

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Required Report - public distribution

**Date:** 3/25/2019

**GAIN Report Number:** IT1908

## **Italy**

### **Food Processing Ingredients**

**2019**

**Approved By:**

Fred Giles

**Prepared By:**

Ornella Bettini

**Report Highlights:**

The Italian food-processing industry continues to be highly fragmented. However, in recent years, the sector has been characterized by the growing consolidation of smaller companies and by an increasing number of joint ventures. 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. Key market drivers include an increasing interest in healthy and functional foods, an aging population, and health conscious consumers. Italy depends almost entirely on raw material imports, most of which come from other EU countries.

**Post:**

Rome

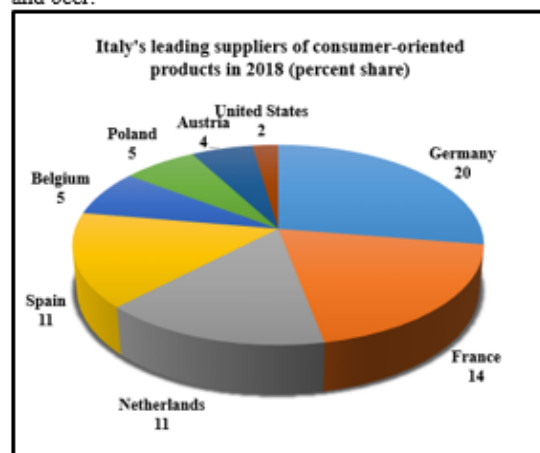
# Market Fact Sheet: Italy

## Executive Summary

Italy is the third-largest economy in the euro-zone, with a GDP estimated at \$2.3 trillion and a per capita GDP of \$38,200. 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 2018, U.S. agricultural, forest, and fish exports to Italy were \$1.4 billion, while U.S. imports from Italy were \$5 billion.

## Imports of Consumer-Oriented Products

In 2018, Italy's imports of consumer-oriented products were approximately \$23.7 billion, of which 84 percent originating from other EU-28 member states. Imports from the EU-28 were primarily meat, cheese, food preparations, and beer.



## 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, confectionery, and snacks.

## Food Retail Industry

The Italian food retail industry is highly diversified. Hypermarkets, supermarkets, convenience stores, major discount stores, and specialized stores coexist with traditional corner grocery stores and open-air markets. The majority of the supermarkets is located in northern Italy (47.1 percent), followed by the south (28.6 percent), and then by the central region (24.3 percent). On-line shopping is expected to increase, although at a lower pace compared to other western European countries. Italy's food retail sales reached \$150.5 billion in 2017, 1.6 percent more than 2016.

## Quick Facts CY 2017

**Imports of Consumer-Oriented Products:** \$22.8 billion

### List of Top 10 Growth Products in Italy

- |                      |                          |
|----------------------|--------------------------|
| 1) Pork meat         | 2) Dairy products        |
| 3) Food preparations | 4) Beer                  |
| 5) Baked goods       | 6) Almonds               |
| 7) Snacks            | 8) Condiments and sauces |
| 9) Organics          | 10) Gluten-free          |

### Food Industry by Channels (\$ billion)

Food Industry Output	\$155
Food Exports	\$37.2
Food Imports	\$22.8
Retail	\$150.5
Food Service	\$87

**Food Industry Gross Sales:** \$131.7 billion

### Top 10 Italian Retailers

- |                                 |                    |
|---------------------------------|--------------------|
| 1) Conad                        | 2) Coop Italia     |
| 3) Selex Gruppo Commerciale SpA | 4) Esselunga SpA   |
| 5) Gruppo VèGé                  | 6) Crai Secom SpA  |
| 7) Carrefour SA                 | 8) Gruppo Eurospin |
| 9) Lidl                         | 10) Auchan         |

### GDP/Population

Population: 62.2 million  
 GDP: \$2.3 trillion  
 GDP per capita: \$38,200

## Strengths/Weaknesses/Opportunities/Challenges

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	Challenges
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:

CIA Factbook, GTA (Global Trade Atlas), ISTAT (Italian Institute of Statistics), Euromonitor.

**Contact:** OAA Rome, Italy

E-mail: [agrome@fas.usda.gov](mailto:agrome@fas.usda.gov)

Tel: (011)-(39)-06-4674-2396

**SECTION I. MARKET SUMMARY**

The Italian food-processing industry is highly fragmented. 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, confectionery, and snacks. Local consumers continue to prefer fresh products rather than canned products. However, the most popular canned food products are fish and seafood (tuna in particular), meat and meat products, tomatoes, and beans. As lifestyles have become busier, prepared ready meals have become more popular. Continuous improvements in recipes and packaging, as well as new product launches have helped with the growth in ready meals, in particular among younger consumers. Chilled ready meals have proven to be more successful than dried or frozen products, as they are perceived to be fresher and more natural.

Italy depends almost entirely on raw material imports, most of which come from other EU countries and the United States. In 2018, U.S. agricultural, forest, and fish products exports to Italy totaled \$1.4 billion. In 2018, U.S. agricultural, forest, and fish products imports from Italy reached \$5 billion.

<b>U.S. leading exports to Italy</b>	<b>Italian leading exports to the United States</b>
Soybeans: \$305.1 million	Wine and Beer: \$2.1 billion
Tree Nuts: \$282.6 million	Olive oil: \$572.9 million
Wheat: \$139.4 million	Cheese: \$324.4 million
Forest products: \$93.3 million	Snack foods: \$208.5 million
Fish products: \$76.3 million	Processed fruit and vegetables: \$160.4 million

Source: BICO

<b>Advantages</b>	<b>Challenges</b>
Food consumption levels are among the highest in the world.	Competition from EU countries that export to Italy tariff-free.
Italy is the third largest market in Europe for food and drink in terms of value, and there is a reliable affluent consumer base for such products.	U.S. exporters have significantly higher transportation costs and time lags than most other European countries, given the distance between Italy and the United States.
Lifestyle changes have increased demand for processed, convenient foods.	Non-tariff barriers, including traceability requirements, can hinder U.S. exports.
Italy is highly dependent on raw imports for its processed food industry.	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 and ingredients, while innovative, may be perceived as overly processed and less wholesome than their Italian/European counterparts which are marketed as traditional and seen as having more “natural” ingredients.

**Key market drivers include:**

- Italy is a major food processor and a net agricultural importer
- Increasing interest in healthy and functional foods
- Aging population
- Health conscious consumers

## **SECTION II. ROAD MAP FOR MARKET ENTRY**

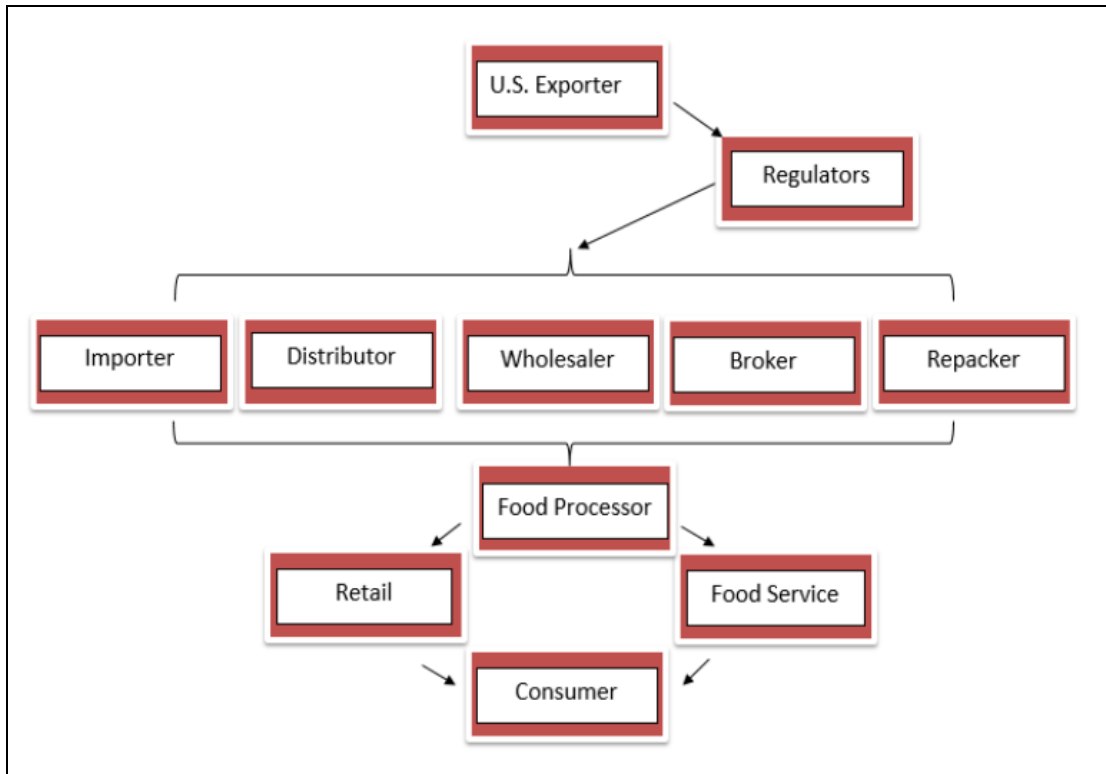
### ○ **Entry Strategy**

- Italian importers are mostly small to medium-sized companies.
- Companies import smaller volumes and a broad range of products.
- Most imported food products enter the Italian market through brokers or specialized traders.
- Price is always important, although quality and novelty alone do move some imported products.
- Processed food is primarily distributed through retail grocers, convenience, and discount stores.
- Be cognizant of regional differences between North and South Italy.
- Develop a good understanding of regulations and procedures that comply with trade.
- Follow import guidelines to avoid imports being detained.
- Develop clear market strategy prior to entry.
- 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.
- Imported products from North America often enter Italy indirectly from the Port of Rotterdam or directly by air.
- U.S. companies seeking to export their goods to Italy are advised to research the market for a better understanding.

### ○ **Import Procedure**

- All imports are covered under European Union (EU) regulations.
- Custom duties are applied to all products and rates depend on product being processed or unprocessed.
- Imports from a third country must clearly identify country of origin.
- Important to work with experienced distributor or independent reliable agent to counsel on import duties, sanitary regulations, and labeling requirements.
- Personal relationships and language ability are of value when conducting business transactions.

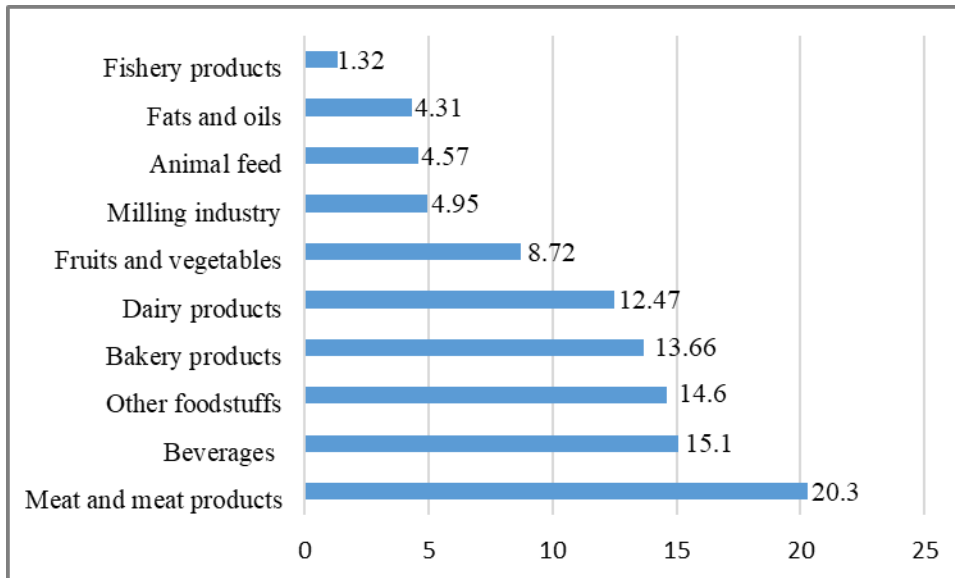
### ○ **Distribution Channels**



○ **Market Structure**

- Italy’s food processing industry is well developed and has access to a wide range of food ingredients and suppliers.
- Italian producers source their ingredients from brokers, local importers, and wholesalers.
- Only large processors import ingredients directly from foreign suppliers.
- Retailers usually purchase directly from the processor or the buying organization.
- The Hotel Restaurant and Institution (HRI) sector may purchase directly from a wholesaler whereas smaller HRI outlets generally purchase products from cash and carry operations.
- U.S. exporters of food processing ingredients usually enter the Italian market through a specialized ingredients importer.
- A good importer will be your partner in promoting your product to his or her customers.
- The most common entry strategy for small-and medium-sized U.S. companies is dealing either directly with a local wholesaler or broker or indirectly through an export agent or consolidator.

○ **Share of Major Segments in the Food Processing Industry**



Source: ISTAT (Italian Institute of Statistics)

## ○ **Leading Food Processing Companies**

### **Meat and meat products**

Gruppo Cremonini - <https://www.cremonini.com/>

Gruppo Veronesi - <http://www.gruppoveronesi.it/bpweb/SitoVeronesi.nsf/home>

Amadori - <https://www.amadori.it/amadori/storia>

Consorzio del Prosciutto di Parma - <https://www.prosciuttodiparma.com/>

Fratelli Beretta - <http://www.fratelliberetta.com/>

Ferrarini - <https://en.ferrarini.com/>

### **Pasta**

Barilla - <https://www.barilla.com/it-it>

### **Bakery products**

Bauli - <https://www.bauli.it/>

Mulino Bianco - <https://www.mulinobianco.com/>

### **Chocolate and sweets**

Ferrero SpA - <https://www.ferrero.it/>

Perfetti Van Melle Group - <http://www.perfettivanmelle.com/>

Nestle' Italia - <https://www.nestle.it/>

### **Dairy products**

Galbani - <http://www.gruppolactalisitalia.com/hubpage/>

Granarolo SpA - <https://www.granarologroup.com/>

Parmalat SpA - <http://www.parmalat.com/en/>

### **Frozen fruits and vegetables**

Findus - <https://www.findus.it/noi-di-findus/findus-storia>

La Valle degli Orti - <https://www.lavalledegliorti.it/>  
 Orogel Surgelati - <https://www.oringel.it/>

○ **Sector Trends**

- Domestic food expenditure is slowly recovering, both at home and abroad.
- Changes in demographics and working patterns; demand for convenient and ready-to-eat foods.
- New labeling and traceability requirements, in addition to environmental and animal welfare requirements, are forcing consolidation at all levels of the food chain, from farm to fork.
- Italian consumers increasingly look for organic and natural products, especially those sourced locally, feeling as though they are supporting their communities and their economic recovery.
- Demographic evolution is driving changes in consumer buying habits, due to smaller households. Single and two-person households are growing and households of 4 or more persons declining.
- Consumers tend to buy more expensive, value-added products, or meal components when cooking for only one or two persons.
- Increasing elderly population.

**SECTION III. COMPETITION**

Italy’s main trading partner is the EU-28, supplying approximately 71 percent of the total agricultural, forest, and fish products, and nearly 84 percent of consumer-oriented products. Proximity and price make the EU-28 more attractive and competitive.

**Italy’s leading suppliers of consumer-oriented products**

January – December 2018							
Partner Country	United States Dollars			% Share			% Change 2018/2017
	2016	2017	2018	2016	2017	2018	
World	21,289,208,935	22,806,048,636	23,663,081,936	100.00	100.00	100.00	3.76
EU-28	17,519,471,551	19,180,213,766	19,866,127,199	82.29	84.10	83.95	3.58
Germany	4,347,680,519	4,651,307,424	4,754,543,294	20.42	20.40	20.09	2.22
France	3,101,707,026	3,331,863,403	3,359,702,257	14.57	14.61	14.20	0.84
Netherlands	2,333,690,604	2,511,246,009	2,674,750,146	10.96	11.01	11.30	6.51
Spain	2,213,087,575	2,507,412,348	2,639,263,005	10.40	10.99	11.15	5.26
Belgium	1,038,231,907	1,229,028,051	1,299,439,785	4.88	5.39	5.49	5.73
United States	446,231,947	418,371,410	406,716,754	2.10	1.83	1.72	-2.79

Source: GTA

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

<b>Commodity</b>	<b>Italy's imports from the world 2018</b>	<b>Italy's imports from the United States 2018</b>	<b>Key constraints over market development</b>	<b>Market attractiveness for the United States</b>
Pork meat	\$2.3 billion	\$443,787	Competition from other EU countries, mainly Germany, the Netherlands, Denmark, and Spain.	Increasing domestic consumption.
Food preparations	\$724 million	\$4.4 million	Competition from other EU countries, mainly Germany, the Netherlands, and France.	Growing demand from consumers and manufacturers.
Beer	\$674 million	\$4 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 increased imports, new breweries and pubs where high quality beer is served at reasonable prices.
Bakery products	\$625 million	\$484,409	Competition from other EU countries, mainly Germany and France.	Growing demand from consumers, manufacturers, and confectionary industry.
Almonds	\$311 million	\$180 million	Competition from Spain.	Growing demand from manufacturers, confectionary, and snack industry.

Source: GTA

#### **SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES**

- **Products present in the market which have good sales potential**
  - Tree nuts
  - Food preparations



- Snack foods
- Condiments and sauces
- **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 V. KEY CONTACTS AND FURTHER INFORMATION**

Office of Agricultural Affairs, Foreign Agricultural Service, U.S. Embassy Rome, Italy

Address: Via Veneto, 119a - 00187 Rome, Italy

E-mail: [agrome@fas.usda.gov](mailto:agrome@fas.usda.gov)

Tel: (011)-(39)-06-4674-2396

Fax: (011)-(39)-06-4788-7008

Webpage: <https://it.usembassy.gov/embassy-consulates/rome/sections-offices/fas/>

FAS Italy publishes numerous market and commodity reports available through the Global Agricultural Information Network (GAIN) at:

[www.fas.usda.gov/data/search?f\[0\]=field\\_countries%3A39&f\[1\]=field\\_countries%3A371](http://www.fas.usda.gov/data/search?f[0]=field_countries%3A39&f[1]=field_countries%3A371)