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Report Highlights:

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

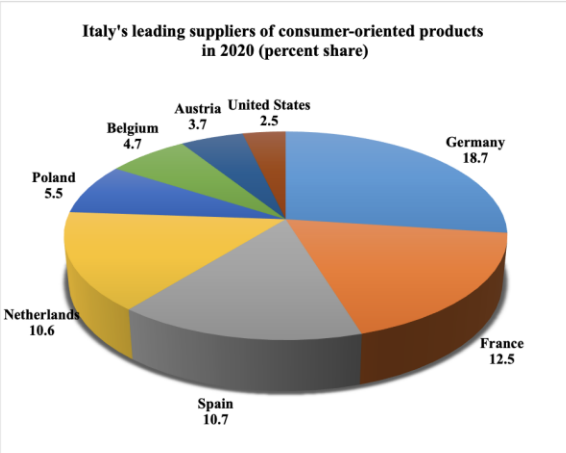
Market Fact Sheet: Italy

Executive Summary

Italy is the third-largest economy in the euro-zone, with a GDP estimated at $1.9 trillion and a per capita GDP of $31,630. 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 2020, U.S. agricultural exports to Italy were $1.0 billion, while U.S. imports from Italy were $5.5 billion.

Imports of Consumer-Oriented Products

In 2020, Italy's imports of consumer-oriented products were approximately $25.6 billion, of which 81 percent originating from other EU-27 member states. Imports from the EU-27 were primarily dairy products, meat, and fresh fruit.



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. Italian consumers continue to favor bakery products, processed meat and seafood, and dairy products.

Food Retail Industry

The Italian food retail industry is higly diversified. Hypermarkets, supermarkets, convenience stores, major discount stores, and specialized stores coexist with traditional corner grocery stores and open-air markets. Italy's food retail sales reached $175 billion in 2020, 5.6 percent more than in 2019. While on-line grocery shopping grew by 134.4 percent, increased sales were also registered in discount stores (+8.7 percent), supermarkets (+6.8 percent), and grocery retailers (+5.6 percent). Conversely, sales in hypermarkets (-3.4 percent) were penalized by the closure of shopping centers during COVID-19 lockdown.

Quick Facts CY 2020

Imports of Consumer-Oriented Products: $25.6 billion

List of Top 10 Growth Products in Italy

1) Baked goods
2) Processed meat and seafood
3) Dairy products
4) Ice cream and frozen desserts
5) Pasta and rice
6) Confectionary
7) Savory snacks
8) Sauces, dressings, and condiments
9) Sweet biscuits, snacks bars, and fruit snacks
10) Ready meals

Food Industry by Channels ($ billion)

Food Industry Output	$169.5
Food Exports	$45.4
Food Imports	$25.6
Retail	$175.0
Food Service	$62.6

Top 10 Italian Retailers

1) Conad
2) Coop Italia
3) Selex Gruppo Commerciale SpA
4) Esselunga SpA
5) Crai Secom SpA
6) Gruppo VéGé
7) Gruppo Eurospin
8) Schwarz Gruppe
9) Carrefour SA
10) Spar Intl.

GDP/Population

Population: 60.3 million
GDP: 1.9 trillion
GDP per capita: $31,630

Strengths/Weaknesses/Opportunities/Threats	
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	**Threats**
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:
TDM (Trade Data Monitor), Euromonitor, industry contacts.

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SECTION I. MARKET OVERVIEW

Italy's economy is the eighth largest in the world and the third largest in the euro-zone, with a GDP estimated at $1.9 trillion and a per capita GDP of $31,630 in 2020. 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 2020, U.S. agricultural exports to Italy were $1.0 billion, while U.S. imports from Italy were $5.5 billion.

U.S. - Italy Agricultural Trade 2020

U.S. leading exports to Italy	Italian leading exports to the United States
Tree nuts: $314.4 million	Wine: $2.1 billion
Wheat: $216.3 million	Baked goods, cereals, and pasta: $750 million
Soybeans: $177 million	Olive oil: $533.9 million
Planting seeds: $56.6 million	Non-alcoholic beverages: $358.8 million
Distilled spirits: $41.2 million	Condiments and sauces: $345.9 million
Total: $1.0 billion	**Total: $5.5 billion**

Source: BICO

Agriculture is one of Italy's key economic sectors, accounting for approximately 2 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, and durum wheat. Even though much of its mountainous terrain is unsuitable for farming, approximately 4 percent of the population (60.3 million) is employed in farming. Most farms are small, with the average size being eleven hectares.

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. food products are viewed as "trendy, new, and innovative", especially those with health benefits.	Complying with European and Italian regulations.
Italians are becoming more aware of foreign cuisines.	Competition in the Italian food market is fierce and many consumers still prefer traditional Italian products.
Exchange rate fluctuations can affect imports of U.S. products.	Mandatory customs duties, sanitary inspections, and labeling requirements can be onerous.

SECTION II. EXPORTER BUSINESS TIPS

- Survey existing and potential opportunities by reviewing FAS GAIN reports and consider engaging a market research firm to assist in analyzing market opportunities and challenges.
- Identify a key importer, broker, distributor, agent, or wholesaler, as they know how to best navigate the import and distribution process. 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. Italian importers are mostly small to medium-sized

companies and 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.

- Price is always important, although quality and novelty alone do move some imported products.
- Be prepared to start small by shipping a few pallets or cases of a product and recognize that it could take several months or years before an importer is ready to order full containers. Italians place a lot of importance on first building the trust to consolidate the business relationship.
- Be willing to meet special EU labeling requirements and consider working through a consolidator or participating in mixed container shipments.
- Participation in some of the larger European international food trade shows (ANUGA, SIAL, and TUTTOFOOD) offers a good opportunity to get a sense of the Italian market and provides the opportunity to meet potential Italian importers or distributors.

SECTION III. IMPORT FOOD STANDARDS & REGULATIONS AND IMPORT PROCEDURES

As a member of the EU, Italy applies the "*Community Acquis*", i.e., the entire body of EU laws and regulations associated with the treaties and international agreements to which the EU is a party. EU member states share a customs union, a single market in which goods can move freely, a common trade policy, and a common agricultural and fisheries policy.

To the extent that EU food laws have been harmonized, Italy's food laws and regulations follow EU rules. 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. In Italy, the primary responsibility for food safety rests with the Italian Ministry of Health, while food production is the primary responsibility of the Italian Ministry of Agriculture, Food, and Forestry Policies. In some instances, 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.

For more information, see latest *Italy Food and Agricultural Import Regulations and Standards (FAIRS)* and *Italy FAIRS Certificate* reports at: https://gain.fas.usda.gov/#/

You may also want to review the FAIRS reports produced by the U.S. Mission to the EU in Brussels, Belgium that are available at: http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/fairs-reports/.

Most imported food products enter the Italian market through brokers or specialized traders. Imported products from North America often enter Italy indirectly from the Netherlands' Port of Rotterdam or directly via air. U.S. exporters need to work closely with the industry, focusing on the importers and distributors who can best promote U.S. products to the Italian food sector. These groups have an in-depth knowledge of import requirements, such as product certification, labeling, and packaging. They also typically handle shipping, customs clearance, warehousing, and distribution of products within the country. American exporters who can assist in consolidating shipments from other U.S. sources or have a wide range of products for export have the greatest chance for success in the Italian market.

SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

- **Italian Food Processing Ingredients Sector**
  The Italian food-processing industry continues to be 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. Italy's food-processing industry played a key role in 2020, with food manufacturers working relentlessly to ensure food availability, mainly to food retailers, as consumers' demand increased rapidly, especially in the early stages of the Covid-19 pandemic. For additional information, see *Italy Food Processing Ingredients 2021* report at: https://gain.fas.usda.gov/#/

- **Italian Food Retail Sector**
  The Italian retail food market is highly diversified. Italy's food retail sales reached $175 billion in 2020, 5.6 percent more than in 2019. While on-line grocery shopping grew by 134.4 percent, increased sales were also registered in discount stores (+8.7 percent), supermarkets (+6.8 percent), and grocery retailers (+5.6 percent). Conversely, sales in hypermarkets (-3.4 percent) were penalized by the closure of shopping centers during COVID-19 lockdown. Multi-channel strategies, blending online and in-store sales, are key to success across retailing. Grocery retailers are paving the way towards innovative solutions in this respect, offering e-commerce shopping with deliveries to the consumer's home and in-store lockers for customers to collect online orders. For additional information, see *Italy Retail Foods 2021* report at: https://gain.fas.usda.gov/#/

- **Italian Food Service – Hotel, Restaurant, Institutional**
  Italy's consumer food service was severely impacted by the Covid-19 lockdown and restrictions in 2020, causing a 33 percent decline in sales value compared to 2019. Additionally, the strong rise of teleworking, especially in large cities, impacted food service, with a general decline of consumption during lunchtime, as people ate lunch at home. The worse performances were suffered by independent outlets more so than chain stores. Specifically, family-owned outlets faced difficulties due to the lower income received and ongoing costs, such as rent and salaries. However, to earn revenue during the crisis and to maintain market share, many food service players offered delivery service (mainly pizza, gelato, and Asian restaurants), leading to a food delivery boom and a rise in partnerships with third-party delivery companies. For more information, see *Italy Food Service – Hotel Restaurant Institutional 2021* report at: https://gain.fas.usda.gov/#/

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

Commodity	Italy's imports from the world 2020	Italy's imports from the United States 2020	Key constraints over market development	Market attractiveness for the United States
Pork meat and products	$2.3 billion	$684,912	Competition from other EU countries, mainly Germany, Spain, the Netherlands, and France	Growing consumers' demand.
Tree nuts	$1.6 billion	$347.9 million	Competition from Turkey, Chile, and Spain.	Growing demand from manufacturers, confectionary, and snack industry.
Bakery goods	$1.3 billion	$768,709	Competition from other EU countries, mainly Germany, France, Austria, and Spain.	Growing demand from consumers and manufacturers.
Food preparations	$747.5 million	$6.7 million	Competition from other EU countries, mainly Germany, the Netherlands, and France.	Growing demand from consumers.
Beer	$547.7 million	$1.8 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 new breweries and pubs where high quality beer is served at reasonable prices.

Source: Trade Data Monitor LLC

SECTION V. AGRICULTURAL AND FOOD IMPORTS

Linking U.S. Agriculture FAS to the World

U.S. Exports of Agricultural & Related Products to *Italy(*)*
CY 2016 - 2020 and Year-to-Date Comparisons
(in millions of dollars+)

Export Market: *Italy(*)*

Product	Calendar Years (Jan-Dec)					January - August Comparisons		
	2016	2017	2018	2019	2020	2020	2021	%Chg
Bulk Total	255.0	239.0	540.5	428.2	465.7	279.8	169.1	-39.6
Wheat	106.0	116.6	139.6	186.3	215.9	156.6	60.1	-61.7
Corn	0.0	7.8	9.9	0.0	0.0	0.0	0.0	-
Coarse Grains (ex. corn)	0.0	0.0	0.0	6.5	0.0	0.0	0.0	-
Rice	1.0	1.2	1.9	1.9	1.4	0.4	0.3	-40.1
Soybeans	78.0	27.9	304.2*	138.5	177.9	74.1	64.9	-12.3
Oilseeds (ex. soybean)	0.0	0.1	0.2	0.0	0.0	0.0	0.0	-
Cotton	3.0	4.1	6.0	3.7	8.2	7.5	7.9	5.8
Pulses	34.0	50.8*	38.8	42.5	39.4	21.7	26.9	24.0
Tobacco	21.0	23.8	29.5	38.1	14.8	13.5	3.0	-77.7
Other Bulk Commodities	10.0	6.7	10.3	10.5	8.0	6.1	6.0	-1.0
Intermediate Total	168.0	164.0	213.3	175.3	126.7	73.7	94.3	27.9
Milled Grains & Products	1.0	0.7	1.0	0.3	0.3	0.2	0.3	38.2
Soybean Meal	0.0	1.1	48.0	34.5	0.0	0.0	20.9	-
Soybean Oil	0.0	0.1	0.1	0.1	0.0	0.0	0.1	-
Vegetable Oils (ex. soybean)	2.0	2.6	7.1	7.7	3.4	3.3	0.9	-70.9
Animal Fats	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Live Animals	2.0	1.4	2.1	2.3	1.6	0.9	0.7	-22.5
Hides & Skins	58.0	54.4	54.5	29.6	16.8	13.6	12.9	-5.1
Hay	0.0*	0.2	0.1	0.1	0.1	0.1	0.2	133.3
Distillers Grains	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Other Feeds, Meals & Fodders	7.0	6.9	8.0	11.9	8.1	5.7	4.9	-12.9
Ethanol (non-bev.)	0.0	0.0	0.0	0.2	0.8	0.3	3.1*	843.7
Planting Seeds	57.0	49.6	40.6	50.8	56.6	24.8	28.1	13.2
Sugar, Sweeteners, Bev. Bases	1.0	0.7	0.4	0.9	2.3	1.4	0.9	-36.6
Dextrins, Peptones, & Proteins	2.0	1.9	2.5	1.5	1.4	0.9	0.9	-
Essential Oils	7.0	9.6	11.8	7.5	6.2	3.8	5.2	39.1
Other Intermediate Products	31.0	34.8	37.0*	28.0	28.9	18.8	15.1	-19.9
Consumer Oriented Total	525.0	484.6	464.8	501.4	443.1	262.5	265.5	1.2
Beef & Beef Products	60.0	62.1	48.9	30.9	10.5	6.0	11.2	88.6
Pork & Pork Products	2.0	2.0	1.6	1.2	0.4	0.3	0.6	107.1
Poultry Meat & Prods. (ex. eggs)	0.0	1.1	1.3	0.9	0.3	0.3	0.2	-26.5
Meat Products NESOI	1.0	0.9	0.4	1.0	0.1	0.1	0.1	-26.6
Eggs & Products	1.0	4.2*	2.6	0.9	0.8	0.7	0.2	-72.1
Dairy Products	1.0	1.4	1.7	0.9	0.8	0.7	0.4	-43.9
Fresh Fruit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Processed Fruit	19.0	13.8	12.7	11.3	11.3	6.9	8.1	16.2
Fresh Vegetables	0.0	0.3	0.8	0.4	0.3	0.3	0.5	102.8
Processed Vegetables	65.0	39.1	36.4	19.9	38.3	25.9	16.8	-35.3
Fruit & Vegetable Juices	1.0	1.3	0.8	0.5	1.2	0.8	0.2	-74.3
Tree Nuts	291.0	288.1	282.9	362.7*	313.7	174.5	186.4	6.8
Confectionery	2.0*	0.8	1.4	1.4	1.5	1.0	1.0	-1.9
Chocolate & Cocoa Products	0.0	1.4*	0.4	0.3	0.4	0.3	0.2	-25.8
Bakery Goods, Cereals, & Pasta	2.0	0.4	0.8	0.8	0.9	0.5	0.7	59.2
Food Preparations	8.0	11.3	11.3	11.5	14.1	9.7	10.6	9.2
Condiments & Sauces	3.0	2.7	3.1*	2.6	1.7	1.1	2.1	86.1
Non-Alcoholic Bev. (ex. juices)	2.0	1.7	1.6	2.1	1.7	0.8	1.2	46.4
Beer	3.0	2.8	4.3*	3.3	1.4	0.8	1.8	125.2
Wine & Related Products	34.0	9.2	1.7	2.9	1.0	0.4	1.1	162.8
Distilled Spirits	26.0	35.3	46.6*	41.9	41.2	30.8	21.5	-30.1
Nursery Products & Cut Flowers	0.0	0.1	0.0	0.3	0.2	0.1	0.0	-63.0
Dog & Cat Food	2.0	1.0	1.0	0.5	0.7	0.5	0.3	-31.8
Other Consumer Oriented	2.0	3.6	2.3	2.9	0.6	0.1	0.3	172.0
Agricultural Related Products	192.0	166.6	170.3	136.5	95.9	57.1	93.6	64.0
Biodiesel & Blends > B30	0.0	0.3	0.0	0.0	0.0	0.0	0.0	-
Forest Products	98.0	92.2	93.2	82.9	55.5	36.5	55.5	52.1
Seafood Products	94.0	74.2	77.1	53.6	40.4	20.6	38.1	85.1
Agricultural Products	948.0	887.5	1,218.6*	1,104.9	1,035.4	616.1	528.9	-14.1
Agricultural & Related Products	1,139.0	1,054.2	1,388.9*	1,241.4	1,131.3	673.1	622.5	-7.5

Prepared By: Trade & Economic Analysis Division/GMA/FAS/USDA
Source: U.S. Census Bureau Trade Data

* Denote Highest Export Levels Since at Least CY 1970

www.fas.usda.gov/GATS
GATSHelp@fas.usda.gov

Biodiesel aggregate includes only higher-level and pure biodiesel HTS chapter 38 codes; biodiesel blends below 30% by volume (aka. petroleum oils containing biodiesel) found in chapter 27 are excluded.

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
  - Sauces, dressings, and condiments

- **Top consumer-oriented products imported from the world**

  - Dairy products
  - Pork and beef
  - Fresh fruit
  - Tree Nuts

- **Top consumer-oriented products imported from the United States**

  - Tree Nuts
  - Distilled spirits
  - Processed vegetables
  - Food preparations

- **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