

ITALY-AMERICA CHAMBER OF COMMERCE WEST

Monthly Newsletter



Italy-US Corridor Discussion with KPMG

Interview with Filippo Puglisi-Alibrandi, Partner in Charge, US/Italy Corridor, KPMG



Q: Despite unprecedented disruption the pandemic created in the global marketplace, Italian companies continue to look at opportunities in the US market as part of their international growth strategy. Is this a time for international expansion?

A: Italian companies have long known about opportunities presented by international markets, but often executives are unsure how to navigate the myriad of challenges to achieve growth and effectively manage risk. With today's global economic environment, geopolitical uncertainty and accelerated disruption to international operations due to the COVID-19 pandemic, this concern has never been more real. During these challenging times, we have seen the following needs from all our international clients:

- Tax and Trades Changes: the CARES act and other legislations have introduced regulatory frameworks that need to be assessed. This includes tax and trade implications that global clients are trying to interpret and assess the size of impact
- Business strategy and scenario planning: The pandemic and economic crises require business strategies and scenario planning for multiple jurisdictions and time horizons.
- Supply chain disruption and global delivery models: Businesses with multinational operations have experience increased in sectors servicing the new normal and saw others' supply chains been disrupted. Therefore, they are revisiting global strategies and delivery models.

International expansion is always an opportunity, especially if we consider how countries are reacting to the pandemic. In particular, the US market could represent a great opportunity for Italian businesses since the economic recovery will happen faster than in Italy.

Q: Can you briefly talk to us about the Italy-US Corridor you lead at KPMG?

A: The US Italy Corridor is part of the KPMG's U.S. International Corridors initiative. KPMG's U.S. International Corridors assists companies to overcome the complex challenges and risks of cross-border investments to, and from, international markets. Thus we help U.S. companies investing in Italy as well as Italian companies investing in the U.S. to achieve their global revenue growth objectives in the midst of unprecedented global disruption. KPMG's U.S. International Corridors is focused on connecting KPMG member firms around the globe with a network of leaders across more than 20 countries or regions and a leadership team focused on nine priority and strategic markets. Our global network provides a comprehensive ecosystem of high-performance teams, solutions and support ready to assist companies who are either new entrants to these markets or multinationals with decades of in-market presence. The US Italy corridor offers Audit, Tax and Advisory services to Italian based companies that do business in the US and US based companies that do business in Italy.

Q: As restrictions continue to be lifted and the economy reopens, what are the risks for a re-lockdown both for US and Italy-based companies?

A: The risks for a re-lockdown would slow the economic recovery that has started since vaccinations have begun to roll out in both countries. In the US, where vaccinations have had a steady pace, we already see signs of economic recovery. In Italy, where lockdown measures in 2020 were more stringent than in the US, and where vaccinations have been rolling out slowly, due to supply constraints for EU procurement and national-level logistical issues, we see a beginning of economic recovery. Going towards the summer months, it is foreseeable to see the US come back to a state of normalcy by the end of summer. In Italy, summer months are notoriously slow in terms of growth since most of the population is used to take summer vacations, with the month of August being designated as a shut down month for many businesses. In Italy, during the summer months, with many people taking vacations, we will see a decrease in vaccinations and we may see an increase in infections, so there is the risk for a new lockdown in case of a spike of infections due to more people travelling and vacation gatherings.

For more information on KPMG, visit www.kpmg.com.