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Report Highlights:

This report offers information for U.S. companies interested in exporting food and agricultural products to Italy, including an overview of the country's economic situation, market structure, export requirements, and best product export opportunities.

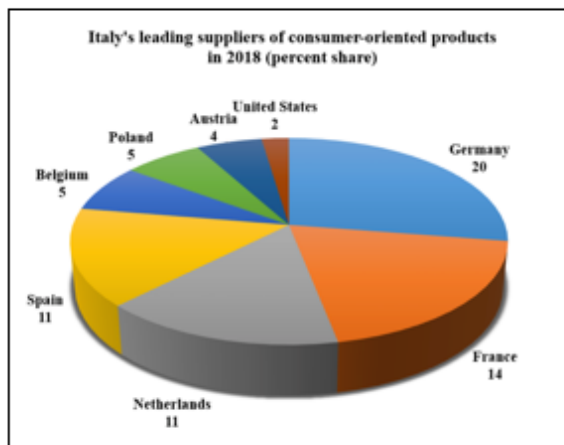
Market Fact Sheet: Italy

Executive Summary

Italy is the third-largest economy in the euro-zone, with a GDP estimated at \$2.3 trillion and a per capita GDP of \$38,200. Being a net agricultural importer, most raw materials and ingredients are imported, as Italy's economic strength is in the processing and the manufacturing of goods. Italy exports mainly consumer-oriented products to the United States, while the United States exports mostly bulk commodities to Italy. In 2018, U.S. agricultural, forest, and fish exports to Italy were \$1.4 billion, while U.S. imports from Italy were \$5 billion.

Imports of Consumer-Oriented Products

In 2018, Italy's imports of consumer-oriented products were approximately \$23.7 billion, of which 84 percent originating from other EU-28 member states. Imports from the EU-28 were primarily meat, cheese, food preparations, and beer.



Food Processing Industry

The Italian food-processing industry is highly fragmented, characterized by a growing consolidation of smaller companies. Progress in food technology, marketing innovations, "Made in Italy" products, and exports of finished food products have all contributed to Italy's increasing demand for food ingredients. Artisanal products are at the forefront of the packaged food market. Italian consumers continue to favor bakery products, ice cream, confectionery, and snacks.

Food Retail Industry

The Italian food retail industry is highly diversified. Hypermarkets, supermarkets, convenience stores, major discount stores, and specialized stores coexist with traditional corner grocery stores and open-air markets. The majority of the supermarkets is located in northern Italy (47.1 percent), followed by the south (28.6 percent), and then by the central region (24.3 percent). On-line shopping is expected to increase, although at a lower pace compared to other western European countries. Italy's food retail sales reached \$153.3 billion in 2018, 2 percent more than 2017.

Quick Facts CY 2018

Imports of Consumer-Oriented Products: \$23.7 billion

List of Top 10 Growth Products in Italy

- | | |
|----------------------|--------------------------|
| 1) Pork meat | 2) Dairy products |
| 3) Food preparations | 4) Beer |
| 5) Baked goods | 6) Almonds |
| 7) Snacks | 8) Condiments and sauces |
| 9) Organics | 10) Gluten-free |

Food Industry by Channels (\$ billion)

Food Industry Output	\$158
Food Exports	\$39.3
Food Imports	\$23.7
Retail	\$153.3
Food Service	\$88

Top 10 Italian Retailers

- | | |
|---------------------------------|--------------------|
| 1) Conad | 2) Coop Italia |
| 3) Selex Gruppo Commerciale SpA | 4) Esselunga SpA |
| 5) Gruppo V&G | 6) Crai Secom SpA |
| 7) Carrefour SA | 8) Gruppo Eurospin |
| 9) Lidl | 10) Auchan |

GDP/Population

Population: 62.2 million
 GDP: \$2.3 trillion
 GDP per capita: \$38,200

Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weaknesses
Italy's food consumption levels are among the highest in the world.	Competition from EU countries that export to Italy tariff-free.
Opportunities	Challenges
Italy is dependent on raw imports for its processed food industry. Italian food products have a reputation for being of high quality.	Non-tariff barriers, including traceability requirements, can hinder U.S. exports.

Data and Information Sources:

CIA Factbook, GTA (Global Trade Atlas), ISTAT (Italian Institute of Statistics), Federalimentare, Euromonitor.

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SECTION I. MARKET OVERVIEW

Italy is the third-largest economy in the euro-zone, with a GDP estimated at \$2.3 trillion and a per capita GDP of \$38,200. Being a net agricultural importer, most raw materials and ingredients are imported, as Italy’s economic strength is in the processing and the manufacturing of goods, primarily in small and medium-sized family-owned firms. Italy exports mainly consumer products to the United States, while the United States exports mostly bulk commodities to Italy. In 2018, U.S. agricultural, forest, and fish exports to Italy were \$1.4 billion, while U.S. imports from Italy were \$5 billion.

U.S. leading exports to Italy	Italian leading exports to the U.S.
Soybeans: \$305.1 million	Wine: \$2.1 billion
Tree nuts: \$282.6 million	Olive oil: \$572.9 million
Wheat: \$139.4 million	Cheese: \$324.4 million
Forest products: \$93.3 million	Snack foods: \$208.5 million
Fish products: \$76.3 million	Processed fruit and vegetables: \$160.4 million

Source: BICO

Agriculture is one of Italy’s key economic sectors, accounting for approximately 2.1 percent of GDP. Italy’s agriculture is typical of the northern and southern division found within the European Union (EU). The northern part of Italy produces primarily grains, soybeans, meat, and dairy products, while the south specializes in fruits, vegetables, olive oil, wine, and durum wheat. Even though much of its mountainous terrain is unsuitable for farming, approximately 4 percent of the population is employed in farming. Most farms are small, with the average size being eleven hectares. Italian industries, including the food-processing sector, rely heavily on imports of raw materials. Italy is one of the largest agricultural producers and food processors in the EU.

Advantages	Challenges
High consumer interest in new products.	Price competition is fierce.
The tourism industry increases demand for hotel, restaurant, and institutional products.	Competition from similar food products produced in other EU countries that enter tariff free.
U.S. products are viewed as “trendy, new, and innovative”, especially those with added benefits of health and lifestyle.	Complying with European and Italian regulations.
Growing niche market for ethnic foods. Italians are traveling more, becoming aware of foreign cuisines.	Supermarket and hypermarket shelf space and product placement is expensive. Therefore, relationships with Italian trade contacts and channels of distribution are critical for marketing the product.
Exchange rate fluctuations can affect imports of U.S. products.	Mandatory customs duties, sanitary inspections, and labeling requirements can be onerous.
U.S. fast food chains, theme restaurants, and the food processing industry often request U.S. origin ingredients.	In-grained political opposition to modern biotechnology, which leads distribution chains to avoid GMO products.

SECTION II. EXPORTER BUSINESS TIPS

The best way to begin exporting to Italy is to identify a key importer, broker, distributor, agent, or wholesaler as they know how to best navigate the import and distribution process and are able to engage directly with Italian food retailers. They are key to doing business in Italy. Food importing is a specialized business, and an importer plays a pivotal role in navigating the hurdles of Italian and EU food law. Importers normally carry a whole range of products. The terms and length of association between the U.S. company and the Italian company are normally established by contract.

As a member of the EU, the Common Agricultural Policy (CAP) governs Italy's agricultural sector. Similarly, Italy employs the same tariffs and border measures as the other EU member states. Products imported into Italy must meet all Italian and EU food safety and quality standards, as well as labeling and packaging regulations. It is important to work with experienced importers, and/or have an agent to work with Italian regulatory authorities to ensure the acceptability of specific products. Personal relationships and language ability are of value when conducting business transactions.

Market entry strategies for U.S. products intending to enter the Italian market should include:

- Market research in order to assess product opportunities;
- Advanced calculations of the cost of introducing the product in the Italian market, in order to prove its competitiveness in the local market;
- Experienced distributor or independent reliable agent to counsel on import duties, sanitary regulations, and labeling requirements;
- Information on the purchasing arrangements of the larger retail channels.

SECTION III. IMPORT FOOD STANDARDS & REGULATIONS AND IMPORT PROCEDURES

Most imported food products enter the Italian market through brokers or specialized traders. Imported products from North America often enter Italy indirectly via the Netherlands' Port of Rotterdam or directly by air. Wholesalers are the main customers for fish and seafood products, as they purchase and distribute to numerous small restaurants and hotels. Most of the processed food and raw material sourcing decisions are made directly by the restaurant chef and/or hotel food purchasing director. Restaurants, hotels, and catering companies tend to rely on importers, wholesalers, and food manufacturers, while trattorias and pizzerias purchase directly from large retail food outlets. While there are category associations for the hotel and food service sectors, each establishment operates independently when it comes to sourcing decisions.

To the extent that EU food laws have been harmonized, Italy's food laws and regulations follow EU rules. The main principle of the single market concept is to ensure that all food products, whether produced in the EU or imported from a third country, can move freely throughout the EU if they comply with uniform requirements. In Italy, food safety is the primary responsibility of the Italian Ministry of Health, while food production is the primary responsibility of the Italian Ministry of Agriculture. In some cases, other Italian Ministries may have responsibilities, such as the Ministry of Economic

Development on standards, labeling and trade promotion, or the Ministry of Economy and Finance on customs and duties.

SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

- **Italian Food Processing Ingredients Sector**

The Italian food processing industry continues to be highly fragmented, and depends almost entirely on imports of raw materials, many of which come from other EU countries. Italian consumers continue to prefer fresh products (rather than canned or frozen), baked goods, ice cream, confectionery, and snacks. Artisanal products are at the forefront of the packaged food market. As lifestyles have become busier, prepared ready meals have become more popular.

- **Italian Food Retail Industry**

In Italy, the food retail and distribution sector is highly diversified. Hypermarkets, supermarkets, convenience stores, major discount stores, and specialized stores coexist with traditional corner grocery stores and open-air markets. The majority of supermarkets is located in northern Italy (47.1 percent), followed by the south (28.6 percent), and then by the central region (24.3 percent). Italy's food retail sales reached 153.3 billion in 2018, a two percent increase from 2017.

- **Italian Hotel and Food Service Industry**

Every year more than 58.3 million tourists visit Italy, making it the world's fifth most attractive tourist destination. The Italian hotel and food service industry is a lucrative and growing sector. However, it is also diverse and fragmented. Many small establishments dominate Italy, including bed and breakfasts, youth hostels, camping facilities, resorts, and rural tourism.

Please refer to the FAS Rome webpage for information on U.S. agricultural genetics, bulk, and processed commodities, food and beverage products, market intelligence, and market sector briefs to help U.S. firms better understand the Italian market: <https://it.usembassy.gov/embassy-consulates/rome/sections-offices/fas/>.

○ **Competitive situation for selected consumer-oriented products**

Commodity	Italy's imports from the world 2018	Italy's imports from the United States 2018	Key constraints over market development	Market attractiveness for the United States
Pork meat	\$2.3 billion	\$443,787	Competition from other EU countries, mainly Germany, the Netherlands, Denmark, and Spain.	Increasing domestic consumption.
Food preparations	\$724 million	\$4.4 million	Competition from other EU countries, mainly Germany, the Netherlands, and France.	Growing demand from consumers and manufacturers.
Beer	\$674 million	\$4 million	Competition from other EU countries, mainly Belgium and Germany. Transport costs and time.	Italian drinking culture is changing. The beer market is growing with increased imports, new breweries and pubs where high quality beer is served at reasonable prices.
Bakery products	\$625 million	\$484,409	Competition from other EU countries, mainly Germany and France.	Growing demand from consumers, manufacturers, and confectionary industry.
Almonds	\$311 million	\$180 million	Competition from Spain.	Growing demand from manufacturers, confectionary, and snack industry.

Source: GTA

SECTION V. AGRICULTURAL AND FOOD IMPORTS



U.S. Exports of Agricultural & Related Products to *Italy*
CY 2014 - 2018 and Year-to-Date Comparisons
(in millions of dollars+)



Export Market: *Italy*^{*}

Product	Calendar Years (Jan-Dec)					January - August Comparisons		
	2014	2015	2016	2017	2018	2018	2019	%Chg
Bulk Total	218.0	323.4	251.6	237.3	538.5	244.9	216.3	-11.7
Wheat.....	163.0	250.7*	106.4	116.6	139.6	67.4	65.5	-2.8
Corn.....	0.0	0.0	0.0	7.8	9.9	0.0	0.0	-
Coarse Grains (ex. corn).....	0.0	0.0	0.0	0.0	0.0	0.0	6.5	-
Rice.....	1.0	0.5	1.1	1.2	1.9	1.3	1.7	38.2
Soybeans.....	0.0	18.5	77.9	27.9	304.2*	116.0	70.8	-38.9
Oilseeds (ex. soybean).....	0.0	0.0	0.0	0.1	0.2	0.2	0.0	-98.4
Cotton.....	6.0	8.1	3.4	4.1	6.0	5.2	3.0	-42.2
Pulses.....	29.0	31.6	34.3	50.8*	38.8	25.0	28.4	13.7
Tobacco.....	2.0	1.8	21.4	23.8	29.5	24.6	33.8	37.3
Other Bulk Commodities.....	17.0	12.3	7.0	5.0	8.3	5.1	6.4	24.9
Intermediate Total	303.0	197.3	166.8	159.6	209.9	142.8	102.9	-28.0
Soybean Meal.....	126.0	35.4	0.3	1.1	48.0	48.0	20.6	-57.2
Soybean Oil.....	0.0	0.0	0.2	0.1	0.1	0.1	0.0	-47.7
Vegetable Oils (ex. soybean).....	7.0	3.8	2.5	3.0	7.5	1.7	6.1	252.6
Animal Fats.....	0.0	0.1	0.0	0.0	0.0	0.0	0.0	-
Live Animals.....	0.0	0.1	0.4	0.2	0.1	0.0	0.0	-82.8
Hides & Skins.....	64.0	51.4	57.7	54.4	54.5	34.8	23.8	-31.7
Hay.....	0.0	0.1	0.3*	0.2	0.1	0.1	0.0	-34.0
Distillers Grains.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Feeds & Fodders NESOI.....	8.0	8.5	6.8	6.6	7.8	5.6	9.7	73.8
Planting Seeds.....	58.0	59.3	56.8	49.6	40.6	21.6	20.4	-5.8
Sugar, Sweeteners, Bev. Bases...	1.0	0.9	0.9	0.7	0.4	0.3	0.5	52.2
Other Intermediate Products.....	38.0	37.7	40.9	43.8	50.7*	30.6	21.9	-28.6
Consumer Oriented Total	556.0*	479.8	498.3	448.2	417.4	237.9	260.2	9.4
Beef & Beef Products.....	78.0*	72.9	60.3	62.1	48.9	31.8	21.2	-33.2
Pork & Pork Products.....	1.0	1.0	2.1	2.0	1.6	1.4	0.9	-35.7
Poultry Meat & Prods. (ex. eggs)...	0.0	0.1	0.2	1.1	1.3	1.2	0.7	-44.4
Meat Products NESOI.....	1.0	0.5	0.7	0.9	0.4	0.3	0.8	127.8
Eggs & Products.....	2.0	1.1	1.3	4.2*	2.6	2.1	0.3	-83.8
Dairy Products.....	1.0	1.0	1.7	1.5	1.8	1.4	0.4	-70.5
Fresh Fruit.....	0.0	0.0	0.1	0.0	0.0	0.0	0.0	-
Processed Fruit.....	14.0	15.8	18.7	13.8	12.7	8.2	8.2	-1.1
Fresh Vegetables.....	0.0	0.1	0.4	0.3	0.8	0.7	0.4	-36.6
Processed Vegetables.....	95.0*	33.9	65.0	39.1	36.4	20.4	16.1	-21.3
Fruit & Vegetable Juices.....	1.0	0.4	0.6	1.3	0.8	0.8	0.4	-45.8
Tree Nuts.....	287.0	289.3	291.0*	288.1	282.9	149.6	190.2	27.1
Chocolate & Cocoa Products.....	0.0	0.1	0.3	1.4*	0.4	0.3	0.2	-33.8
Snack Foods NESOI.....	4.0	3.2	3.4	1.3	2.1	1.5	1.6	1.7
Breakfast Cereals.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Condiments & Sauces.....	2.0	0.8	2.9	2.7	3.1*	2.1	1.5	-32.3
Prepared Food.....	9.0	9.5	9.5	14.5	13.3	9.6	10.5	9.4
Wine & Beer.....	53.0	43.7	36.4	12.0	6.0	4.9	5.2	7.2
Non-Alcoholic Bev. (ex. juices)...	1.0	1.5	1.6	0.8	1.0	0.6	0.9	43.5
Dog & Cat Food.....	7.0	4.2	2.0	1.0	1.0	0.7	0.4	-43.8
Other Consumer Oriented.....	0.0	0.4	0.2	0.2	0.3	0.2	0.4	124.5
Agricultural Related Products	293.0	265.4	217.1	201.2	216.1	137.1	107.3	-21.7
Distilled Spirits.....	30.0	24.7	26.1	35.3	46.6*	27.7	23.9	-13.6
Ethanol (non-bev.).....	0.0	0.0	0.0	0.0	0.0	0.0	0.1	524.8
Biodiesel & Blends > B30.....	0.0	0.0	0.1	0.3	0.0	0.0	0.0	-
Forest Products.....	169.0	152.2	97.7	92.2	93.2	65.9	53.5	-18.8
Fish Products.....	94.0*	88.5	93.1	73.4	78.3	43.5	29.8	-31.5
Agricultural Products	1,076.0	1,000.6	916.6	845.1	1,165.8	625.6	579.4	-7.4
Agricultural & Related Products ...	1,369.0	1,266.0	1,133.8	1,046.3	1,382.0*	762.7	686.7	-10.0

Prepared By: Global Policy Analysis Division/OGA/FAS/USDA

Source: U.S. Census Bureau Trade Data

Biodiesel aggregate includes only higher-level and pure biodiesel HTS chapter 38 codes; biodiesel blends below 20% by volume (aka. petroleum oils containing biodiesel) found in chapter 27 are excluded.

* Denote Highest Export Levels Since at Least CY 1970

+Values of \$0.05 million or more are rounded to \$0.1 million

www.fas.usda.gov/GATS

GATSHelp@fas.usda.gov

For more detailed U.S. trade statistics check USDA's Global Agricultural Trade System (GATS):
<https://apps.fas.usda.gov/gats/default.aspx>

Best High Value, Consumer-Oriented Product Prospects Categories

- **Products present in the market which have good sales potential**
 - Tree nuts
 - Food preparations
 - Snack foods
 - Condiments and sauces
- **Top consumer-oriented products imported from the world**
 - Pork and beef
 - Cheese
 - Food preparations
 - Beer
- **Top consumer-oriented products imported from the United States**
 - Tree Nuts
 - Beef
 - Processed Vegetables
 - Prepared Food
- **Products not present in significant quantities, but which have good sales potential**
 - Functional and health food
 - Free-from products (lactose-free, gluten-free)
 - Specialty foods
 - Organic products
- **Products not present in the market because they face significant barriers**
 - Beef, other than that sold through the High-Quality Beef Quota
 - Poultry (sanitary procedures – chlorine wash)
 - Processed food products containing genetically engineered (GE) ingredients

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

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FAS Italy publishes numerous market and commodity reports available through the Global Agricultural Information Network (GAIN) at: <https://gain.fas.usda.gov/#/>

Attachments:

No Attachments