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A Comparative Analysis of SME Strategies, Policies and Programmes in Central European Initiative Countries

Part III
Italy
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ITALIAN POLICIES IN
FAVOUR OF SMEs

Rome 1995
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OVERVIEW ON SMEs POLICY IN ITALY

Italian law has never given criteria for defining and identifying SMEs. This is why Italy has recently adopted the European Community criteria for the definition of businesses' dimension. Policy on small and medium firms mainly refers to those ones belonging to manufacturing and handicrafts sectors. Hence, according to the Ministerial decree of the Italian Ministry of Industry and in application of European Commission criteria, in Italy the definition criteria for SMEs are the following:

* Number of employees:
  - industrial medium enterprise: up to 250;
  - service medium enterprise: 21 - 95;
  - industrial small enterprise: up to 50;
  - service small enterprise: up to 20;
  - craft enterprises: those ones producing goods according to Law 443/85

* Turnover:
  - up to 20 mio Ecu, for medium enterprises
  - up to 7,5 mio Ecu, for small enterprises

instead of Turnover

* Assets and liabilities:
  - up to 10 mio Ecu, for medium enterprises
  - up to 3,75 mio Ecu, for small enterprises

According to 1994 data, manufacturing SMEs universe - in industry - includes around 61,500 units (No of employees 11-500). The following table shows the geographical distribution of the said universe:

<table>
<thead>
<tr>
<th></th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTHERN-CENTRE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11-50 employees</td>
<td>56074</td>
<td>91.1</td>
</tr>
<tr>
<td>51-250 employees</td>
<td>47258</td>
<td>76.8</td>
</tr>
<tr>
<td>251-500 employees</td>
<td>8046</td>
<td>13.1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>771</td>
<td>1.3</td>
</tr>
</tbody>
</table>

The Italian Government has always made an important distinction between regions where companies were located, namely between Northern, Central and Southern Italy. Research showed that structure and size of SMEs sharply vary from area to area. The severest problems were found in Southern Italy and, therefore, government measures mainly aimed at encouraging companies in this part of the country.

Nowadays, Italian policy concerning SMEs is especially disciplined by EC rules. The Structural Funds Reform of 1988 - and the following renewal in 1993 - established five priority objectives, currently being as follows:

obj. 1 "development and structural adjustment of regions at low development rate";
obj. 2 "conversion of regions or parts of regions severely affected by industrial decline";
obj. 3 "reduction of long-term employment, occupational integration of young people and support to integration of excluded categories";
obj. 4 "Adaptation of workers to industrial changes";
obj. 5a "speeding up adjustments of agricultural structures";
obj. 5b "development of rural areas" (within the reform of Common Agricultural Policy).
Italian policy for small firms is addressed to reduce disadvantages of small-scale production by facilitating financial support. The main objectives envisaged by governmental measures are:

1) **modernisation** of production equipment and technology transfer, to improve the competitiveness and productivity of small firms;
2) **promotion** of research and applied research;
3) **stabilization** or improvement of SMEs' position on foreign markets;
4) **improvement of quality** and increase in quantity of services to SMEs. In other words, assistance should not only cover financial aid, but it should also include other kinds of aids, such as the supply of particular forms of counselling and training courses;
5) **deregulation** in respect of labour law with the aim of higher employment and reduced black-market employment.
6) **internationalization** and development of foreign trade.

In recent years, more attention has been devoted to the creation of new business.

**Organization of SME policy**

The Ministry of Industry is responsible for most of central government measures for the development of economic strategies in Italy concerning large and small scale companies. The Ministry's main objective is the coordination of the several national economic activities in industry, commerce and crafts. The Ministry is competent for the internal policy concerning "Mezzogiorno" (Southern Italy and the Isles, since they are less developed).

The Ministry of Industry also provides financial aid for the purchase of machines and the implementation of research and innovation. Subsidy for the purchase or lease of high-technology instruments and machines are ruled by Law n. 1329/63 (Legge Sabatini). The main law concerning the discipline of SMEs are: Law n. 317/91 for the development and the innovation applied to SMEs; and the more recent Law n. 488/92, concerning specific financial intervention in the least development areas.

Other laws provide soft loans to finance research and technological innovation projects, which is the case of Law n. 46/82, Law n. 346/88 as well as Law n. 317/91 art.8, where part of the available budget is reserved for SMEs. Small firms can apply for support for all projects, while larger companies can only receive loans for projects in certain fields.

Besides the Ministry of Industry also the Ministry of the University and of the Scientific Research is partially responsible for Research and Development projects.

Financial support to industrial actions, is also provided by two public institutions, Mediocredito centrale and SIMEST, as well as by Artigiancasse for the crafts sector. Banks refinance loans issued by commercial banks and they also issue soft loans for the purchase of means of production and transport.

The Ministry of Foreign Trade is responsible for aid policy relating to export. Through its export policy, the Italian government tries to increase the competitiveness of Italian products and services. Export policy involves:

* promoting information of export consortia consisting of small firms, by offering financial support in the field of export promotion and marketing (e.g. information, technical assistance, participation in trade-fairs, organization of trade missions;)
* schemes of insurance and financing of export activities and guarantees;
* soft loans for export activities by companies in Southern Italy.

In collaboration with Mediocredito centrale, the Ministry also issues loans for export activities toward countries outside the EEC.
The most important laws concerning foreign trade are:

- Law No. 227/77 (Legge Ossola) for supporting export;
- Law No. 394/81 and Law n.*100/90 for the support to the internationalization process;
- Law No. 49/87 concerning public support to international development.

Information and counselling about SMEs is also provided by the Chambers of Commerce which are part-subsidised by the government. Many Euro-Info Centres have also been opened in Italy: Their aim is to give assistance to development and business opportunities for SMEs, as well as to give information about financing investment projects through national or EC regulations.
NATIONAL FINANCING
FOR SMALL AND MEDIUM ENTERPRISES
LAW 317/91
INTERVENTION FOR INNOVATION AND DEVELOPMENT OF SMES

Objectives  In Italy, Law 317/91 is the most important financial support ever created in favour of SMEs, and it can facilitate expenses in:

* Innovative investments (articles 5, 6 and 12), that is purchase of software for networks establishment;

* Real services (articles 7 and 12), that is activities meant to improve productivity, tech. transfer, new market research, quality systems;

* Research (article 8), that is research expenses for those activities positively influencing products and productive processes.

Recipients  SMEs as defined in Ministerial decree 1.06.93, that is:

* Number of employees:
  * industrial medium enterprise  up to 250;
  * service medium enterprise    21 - 95;
  * industrial small enterprise  up to 50;
  * service small enterprise     up to 20;
  craft enterprises those ones producing goods according to Law 443/85

* Turnover      up to 20 mio Ecu, for medium enterprises
                up to 7,5 mio Ecu for small enterprises

instead of the Turnover

* Assets and liabilities up to 10 mio Ecu for medium enterprises
                        up to 3,75 mio Ecu for small enterprises

Facility features  contribution in capital account or tax-credit

Contribution limits

<table>
<thead>
<tr>
<th>KIND OF INVESTMENT</th>
<th>AMOUNT OF CONTRIBUTION</th>
</tr>
</thead>
</table>
| 1) Implementation of innovative investments (art. 5, 6 & 12) | Small and Craft Enterprises:  
* 37,5% (ob.1); 20% (ob. 2 e 5b);  
* 15% for other areas.  
Medium Enterprises:  
* 30% (ob.1); 10% (ob. 2 e 5b);  
* 15% for other areas. |
| 2) Purchasing of real services (art. 7) | All over national territory,  
independent from enterprise size: 50% |
| 3) Expenses for Research (art. 8) | Only Tax Offset  
Ob. 1, 2 e 5b: 45%; other Areas: 30% |
Limits of contribution

| 1) Implementation of innovative investments (art. 5, 6 e 12) | SMEs and Craft Enterprises of ob. 1, 2 e 5b:
* 675 millions Italian Lira
Other Areas:
* 450 millions Italian Lira |
|---------------------------------------------------------------|---------------------------------------------------------------|
| 2) Purchasing of real services (art. 7) | Enterprises located alla over national territory
* 80 millions Italian Lira |
| 3) Expenses for Research (art. 8) | SMEs of ob. 1, 2 e 5b.
Only Tax Offices
* 500 millions Italian Lira |

Application

The application has to be presented to the Italian Ministry of Industry, since it gives the contributions.

The application form can be asked to: ABI (Italian Banks Association), Unioncamere (Italian Union of Chambers of Commerce), CC (Chambers of Commerce), banks and Leasing companies.

It has to be completed with the following papers:
Certificate attesting the regularity of assertions made in the application form;
Jured expert evidence describing goods required in the application form;
Documents for requiring anti-mafia certificate (to be required by the Ministry)

Donor

Italian Ministry of Industry, Commerce and Craft

Information

Ministero dell'Industria, del Commercio e dell'Artigianato
Via Molise, 2 - 00187 ROMA
Tel.: 06/47051
Direzione generale della produzione industriale - Div. III
Ing., Gerletta
Tel.: 06/4705.2497; Fax: 06/4705.2371
MEASURES FOR CO-OPERATION CREDIT AND URGENT MEASURES SAFEGUARDING EMPLOYMENT LEVELS

Objectives

Promotion of investments made by cooperatives getting together workers dismissed from businesses in crisis. Law 49/85 operates through two different tools:

Rotation Fund for promoting and developing permanent co-operation (Foncoopet), which gives financial contribution to cooperatives in difficult conditions;

Special Fund for interventions in favour of employment levels, for contribution addressed to the capitalization of cooperatives created by workers coming from businesses in crisis.

Here, only the Rotation Fund will be described.

Recipients

1. Cooperatives, so called "normal" - according to the requirements of law decree 14.12.47, No. 1577

2. Cooperatives so called "particular" - created in accordance with Law 49/85, article 14, or started in accordance with Law 263/93, later than March 6th 1982

3. Social Cooperatives and Consortia they do create, in accordance with Law 381/91.

As far as "Normal" cooperatives are concerned:

* modernisation of productions means and/or technical, administrative, commercial services;
* product quality improvement;
* commercial network rationalisation;
* substitution of the financial loss (max. 50%), for the rationalisation of the afore mentioned tools;
* reconversion and restructuring of plants.

As far as "Particular" cooperatives are concerned:

* creation and purchase of plants/means in sectors such as production, distribution, tourism and service;
* modernisation, empowering and widening of projects either worked out or implanted by "normal" cooperatives.

Expenditures afforded earlier than two years from the presentation of the application are excluded.

Facility features

1) Grant contribution
2) Low rate financing

Contribution Limits

70% of investment. In Southern Italy the contribution can be 100% of the investment.
### Financing issuing

<table>
<thead>
<tr>
<th>Amount</th>
<th>Sectorial Indicative Rate</th>
<th>Term (including pre-amortization)</th>
<th>Conditions</th>
</tr>
</thead>
</table>
| 200 millions Lira | 50% of sectorial indicative rate | 8 years (including maximum one year of pre-amortization) | * reorganization  
* better production quality  
* better distribution  
* Substitution of liability up to 50% |
| 2 billions Lira | 50% of sectorial indicative rate | 8 years (including maximum one year of pre-amortization) | * reorganization & reconversion  
* investments of co-operative for implementation or purchasing of plants or reorganization, empowerment or enlargement of above mentioned projects, up to 200 millions Lira. |

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1. The rate can be cut up to 25% for co-operatives:
   - created by qualified employees ex art. 14, Law 49/85;
   - located in the South of Italy;
   - in case of subscription of partnership's capital at least of 20% of the investment value;

2. For Services Sector, it is considered the sector indicative rate, for agro co-operatives it is considered the agricultural loan.

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According to Italian law, some exception for the contribution are envisaged.

**Donor**
Special Section for Cooperation Credit at BNL (Banca Nazionale del Lavoro), on the Focooper.

**Application**
Application form made by Focooper, to be sent in double copy to:
- Sezione Speciale per il credito alla cooperazione;
- BNL branch office, situated where the cooperative has its social seat.

**Information**
Ministero dell'Industria, del commercio e dell'artigianato
Via Molise, 2 - 00187 ROMA
Tel.: 06/470521

_Direzione della produzione industriale - Divisione III_
Dott. Carlo de Vincentiis, Dott.ssa Flavia Gerardi
Tel.: 06/4705.2781; Fax: 06/47052.371

Copercrédito Spa
c/o Banca Nazionale del Lavoro
Piazza San Bernardo, 101 - 00187 ROMA
Dott. Giovanni Maria Banella, Dott. Danilo Pedretti
Tel.: 06/4702.5026-28; Fax: 06/4702.5032
Objectives

Law 44/86 does support new investment and promotion of business approach for young generations in areas economically depressed.

Recipients

- companies and cooperatives, apart from individual firms and de facto companies. The company has to be already set up to present its application for contribution.
- young people: absolute majority of young, that is the capital has to be owned mostly by young members (aged between 18 - 29 and more in number than other members), resident in areas of application of this Law;
  - totality of young, that is aged between 18 - 35 and resident in areas of application of this Law;
- Seat (legal, administrative and operational), in areas of application of this Law.

Concerned area

areas belonging to Objectives 1 (underdevelopment), 2 (industrial decline) and 5b (rural) of the European Structural Funds Reform.

Financed operations

New initiatives in goods production (in agriculture, crafts and industry) and service provision for businesses.

The following expenses can be financed for implementing new initiatives:

* feasibility study
* land;
* buildings;
* connections (energy, telecommunications, etc.)
* brand new machinery, plants and equipment, patents;
* material and non-material goods needed in the production-cycle for several years.

Main plant running expenses for:

- raw materials;
- goods;
- interests;
- services received;
- finished products;
- office rental;
- leasing rates.

Facilities features

Grant contribution;
facilitated loans;
grant contributions for running expenses;
technical assistance;
training and professional up-grading.
<table>
<thead>
<tr>
<th>Area/Zone</th>
<th>Area Description</th>
<th>MAX</th>
<th>50% First 2 Years</th>
<th>MAX 50,000 ECU 3rd Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 zone A</td>
<td></td>
<td>65%</td>
<td>$50\text{% first 2 years}$</td>
<td>$\text{max} 50,000 \text{ ECU 3rd year}$</td>
</tr>
<tr>
<td>(Zone 92.3,a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 zone B</td>
<td></td>
<td>55%</td>
<td>$50\text{% first 2 years}$</td>
<td>$\text{max} 50,000 \text{ ECU 3rd year}$</td>
</tr>
<tr>
<td>(Zone 92.3,a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abruzzo</td>
<td></td>
<td>30%</td>
<td>$50\text{% first 2 years}$</td>
<td>$\text{max} 50,000 \text{ ECU 3rd year}$</td>
</tr>
<tr>
<td>Malise</td>
<td></td>
<td>45%</td>
<td>$50\text{% first 2 years}$</td>
<td>$\text{max} 50,000 \text{ ECU 3rd year}$</td>
</tr>
<tr>
<td>Zones 92.3,c</td>
<td></td>
<td>30%</td>
<td>$50\text{% first 2 years}$</td>
<td>$\text{max} 50,000 \text{ ECU 3rd year}$</td>
</tr>
<tr>
<td>Areas 2 &amp; 5b, excluded from areas 92.3,c</td>
<td></td>
<td>15%</td>
<td>$50\text{% first 2 years}$</td>
<td>$\text{max} 50,000 \text{ ECU 3rd year}$</td>
</tr>
</tbody>
</table>

**Donor**

Società per l'imprenditoria giovanile Spa

**Application**

The application form has to be sent to Società per l'imprenditoria giovanile Spa, with the following papers;
* Statute (copy of);
* Certificate of existence;
* Certificates attesting that seat and composition of the company are in accordance with the requirements of this Law;
* Certificate attesting Antimafia;
* Feasibility study.

**Information**

Società per l'imprenditoria giovanile Spa

Settore promozione
Via P. Mascagni, 160 - 00199 ROMA
Tel.: 06/862641, Fax: 06/86264226
Numero verde: 167-020044

"Sportelli della Legge 44" delle Camere di Commercio, Industria, Artigianato e Agricoltura, where activated.
MAIN ITALIAN LAWS IN FAVOUR OF RESEARCH AND DEVELOPMENT
Objectives
This Law is specifically addressed at supporting:

1) Applied research programmes, autonomously undertaken by enterprises (prototypes of new products and/or processes), bringing substantial improvements compared with those ones already existing, and the amount of which is less than 10 billion liras. This is possible through the Special fund for applied research (articles 2 and 7).

2) Scientific knowledge and know-how transfer to SMEs. Contribution is granted through the Special fund for applied research (article 4).

Recipients
all kinds of businesses located in Italy.

Facility features
Facilities do vary according to size and location of enterprises (see table 6) articles 2 and 7: low rate financing; grant contribution (for particularly innovative projects, and at high industrial risk).

<table>
<thead>
<tr>
<th>Article</th>
<th>SMEs</th>
<th>Large Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>92.3,a</td>
<td>65%</td>
<td>40%</td>
</tr>
<tr>
<td>(zones A e B)</td>
<td>60% large enterprises</td>
<td>35% large enterprises</td>
</tr>
<tr>
<td>Abruzzo</td>
<td>like areas 92.3a until 31.12.96</td>
<td></td>
</tr>
<tr>
<td>Molise</td>
<td>like areas 92.3a until 31.12.99</td>
<td></td>
</tr>
<tr>
<td>92.3,c</td>
<td>50% SME est</td>
<td>35% SME est</td>
</tr>
<tr>
<td></td>
<td>40% large enterprises</td>
<td>25% large enterprises</td>
</tr>
</tbody>
</table>

article 14: low rate financing (min 35% max 55% project costs, for a period of 15 years, of which 5 are pre-redeemed)

<table>
<thead>
<tr>
<th>Zones Ob. 1,2 e 5b</th>
<th>Other zones</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs</td>
<td>25%</td>
</tr>
<tr>
<td>Large Enterprises</td>
<td>36%</td>
</tr>
</tbody>
</table>

Donor
articles 2 and 7: IMI (Istituto Mobiliare Italiano)

article 14: Ministry of Industry

Application
articles 2 and 7;
article 4: The Application form has to be sent to IMI, which does manage the Special Fund.

article 14: Italian Ministry of Industry

Information
Istituto Mobiliare Italiano (IMI)
Viale dell'Arte, 25
Tel.: 06/59591

Ufficio Ricerca applicata
Dott.ssa Lucia Cadorini
Tel.: 06/59591. 3735; Fax: 06/59591. 3116

Ministero dell'Università e della Ricerca Scientifica
P.le Kennedy, 20- 0144 ROMA
Tel.: 06/59911

Dipartimento della Ricerca Scientifica e tecnologica - Uff. IV
Dott. Gaetano Tatò
Tel.: 06/5991.2863; fax: 06/5991.2281

Ministero dell'Industria, Commercio e dell'Artigianato
Via Molise, 2 - 00187 ROMA
Tel.: 06/47051
LAW 346/88
MODIFICATION TO LAW 46/82 AND
PARTICIPATION IN INTERNATIONAL AND EUROPEAN R&D PROGRAMMES

Objectives  This Law is specifically addressed at supporting:

1) Applied research programmes, autonomously undertaken by enterprises (prototypes of new products and/or processes), bringing substantial improvements compared with those ones already existing, and the amount of which is more than 10 billion liras. This is possible through the Special fund for applied research (articles 2 and 7).

2) Scientific knowledge and know-how transfer to SMEs. Contribution is granted through the Special fund for applied research (article 4).

Recipients  all kinds of businesses located in Italy.

Facility features  Low rate financing

grant contribution (for particularly innovative projects, and at high industrial risk).

Facility amount  up to 70% of project costs, for a period of 10 years.

Information  Istituto Mobiliare Italiano (IMI)
Viale dell'Arte, 25
Tel.: 06/59591

Ufficio Ricerca applicata
Dott.ssa Lucia Caterini
Tel.: 06/59591. 3735; Fax: 06/59591. 3116

Ministero dell'Università e della Ricerca Scientifica
P.le Kennedy, 20- 0144 ROMA
Tel.: 06/59911

Dipartimento della Ricerca Scientifica e tecnologica - Uff. IV
Dott. Gaetano Tati
Tel.: 06/5991.2863; fax: 06/5991.2281
LAW 317/91, ARTICLE 8
INTERVENTION IN FAVOUR OF INNOVATION AND DEVELOPMENT OF SMES

Objectives
This Law allows financial facilities for SMEs committed in investments for new innovative businesses. The following can be financed:
1) projects aiming at implementing research programmes (purchase of equipment materials needed in laboratories; technical consultancy for innovation and development; external laboratories utilisation);
2) innovative investments, when afforded by newly created enterprises which operate in particularly relevant technological sectors.

Recipients
Industrial SMEs (according to the definition given in the Structural funds Reform), service and production craft enterprises (created before Oct. 25. 91), which have already a relevant turnover in sections considered relevant for technological improvement;
SMEs operating in particularly relevant technological sectors (created before Oct. 25. 91).

Financed operations
Research expenses are considered as follows:
Data-bases connection;
Salary for specialised personnel required for R&D projects;
Purchase of equipments and materials needed in research laboratories within the enterprise;
Technical consultancy for innovation and development;
External laboratories assistance.

Beyond that, for SMEs operating in particularly relevant technological sectors, also the following is considered:
Building, energy connections and others needed for the construction of new plants;
Purchase of machinery and new equipment particularly innovating;
Training of the personnel.

Facility features
Tax -credit (equal to 30% of expenses financed, non overcoming 500 million liras; for enterprises located in Objectives 1, 2 and 5b at least the amount of the facility can achieve 45% of afforded expenses but cannot overcome 750 million liras per each beneficiary).

Donor
Italian Ministry of Industry, Commerce and Craft

Application
The application has to be presented to the Italian Ministry of Industry, since it gives the contributions.
The application form can be asked to: ABI (Italian Banks Association), Unioncamere (Italian Union of Chambers of Commerce), CC (Chambers of Commerce), banks and Leasing companies.
It has to be completed with the following papers:
Certificate attesting the regularity of assertions made in the application form;
Jured expert evidence describing goods required in the application form;
Documents for requiring anti-mafia certificate (to be required by the Ministry)

Information
Ministero dell'Industria, Commercio e dell'Artigianato
Via Molise, 2 - 00187 ROMA
Tel.: 06/47051

Direzione della produzione industriale - Divisione III
Tel.: 06/47052.497; fax: 06/47052.371
<table>
<thead>
<tr>
<th>Legislation</th>
<th>Eligibility</th>
<th>Location</th>
<th>Financing Facility</th>
<th>Duration</th>
<th>Interest Rate</th>
<th>Application Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>L. 46/82 art.2 e 7</td>
<td>SMEs, consortia public companies and R&amp;D centres</td>
<td>All over national territory</td>
<td>*Financing facility</td>
<td>Up to 70% of costs</td>
<td>Up to 15%</td>
<td>IMI; application form to Min. University R&amp;D T</td>
</tr>
<tr>
<td>L. 346/88</td>
<td>SMEs, consortia public companies and R&amp;D centres</td>
<td>All over national territory</td>
<td>*Grant</td>
<td>Up to 50% of cost</td>
<td>0%</td>
<td>IMI; application form to Min. University R&amp;D T</td>
</tr>
<tr>
<td>L. 46/82, art. 4</td>
<td>SMEs</td>
<td>All over national territory</td>
<td>*Grant</td>
<td>Up to 50% of research's cost</td>
<td>0%</td>
<td>IMI; application form to Min. University R&amp;D T</td>
</tr>
<tr>
<td>L. 46/82, art.14</td>
<td>SMEs and large manufacturing enterprises</td>
<td>All over national territory</td>
<td>*Financing facility, up to 50% of loan can be transformed into grant</td>
<td>Up to 35% - 55% of project's costs</td>
<td>0%</td>
<td>Min. Industry</td>
</tr>
<tr>
<td>L. 317/91 art.8</td>
<td>SMEs and Craft Enterprises,</td>
<td>All over national territory</td>
<td>*Tax Offset</td>
<td>Between 30 and 45% of tax offset</td>
<td>0%</td>
<td>Min. Industry</td>
</tr>
</tbody>
</table>
INCENTIVES TO PRODUCTIVE ACTIVITIES
LAW 1329/65

MACHINERY PURCHASE OR LEASING

Objectives
Purchase or leasing of machinery needed for the production of goods or the provision of services.

Recipients
European SMEs (EU definition) located in Italy.

Facility features
Discount applied by banks on titles of purchasing/leasing of machinery and deferred up to 12 months, within 5 years. The eligible amount is equal to the whole investment (the machinery cost without VAT) plus interests (min 1 billion Italian lire; max. 3 billion Italian lire).

Application
The application form has to be sent to Mediocredito Centrale from the applying bank. After 4 months the facility is assigned.

Information
Mediocredito centrale
Servizio Agevolazioni Interno
Ufficio istruttoria acquisto macchinari
Dott.ssa Adriana Berretta.
Tel: 06/4791.473; Fax: 06/479.557
LAW 488/92
INTERVENTIONS IN FAVOUR OF DEPRESSED AREAS

Objectives
This Law is expressly addressed to favour:
productive initiatives related to new settlements;
modernisations;
restructurations,
widening;
reconversion;
delocalisations;
reactivations.

Recipients
Areas Ob. 1 Structural Funds:
all kinds of enterprises;

Areas Ob. 2 and 5b) Structural Funds:
SMEs responding to Structural Funds definition.

Facility features
The contribution is calculated in Equivalent Gross Subsidy (EGS) with respect to the investment cost.
The beneficiary may choose among the following:
grant contribution;
contribution for paying interests on loans got for the investments,
payments of leasing rents,
payments of social taxes.
The amount does vary according to location and size of the business.

Application
The Law envisages the intervention of the Italian Ministry of Industry. Nonetheless, application measures do not exist yet.

Information
Ministero dell'Industria, Commercio e dell'Artigianato
Via Molise, 2 - 00187 ROMA
Tel.: 06/47051
Divisione generale della produzione industriale - Div. III
Dott. Sappino
Tel.: 06/482.7818; Fax: 06/47052.371
LAW 598/94
MEASURES IN FAVOUR OF INNOVATING INVESTMENTS AND OF ENVIRONMENT PROTECTION

Objectives
This Law enables the financial support of investments bringing substantial improvements in technology (purchase of machinery) and in Environment Protection.

Recipients
SMEs responding to Structural Funds definition

Facility features
Fixed rate financing. The amount of the financial aid varies according to the location of the enterprises. It can be given within the following limits:
30% reference rate;
45% for SMEs operating in areas Objectives 1, 2 and 5b).
Coverage: 70% for an investment of max. 3 billion liras
Period: over 7 years, 2 of which in pre-redemption.

Application
The application has to be presented to Mediocredito Centrale form a bank.

Information
Mediocredito Centrale
Servizio Agevolazioni interno
Ufficio Istruttoria Fondi di Garanzia e Consorzi
Dott.ssa Maria Elena Veneri
Tel.: 06/4791.333; Fax: 06/4791.557
NATIONAL LAWS IN FAVOUR OF INTERNATIONALISATION
SACE
(Special Section for the Assurance of Export credit)

Objectives
This Assurance guaranteed by the Italian Government allows to Italian exporters to cope with international competitors. Those risks depending on political, natural or exchange conditions rather than on the client's solvency, are covered by SACE, created at INA (Assurances National Institute), by means of Law May 24th 1977, No 227, Known in Italy as "Ossola Law". This Section has juridical personality in public law and it is also autonomous with regard to property and management.

Recipients
Currently SACE classifies third Countries into 6 categories, this depending on the risk level they present. Each category outlines the assurance approach and, hence, different price-rate to be paid from enterprises. Those ones interested in assuring their export activity should periodically ask to SACE the up-dated price-rates related to the Country they want to operate with.

Procedures
"Ossola Law" at article 14 distinguishes 3 kind of causes for eventual accidents: political risks (wars, revolutions, riots, etc); catastrophers (earthquake, volcanic eruption, etc); commercial risks.

At articles 15 and 16 of the afore mentioned Law, the export-credit operations that can be covered by the Assurance; the supplier's credits and the purchaser's credits. Where the credits belonging to the former kind are those ones deriving from deferred payments that the Italian operator has directly allowed to the foreign counterpart; and the credits belonging to the latter kind are those ones that a financial intermediary has allowed to the foreign counterpart, in order to finance the payments that the foreign counterpart owes to the Italian operator.

In case of supplier's credit, the supplier can be objected with concern to his provision. In case of purchaser's credit, the credit is completely independent from the commercial performance.

Operations such as fiduciarye abroad, direct investments abroad and programmes for commercial penetration are not included in SACE classification.

Usually, 90% is the highest percentage for assuring supplier's credits and 95% is the highest percentage for assuring financial credits as well as triangular operations. Reductions are foreseen of the highest percentage towards countries that SACE considers at high risk.

The assurance coverage can achieve 100% in the following cases:
- operations which are economically and politically high interesting;
- financial credits;
- triangular operations deriving from intergovernative agreements.
| CLASS 1 | Australia, Austria, Belgio, Canada, Danimarca, Finlandia, Francia, Germania, Giappone, Grecia, Irlanda, Isolada, Liechtenstein, Lussemburgo, Norvegia, Nuova Zelanda, Paesi Bassi, Portogallo, Principato Monaco, Regno Unito, Spagna, Stati Uniti, Svezia, Svizzera |
| CLASS 2 | Andorra, Arabia Saudita, Bahrein, Brunei, Cina, Corea del Sud, E.A.U. (Abu Dhabi Dubai), Hong Kong, Kuwait, Malaysia, Malta, Oman, Porto Rico, Quatar, Singapore, Taiwan |
| CLASS 3 | Bahamas, Cile, Cipro, Colombia, E.A.U., Thailandia, India, Israele, Macao, Rep. Ceca, Slovenia |
| CLASS 4 | Argentina, Barbados, Botswana, Indonesia, Marocco, Maurizio, Messico, Namibia, Polonia, Zimbabwe, Slovacchia, Sudafrica, Tunisia, Turchia, Ungheria, Uruguay |
| CLASS 6 | Afghanistan, Albania, Angola, Antigua, Antille OI., Zaire, Armenia, Aruba, Azerbaijain, Bangladesh, Benin, Bielorussia, Bosnia, Erzegovina, Burkina Faso, Burundi, Cameroon, Centroafrica, Ciad, Comore, Congo Rep, Corea del Nord, Costa d'Avorio, Croazia, Cuba, Ecuador, Eritrea, Ethiopia, Filippina, Gabon, Gambia, Georgia, Ghana, Gibbuti, Guatemala, Guinea, Guinea Bissau, Guinea Equatoriale, Guyana, Haiti, Honduras, Iraq, Jugoslavia, Kampuccea, Kenya, Laos, Liberia, Libia, Macedonia, Mali, Mauritania, Moldavia, Mozambico, Myanmar, Nicaragua, Niger, Nigeria, Paraguay, Ruanda, Scicelio, Senegal, Sierra Leone, Siria, Somalia, Sudan, Suriname, Tanzania, Togo, Ucraina, Uganda, Uzbekistan, Yemen, Zambia |

*SACE LIST OF RISK COUNTRIES*

*updated at March 95*
LAW 394/81
MEASURES IN FAVOUR OF ITALIAN EXPORT

Objectives: implementation of programmes promoting commercial penetration in non-EU Countries for Italian SMEs aiming at steadily settling on foreign markets. These programmes have to be set up in two years time.

Recipients: All exporting businesses, including the rural ones, the turistic ones, the activity of which does increase foreign demand. SMEs considered have to respond to the European definition of SME.

Facility features: facilitated rate, equal to 40% of the reference rate as established in Law 227/77; financing period: 7 years, 2 of which pre-redeempted, being the remaining 5 years of capital reimbursement; maximum coverage, equal to 85% of global expenses; the investment can be financed up to 3 billion liras (4 in case expenses elegible to financing are addressed at the construction of permanent structures for an amount higher than 30% of global expenses); advance cannot overcome 30%; Only the expenses afforded after the approval of the programme are elegible to financing.

Application: The application form has to be presented to Mediocredito Centrale and to the Italian Ministry of Foreign Trade, Segretaria Comitato legge 394/81. Mediocredito Centrale carries out a technical evaluation, whereas the Ministry of Foreign Trade will evaluate the juridical conformity of the request as well as the commercial penetration programme consistency with annual activity programmes.

Donor: Fund created by Mediocredito Centrale and managed by an ad hoc Commitee seated at the Ministry for foreign trade.

Information: Ministero del Commercio con l'Estero
Direzione generale Sviluppo e Scambi
Viale America, 341 - 00144 ROMA
Dott. Gianfranco Caprioli
Tel.: 06/59931 - 5964.7489; 5993.2605
Fax: 06/5993.2605

Mediocredito Centrale
Ufficio Erogazione Fondi Rotativi
Dott. Antonino Colavito
Via Piemonte, 51 - 00186 ROMA
Tel.: 06/47911 - 4791.207
Fax: 06/4791.575
LAW 49/87 ARTICLE 7

Objectives
Promotion and support of the creation of joint-ventures in developing Countries, with the participation either of public investors, or of private local investors.

Beneficiaries
Developing Countries registering less than 3250$ as yearly pro-capita rental.

Procedures
70% of Italian partner share with regard to the first tranche of 10 billion liras, and up to 50% of the exceeding amount, only for extremely interesting initiative. The global amount of the facility shall not overcome 20 billion Italian liras for each initiative. The interest rate is 30% of the reference rate fixed by the Italian Ministry of Treasury for the facilitated credit in industry, monthly published in the Italian Official Journal. The period considered for the financing is of 10 years from the starting of the production (in case of new initiatives), or from the signature of the contract (in case of reactivation of pre-existing initiatives. In this case, as far as capital and interests are concerned a "grace period" of two years is considered). The reimbursement has to be scheduled in 16 instalments, starting from the "grace period" of two years.

Application
Application forms have to be presented to the Directorate General for Development Co-operation (DGCS) of the Italian Ministry for Foreign Affairs

Information
MINISTERO DEGLI AFFARI ESTERI
Direzione Generale per la Cooperazione allo Sviluppo (DGCS)
Ufficio XVI
Piazzale della Farnesina, 1 - 00194 ROMA
Tel. (06) 369.11

MEDIOCREDITO CENTRALE
Servizio Crediti Esteri - Ufficio imprese miste
Via Piemonte, 51
00187 Roma
Tel. (06) 47911- 4791285 - Fax (06) 4791574

UNIDO - Ufficio per la Promozione Industriale
Largo Domodossola, 1 - 20145 MILANO
Tel. (02) 481.55.22 Fax (02) 498.59.25
LAW 83/1989
EXPORT CONSORTIA

Objectives
Support for Italian SMEs' export activity by means of a financial contribution issued from the Italian Ministry of External Trade.

Recipients
Consortia exclusively set up for exporting products from the associated enterprises.

Financed operation
1. Management expenses: personnel, consultants and providers, social seat, running expenses, taxes, etc.
2. Promotional expenses: missions, participation in fairs, market research, public relations, advertising, translation, training activities export-oriented.

Facility features
40% of expenses as resulting from the balance sheet of the year preceding the application for financing, never exceeding 150 million liras. This limit is brought to 60% for consortia located in Southern Italy. This contribution does exclude any other form of financing. It is yearly issued.

<table>
<thead>
<tr>
<th>RECIPIENTS</th>
<th>COVERAGE</th>
<th>FINANCING</th>
<th>RESPONSIBLE ORGANIZATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>* consortia</td>
<td>* running expenses</td>
<td>* up to 40% or to 60% in case of consortia located in South of Italy</td>
<td>* Min Foreign Trade</td>
</tr>
<tr>
<td>* joint subjects</td>
<td>* promotional expenses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Basic issuing condition
In order to benefit from the contribution, the consortium has to:

- be set up by at least 8 SMEs, in any juridical form, and operating in industry, commerce and crafts;
- have an exclusive social object exportation of associated SMEs products;
- in its Statute the Consortium cannot allow profit sharing among its associated companies, even in case of dissolution of the consortium.

Donor
Ministry of External Trade

Application
Every year, the Italian Ministry of External Trade issues a series of rules concerning the presentation of the application for contribution.

With reference to 1995, it has been established as follows:
applications for contribution are to be presented at the Italian Ministry of External Trade, Directorate "Sviluppo e Scambi";
applications are to be received within May 15, 95, and the examination is completed within following Nov. 20;

Any eventual complain against a negative result, has to be presented to the Administrative Court within 60 days.

Information

Ministero del commercio con l'estero
Viale America, 334 - 00144 ROMA-EUR
Tel.: 06/59931

Direzione generale sviluppo e scambi - Divisione I
Dott. Franco D'Angelo, Dott. Bartolo Canale
Tel.: 5993.2615; Fax: 06/5993.2454

Federexport - Associazione nazionale dei consorzi export
c/o Confindustria
Viale dell'Astronomia, 30 - 00144 ROMA
Tel.: 06/59031 - 5903.613, Fax: 06/5919.615
LAW 304/90
FINANCIAL FACILITIES IN FAVOUR OF THE PARTICIPATION IN INTERNATIONAL BIDDINGS

Objectives  Supporting Italian Smes participation in international calls for tenders, in non UE Countries by issuing facilitated rate loans for expenses afforded in order to bidding.

Recipients  Italian enterprises, consortia, associations of enterprises.

Facility features  The amount of the contribution varies according to the investment. Anyhow it can never overcome 2 billion Italian liras per recipient enterprise, nor 5 billion Italian liras per international bid.
Rate interests is 40% of market rate (according to Law 227/77). The reimbursement is to be expired in 4 year time.

Application  The application form has to be presented to:
Ministry of External Trade, Directorate General Development and Exchange Mediocredito centrale.

Information  Mediocredito Centrale
Ufficio istruttoria Fondi Rotativi
Dott. Maurizio Carrù
Tel.: 06/4791.264; Fax: 06/4791.575
Objectives

Law 100/90 enacted SIMEST S.p.A. - Società Italiana per le Imprese Miste all'Estero - which is a both public and private financial institution for development. SIMEST is specialised in promotion and setting up of joint-ventures abroad, promoted or shared by Italian Enterprises.

Law 100/90 establishes that main shareholders are: the Italian Ministry for External Trade (in majority) and Mediocredito Centrale. The remaining shares (mostly held by IMI) are held by important national banks, trade associations, cooperatives and other economic organisations.

Recipients

All Countries, with exclusion of UE Member States

Issuing conditions

Within its activities, SIMEST aims at:
- promoting the creation of joint-venture abroad from Italian enterprises, by providing them with assistance needed; in particular it carries out market research, feasibility studies and financial surveys for project and implementation of joint-ventures abroad. It also promotes partner research and it offers assistance in preparing the joint-venture project.
- participating (by holding minority shareings) in joint-ventures abroad, also if already set up, when a enterprise development project has to be undertaken;
- providing joint-venture with technical assistance, if they ask for it.

SIMEST cannot hold shares over 15% of the capital of joint-venture. The intervention is temporary, since SIMEST shares are to be given to other shareholder within 8 years from the first purchase.

Address

SIMEST S.p.A  
Via A. Farnese 4,  
00192 Roma  
Tel (06) 32.34.447  
Fax: (06) 32.40.730
FACILITATED LOANS EX ARTICLE 4 LAW 100/90

Objectives
Italian parties of joint-ventures created with the participation of SIMEST can benefit from facilitated loans issued by il Mediocredito Centrale. Such contributions can finance their risk capital shares, up to 70% of Italian partner’s share.

Recipients
Simest shared joint-venture.

Issuing conditions
The interest rate is fixed at 50% of the reference rate indicated by the Italian Ministry of Treasury for facilitated credits to industry. This loan can last over 5 maximum, and the reimbursement can take place in 10 semestral rents, beyond the pre-redemption time that can vary (never more than 36 months). Furthermore, such loans can also benefit from SACE Assurance, as far as their share is concerned.
SMEs can benefit from this loan for an amount of 3 billion Italian liras (out of 5 billion).
Large enterprises can benefit from this loan within 25 billion liras.Per le grandi imprese il finanziamento non potrà superare il limite di 25 miliardi (out of 40 billion).

Application
Application forms for loans of this kind are to be presented to Mediocredito Centrale.

Address
MEDIOCREDITO CENTRALE
Servizio Crediti Estero - Ufficio Imprese Miste
Via Piemonte, 51