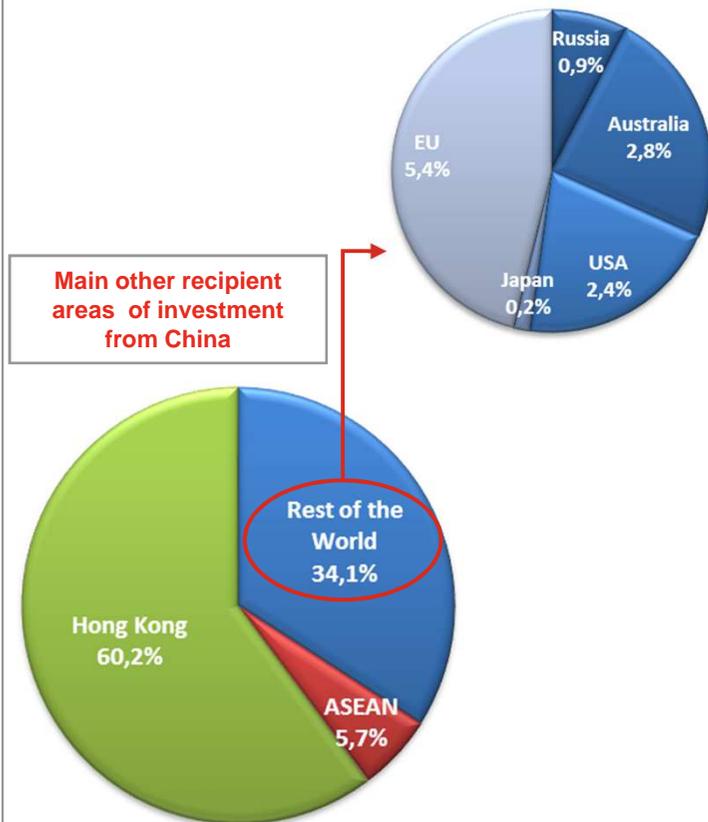


## Chinese outward investment is growing in Europe

- In 2012\* Chinese non-financial outbound direct investments accounted for 5,4% of world's total in terms of flows and 1,67% in terms of cumulative global stock
- In 2012\*, the main recipient areas of investment from China remained Hong Kong (60%), ASEAN (5,7%), the European Union (5,4%), Australia (2,8%) and USA (2,4%)
- Investments in Europe (4,5% in terms of flows in 2012, and 5,4% of the total stock) are growing fast, concentrating on service activities (sales & marketing, headquarters, business services, technical support centers, etc). In 2012\*, apart from Luxemburg, China's investment in European Countries picked up by 24% with respect to 2011
- Traditional entry mode of greenfield investment and cross border M&A increased steadily, while new modes like equity investment, stock exchange and investment fund have started to develop

**In terms of outbound foreign direct investment  
China's performance is not yet matching its weight  
in the global economy**

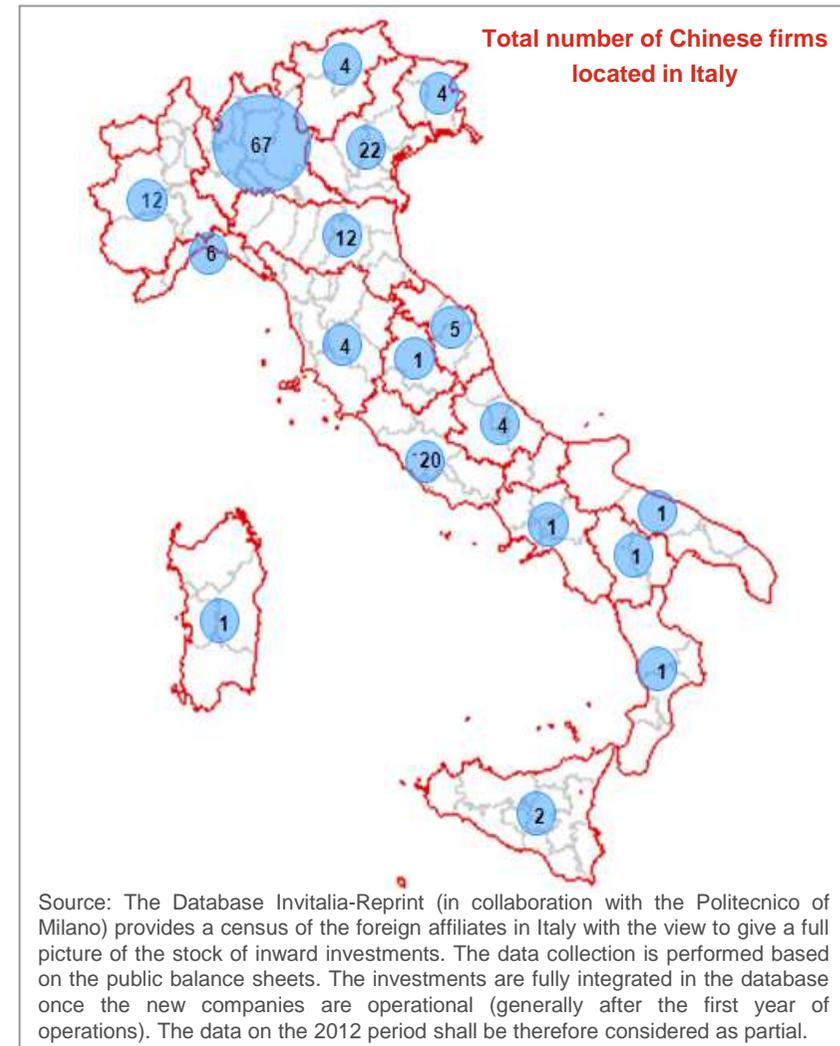
**China's outward FDI flow in 2012, by country and region, in %**



Source: MOFCOM 2013 (preliminary estimates)

## Focus on Italy: Chinese outward investment stock

- ❑ **Companies: 167 (+31% 2011/2010, + 16% 2012/2011)**
  - ❑ **Total employees: ~ 6.000 (estimates)**
  - ❑ **Total turnover: 3,43 billion € (estimates)**
- Investments have been for:
    - ✓ 51% greenfield
    - ✓ 49% acquisition
  - Most of Chinese investors operate in the Wholesale & Retail sector (50% of total turnover), Logistics and Machinery
  - Main companies: Huawei, Haier, Zoomlion, Shandong Heavy Industries, Cosco
  - Mainly located in the Northern Regions (Lombardy, Veneto, Emilia Romagna, Piemonte).
  - Lately increasing interest in the Renewable Energies and Shipbuilding



## Examples of major Chinese investments in Italy

### Automotive

- Chang'an Automotive
- JAC Jianghuai Automotive
- Qianjiang Motorcycle

### Logistics

- COSCO
- China Shipping
- Hutchison Port Holdings

### Machinery

- Zoomlion
- Spark Machine Tool

### Renewable Energies

- Hanergy
- China Energy Conservation & Environment Protection Group

### Telecommunication

- Hutchison Whampoa
- Huawei
- ZTE



## Hints on future development (1/2)

Significant challenge posed towards the **repositioning of China's industrial system to the upper part of the value chain:**

- Chinese companies willing to play as high performers in the global economy need to close the performance gap with their global counterparts
- **The search for strategic assets and access to technology will gain momentum**



**The upcoming scenario can be turned into in a “win win” situation**

## Hints on future development (2/2)

Investment opportunities will be developed for Chinese high performance companies willing to cooperate with Italian partners for common development of new technologies & products

### Chinese firms may benefit from:

- Strongholds in strategic sectors
- Strong presence of export-oriented SMEs
- Locating in technology clusters and highly specialized industrial districts
- State of art competences in creativity and design

### Italian firms may benefit from:

- More capital to support their development and innovation programs
- Access to the Chinese markets and global markets for the jointly developed products



Compared to other developed countries, the higher number of SMEs and the greater product diversification allows Italy to intercept new chance on the international markets, including niche opportunities. Building partnerships with Chinese counterparts is the best way to gain easier access to the chinese market and “win win” prospects.





## **Major difficulties encountered by Chinese investors in Italy (1/3)**

As part of our customer-care operations, Invitalia has organized several roundtable meetings with Chinese investors in Italy to understand their needs and to tackle the difficulties that they encountered during their investment process and daily operation.

## Major difficulties encountered by Chinese investors in Italy (2/3)

### Difficulties encountered

### Invitalia's effort in problem solving

Work permit application

Cooperate with Ministry of Internal Affairs, DPL, Questura, Ministry of Foreign Affairs to provide full support to cover all the process of work permit application: provide updated information on procedure, hand-in-hand assistance in preparing the documents required, tracking of application process, problem-shooting.

Visa application

Cooperation with Italian embassies: Invitalia provides reference and guarantee for investors' visa application by issuing letter of invitation

## Major difficulties encountered by Chinese investors in Italy (3/3)

### Difficulties encountered

No long-term vision: lack of a clear view of the top priority sectors, investment opportunities and incentives policy

Laws & regulations: fiscal policy, taxation policy, labour law, corporate law, investment policy, etc.

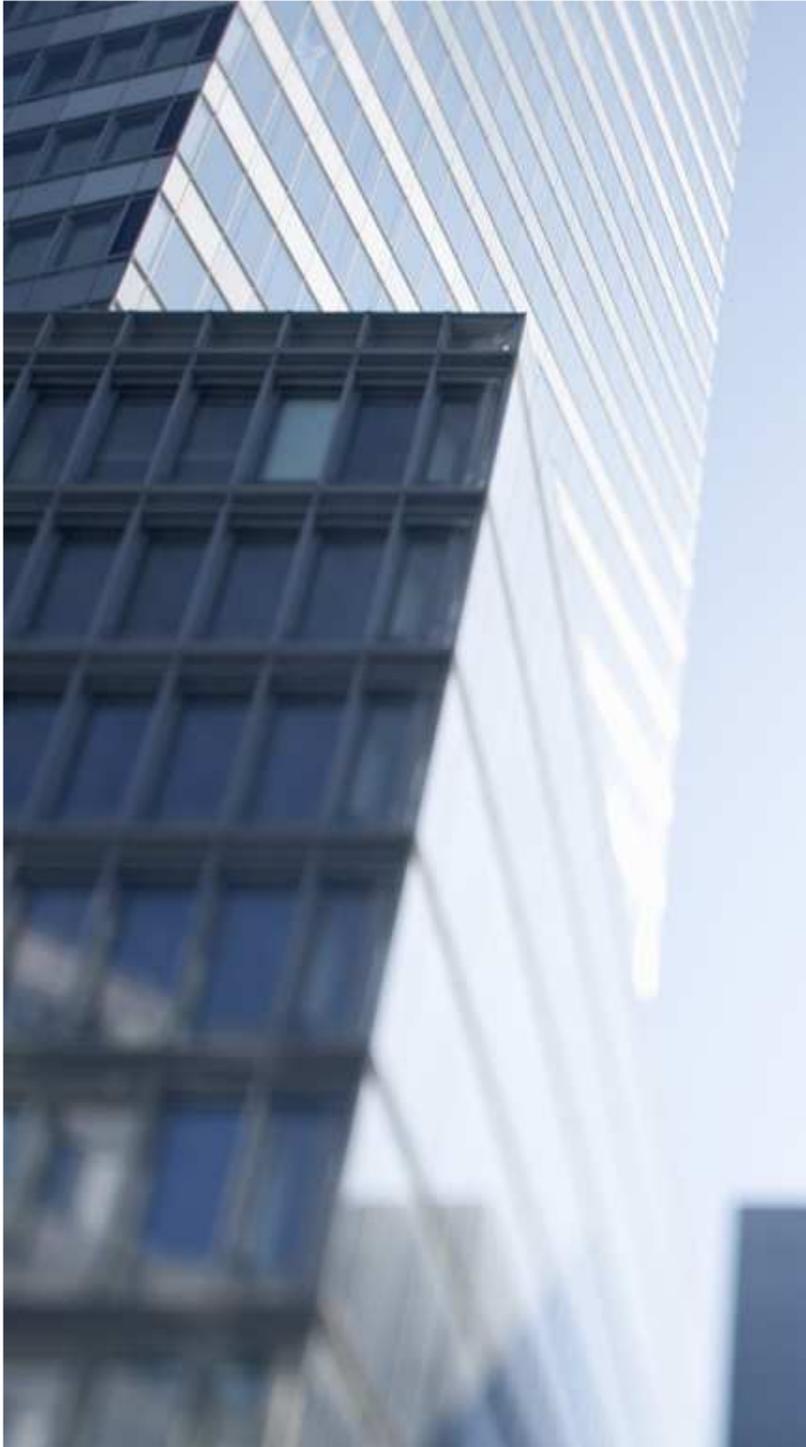
Driving license: Chinese driving license is not recognized in Italy

### Invitalia's effort in problem solving

Organize dedicated seminars, involving industrial associations to explain latest sector trend and opportunities

- Provide updated information in our Investment Guide
- Invite experts to explain specific technical issues.

Inform the competent Italian government institutions of the issue, in the hope that a specific bilateral agreement will be signed.



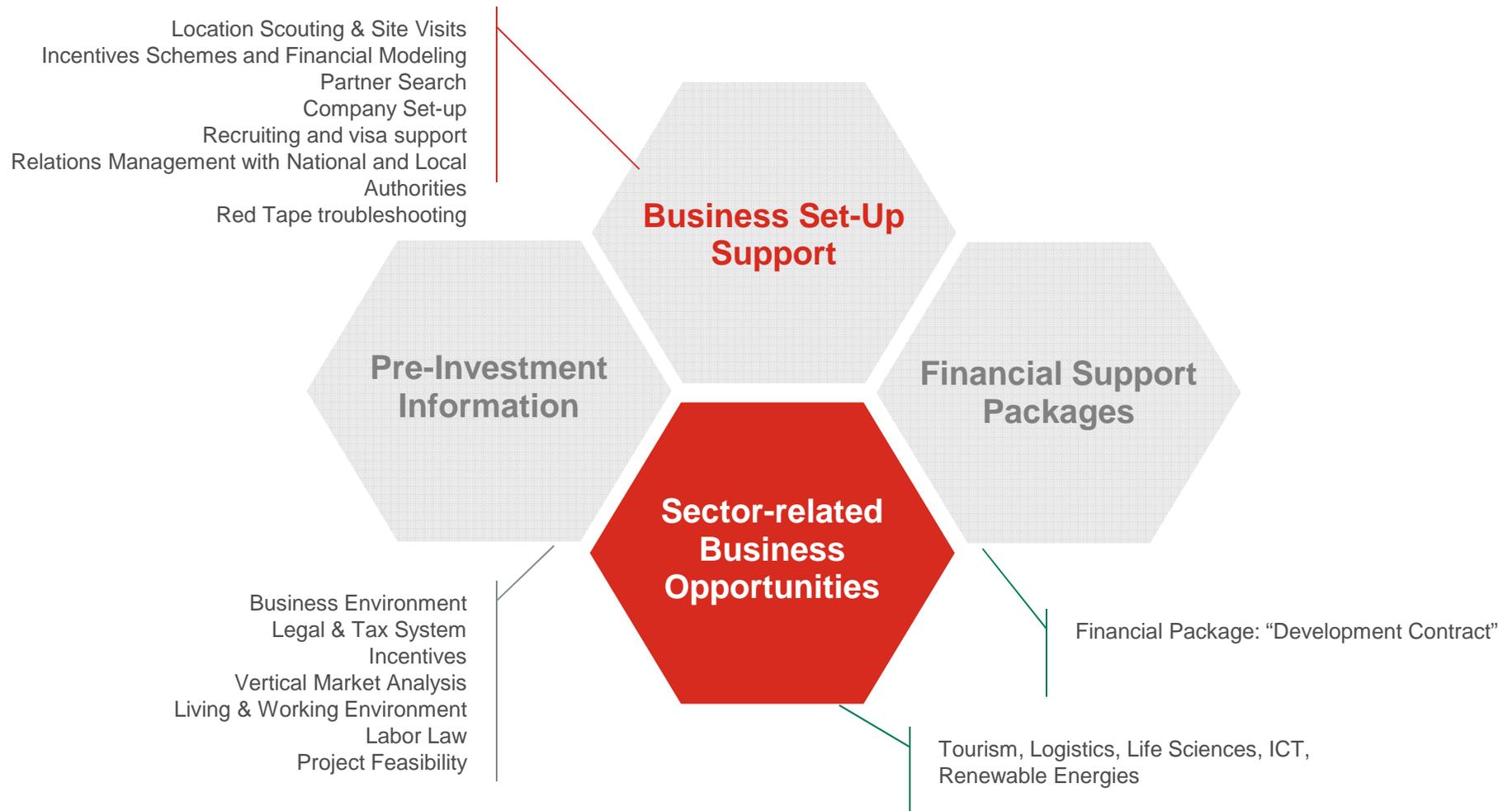
**Gateway to Italy:  
Our Role and Experience**



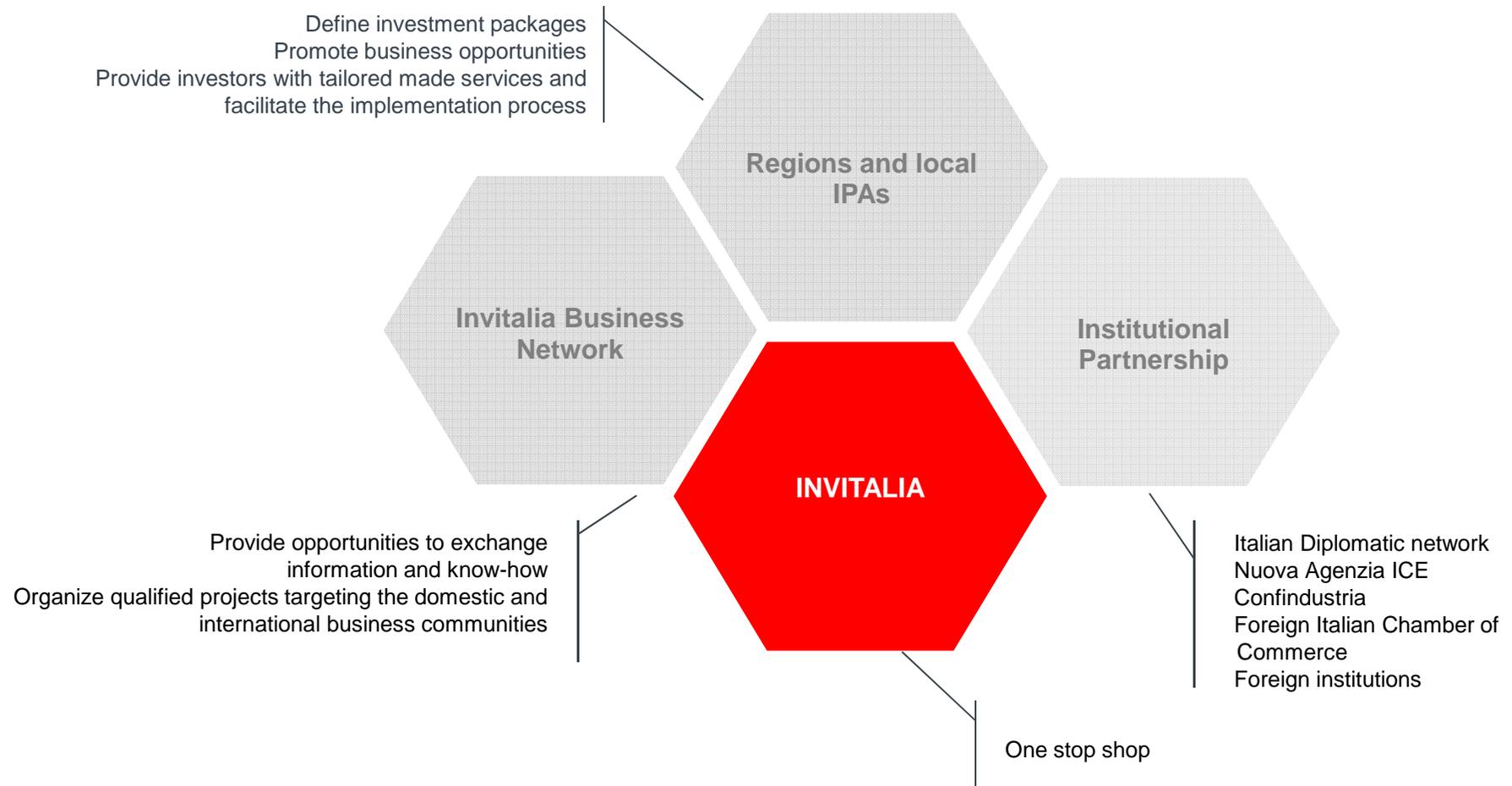
## **Invitalia: a gateway to Italy**

**Invitalia**, the National Agency for **Investment Promotion** and Enterprise Development, operates on behalf of the Italian Government. Its aims are **increasing the country's competitiveness**, especially in the Southern regions and **supporting strategic sectors for development**.

## Business Advisory & Financial Support for Chinese Investors



## A purpose-built network dedicated to bringing foreign business to Italy



## China Partners Network

We have developed several partnerships with the aim at facilitating joint initiatives including information exchange, promotion of Italian investment opportunities among Chinese business community, site visits, and BtB meetings.

### **Diplomatic network**

- Chinese Embassy and Consulates in Italy
- Italian Embassy and Consulates in China

### **Central and local authorities**

- China Investment Promotion Agency of MOFCOM
- Department of Commerce of Guangdong, Zhejiang and Jiangsu Provinces
- Zhejiang International Investment Promotion Center

### **Financial institutions**

- China Development Bank
- Industrial and Commercial Bank of China

### **Industrial Associations**

- Shenzhen Logistics and Supply Chain Management Association
- Consulting Centre of Beijing Association of Science and Technology

## Cooperation with China Development Bank - an example (1/2)

The first MOU between Invitalia and China Development Bank was signed in 2010.

### Information exchange platform

- Investment environment & market information
- Information on potential investors, investment conditions and requirement of existing investors

### Promoting investment opportunities

- Scouting of potential investors
- Investment promotion seminars
- Investor missions in Italy

### Service to investors

- Full-range service to investors such as location scouting, partner scouting, legal consultancy on company registration, problem-solving with red tapes, etc

## Cooperation with China Development Bank - an example (2/2)

Two years later, Invitalia and China Development Bank have decided to sign a second agreement in 2011 to target the cooperation on strategic planning and programming.

### **Strategic Planning & Programming Agreement**

- The Parties shall cooperate in the planning of investment financing. The areas of cooperation shall include without limitation: Infrastructure, New Energy, Shipping, Small and medium-sized enterprises (SMEs) and High-tech enterprises etc.
- The Parties shall actively promote cooperation among their relevant government bodies and develop planning researches of key areas of investment financing
- The Parties shall design and develop a cooperation platform for enterprises of the two countries and provide solutions related to bottle necks in the cooperation while jointly strategize and choose projects of importance and implement those key projects of importance.

## Recent success stories in 2009- 2012

### Invitalia supported 18 Chinese companies in setting up their business in Italy

- China Energy Conservation and Environment Protection Group
- Industrial and Commercial Bank of China
- BGI
- Enhalar
- Tangshan Metallurgical
- Jinjiang Nankai Garment
- Anyang City Textile & Garment
- Xinhua News Agency
- Hanergy

### The assistance provided has been particularly focused on the following services:

- legal consultancy for company registration
- location scouting
- information on legal and tax system
- visa and work permit procedure
- searching for partner



## Chinese investments in Italy: the challenge of a step further

**Exploring all the potential of Chinese investments in Italy** is both a general target of the Sino-Italian cooperation and a core-activity of our agency. Actions and goals could take into consideration the following evaluations:

- competing just on price forbids the access to high levels of the value chain: Chinese companies by producing in Italy at least the last part of their production processes could generate **more added value products and services**;
- Italian Sme's still represent a reference in the European markets, being export oriented, and flexible in reacting to new demand conditions: good partners for **industrial collaborations** (J.V. in Italy for new production or assembly plant, technological transfers, etc);
- Chinese companies could also take advantage of some specific opportunities located in Southern Italy and in retro port areas, where a **grenfield approach** is encouraged on the basis of minor production and distribution costs and the possibility to locate the plant within **Free European Zone** (such as Gioia Tauro).



## Contact

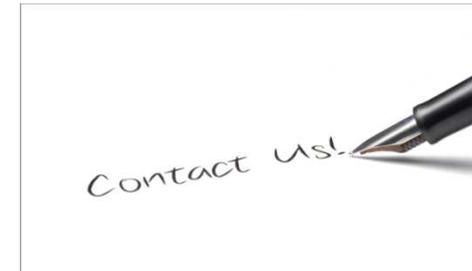
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**GRAZIE!**

谢谢!