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Italy Pet Food Sector Overview

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Approved By:

Jim Dever

Prepared By:

Dana Biasetti

Report Highlights:

Italy offers an interesting and lucrative market for U.S. pet food producers, as industry sector indicators note that despite the economic turndown the market continues to grow, however U.S. exporters must comply with EU rules, including labeling, hygiene, animal health, certification, and the use of additives. In addition, all pet food production facilities and pet food ingredient facilities must be APHIS inspected and approved for compliance with EU export rules.

General Information:

Italian Pet Food Sector Overview

Italy offers an interesting and lucrative market for U.S. pet food producers, as industry sector indicators note that despite the economic turndown the market continues to grow.

Among leading factors for this growth are an increased importance of the role of pets in Italian families, and a more pro-active role of distribution (both through the grocery store channel - supermarkets and hypermarkets) and in specialized pet shops, including garden centers, which are devoting more space to pet products.

In Italy, there are now 60 million pets in a country of 58 million people. In particular, Italy occupies a top position among European countries regarding dog and cat populations. Cats are the most common pets in Italy. According to the most recent estimates, there are 7.5 million cats and 7 million dogs in Italy. Six out of ten Italian families own a pet, while 33 percent of them own either a dog or a cat.

The role of pets in Italy has changed over the years. Pets have come to be considered as real friends, and even as psychological aids. This new position for pets can be traced to Italy's declining birthrate, changes in family structure, a higher number of Italian singles, an increase in regard for animals, and a longer average human life span. This increase in the number of pets within Italian households translates into greater care and into higher expenses, both from the nutritional and health point of view and the accessories and services provided.

The market for industrial or commercial pet food has also increased greatly in recent years. This growth is mainly related to a greater demand for specific types of pet food. The industry has been developing new lines of pet foods that meet very specific needs related to the age (for young, adult and older animals), lifestyle (high-energy or light diets), and health condition (for diets that prevent allergies or address certain diseases) of pets. In short, dog and cat food is becoming more and more "customized".

Pet Food Industry Statistics

In 2008, cat food in Italy represented 57 percent of the pet food market and was valued at slightly over \$1 billion, a 5.5 percent increase over the previous year. Dog food represents 39 percent of the market and was valued at \$705 million, an increase of 5.8 percent. Dry food (as opposed to "canned" or wet food) is the market leader for both dogs and cats, with a growth rate of 8.4 percent and 7.1 percent, respectively. The market for pet snack and treat products is incurring substantial growth posting an increase of 12.4 percent in 2008. Private labels are also contributing to the success of the sector. In fact, by offering quality products at competitive prices, the private label sector showed a 21 percent increase and sold \$286.7 million worth of products, of which \$255.8 million was pet food, in 2008.

At the end of 2008, the overall market for "other pet foods" (not cat/dog) performed very well with a turnover of \$29.7 million and a growth rate of 5.7 percent. The bird food segment is the largest segment in this market, accounting for a 37 percent share and a growth rate of 4.2 percent. Food products for rodents are the second largest, accounting for 29% of the other pet food market share. The market for fish food was stable, and other animals' food grew by 5.2 percent.

Italy is a big net importer of pet food. In fact, imported pet food has a 48 percent market share in Italy. Dry dog food products represent the largest import, with about 34 percent of total imports. Cat wet food products comprise 25 percent of total imports. Finally, imports of snack and treats products greatly outnumber local production.

Italy is the third largest European importer of pet food from the U.S. after the U.K. and the Netherlands, and imports of pet food in Italy amounted to \$46.9 million versus \$31.6 in 2008, with a steady growth rate of approximately 48 percent as indicated in the general import figures.

Best Product Prospects

The food sector, besides the premium and super-premium type of foods, sells different products according to breed, size and age. There are also other food segmentations, according food allergies and intolerances. A current trend involves natural and holistic pet food products which guarantee their product contains either natural or biological ingredients, without artificial food coloring or preservatives. Among the most sought after ingredients are vegetables, healing herbs, fruit and cereals, in addition to wild caught meat and fish. Many consumers are showing a preference for snacks and treats that are preservative-free, and contain healthy ingredients such as fruit and cereals. Products such as these are now purchased for their functional role for pets, for example dental hygiene.

Complexity of Exporting to Italy and the EU

The export of U.S. manufactured pet food to Italy and the EU in general is extra-ordinarily difficult due to the following:

- The EU has extremely complex requirements for the importation of pet food.
- Those U.S. manufacturers who wish to export pet food to the EU, must begin planning well in advance of the production of the product. They must source only certain ingredients from certain approved suppliers, and must produce the materials under stringent EU requirements and specific processing parameters.
- When a U.S. manufacturer is interested in applying for the necessary approval, they should contact the APHIS Area Office for the state in which the production facility is located for more information.
- The approval process is lengthy, and the product cannot be exported until when, and if, the approval is granted.
- Italy has additional requirements – the importer should always ensure that the producer is on the required list and all required export certification has been received prior to shipping.

Italian Pet Food Legislation

All U.S. pet food exported to Italy and the EU must comply with EU rules on labeling, hygiene, animal health, certification, use of additives, etc.

In addition, all U.S. pet food production facilities and pet food ingredient facilities must be APHIS (Animal Plant and Health Inspection Service) inspected and approved for compliance with European rules in order to be allowed to export pet food to EU countries and Italy.

Once a facility is inspected by APHIS it is included in a list that is transmitted to the border authorities of the EU country. Unfortunately at the moment the EU does not have a harmonized list, which means that there is no one single list for all of the EU member states.

The Italian Ministry of Health requires that APHIS provide two separate lists of authorized U.S. pet food exporters:

- Approved Pet Food Facilities list, and
- Approved Pet Food Ingredients lists

APHIS and the Italian Ministry of Health work with FAS/Rome to update and maintain these lists. Once the approved lists are received by the Italian Ministry of Health, they are then distributed to all of the Italian veterinary inspectorate posts.

Therefore, in order for a U.S. company to be authorized to export pet food containing animal by-products, the first step is to contact their local APHIS office in the United States to start the process.

Please note all U.S. manufacturers of pet food products must be on this list prior to shipping their products to Italy. Should a U.S. manufacturer of pet food products attempt to ship their products to Italy without being on the list, under Italian law they are committing an offense, and the product will likely be rejected by border inspection authorities.

Entry to Italy For Trade Show Purposes Only

U.S. manufactured pet food can be exported to Italy for trade show purposes only, but this is possible only on a case-by-

case basis and necessitates that FAS/Rome request a specific waiver/derogation for importation of samples to be shipped to Italy for trade show purpose only from the Italian Ministry of Health. This process can be lengthy and therefore U.S. exporters are encouraged to contact FAS/Rome well in advance.

Once the product has been authorized by the Italian Ministry of Health to be exported for trade show purposes only the product cannot be sold on the market and must be destroyed or otherwise disposed of after the show. Italian law is quite strict on the matter, and sets very severe legal sanctions for import and distribution of pet food containing animal products without the required authorization.

Each individual pet food shipment containing product of animal origin must be accompanied by a health certificate signed by APHIS officials. APHIS veterinary services will endorse certificates after facilities have been officially approved as compliant with Regulation 1774/2002. A [statement guaranteeing that SRM's \(specified risk materials\) have been removed](#) needs to be added to the certificate. The APHIS website can be viewed at www.aphis.usda.gov

EU Pet Food Legislation

On March 4, 2008, the European Commission presented a proposal for a new framework regulation on the labeling and marketing of feed and pet food. Currently, feed marketing rules are scattered over several directives (according to the type of feed concerned) with cross references to many amending and implementing acts. If adopted, one single regulation would replace the old directives and implement feed marketing rules in a more uniform way. It is expected that this new legislation should go into effect after 1 September 2010.

The draft regulation sets out general rules for the labeling of feed and specific labeling requirements for feed materials, compound feed (including pet food) and medicated or dietetic feed. Under the proposed rules, pre-market authorizations for bio-proteins will be replaced by a market surveillance system to tackle safety risks. The current mandatory percentage declaration of raw materials in compound feed will be replaced by a requirement to indicate the materials in the exact descending order of weight. Only feed complying with the provisions laid down in the proposed regulation and with the provisions on feed additives laid down in Regulation 1831/2003 and Directive 90/167/EEC will be allowed on the EU market. The Commission will also establish and update a "negative list", i.e. a list of materials that are prohibited in feed. The new rules will not only apply to on-pack labels but also to other means of communication (such as Internet) between the producer and the consumer. This proposal has to be adopted under the co-decision procedure and must be notified to the WTO under the TBT agreement.

The proposal can be downloaded from the Commissions' website at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0124:FIN:EN:PDF>.

Feed-related legislation such as the TSE regulation (999/2001), the Animal By-Products regulation (1774/2002), the GM Food & Feed regulation (1829/2003) and the Feed Hygiene regulation (1831/2003) do not fall within the scope of the proposal.

General Mandatory Labeling Requirements

Mandatory labeling information must be given in a clearly legible and indelible way, in the official language(s) of the Member State where the product is marketed, in a prominent place on the packaging. It must be given in a color, font and size that does not obscure or emphasize any part of the information.

- type of feed: feed material, complete feed or complementary feed
- name or business name and address of the feed business operator
- establishment approval number if available
- batch or reference number
- net quantity
- list of feed additives
- moisture content

Sales in bulk, unsealed packages or containers must be accompanied by a document containing all mandatory labeling information.

Specific Mandatory Labeling Requirements

In addition to the general labeling requirements, the proposal also establishes specific labeling requirements for feed materials, compound feed, dietetic feed, pet food and contaminated feed.

Feed Materials:

- the name of the feed material accompanied by the compulsory category declaration listed in Annex IV or the information laid down in the Community Catalog.

Compound Feed:

- species or category of animals for which the compound feed is intended
- instructions for proper use
- in case the manufacturer is not the person responsible for the labeling information: the name or business name and address of the manufacturer or an identification/registration number
- minimum storage life
- list of feed materials of which the feed is composed, bearing the heading “composition” and indicating the name of each feed material in descending order by weight (the percentage of a feed material must be indicated if its presence is emphasized on the label)
- compulsory declarations provided for in Chapter II of Annex V or VI

In the case of compound feed for non-food producing animals, the indication of the specific name of the feed material may be replaced by the category name (a list of categories will be established by the Commission).

Dietetic Feed:

- the qualifying expression “dietetic”
- intended use (a list of authorized intended uses will be established by the Commission)
- the indication that the opinion of a nutrition expert must be sought before use

Pet Food:

- feed additives incorporated into the pet food
- the name of the category to which a feed material belongs
- a free customer telephone number

Contaminated Feed:

Feed containing exceeding levels of undesirable substances must be labeled “feed with excessive levels of [designation of undesirable substance] in accordance with Annex I to Directive 2002/32/EC, only intended for authorized detoxification establishments”.

Voluntary Labeling

Additional voluntary labeling on compound feed may only include the following information:

- country of production or manufacture
- description or trade name of the product

- specific processing the feed has undergone
- moisture content
- date of manufacture
- special storage conditions
- price

Packaging

Feed may only be marketed in sealed packages or containers. By way of derogation, the following feed may be marketed in bulk or in unsealed packages or containers:

- feed materials
- compound feed exclusively obtained by mixing grain or whole fruit
- deliveries between producers of compound feed
- deliveries of compound feed directly to the feed user
- deliveries from producers of compound feed to packaging firms
- quantities of compound feed not exceeding 50 kilograms intended for the final user taken directly from a sealed package or container
- blocks or licks

Abolition of Pre-Market Authorization

Directive 82/471/EEC requires a pre-market authorization for all possible bio-proteins. In 2003, several products such as amino acids were transferred to the Feed Additives Regulation 1831/2003 to ensure a safety risk assessment before being marketed in the EU. For the remaining bio-proteins such as inactivated yeast the pre-market authorization procedure is out of proportion with the marginal risk they may pose. The draft regulation proposes a market surveillance system instead of a pre-market authorization to tackle safety risks.

Adoption of the Proposal

This is a proposal for a European Parliament and Council Regulation which has to be adopted under the co-decision procedure. Under the co-decision procedure the Council and the European Parliament have equal legislative power.

A significant change is the move from several “Directives” to a single “Regulation” to limit the variations in the implementation of the requirements by the different Member States. A “Directive” has to be transposed into national laws while a “Regulation” has to be implemented “as is”, by all the Member States on the same date.

Updates of lists and amendments to the Annexes of the new feed labeling regulation will be adopted by the Commission under the Comitology procedure. Under the Comitology procedure, the Commission submits a proposal to the Standing Committee on the Food Chain and Animal Health (composed of Member State experts) which votes for or against the proposal on the basis of qualified majority.

Under the TBT-Agreement, the feed labeling proposal has to be notified to the WTO to allow third countries to submit comments on the proposed rules. More information on EU measures notified to the WTO is available on the USEU FAS Brussels website at <http://useu.usmission.gov/agri.WTOnotif.html>.

Trade Show Opportunity in Italy – ZOOMARK 2011

FAS in collaboration with FCS promotes a U.S. Pavilion at "Zoomark International", Italy's leading bi-annual pet food and products show - www.zoomark.it. The next edition will take place in Bologna on May 12-15, 2011.

Contact Information

For additional EU pet food information please refer to the U.S. Mission to the EU website:
<http://useu.usmission.gov/agri/petfood.html>

The Italian pet association is Scivac
www.scivac.it

The Italian Pet Feed and Care Association is Assalco
www.assalco.it/

For additional Italy pet food information please contact the USDA-FAS Rome, Italy office:

1) (39) 06 4674 2396

1) (39) 06 4788 7008

[://rome.usembassy.gov/agtrade/default.asp](http://rome.usembassy.gov/agtrade/default.asp)

rome@fas.usda.gov