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Business What's on

UNIMPRESA warns of vultures from abroad.



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The Chinese Secret Strategies to get hold of the Italian SME's know-how

With the OECD, Bankitalia and the European Commission dreading a 40% risk of failure for the Italian small-sized businesses and a 30% risk for medium-sized ones, the dramatic fragility of both is jeopardizing Italy's whole economy. The SMEs' crucial production network accounts for 70% of the added value to the country's economic system; since the post-World War Two years, this has been unfailingly succeeding in making Italy uniquely stand out from the rest of the world for the acclaimed "Made in Italy", through the resourcefulness, creativity, and innovation of hundreds of thousands of entrepreneurs and excellent craftsmen across the country.

Such fragility was already there before the Covid-19 pandemic, but in the past six months, it was exacerbated by shrunk turnovers, a jungle of on-and-off tax obligations that were never fully cancelled or put off until 2021, and the support measures introduced by the Italian government, including three economic decrees. Decrees that were always late, hardly decisive, and absolutely ineffective for business to restart after the lockdown, due to muddled norms, complex procedures, and operational delays in the management of such procedures by the appointed bodies (first and foremost, the Italian social security service INPS and the banking system).

In such a critical situation, in order to survive and to ensure the transparency of their business, SMEs should defend themselves not just from the system's own obstacles, but from organized crime and vultures from abroad too.

The Italian and international mafias are always lying in wait, ready to promptly "rescue" the small- and medium-sized businesses that struggle, especially in the South of Italy, through the endless illegal resources coming from their unlawful traffics - drug dealing, extortion, usury, gambling, money laundering, secret financial speculation, and more. To this end, Unimpresa has warned the country's security and prevention authorities, as well as its affiliates, so that they do not fall for this self-serving, deceitful "help", at the risk of dearly paying for criminal collusion and losing their own economic independence, or worse.

Although apparently legal, similar threats to the Italian best-performing businesses' autonomy and properties have been stealthily occurring especially in the North of the country. Here, vultures from abroad - particularly from China - have been putting sophisticated strategies in place in order to get hold of Italy's key productive heritage, which the whole world envies: that know-how (knowledge and creativity) that makes Made in Italy unmistakable worldwide. This is not about the copyright issue, important as it may be, but something that goes well beyond that, that might take Italy's productive identity and anything the country could bequeath to future generations.

As Italians, our real heritage is made of our ideas, expertise, and anything non-physical that might help us rise up again and carry on. If we are robbed of it all, even in apparently legal operations, we will never be able to progress again, and our economy will be doomed to fall apart.

Here is a real, valuable example.

A company owns a patent for the production of a machine for the food industry. They are offered a chance to establish a new business based for 50% in China; the Chinese partner will be responsible for the trading part, while the Italian company will manage the

and its responsibility for the trading party, since the Italian company will manage the production and provide the expertise to build the patented machine, which will need some minor changes to the originally registered patent in order to obtain the necessary permissions to be sold in China. For everything to be even more credible, the Chinese partner shows strong interest in purchasing a minor share of the Italian firm with a call option that will only be made once the Chinese joint venture has reached a certain turnover (which will obviously never happen).

Given the brilliant results that the Chinese partners' business plan estimates, the company enhances its structure in Italy through investments and debts, in order to meet the need for more resources in this growth phase. This way, the optimistic prospects push the company to focus on the new market while neglecting its traditional ones. Although the Italian firm has passed on all its know-how, however, the Chinese joint venture never succeeds, and finally closes. In order to settle all debts, the organization and the machinery are sold to a Chinese-only newco, which thus acquires all the expertise too.

The Italian firm retreats with heavier balance sheets for the costs endured, having meanwhile lost a market segment. Free from any obligations towards the Italian partner, the Chinese firm is now ready to drive the newco to success by flooding the international market with that machine that it is now producing for a considerably lower price. No need to worry about the patent either, which was already changed. Moreover, because of their financial power, the Chinese will not even have to face the agonizing Italian company in a legal battle; on the contrary, they could acquire it at a reduced price, and then erase it from the market.

What consequences for Italy? Losses in terms of knowledge, jobs and GDP.

Consequently, the time has come to raise new, tougher defences in order to mitigate and overcome the Italian SMES' financial fragility. Despite all the unmet expectations so far, that is a primary responsibility that still lies with the government and parliament, which hopefully will not dare to take any time off instead of working to amend and improve their measures in August too.

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