The rapid spread of COVID-19 in Italy has induced the Italian government to take stringent measures aimed at slowing the spread of the virus to a rate which should gradually result in the country’s recovery from its current emergency situation.

Apart from specific sectors, the measures initially focused on relatively small geographic areas where the spread had begun. In light of the recent increase in number of people affected, new measures have been adopted to cover larger areas, most recently the whole Italian territory. These measures have a material practical
impact on business activities carried out in Italy (not to mention the impact on the
daily lives of the individuals concerned).

In particular, on 8 March 2020, a decree of the President of the Council of Ministers
was issued to supplement and corroborate the previously enacted regulations to
address the COVID-19 emergency.

The main impact of the latest measures set forth under the decree is on individuals’
movement until 3 April 2020.

The temporary restrictions on individuals’ movement under the decree were initially
meant to apply to certain geographical areas (located in the north of the country)
which had been identified as those with the highest rate of coronavirus infections
(restricted areas). However, as a result of the increasing number of people affected
by the virus, the President of the Council of Ministers issued a new decree on 9
March 2020, effective 10 March 2020 (supplementary decree), for the purpose of
extending such restrictions to the whole Italian territory.

After issuance of such decrees imposing restrictions on individuals’ movements,
another decree of the President of the Council of Ministers was issued on 11 March
2020, effective 12 March 2020, dictating the temporary shutdown of retailing
activities in the Italian territory (with certain exceptions) until 25 March 2020.

Read on for an update on certain key issues relating to how local operations may be
affected based on the applicable regulations, as enacted, amended and superseded
by such decrees and in force today. This regulatory framework may constantly
change based on the outcome of the measures adopted thereby, so further updates
will follow to provide a detailed and up-to-date overview of ongoing developments.

INDIVIDUALS’ MOVEMENT

Before issuance of the 8 March decree, temporary restrictions on individuals’
movement applied only to the areas (consisting of single municipalities) where the
virus had originated. The decree extended the geographic area of these restrictions,
by dictating that, until 3 April 2020, individuals were not in principle allowed to
leave or enter into, or even move, within the restricted areas, which were identified
as those with the highest rate of coronavirus infections. Under the decree, the
restricted areas were massively increased and included the whole Lombardy region,
including Milan, and other areas which included other prominent cities, such as
Venice, Padoa and Treviso.

Now, pursuant to the 9 March supplementary decree, the temporary restrictions on
individuals’ movements have been extended to the whole Italian territory, until 3
April 2020. As a result, no individual currently is allowed any movement from, to or
within the whole Italian territory, except in case of well-grounded work-related
reasons, status of necessity or health-related reasons.

It was not initially clear, and to which extent, movement within the same
municipality would be subject to these restrictions, while it was quite certain that
transfers from one municipality to another in the Italian territory would fall within
the decree’s scope of application. After the publication of the relevant guidelines by
the Civil Protection Department, the restrictions seem to apply to any movement, including within the same municipality.

It should be noted that at the last minute, the draft of the decree (at that time meant to apply only to the restricted areas) was amended to specify that the restrictions would not apply to an individual’s return to her place of residence. This amendment was intended to allow people staying outside their places of residence at the time of the issuance of the decree to be able to return home. This stipulation now applies to the whole Italian territory, so individuals remain entitled to return home at any time from wherever they currently are.

Due to the “well-grounded work-related reasons” exception, employees required to move into, from or within the Italian territory for actual business reasons should not be prevented from doing so, to the extent that they can prove actual work related reasons.

Neither the decree nor the supplementary decree provides any specific examples of what would constitute “well-grounded work-related reasons”. A common sense interpretation would suggest that any movement for a genuine, material business reason should be sufficient to invoke the exception to the movement restrictions.

This interpretation seems to be confirmed by, inter alia, the following circumstances:

- Originally, the draft of the 8 March decree made reference to “non-deferrable work-related reasons”, while in the final text, “non-deferrable” has been replaced with “well-grounded” to mitigate the requirement.

- Certain supplementary regulations issued on 8 March 2020 by the Civil Protection Department by means of order no. 646 to clarify the scope of the decree specified that movement for “work-related reasons” are allowed in the whole country (omitting any reference to “well-grounded” as a prerogative).

In any event, it is plausible to maintain that, as confirmed by several government officials, employees will not be prevented from going to and from their workplace to perform their daily duties as usual. In the press release issued in connection with the adoption of the supplementary decree, the Italian Prime Minister indicated that public transportation services would not be suspended for the time being, in order to enable individuals to go to work (although following issuance of the 11 March decree, it now appears that the services may be subject to downsizing, as specified below).

Individuals may self-certify the work-related exception (“under penalty of perjury”). In case of employees, it would be advisable from a practical perspective to have the employer issue a certification letter to be shown to the officials in case of an inspection.

Untrue statements may result in criminal liabilities, even if identified by the authorities at a later stage (and at a time when the restrictive measures are no longer in place), which would be added to the liabilities arising from the violation of the restrictions imposed by the 8 March decree and the related supplementary decree.
The work-related exception (as well as any other exception) would not apply to individuals subject to quarantine or who test positive for COVID-19 and are prohibited from leaving their houses and places of residence.

On 8 March 2020, the Ministry of the Foreign Affairs issued an explanatory note to specify that the exception for “well-grounded work-related reasons” also applies to individuals travelling to or from a foreign country, to the extent such reasons exist, and therefore can be certified by the relevant individuals in case of inspection. Although this explanatory note was issued when the restrictions applied only to the restricted areas, in principle it indicates that an individual should be allowed to enter into the Italian territory from abroad or leave the Italian territory to travel abroad (unless such individual is banned from all movement due to other circumstances, as outlined previously).

Another issue to be taken into account relates to the potential overlap of regulations enacted at different local levels. Local governmental entities have enacted, and may continue to enact, supplementary regulations to prevent spread of the coronavirus in their territories. These local regulations may result in additional restrictions or difficulties in the interpretation of the actual measures applicable at the local level.

For instance, on 8 March 2020, when the decree had just been issued and applied only to the restricted areas, the Lazio region (which includes the city of Rome) issued an order that required individuals from the restricted areas who had entered into the Lazio territories in the previous 14 days, or who otherwise entered into such territories thereafter, to report their presence to the local authorities and, most importantly, to remain in their domicile, avoid any transfer or travel, and remain available for inspection by the authorities. Such order was amended on 9 March 2020 to set forth certain exceptions to such restrictions. Pursuant to the latest amendment, the restrictions set forth by the Lazio region no longer apply in case of, *inter alia*, movements into Lazio due to well-grounded work-related reasons. Because the supplementary decree essentially removed any difference between the restricted areas and the rest of the Italian territory, it seemed reasonable to believe that such order was no longer applicable after the extension of the restrictions to the whole Italian territory, but no express abrogation has yet been enacted and the Lazio region still seems to require individuals arriving from other regions to report their presence.

In any event, due to the potential overlap of regulations at different levels, any individual planning to move within the Italian territory under an exception should carefully assess what additional restrictions or burdens, if any, might be triggered in the place of destination upon entry, in addition to the general rules for movement under the decree itself.

Whether individuals leaving Italy for a foreign country may be subject to restrictions in the country of destination is an issue that should be assessed on a case-by-case basis, since the assessment will depend on the legal framework applicable in the country of destination.

**OTHER MEASURES AFFECTING WORK ACTIVITIES UNDER THE 8 MARCH AND 9 MARCH DECREES**
The 8 March decree sets forth other precautionary measures to reduce circumstances which may favour the spread of the coronavirus within the Italian territory.

These measures include the following:

- Public events (including, for instance, conferences) are suspended, regardless of whether they were to be held in public or private locations.

- Persons running commercial businesses are strongly advised to adopt measures to avoid crowding in their spaces and ensure a minimum distance of one meter among any visitors. Persons running restaurants and bars are obligated to adopt such measures.

- Employers are encouraged to facilitate employee use of available holiday leave.

- Implementation of “smart-working” (a more flexible form of working provided for by Italian law, which includes working remote) is also recommended during the emergency (with some flexibility in respect of the ordinary set of regulations applicable to smart-working).

The 9 March supplementary decree also added a new restrictive measure that forbids crowding.

**MOVEMENT OF GOODS**

Current regulations addressing COVID-19, including the 8 March decree and the supplementary decree, do not contain any reference to the movement of goods to, from or within Italy.

The aforementioned Civil Protection Department order confirmed that the restrictions set out in the 8 March decree do not apply to transit or transportation of goods or supply chains in the restricted areas. As such decree now applies to the whole Italian territory, such interpretation currently applies to any transit or movement of goods in Italy.

The Ministry of Foreign Affairs explanatory note, issued immediately after the 8 March decree (whose restrictions to movements were then applicable only to the restricted areas) and also published by the Ministry of Transportation and the Ministry of the Economic Development, provided a consistent interpretation, whereby no restriction would apply to any movement of goods from or to the restricted areas. The note also stated that employees dedicated to transportation of goods in the restricted areas would be deemed to benefit from the exception of the “well-grounded work-related reasons” which allows them to move within, into and from the restricted areas in connection with such transportation, to the extent required to collect and deliver goods, and would be entitled to self-certify such exception in case of any inquiry or inspection. Again, because the restrictions on individuals’ movements have been extended to the whole Italian territory under the supplementary decree, such interpretation should apply to any movement in the Italian territory.
The work-related exception does not apply to those employees subject to quarantine or found to have the virus, who are totally banned from any movement under the 8 March decree.

The regulations in comment, therefore, do not seem to restrict the export or import of goods in or from the Italian territory. Similarly, employees dedicated to the transportation of imported or exported goods from any foreign countries to the Italian territory, or from the Italian territory to any foreign countries, should benefit from the exception to the restrictions to individuals’ movements, to the extent their activity is required for the collection or delivery of goods.

Whether the shipment of goods from Italy into other countries is prevented by restrictions set out in such countries as a result of the coronavirus spread must be assessed on a case-by-case basis.

**TEMPORARY SHUTDOWNS**

As a result of the request from local governmental entities (including the Lombardy region) to increase the temporary measures aimed at reducing the increase of the coronavirus spread, the Government has issued the 11 March decree which, among other measures, has imposed the temporary shutdown in the Italian territory, until 25 March 2020, of:

- Any retailing activities, except for the sale of food and (other) essential retailing activities listed in an annex to such decree (which include, among others, sale of drugs and certain health-related products, sale of certain IT or other electrical components, online sales, etc.) and certain stores identified therein (i.e., pharmacies, para-pharmacies and sellers of newspapers or cigarettes).

- Certain activities providing services to individuals (including expressly hairdressers, barbers and similar shops) with certain exceptions (basically, laundering and funeral service providers).

- Bars, restaurants and similar businesses (with certain exceptions such as canteens at work places and food delivery services).

Manufacturing facilities and providers of professional services are not in principle subject to the temporary shutdown, but the decree contains certain recommendations, which include: (i) maximization of the use of “smart-working” solutions, (ii) maximization of the use by employees of available holiday leaves, (iii) shutdown of divisions that are not essential to the manufacturing (which recommendation seems to be limited to the manufacturing facilities, although the decree does not expressly make any differentiation), (iv) adoption of safety protocols, including to the extent possible ensuring the minimum distance of one meter among the relevant individuals, (v) sanitization of premises, (vi) limited to the manufacturing facilities, limitation of internal movements and rationalization of accesses thereto.

Essential services such as banking, financial and insurance services, and activities in the agricultural sectors (inclusive of the entire supply chains) will be guaranteed.