

Brando Ballerini: Texas, land of oilmen, patrons and Made in Italy lovers.

Edoardo Bonatti

25 giugno 2018

Brando Ballerini has been since 2010 the President of the Italy-America Chamber of Commerce of Texas (IACC) based in Houston. He is currently the President of BPB Energy. He has over 40 years of experience in the oil and drilling industry, previously holding the position of Drillmec President for 15 years.

The interview

InvestorVisa.it: President, the Italy-America Chamber of Commerce of Texas in Houston was born in 1992. Which are its main achievements and scheduled initiatives from now to the end of the year?

Ballerini: The primary goal of the Chamber is to promote trade relations between Italy and the United States, with a focus on the Gulf of Mexico Area.

Throughout the past 25 years, IACC Texas has increased its visibility and activity becoming a reference partner and strong supporter for Italian Companies and Individuals moving to or attempting to carry out business in Texas. Our membership network has more than doubled and is continuing to grow up as is the variety of the services we offer, like customized media consulting services and a wide range of marketing consulting services.

Which are the most requested service offered by the chamber, from both Italian and Texan companies?

To achieve our goals, we work with our members and with Italian and local businesses, as well as all relevant public and private companies, which acting in an organized manner to support the internationalization of enterprises, in particular: Regions, Chambers of Commerce, trade associations, exhibitions, enterprise networks, industrial districts, banks, economic government departments, International organizations.

We assist our customers through free and paid services, ranging from initial guidance information on the individual market to specific support, positioning and strategies of consolidation of Italian firms in foreign markets, as well as those locals who want to collaborate with Italian small and middle size enterprises.

We create match-making events and activities to give companies the chance to meet foreign counterparts who introduce productive collaboration, technological, commercial proposals.

We also promote and enhance the excellence of Italian territory, by spreading the peculiarities and the know-how also by carrying out delegations of Italian companies, abroad, or incoming mission of U.S. companies and foreign operators directly on the territories where Italian companies operate.

Finally, we provide expertise on how to operate in the Country, through targeted training interventions to individual companies and/or professionals; or through internships in collaboration with major Italian and foreign Universities.

In the food and wine industry, the Chamber has created an extremely successful event named TASTE of ITALY, which will reach its fifth edition in 2019. This annual event is the most important Italian Food & Wine business trade show in the U.S.A. The 2018 edition has hosted more than 150 Italian producers and about 500 attendees.

Texas is the first USA economy when looking at growth. Which opportunities created by this dynamicity could be advantageous to companies, Italian or otherwise, looking to engage with the Texan market?

Low taxes (no State Taxes), low bureaucracy, pro-business government institutions, few labor law prescriptions and no unions represent a major advantage for companies landing in Texas.

The strongest economic sectors in Texas are Oil & Gas, Chemical, Wind Energy, Aerospace, Biotech and Bio-Medical industry. Austin, regarded as the new Silicon Valley, is one of the most important city for Software and Electronics industry: Dell, IBM, Google, Amazon, Facebook and many other IT companies have their operations there.

An expanding economy attracts workers, brains, and companies. What is the status of Italian presence in Texas, especially that of individual entrepreneurs? Which sectors are they looking towards more?

Lately, more and more Italian companies have discovered the huge potential of Texas market. They realize that the most famous East and West Coasts of the U.S.A. are saturated with made in Italy products and therefore almost inaccessible for small/medium size companies. Texas, on the contrary, offers a market still open and affordable.

Our companies in Texas mainly operate in the manufacturing/engineering sector, as well as in the biotech and aerospace one. There are of course many entrepreneurs willing to open restaurants, *gelaterie* or other retails activities.

There are finally just a few but important companies in the construction, building management and real estate industry.

The Italian food & wine requests in Texas are increasing every year as the State population, growing at a rate of about 1 million persons per year.

Italian companies are manifesting a quite prominent trend pointing towards internationalization but are Texan entrepreneurs doing the same? If it is so, which are their main geographic areas and economic sectors of interest?

Texas companies invest especially in Mexico, Latin America, and Canada. Europe is a significant and interesting market as well, with Germany as a leading partner, even if Italy has seen important acquisitions in the last 10 years and the new red path for investors will hopefully attract more deals from the large Venture Texas community.

About 15,000 U.S. citizens reside in Italy; many of them have a residence permit for elective residence, that is, they have chosen Italy to live there permanently after buying a house, often in prestigious tourist locations. Since last December, Italy offers an additional opportunity for entry and long stay, consisting in an investor visa. A minimum investment of 500,000 euros (if made in an innovative start-up) or a million (if made in an already

established company) is required. The investor will be able to stay in Italy and, with some limits, to travel in the Schengen area. Can such an initiative be appealing to the Texan entrepreneur or investor, considering also the opportunity to access the wider European market more easily? Or, despite the renown of Made in Italy and the recent reforms that have led Italy out of the crisis, our country remains a popular holiday spot but not one in which to invest?

As a matter of fact, Italy remains a primary destination for vacation and relocation for rich Texans more than a business investment market.

Bureaucracy, uncertainty in payments, high taxes, the length of the justice system are still a barrier for investors; nonetheless, Texas managers of Investment Funds has shown to the Chamber their interest in the acquisition of established Italian Companies or promising start-ups.

Principal critical issues related to investments in Italy are the following: the Family owned businesses passed down through the generations, make hard any solution of partnership or joint ventures outside the family; the general ownership of the facilities, common in Italy while Texans mainly lease it, may often raise the price of a possible acquisition.

In my opinion, Italy needs to discover the importance and potential of private investment funds, which are the real engine of U.S. economy and can become in the future a valuable financing source for Italian companies.

The visa will also be conceded to patrons intending to donate at least one million euros in cultural activities, recovery of cultural or landscape heritage sites, education or scientific research or migration management. In your opinion, this idea of associating their name with an important cultural project may interest some Texan patron?

Long one of America's largest cities, Houston has recently become one of its most prosperous, driven by growth in the oil, housing, and tech industries. This rising wealth has inspired tremendous philanthropy, changing the city's external look and its internal functions. According to Charity Navigator, Houston sits near the top among major U.S. metros in total philanthropic assets, the percentage of income given to charity, and financial health of its largest charities. In 2015, the organization ranked Houston number one, just ahead of San Diego, in overall philanthropic culture.

Given this positive environment, the advantages offered by Italian Government will raise for sure the interest in being part of a major cultural project in our Country.

The capacity of a proper communication to this philanthropic organization is the key factor to reach the goal.

Alongside the visa policy, Italy also has a system of tax advantages consisting of a flat tax of 100,000 euro per year on income produced abroad (which for family members even drops to 25,000 euro per year). Can this benefit represent an additional incentive to invest in Italy and to transfer your tax residence there?

The tax benefits offered by Italy in terms of investor visas or flat tax (100,000 Euro max) are an important tool for foreigners that invest and/or move their fiscal residence in Italy, but probably more for individuals than for companies, due to the fact that U.S. Citizens, despite an agreement between Italy and the U.S.A. to avoid double taxation, have the obligations to report their revenues (wealth increment during the year) in the U.S. and abroad even if they have their fiscal residence

outside the U.S.A. They can claim credit for the taxes paid in Italy as well as having an exemption for some incomes abroad, but they are still obliged to pay the remaining tax in the U.S.A. if any.

What is the Chamber doing to promote these government's initiatives?

Alongside the Embassy, the Consulates, and the ICE offices, we are jointly trying to attract foreign investments in Italy.

Italy has a new government, born from the alliance between the 5 Star Movement and the League, both clearly populist parties or, as said by the new President of the Council, Giuseppe Conte, when presenting his program to the Senate: "If populism means be disposed to listen to people's needs, then we will claim this term". In your opinion, was the American press neutral enough in evaluating the election's result, or a "demonizing" attitude prevailed, especially when seen with the eyes of a potential investor?

My impression about the reaction of the U.S. media to Italy's new government is neutral with some doubts and concerns specifically in case of an exit from the EU, but also curious about how a neophyte government may perform in Italy. You should consider and remember that Trump's election was a big change in U.S. politics both on a domestic and international scale after many years of the "Deep State" controlling Washington; therefore, U.S. media were intrigued about the similarity with Italy in terms of a big political change. In any case, Italy always represented a good and respected ally for the U.S. and I don't see any negative effect impacting investments in Italy. In fact, it seems that Trump's administration is considering favorably the new government and that may result in U.S. import and export policies favoring Italian products.