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Italian Pasta Industry Fined for Unfair Pricing 2009

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Report Highlights: The Italian government antitrust authority has fined 26 Italian pasta producers and the Italian National Pasta Producer Association (UNIPPI) € 12.5 million for having created an unfair price cartel. The incriminated pasta producers were found guilty of having unlawfully increased product prices in 2008. Over the last year Italian pasta prices have sharply increased causing an outpour of complaints from consumers. On the flipside, Italian farmers have complained that wheat prices have fallen and production costs have soared.

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Italian Pasta Industry Fined by the Antitrust

The Italian government antitrust authority has fined 26 Italian pasta producers and the Italian National Pasta Producer Association (UNIP) € 12.5 million for having created an unfair price cartel. The incriminated pasta producers were found guilty of having unlawfully increased product prices in 2008. Over the last year Italian pasta prices have sharply increased causing an outpour of complaints from consumers. On the flipside, Italian farmers have complained that wheat prices have fallen and production costs have soared.

In total, more than 90 percent of Italian pasta producers were found guilty by the Antitrust for unjustified price increases in 2008, while the Italian Food Market Association UNIONALIMENTARI and the Italian Union of small and medium-sized Food Businesses UNPMIA were charged for having instructed their members to increase product prices and adopt a common strategy rather than compete against each other.

Major Italian Pasta Producers Fined

Industry sources report that among the 26 pasta makers fined are; Amato, Barilla, Colussi, De Cecco, Divella, Garofalo, Nestle', Rummo, Zara, Berruto, Delverde, Granoro, Riscossa, Tandoi, Cellino, Chirico, De Matteis, Di Martino, Fabianelli, Ferrara, Liguori, Mennucci, Russo, La Molisana, Tamma, and Valdigrano.

Italian pasta producers have attempted to justify their price increases by pointing out increased production costs driven by higher fuel prices affecting transport, and labor costs. Pasta prices have remained much the same over the last 15 years, despite inflation. Pasta is considered to be a basic staple in the Italian diet that does not cost very much.

Italian consumer groups however have applauded the Antitrust's decision to levy heavy fines adding that it sends a "loud signal to the entire food processing industry" regarding the need for transparency and fair production practices. Italian farmers have also welcomed the Antitrust's actions, suggesting that while it is unlikely that they will be reimbursed for their losses, the pasta producers should make amends to the consumers by slashing retail pasta prices.

The Italian Farmer Associations are asking that the government mandate that all products display double prices, both of the producer and the retailer.

Italy's Wheat Industry

Italy is one of the world's leading wheat importing countries. In MY 07/08 (July/June) Italy imported 406,000 tons of durum wheat from the United States. The Italian pasta industry is heavily dependent on high quality durum wheat, and is often willing to pay premium prices in order to produce a final product that is recognized worldwide for its superior quality. Most of the "desert durum" produced in Arizona and southern California is purchased by leading Italian pasta makers (mainly Barilla and De Cecco) in order to produce certain high-end pasta product lines.

EU wheat and coarse grains production

(million tonnes)						
	Wheat			Coarse grains		
	2006	2007	2008	2006	2007	2008
France	35.4	32.8	36.0	26.3	26.1	26.8
Germany	22.4	20.9	23.9	21.0	19.7	23.0
Hungary	4.4	4.0	4.5	10.1	5.7	8.8
Italy	7.2	7.3	8.5	11.6	11.7	12.0
Poland	7.1	8.3	8.4	14.7	18.7	19.0
Romania	5.5	3.0	7.0	10.2	4.6	11.3
Spain	5.6	6.4	6.5	13.0	16.9	17.2
United Kingdom	14.7	13.1	15.0	6.1	5.9	6.6
Others	24.3	24.9	27.0	26.6	27.5	30.0
Total	126.5	120.8	136.8	139.6	136.8	154.8
¹ For 2006 refers to EU25 plus Romania and Bulgaria; for 2007 and 2008 refers to EU27. <i>Note:</i> Totals computed from unrounded data. <i>Source:</i> FAO stats						