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Italy

Exporter Guide

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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.

Post:
Rome

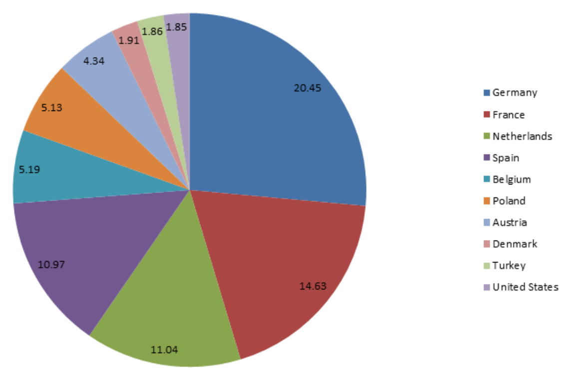
Market Fact Sheet: Italy

Executive Summary

Italy is the third-largest economy in the euro-zone, with a GDP estimated at $2.2 trillion and a per capita GDP of $36,800. 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 products to the United States, while the United States exports mostly bulk commodities to Italy. U.S. agricultural and fish exports to Italy were $1.0 billion and U.S. imports from Italy were $4.6 billion.

Imports of Consumer-Oriented Products

Italy's imports of consumer-oriented products by country in 2017 (percent)



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 and confectionery. Traditionally, Italian consumers are a bit suspicious of non-Italian food, which is why the major food processors continue to play it safe by manufacturing more Mediterranean style ready meals.

Food Retail Industry

Italy's food retail distribution system has noticeable differences between the north and south. Italy's diversified industrial economy is divided by a developed industrial north dominated by private companies, and a less-developed agricultural south afflicted with high unemployment. This division is reflected in the distribution of retail outlets, with the majority of the supermarkets located in the north (53 percent), followed by the south (27 percent) and then by the central region of Italy (20 percent).

Quick Facts CY 2017

Imports of Consumer-Oriented Products from the world $22.7 billion

Imports of Consumer-Oriented Products from the U.S. $418.5 million

List of Top Growth Products

Pork meat	Snacks	Wine
Beer	Gluten free	Organics

Strengths/Weaknesses/Opportunities/Challenges

Advantages	Challenges
Food consumption levels are among the highest in the world.	Competition from EU countries that export to Italy tariff free.
Lifestyle changes have increased demand for processed, convenient foods.	Non-tariff barriers, including traceability requirements, can hinder U.S. exports.
Italy is dependent on raw imports for its processed food industry. Italian food products have a reputation for being of high quality.	U.S. exporters new to the Italian market may find the Italian bureaucracy difficult to maneuver.
EU expansion creates new market opportunities for Italian food and drink exports, for which the Italian food processing industry will need additional ingredient inputs.	U.S. products/ ingredients, while innovative, may be perceived as overly processed and less wholesome than their Italian/EU counterparts which are marketed as traditional and seen as having more "natural" ingredients

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Section I. Market Overview

Italy is the third-largest economy in the euro-zone, with a GDP estimated at $2.2 trillion and a per capita GDP of $36,800. 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 products to the United States, while the United States exports mostly bulk commodities to Italy. U.S. agricultural and fish exports to Italy were $1.0 billion and U.S. imports from Italy were $4.6 billion. 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.

Bilateral Ag Trade 2017 (Food, Fish and Forestry)

- In 2017, U.S. agricultural and fish exports to Italy were $1.0 billion.
- In 2017, U.S. imports from Italy reached $4.6 billion.

U.S. leading exports to Italy	**Italian leading exports to the U.S.**
Tree nuts: $288 million	Wine and Beer: $1.9 billion
Wheat: $117 million	Olive oil: $599 million
Forest products: $92 million	Cheese: $302 million
Fish products: $83 million	Snack foods: $181 million
Beef and beef products: $62 million	Processed fruit and vegetables: $140 million

Agriculture is one of Italy's key economic sectors, accounting for around 2.1% of GDP. Italy's agriculture is typical of the northern and southern division found within the European Union. 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% of the population is employed in farming. Most farms are small, with the average size being only seven hectares. Italy has a diversified industrial economy with roughly the same total and per capita output as France or the United Kingdom. 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 European Union (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.	Strong cultural presumptions that Italian food products are superior to those of foreign suppliers.
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 either 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. It is also advisable for the agent to contact health authorities at the port of entry as interpretation of health directives may vary from port to port.

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 and Regulations and Import Procedures

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.

In Italy, the food retail and distribution sector is extremely fragmented and resistant to change. Consolidation remains low and traditional grocery stores continue to represent the majority share of the outlets, followed by open-air markets. In fact, the sector is one of the most fragmented and least saturated in Western Europe with fewer large retailers and many small local retail stores. Nonetheless, consolidation is slowly gaining momentum, with Italian and foreign operators starting to expand their network of stores, particularly in the south of the country.

To the extent that European Union food laws have been harmonized, Italy's food laws and regulations follow European Union 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 for Productive Activities 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. In Italy, the 10-leading food-processing companies account for around 40% of the sector's sales, and growth areas include chilled ready meals, frozen pizza, soups, and healthy foods.

The Italian Hotel and Food Service Industry

Every year more than 50 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/

Section V. Agricultural and Food Imports

Best High-Value, Consumer-Oriented Product Prospects Categories

Market opportunities for U.S. products include fish and seafood products, tree nuts, processed fruits and vegetables, bourbon whiskies, fresh fruits and vegetables, wine, pet foods, dried fruits, fruit juices, snack foods, gluten free and high-quality beef.

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, snack foods and sauces
- Organic Products

Products not present because they face significant trade barriers:

- Beef, other than that sold through the High-Quality Beef Quota
- Poultry (sanitary procedures – chlorine wash)
- Processed food products containing biotech ingredients

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

U.S. Exports of Agricultural & Related Products to *Italy(*)*
CY 2013 - 2017 and Year-to-Date Comparisons
(in millions of dollars+)

Export Market: *Italy(*)*

Product	2013	2014	2015	2016	2017	January - October Comparisons 2017	2018	%Chg
	Calendar Years (Jan-Dec)							
Bulk Total	336.0	217.5	323.4	251.6	237.3	189.5	378.0	99.4
Wheat	216.0	163.3	250.7*	106.4	116.6	103.7	110.4	6.4
Corn	0.0	0.0	0.0	0.0	7.8	6.8	0.0	-
Coarse Grains (ex. corn)	13.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Rice	1.0	0.6	0.5	1.1	1.2	1.1	1.4	33.1
Soybeans	54.0	0.1	18.5	77.9	27.9	27.9	194.5	598.4
Oilseeds (ex. soybean)	0.0	0.1	0.0	0.0	0.1	0.1	0.2	135.7
Cotton	5.0	5.8	8.1	3.4	4.1	3.2	5.6	78.1
Pulses	27.0	29.2	31.6	34.3	50.8*	39.9	32.7	-18.0
Tobacco	4.0	1.7	1.8	21.4	23.8	2.6	27.0	932.5
Other Bulk Commodities	16.0	16.6	12.3	7.0	5.0	4.4	6.1	40.7
Intermediate Total	262.0	302.5	197.3	166.8	159.6	116.6	175.4	50.5
Soybean Meal	120.0	125.9	35.4	0.3	1.1	0.8	48.0	5985.4
Soybean Oil	0.0	0.0	0.0	0.2	0.1	0.1	0.1	5.0
Vegetable Oils (ex. soybean)	14.0	6.6	3.8	2.5	3.0	2.8	7.1	152.5
Animal Fats	0.0	0.0	0.1	0.0	0.0	0.0	0.0	21.5
Live Animals	0.0	0.2	0.1	0.4	0.2	0.2	0.1	-49.1
Hides & Skins	60.0	64.2	51.4	57.7	54.4	46.5	46.8	0.6
Hay	0.0	0.3	0.1	0.3*	0.2	0.2	0.1	-42.5
Distillers Grains	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Feeds & Fodders NESOI	5.0	8.1	8.5	6.8	6.6	5.5	6.6	19.1
Planting Seeds	33.0	57.9	59.3	56.8	49.6	24.5	27.4	11.5
Sugar, Sweeteners, Bev. Bases	5.0*	1.0	0.9	0.9	0.7	0.7	0.4	-38.1
Other Intermediate Products	26.0	38.4	37.7	40.9	43.8	35.3	38.8	10.0
Consumer Oriented Total	478.0	556.0*	479.8	498.3	448.1	343.9	324.6	-5.6
Beef & Beef Products	68.0	78.4*	72.9	60.3	62.1	55.2	38.0	-31.2
Pork & Pork Products	1.0	1.1	1.0	2.1	2.0	1.7	1.5	-11.2
Poultry Meat & Prods. (ex. eggs)	1.0	0.2	0.1	0.2	1.1	1.1	1.3	21.8
Meat Products NESOI	0.0	0.6	0.5	0.7	0.9	0.8	0.4	-49.2
Eggs & Products	2.0	2.3	1.1	1.3	4.2*	3.5	2.6	-25.4
Dairy Products	2.0	1.2	1.0	1.7	1.5	1.2	1.4	15.5
Fresh Fruit	0.0	0.0	0.0	0.1	0.0	0.0	0.0	22.6
Processed Fruit	15.0	14.0	15.8	18.7	13.8	11.4	10.5	-8.1
Fresh Vegetables	0.0	0.3	0.1	0.4	0.3	0.3	0.7	156.0
Processed Vegetables	72.0	95.0*	33.9	65.0	39.1	33.0	28.6	-13.5
Fruit & Vegetable Juices	2.0	0.8	0.4	0.6	1.3	1.0	0.8	-18.6
Tree Nuts	236.0	286.6	289.3	291.0*	288.0	203.9	214.4	5.2
Chocolate & Cocoa Products	0.0	0.3	0.1	0.3	1.4*	1.1	0.3	-68.7
Snack Foods NESOI	4.0	4.0	3.2	3.4	1.3	1.0	1.8	71.3
Breakfast Cereals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Condiments & Sauces	2.0	1.5	0.8	2.9*	2.7	2.3	2.8	22.4
Prepared Food	10.0	8.8	9.5	9.5	14.5	13.0	11.9	-8.5
Wine & Beer	51.0	53.2	43.7	36.4	12.0	11.6	5.6	-51.5
Non-Alcoholic Bev. (ex. juices)	2.0	1.0	1.5	1.6	0.8	0.8	0.9	5.9
Dog & Cat Food	7.0	6.5	4.2	2.0	1.0	0.9	0.8	-3.8
Other Consumer Oriented	0.0	0.2	0.4	0.2	0.2	0.2	0.3	86.1
Agricultural Related Products	266.0	293.8	265.4	217.1	201.2	167.3	185.0	10.6
Distilled Spirits	26.0	30.3	24.7	26.1	35.3	33.8	44.5*	31.9
Ethanol (non-bev.)	0.0	0.2	0.0	0.0	0.0	0.0	0.0	69.3
Biodiesel & Blends > B30	0.0	0.0	0.0	0.1	0.3	0.3	0.0	-
Forest Products	160.0	169.0	152.2	97.8	92.2	73.9	77.7	5.2
Fish Products	80.0	94.3*	88.5	93.1	73.4	59.4	62.8	5.6
Agricultural Products	1,075.0	1,076.0	1,000.6	916.6	845.0	650.0	878.0	35.1
Agricultural & Related Products	1,341.0	1,369.7*	1,266.0	1,133.8	1,046.2	817.4	1,063.0	30.1

Prepared By: Global Policy Analysis Division/OGA/FAS/USDA
Source: U.S. Census Bureau Trade Data

* 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

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.

Section VI. Key Contacts and Further Information

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