

Opening the US Market to Lombardy's High Tech Excellence. An Economic and Institutional Joint Effort

Marina Melchionda (September 28, 2010)



The plenary session "USA: La Sfida Lombarda per competere. Le opportunità di sviluppo e di investimento nel mercato statunitense" (USA: the Lombardy Challenge to Compete. Development and Investment opportunities in the US market), hosted on Sept. 27 at the NYC headquarters of the Italian Trade Commission, saw the participation of 16 companies operating in the field of high tech involved in the project "USA: Approccio Integrato all'Internazionalizzazione" (USA: Integrated Approach to Internationalization), founded by the ITC, Confindustria Lombardia, and Regione Lombardia. On a economic/institutional mission to meet their US counterparts and possible business partners, during the event they were given a key overlook of the legal, economic, and financial questions involved in making business or investing in the US market



On September 27, the NYC headquarters of the Italian Trade Commission hosted the conference "USA: La Sfida Lombarda per competere. Le opportunità di sviluppo e di investimento nel mercato statunitense" (USA: the Lombardy Challenge to Compete. Development and Investment opportunities in the US market).

The event, organized with the support of the Consulate General of Italy in New York and the Italian Embassy in Washington, was aimed to give the representatives of sixteen companies headquartered in Lombardy and operating in the sectors of Aerospace ([Aerea](#) [2], [All Data](#) [3], [Argo](#) [4], Assireva, [E-Level Communication](#) [5], [Ely-Fly](#) [6], [Gemelli](#) [7], [Logic Sistemi Avionici](#) [8], [M.A.G.](#) [9], [O.V.S.](#) [10], [Lombardy's Aerospace Cluster](#) [11]) Renewable Energies ([Stemma](#) [12], [Energy Cluster](#) [13]); Machinery ([Elettrotec](#) [14], [Finox](#) [15], [Kompass Technology Europe](#) [16]), and Home Furnishing ([Besana](#) [17], [G Style](#) [18]), the necessary financial, economical, and legal instruments to establish economic relationships or to invest in the US market. "Despite the recent economic crisis, the United States still represent the most attractive economy where to invest, given its vocation to innovation and liberalization", stated the Director of the Italian Trade Commission in North America Dott. Aniello Musella starting the works of the reunion.

As he pointed out, the event was the apex of a wider economical/institutional mission born from the common efforts of the [Italian Trade Commission](#) [19], the Region of Lombardy, and [Confindustria Lombardy](#) [20]. Started on September 22 in Canada and today in the US, its aim is to give the representatives of the companies involved the opportunity to meet valid counterparts in different cities of the two countries during meetings organized by the ITC network, and to explore real possibilities of establishing business relationships with them, or of proceeding with direct or indirect investments in the sectors of interest.

"All of this would not have been possible if we did not act as an organic and integrated system that involves both the private and public sector, that reciprocally contribute to the growth of the other," continued Consul General Francesco Maria Talò taking the microphone. "As Italian institutions based in the US, we feel it our duty to support the accomplishment of your vocation of "glocal" companies: middle and small sized enterprises open to export your local know how on a global scale", he continued.

The successful outcome of this original collaboration between the private and public sector is rooted back in 2008-2009 when, under the auspices of Confindustria Lombardy, the Italian Trade Commission started the project "USA: Approccio Integrato all'Internazionalizzazione" (USA: Integrated Approach to Internationalization) with the Region of Lombardy. "At first there were over 200 companies involved in the initiative. After a series of encounters and analysis, the group was narrowed to 16 enterprises that we effectively thought could find a niche in the US and Canadian market", said Dott. Francesco Baroni, General Director of the [General Direction of the Industrial, Construction, Craftsmanship and Cooperation Sectors](#) [21] of the Region of Lombardy.

With the recent economic downturn there is a much greater need of collaboration between the business and institutional sector, as stated by Lorenzo Galanti, Head of the Commercial Office at the Italian Embassy in Washington, who represented for the occasion Ambassador Giulio Terzi di Sant'Agata. "The office that I represent sees in this mission a preliminary workshop of a greater project that we could organize on a national scale in collaboration with Confindustria. Due to the recent crisis, supporting Italian companies willing to enter the US market is today on top of our diplomatic agenda. Our efforts alone, however, are not sufficient. We need to cooperate on a large scale with other Italian institutions operating in the country, and with you and for you. We must exploit every chance to work together to reach this common goal".

The history of Italy-US economic relationships is probably studded with economic missions with the same exact aim of entering the US market. This one, however, is unique and original in its own way: the sixteen companies participating, in fact, all operate in high tech sectors, an excellence of the Italian industrial system that is very little known abroad.

"For many Italy is the homeland of fashion, food&wine products, luxury cars... But we have a lot to show even in the high tech sector, a sector in which we are among the first in the world. The other



strong innovation at the base of this project relays on the common intent of the companies participating to invest in a receptive and rich market as the US is, inverting the by now common tendency to bring capitals in poor economies with low-cost labour”, said Adriana Sartor Cremaschi, representative of Confindustria Lombardy.

These brief but effective institutional remarks were followed by a rich sequence of panels, during each one of which the audience of entrepreneurs were enlightened on the different financial, economical, and legal aspects one should take in consideration when deciding to invest in the US market.

The first speaker was Christian Menegatti, Director of Global Research -[Roubini Global Economics](#) [22], who gave a long and exhaustive overview of the current status of the US economy and its perspectives of recovery after the crisis. According to his theory, the U.S. economy is approaching a “stall speed”: “With growth at a stall speed of 1 percent or below, the stock markets could sharply correct, and credit spreads and interbank spreads widen while global risk aversion sharply increases. A negative feedback loop between the real economy and the risky asset prices can easily then tip the economy into a formal double-dip,” he said, referring to two recessions in a quick succession. Putting the odds of a renewed recession at 40 percent, Mr. Menegatti also mentioned the possibility of a deflation or a realistic possibility of a considerable decline of the investment rate in the real economy.

This quite pessimistic scenario was somehow obscured by the presentation given by Christopher Clement, International Investment Specialist for [Invest in America](#) [23](U.S. Department of Commerce), a governmental office whose aim is to promote Foreign Direct Investments within the country's borders. A country that is center of global innovations and entrepreneurship; offers a strong protection of Intellectual Property Rights; is a leader in Higher Education; and offers a productive workforce, the US is the ideal country where to invest, as he suggested. Citing a number of recent success cases of FDI in the country, he invited the audience to read the “[Guide to Federal Incentives and Programs Available to Investors](#) [24]” produced by his Office, to find more appealing reasons to make a greenfield investment in the United States.

From the national to the local level, Mr. Kunimasa Akasaka of [Empire State Development](#) [25], New York State's lead economic development agency, dwelt on the positive economic status of the State of New York, a fertile territory for FDI. With a GDP of \$1.1 trillion in 2008 and 94 of the world's Fortune 500 companies located within its territories, New York State seem to be the perfect area where to invest for the companies represented at the conference today, being its strategic sectors Life Science, Nanotechnology, Clean Technology, Photovoltaic, Electric Vehicles, Timber.

Adhering to the mission of the International Division of Empire State Development, Mr. Akasaka claim to be available to guide potential investors in the identification of potential sites and real estate availabilities, in accessing New York's incentive programs, and in networking with local government officials and private business people.

A brief coffee break Milanese Style, catered by [Restaurant and Pastry Shop “Saint Ambroeus”](#) [26], brought us to the second part of the event, that gave the entrepreneurs a brief overview on the many legal and fiscal questions involved in making or opening a business in the US.

Attorney Annie B. Fiorilla di Santa Croce of [Fox Horan & Camerini LLP](#) [27]focused the first part of her speech on the different kind of businesses one can decide to start in the US. “Although many Italian entrepreneurs usually prefer to open a branch of their own company abroad considering it the less expensive option, my studio - and I in first person - always suggest to opt for the creation of a subsidiary, a company under its control, giving birth to a Corporation or to a Limited Liability Company, depending on case by case necessities”. The subsidiary option, according to Mrs. Fiorilla di Santa Croce, allows in fact the protection of the assets of the head company; greater protection of the owners' privacy, and fiscal benefits, resulting all things considered less expensive that the usually preferred myopic choice of the branch.

She then gave a number of tips to the new possible investors, first making a close examination of the different kinds of Business Visa available in the US, then offering a brief overview on the possible



patterns to choose to found a subsidiary, and finally suggesting strategies for obtaining partial exemptions from taxes such as the Withholding Tax, or taxes on distribution.

The fiscal question was farther delved into by Sal Salibello and Ross Rizzo of [Salibello & Broder LLP](#) [28], a leading business advisory firm that specializes in foreign owned U.S. companies. They guided the audience into the intricate labyrinth of the US tax system, defined by them themselves one of the most complicated worldwide. Focusing on income taxes, they explained how they are structured on the federal, state, and local taxation, giving the audience a general idea of how to calculate them for both personal and business purposes.

The lunch brake finally gave the participants and speakers a moment to relax together enjoying the outstanding dishes, desserts, and wine prepared once again by Saint Ambroeus. Farther room for discussion was also given afterwards when the members of the mission took the opportunity to have a one by one confrontation with the panelists, a precious moments to have the last doubts cleared out.

The "USA. Approccio Integrato all'Internazionalizzazione" project is unique in its genre both because it involves public and private entities at the same time, and both because it focuses on the high tech sector, a Made in Italy excellence that is still very little known abroad. Hopefully this experiment will turn out to be successful, so that we will soon see its uniqueness being reproduced on a national scale, as we were anticipated today.

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[25] <http://www.empire.state.ny.us>

[26] <http://www.santambroeus.com>

[27] <http://www.foxhorancamerini.com>

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