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Report Highlights:
Report is an update of FAS Rome GAIN IT1152. Italy presents a success story in organic fruit and vegetable production (3.3% share of the total food market), taking advantage of favorable climate and agronomic conditions and close geographic access to major export markets. Organic farming growth in Italy is rapid and the domestic organic market is taking off. Relatively high financial support for organic producers has played an important role in the rapid production development. Unfortunately, bureaucratic impediments have thus far made it very difficult for importers to bring organic fruits and vegetables directly into Italy.

General Information:
Overview

Italy presents a success story in organic fruit and vegetable production (3.3% share of the total food market), taking advantage of favorable climate and agronomic conditions and close geographic access to major export markets. Organic farming growth in Italy is rapid and the domestic organic market is taking off. Relatively high financial support for organic producers has played an important role in the rapid production development. Unfortunately, bureaucratic impediments have thus far made it very difficult for importers to bring organic fruits and vegetables directly into Italy. According to Industry sources, the procedure for importing is very bureaucratic and time consuming. Reportedly, the Italian Ministry of Agriculture has a large backlog of import requests (6-9 months worth), and once the importer receives the import approval the authorization is valid only for one year.

Italian Organic Consumption

Italian consumers prefer organic fresh fruit, jams, honey, eggs, olive oil, vegetables, and yogurt, as they perceive that these products are safer and healthier. According to official Italian statistical institute ISMEA, sales of organics in Italian supermarkets rose by 6.1 percent in 2012. Domestic consumption of packaged organic products in supermarkets grew by 5.9%, with increases most evident in the area of derivatives of cereals and oils. The increase in consumption shows that Italians trust organic productions, as three families out of four nowadays buy organic. The largest concentration of consumers buying organic products is in the northern regions of Italy, where the industrial and economic structure is stronger.

Organic Production and Trade

More than 50 percent of fruit producers are located in Sicily; other regions specialized in organic fruit production are Campania and Friuli, though in these regions the organic sector is weak. In Emilia Romagna - traditionally a strong fruit-producing region - organic fruit production is still not very developed, though its importance is recently increasing with the entrance in the organic market segment by two large cooperatives Conerpo and Apofruit. Vegetable production follows a similar geographic pattern, given that most organic vegetable producers are located in the southern regions of Sicily and Apulia, together totaling more than half of the land of vegetable farmers.

The growth rate in the specialist trade is even higher: about twice, the increase recorded in the supermarkets. Overall, sales in specialist channels, mainstream supermarkets, farmers' direct marketing, box schemes, and the food service sector in 2011 reached a total of €2 billion, with exports worth over €1.1 billion. On average, Italians spend €25 each per year on organic products. The value of the Italian organic sector is estimated at about 3 billion euro, placing Italy in the fourth position at European level, following Germany, France, and United Kingdom, and in the sixth at world level.

Italy has the largest number of certified organic producers in the EU (48.269) and is second to Spain for organic farmland. Domestic production consists of mainly grains, olive tree, fruits (including shell fruit), vineyards, citrus fruit, and vegetables that are exported to neighboring countries. While the processing sector is less developed, U.S. exporters of organic food ingredients and high value processed products can surely benefit from the EU-U.S. Organic Equivalence Cooperation.

Organic Sales and Imports

Most of the organic food sold in Italy is purchased in supermarkets, followed by specialized shops, and at local farms. The increase of availability of organic products in supermarkets has been one of the reasons for the recent growth of the Italian organic market. On the other hand, supermarkets cannot be the only distribution channel for organic products, as Italian consumers still prefer traditional shops or the direct sale from a local farmer because of the perception of natural and safe production systems. There are about 1000 shops in Italy that specialize in organic food, two thirds of which are located in the north of the country.

The main importers of fruit and vegetables in Italy coincide with the three main primary market operators (ECOR, BRIO and APOFRUIT), which also act as importers, with the exception of ADRIAFRUIT, which specializes in bananas, and ORGANICSUR, which specializes in imports from Colombia and Argentina. Some residual import is also done by processors. Importers declare that the trend is to increase imports, especially of those products for which the demand exceeds domestic production (onions, carrots, potatoes, peppers, cucumbers, aubergines, lettuce, regarding vegetables; kiwis, apples, pears and melon, regarding fruit), as well as of typical tropical fruits (pineapples, mangoes, avocados, coconuts).

Organic imports will most likely continue to be in the above-mentioned products, as well as tropical products (bananas, pineapples, avocados, coconuts). The globalization of food habits is also taking place in Italy, resulting in an increasing demand of tropical products, once only sold in major cities and during certain periods of the year. In this respect, Mediterranean countries (especially Turkey, Egypt, Tunisia and Libya) have good prospects to export to Italy (if the bureaucratic problems are resolved at the Government level) due to long-standing commercial relationships with other food (e.g. olive oil) and non-food sectors. In some cases, exports could even develop in the form of pre-processed (e.g. concentrated juices) or processed (e.g. canned tomatoes) products, which in general will be branded in Italy or other EU countries. Other developing countries may find exporting more difficult, especially compared to exporting to other EU countries with a long-established tradition of import trade for agricultural commodities (such as Holland or France).

EU-U.S. Organic Equivalence Cooperation Partnership

Being a U.S. competitor, the EU-U.S. Organic Equivalence Cooperation Partnership has not facilitated or increased U.S. organic exports to Italy. Official intra-EU organic trade data is difficult to track. The presence of free trade agreements within EU Member States limits the availability of official data. However, the Italian Ministry of Agriculture reports that in 2011 Italy imported from extra-EU countries (North America) 3.906 tons of organic goods. Cereals are mainly imported from the United States, Canada, Kazakhstan, Thailand, and Netherlands, fruits from South America, and vegetables from Central America. Italy is a net exporter of organic food (mainly processed) with most of its €900 million production shipped to foreign markets. The majority of the exports are shipped to other EU Member States (mainly Germany), the United States and Japan.

U.S. exporters interested in obtaining information on major Italian Organic Wholesalers, Hyper/Supermarket chains selling organic produce, and Specialized Organic Retail Chains can contact the Office of Agricultural Affairs, Foreign Agricultural Service, American Embassy, Via Veneto 119a, Rome, 00187, Italy

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