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CLAO!

News Letter

Sri Lanka - Italy Business Council

Volume 10, Issue 1

50, Nawam Mawatha, Colombo 02, Sri Lanka.

CONTENTS

Executive Perspective

Introductions

Events

Members profiles

News & Updates

Feature Article

MESSAGE FROM COUNCIL PRESIDENT

First I would like to wish you all a very Happy Sinhalese and Tamil New Year, with the hope that the New Year will be filled with Joy, Prosperity and Peace for each of you and your families.

This year has been quite an eventful one for the Sri Lanka – Italy Business Council and I wish to take this opportunity to thank all of you for continuing to support us with your participation at our events, renewal of memberships, providing sponsorships, etc. Your membership and support towards us helps us to become the strong Business council that we are.

We've had numerous events and activities conducted almost every month. Our regular breakfast and luncheon meetings prove quite successful as usual, and time and time again prove to be valuable networking opportunities for our members as well as good opportunities to learn from the distinguished, successful guest speakers who are invited for these meetings.

In this past year, we've been able to hear from noted speakers such as Dr. Indrajit Coomaraswamy, Former Director Economic Affairs Division, Commonwealth Secretariat, Mr. Roshan Lyman, Economic and Trade Advisor, European Commission, Mr. R.D.S. Kumararatne, Director General of Commerce and Dr. Giandomenico Milano, Deputy Head of Mission, Embassy of Italy, Mr. M.S. Jeevan Gnanam, CEO, Orion Development (Pvt) Ltd. and Hon. Minister Kabir Hashim, Minister of Highways, Higher Education & Investment Promotion. We've also held our Joint Annual Christmas Party together with Sri Lanka Italy Friendship Society attended by as many as 100 guests.

EXECUTIVE Perspective

Tania Polonnowita
Wettimuny
President
2014-2015



I am also proud to announce that in line with the objectives of the Business Council, we've commenced and are in the midst of our first Italian Language Course. This 8 week program has proved successful and we hope to continue with this program as time goes on.

The Sri Lanka – Italy Business Council, under the aegis of the Ceylon Chamber of Commerce focuses on the objectives of 'promoting investment, trade and joint venture and strengthening bilateral ties between Sri Lanka and Italy' and has endeavoured to support its membership which has grown to include companies involved in diverse sectors of trade, investment and services.

Keeping this in mind, and with the upcoming Expo Milano 2015 coming up, the Sri Lanka – Italy Business Council has a plan to lead an oncoming business delegation to Italy and we will keep you informed on further details in the very near future.

Our bi-annual newsletters gives you a glimpse into the activities conducted regularly by our Council and hopes to educate you with informative articles written on one of the most beautiful and amazing countries in this world – Italy. In this edition too, we have two articles compiled by Dr. Giandomenico Milano and Mr. Rajeev Aloysius on "Something that no one is saying about Italy" and "Naples – the Neapolitan heartland" respectively.

I would like to extend my thanks to all who contributed and worked hard on making this newsletter a reality, our members for their repeated support shown towards the council and for all the progress we've made. We really try hard to make the SLItBC one of the most active Business Councils in the Ceylon Chamber of Commerce and I feel that we can say that we have reached that notable level of success.

I would also like to show my appreciation to our patron, His Excellency, the Ambassador, all our friends at the Italian Embassy in Sri Lanka and the Sri Lankan embassy in Rome and all institutions and companies who have remained with and supported us throughout all our accomplishments.

I take my leave now by saying that in the next year and the years to come, we hope to do even better and hope that you all remain with us on this journey.

Warm Regards and all the best!



AGM News

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News Letter

EXECUTIVE COUNCIL FOR 2014-2015

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Mr. Rajah Abeyasinghe JP
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Mr. Anushka Polonowita
General Manager
EuroSports Auto Lanka (Pte) Ltd.,
Subsidiary of Micro Holdings

Mr. Janaka Gunasekera
Director
A Baur & Co. Ltd.

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Events

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Breakfast Meeting with Dr. Indrajit Coomaraswamy



A breakfast Meeting was organized by the Sri Lanka Italy Business Council focusing on two topics, which were, "Global impact of the tapering of the US Quantitative Easing" and "A preview of Janet Yellen as the New Fed Chairman". Dr. Indrajit Coomaraswamy, Former Director Economic Affairs Division, Commonwealth Secretariat held this interactive discussion and the meeting also included a Q&A session.

Breakfast Meeting with Mr. M. S. Jeevan Gnamam



A Breakfast Meeting was held on Tuesday 10th February 2015 organized by the Sri Lanka Italy Business Council at Hilton Colombo Residencies. The Breakfast meeting focused on Family Business & Innovation and was followed by an interactive Q&A session. This event was well attended by over 40 participants.

Luncheon Meeting with Mr Roshan Lyman, Mr. R.D.S. Kumararatne & Mr. Giandomenico Milano



The Sri Lanka - Italy Business Council organized a luncheon meeting with a panel which consisted of Mr. Roshan Lyman, Head of Trade Section, Delegation of the European Union to Sri Lanka and the Maldives & Attaché trade & economics Delegation of the European Union to Sri Lanka and the Maldives, Mr. R.D.S. Kumararatne, Director General of Commerce, Department of Commerce Sri Lanka, Mr. Giandomenico Milano, First Secretary/Deputy Head of Mission, Embassy of Italy on Friday 31st October 2014 at Kingsbury hotel. The panel spoke of EU - Sri Lanka Trade Lane & its Development which was attended by over 40 participants.



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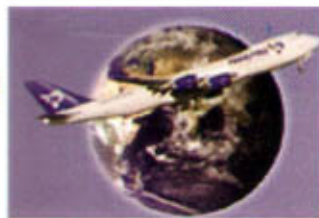
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Member Profile

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Sri Lanka - Italy Business Council

News Letter

MICRO HOLDINGS (PVT) LTD.



Mr. Anushka Polonowita

General Manager

Micro Holdings (Pvt) Ltd

24/1, Dudley Senanayake Mw

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E-mail : nushka@eurosportsauto.lk

Web : www.microconstructions.com

"Micro" Group of Companies was established in 1995 by veteran automobile engineer, Dr. Lawrence Perera. Micro Cars Ltd is the only automotive Engineering Company in the country to be led by an automobile expert, who is also honoured with Doctorate for his excellence rendered to this industry. Micro Car was the First in Sri Lanka to Design, Develop and Prototype and now commercially produces a truly home-grown Compact Car with a Patent, named "Micro Privilege". With the birth of the first compact car 'Privilege', the company developed a low-cost manufacturing and assembly operation that could produce high quality vehicles utilizing the resources and skilled labour force of Sri Lanka. Today the facility has developed to be the country's first automated assembly line bringing Sri Lanka nothing short of the latest car manufacturing technology. Thus making "Micro" the only car manufacturer / assembler producing a range of vehicles meeting to International Standards.

"Micro Cars Ltd" which is recognized as National Car Manufacturer offers a wide range of vehicles from Compact Cars, Vans to Luxury SUV's, Sports Cars, Luxury Coaches and Prime Movers. Having signed up Franchise Agreements and SKD / CKD technology transfer agreements with world renowned brands such as Renault , Scania, Yutong, Higer (under franchise agreements) and SsangYong and Geely for SKD assembly agreements respectively. The after sales service is supported with a State-of-the-Art Service Center in Colombo which is the largest in South Asia with the knowledge & experience of the skilled Sri Lankan technicians. Further the after sales support is strengthened by an Island-wide sales and service network.

EuroSports Auto Lanka (Pte) Ltd, is the latest subsidiary of Micro Holdings responsible for the company's Luxury Automobile Brands. Euro Sports Auto Lanka was able to let the Exotic Superlative Sports Car Brand 'Lamborghini' to touch the ground for the first time in our Splendid Country along with another Italian masterpiece, The "Alfa Romeo".

LANKEM CEYLON PLC

Mr. R. T. Weerasinghe

Director

Lankem Ceylon PLC

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The Lankem Paints Ltd story began in 1984 when it began commercial operations with the technical collaboration of Berger International. Seventeen years down the line in 2001 it parted ways with Berger and ventured forth as a 100% local paint manufacturer with its own technology including purchasing the international brand name Robbialac: It is today probably the only Sri Lankan company to own an international brand outright. A pioneer in Sri Lanka's paints industry, Lankem is today Sri Lanka's largest 100% local coatings manufacturer and marketer. Lankem's rich portfolio includes emulsion, enamel, weather coat, special effects paints, primers, ancillaries, wall preparation, floor coats, anti-corrosive, adhesives, wood care, auto coat which cater to all needs of the Sri Lankan paints consumer.

In 2002, Lankem received the ISO 9000 certificate and became the first ISO 9000 certified paint company in the country. Similarly the Lankem paint factory at Ekala was the first paint manufacturing facility to receive SLS ISO 9001:2008 for Quality Management Systems. It is also the one and only paint manufacturer as at date in Sri Lanka to be awarded with ISO 14001 for Environmental Management Systems, in addition to the SLS mark. In 2003 the Company commenced practicing cleaner production methods while the Robbialac Colour Studios launched operations the same year.

In the years 2011 and 2013 Lankem Ceylon PLC, Sri Lanka's leading paints manufacturer and marketer was proud to have strengthened its wide ranging portfolio by tying up with two of Italy's paints giants – Verinlegno for wood coatings and Candis for special effect paints. This partnership was welcomed by thousands of Sri Lankan consumers as it brought them sheer Italian excellence literally to their doorsteps through Lankem's extensive dealer network in all parts of the country. As a responsible corporate it reiterated its commitment to safeguarding not only the environment but also the future generations of this country.



Member Profile

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Though based in Sri Lanka we are proud to say that we were one of the pioneers in making the Maldives Islands a tourist destination with Colombo as its gateway. Over the years, the Maldives continue to be a prime destination for our clients either before or at the conclusion of their Sri Lanka island tour.

With expert local knowledge and empathy with the needs of our guests we offer a variety of pre-planned packages that will deliver the best of what Sri Lanka has to offer. However, if you prefer a special unique program, our team of Travel Specialists can help to customize a memorable tailor-made vacation you will not forget. We take pride in our customer service and strongly focus on tour operations. Tours are carried out by knowledgeable, professional Chauffeur-Guides and National Tour Guide Lecturers who have completed Sri Lanka's Tourist Guide Training Program.

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News

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Sri Lanka - Italy Business Council

News Letter

ITALIAN LANGUAGE COURSE

A course on the Italian Language commenced on the 28th of February, 2015 and is now ongoing. With a qualified and experienced teacher, Ms. Cristiana Cortiana, an Italian based in Sri Lanka, the Italian Language Course covered basic aspects of learning the Italian Language such as construction of basic phrases, sentences, use of pronouns, adjectives, and other grammar lessons as well as basic conversational skills and an introduction to Italian Culture. The class is targeted at a small number of participants, around 20, in order to give each learner individual attention.

Organized by Sri Lanka - Italy Business Council of The Ceylon Chamber of Commerce

ITALIAN LANGUAGE COURSE FOR BEGINNERS

Course Content

- Construction of basic phrases
- Interrogative, causative and temporal sentences
- pronouns, adjectives (numeral, possessive)
- Understand conversation to gain competitive advantage
- Italian Culture

Maximum of 20 students will be taken for the 01st Batch

Starting Date :
28th February 2015

Time :
Every Saturday
9.00 - 11.00 am
(8 week course)

Cost per student :
Rs.10,000
(8 week course)

Venue :
Board room
Automobile Association of Ceylon
40, Sir Mohamed Macan Marker Mawatha,
P.O.Box 338, Colombo 03.

INVESTMENT FROM ITALY

Italian companies have invested in Sri Lanka in diversified areas such as textile & garments, footwear, tourism, rubber based products, horticulture, paper & paper products, coir products & services.

FDI from Italy - 2010 to 2014 (US\$ Mn.)

2010	2011	2012	2013	2014
1.88	1.82	1.230	1.293	1.889

Investment Protection Guarantee

The Bilateral agreements that exist between Sri Lanka and Italy provide for the following.

- Protection against nationalization
- Prompt and adequate compensation if required
- Free remittance of earnings, capital and business fees
- Settlement of disputes under the International Convention for the Settlement of Investment Disputes (ICSID)

Double Taxation Treaty

- Double tax relief agreements signed between Sri Lanka and many other countries provide reduced tax rates on dividends, interest and royalties
- Sri Lanka has signed a Double Taxation Agreement with Italy.

Target Industry Sectors

While BOI welcomes investment in almost all areas, the following sectors have been identified to promote Foreign Direct Investment from Italy.

Sector was identified on the basis of comparative and competitive advantages available, the need to promote the diversification of the export sector through backward linkages, high technology and value addition.

Sectors

- Textile / Apparel & Accessories
- Rubber based products (Automobile components)
- Gems & Jewellery
- Ceramic / Glass ware
- Tourism
- Footwear
- Food processing / confectionary
- Cosmetics & perfumes

Target Companies

- Italian companies working for cost effective production due to high production cost in Europe.
- Italian companies that already have an export market to the Middle East, South Asia and South East Asia.
- Companies that can utilize raw materials from Sri Lanka.
- Italian companies to invest in Sri Lanka focusing on Indian & Pakistan markets.



News

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Sri Lanka - Italy Business Council

News Letter

JOINT ANNUAL CHRISTMAS PARTY



The Sri Lanka - Italy Business Council together with the Sri Lanka – Italy Friendship society held its annual Christmas party for the second consecutive year. The event was well attended by over 100 participants. The annual Christmas party was held on the 01st December 2014 at the Kingsbury Hotel.



BREAKFAST MEETING WITH HON. MINISTER KABIR HASHIM



The Sri Lanka- Italy Business Council of the Ceylon Chamber of Commerce organized a successful breakfast meeting at the Hilton Colombo Residencies with Hon. Minister Kabir Hashim, Minister of Highways, Higher education and Investment Promotion which was attended by around 50 participants.



Hon. Minister Hashim discussed many important aspects regarding the role of FDIs (Foreign Direct Investments) in Sri Lanka and how long term FDIs could lead to a sustainable growth, a stronger capital market and thereby, development of our country. He described how Sri Lanka is the ideal country for the investor, with a perfect location as a gateway between the West and the East, at the centre of the Silk Route. He also observed that the country had diverse types of resources and an educated, talented workforce. He was of the opinion that the business community should harness these advantages and promote investments to make best use of this potential. Hon. Minister Kabir Hashim also highlighted the ways in which his team is now working on generating new FDIs to Sri Lanka.



Feature Article

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Sri Lanka - Italy Business Council

Times Letter

NAPLES - THE NEAPOLITAN HEARTLAND



Naples (Italian: Napoli) is the third largest municipality in Italy after Rome and Milan, and is the capital of the eponymous province. It is one of the oldest continuously inhabited cities in the world. It is located near the "laces" of the boot of Italy, in the region known as Campania on the west coast. There are 1-3 trains per hour from Rome's Termini station, that go directly to the main station Napoli Centrale, in 1 hour 10 minutes, and tickets in second class are EUR21.50 upwards, and in first class EUR25 upwards (2015). The non-stop bus from Rome's Tiburtina bus station takes 3 hours, and costs about EUR15 booked well in advance (2015). There is an international airport (IATA: NAP) with European regional flights, from which there are easy bus connections both to the city centre, as well as major regional cities.

The city has a modern metro, bus and tram service. The ticket for the calendar day (called "Giornaliero") costs just EUR3.50 for all services, including Naples' four cable railway lines (funicolari). The weekend ticket was discontinued in 2015.

The choices of hotels are many, for every budget. The best bases include - the Central station if you are in a multi-stop journey, near the Cathedral area if you are on pilgrimage or near the University and the Molo Beverello hydrofoil pier, if you want a very central location, from which to explore the city at a good pace. If you do not want a chain hotel, look on the web for privately owned B&B's called pensione (or simply "camere" - which would be logical for a Sinhala speaker!). Remember that the owner may not speak English.

Naples has a bad reputation for pickpockets and lack of cleanliness, but has much to offer the visitor. The centre of the city, near the Università stop, has a pedestrian area which takes in the Plebiscito square, Castle (Castel Nuovo), the Galleria Umberto, the Palazzo Reale (Royal Palace), the historic Teatro di San Carlo (1737, the oldest opera house in the world), among about 40 more landmarks. This area began its major restoration in mid-2014, so there is currently a lot of scaffolding around the buildings. The great Cathedral is the most important church in a city of very beautiful churches which rivals even Rome and Venice. Dedicated to the assumption of the Blessed Virgin Mary, it also honours the patron saint of the city, St. Januarius. On 19th September, it hosts the Miracle of this saint, where his

dried blood is said to turn to liquid when brought close to relics said to be of his body. Its baptistery is the most ancient in the Western world, even older than the one at the Lateran basilica in Rome (which was heavily remodelled). The other churches worth a visit include San Domenico Maggiore (1255), Donna Regina (1300), Santa Chiara (1310) and the San Francesco di Paola (1816).

There are two fortresses also worth a visit. Castel Sant'Elmo is a medieval fortress located on a hilltop near the Certosa di San Martino, and is the best lookout point and panoramic photo spot for the city. It is easily accessible using the Montesanto funicular railway. The second is the Castel dell'Ovo (Italian for "Egg Castle"), a seaside castle located on the former island of Megaride, now a peninsula, on the Gulf of Naples.

Naples is the undisputed place for authentic pizza, as food doesn't get any more Neapolitan than this. There are two pizzerias which claim to be the oldest in the world. The first is the tiny L'antica Pizzeria Port'Alba (claiming 1830), and the other, L'antica Pizzeria da Michele (claiming 1870), which is only slightly bigger. Julia Roberts is seen to eat at the latter, in the movie "Eat Pray Love" (2010). It is well worth watching the pizzaiolo (master pizza maker) tossing the dough, as they have done for centuries. The osterie (home run kitchens) in Naples are among the best, and most unexpectedly economical in touristy Italy. The Osteria Il Gobbetto near the Opera House is among the most famous and charming of these, and quickly fills up with locals and tourists all year.

There are many attractive day tours from Naples. Its other station, Napoli Garibaldi, is located under Centrale station, giving access via the Circumvesuviana train (appropriate name!) to Pompei Scavi, Ercolano, Madonna dell'Arco, Sorrento, Baiano, Sarno and Acerra. The ticket prices vary from EUR2.20 to EUR4.10 (2014). If you have more time, Ercolano is the stop for the ruins of Herculaneum, Pompei Scavi is the stop for the ruins of Pompeii, and the beautiful resort of Sorrento (on the northern edge of the Amalfi Coast) is at the end of the line, 65 minutes away. A great photo opportunity of Vesuvius is on your left, when travelling out on this line.

by Rajeev Aloysius



Feature Article

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Sri Lanka - Italy Business Council

News Letter

SOMETHING THAT NO ONE IS SAYING ABOUT ITALY

Italy is often described, particularly in the international community, by negative parameters: public debt, scarce competitiveness, and a nominal budget deficit (which, in the past, led to the European Commission's opening of an excessive deficit procedure).

However, alongside these data, there are some economic indicators that are more suitable for representing Italy as what it is: one of the main countries of the developed world, the second-ranking European country for manufacturing, and the third largest economy in the Euro Area.

Italy is country that has been, in the last 20 years, capable of keeping its accounts under control and of ranking as one of the best performing countries in Europe and in the world.

Italy's primary surplus is among the highest in the world and is the most stable among EU Member States in the past 20 years. In 2013, Italy's primary surplus as a percentage of GDP was the second highest in the EU, trailing only that for Germany (by 0.16 percentage points) and double that of the surplus for Austria, which ranks third among the EU's virtuous countries. Italy's deficit-to-GDP ratio was below 3% in 2013 and 2012.

According to current forecasts, Italy's public finances will continue in 2014 to stay within the deficit threshold provided by the European treaties for countries that became part of European Monetary Union and adopted Euro as their currency.

Looking at the other Euro Area Member States, it's evident that Italy is one of the few countries to have respected this rule. It is also interesting to note that there are many countries outside the Euro Area with a deficit-to-GDP ratio that exceeds this threshold. These include the United Kingdom, Japan and the United States.

Between the beginning of the global economic recession in 2008 and 2014, the trend of Italy's debt has been much less dynamic than that in other countries. Italy's performance obviously incorporates the primary surplus in the State budget. Higher nominal growth (computed by taking into account inflation and real growth) would have allowed for a declining debt trend.

With the expected growth and the planned sale of State property already being implemented, from 2016 the debt-to-GDP ratio will start to decline.

The European Commission's analysis of the sustainability of the public finances of the Member States in European Monetary Union has confirmed that (in the short, medium and long term) Italy's risk level is below the Euro Area average as well as the average for the EU273. According to

the Commission's analysis, Italy's public debt is among the most sustainable in Europe in the long term.

Sometimes we think that Italy has received aid from the European Union during the years of the economic crisis. Instead Italy is the third largest contributor in terms of aid paid directly to struggling countries and to the European financial instruments created during the economic crisis (the so-called EFSF and ESM "bailout funds"), and used to provide financial assistance to Cyprus, Greece, Portugal and Ireland. As reported in the Supplement to the Statistical Bulletin of the Bank of Italy in October 2014, Italy has provided some 18.5% of this funding from 2012 to 2014, for a total of EUR 60 billion, which contributed to increase the Italian public debt.

Eurostat data show that the national banking and financial systems of the 17 Euro Area countries received government aid in varying proportions during the economic crisis (2007-2013). Italian banks received government support equal to approximately EUR 4 billion, compared with EUR 250 billion in Germany and EUR 165 billion in Great Britain. The total amount of aid paid in the European Union, calculated by Eurostat, amounted to EUR 688.2 billion. Of this amount, EUR 517.9 billion went to Euro Area countries. Italy's intervention thus amounts to just under 1% of state aid granted to banks in the Euro Area, and 75% of this support has already been returned to the State by the recipients.

Italy has demonstrated the capacity to excel in many fields, from the so-called "3 P's" (food, fashion, furniture) to mechanical production, civil engineering and scientific research. It has recorded periods of lofty economic development, during which wealth was widely redistributed, and the quality of life of millions of citizens largely improved. But Italy has also wasted many opportunities to improve its competitiveness and to modernize public administration. The most obvious manifestation of these missed opportunities is the high level of public debt. The nation has responded to this massive burden with significant sacrifices, the evidence of which is seen in the numerous public budgets closed with a primary surplus. The Italian government is fully committed to modernizing and renewing the country, to reward these joint efforts, through a challenging program of reforms that are implemented promptly and with determination. With facts at hand, the aim is to wipe out long-standing and widespread prejudices about a nation that deserves to promote itself with pride.

By Giandomenico Milano



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