Required Report: Required - Public Distribution **Date:** December 10,2020

Report Number: IT2020-0026

Report Name: Exporter Guide

Country: Italy

Post: Rome

Report Category: Exporter Guide

Prepared By: Ornella Bettini

Approved By: Charles Rush

Report Highlights:

This report offers information for U.S. companies interested in exporting agri-food products to Italy, including an overview of the country's economic situation, market structure, export requirements, and best product export opportunities.

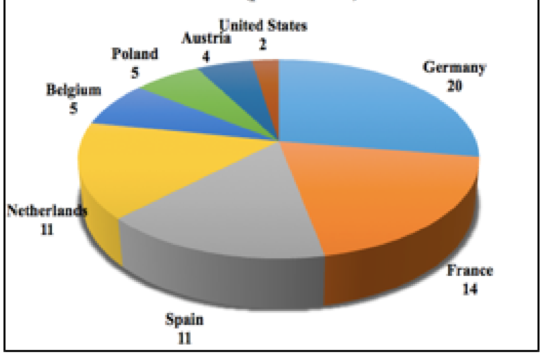
Market Fact Sheet: Italy

Executive Summary

Italy is the third-largest economy in the euro-zone, with a GDP estimated at $2.4 trillion and a per capita GDP of $39,675. 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 2019, U.S. agricultural, forest, and fish exports to Italy were $1.2 billion, while U.S. imports from Italy were $5.2 billion.

Imports of Consumer-Oriented Products

In 2019, Italy's imports of consumer-oriented products were approximately $23.6 billion, of which 84 percent originating from other EU27+UK member states. Imports from the EU27+UK were primarily dairy products, meat, and food preparations.



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, dairy products, processed meat and seafood, and snacks.

Food Retail Industry

The Italian food retail industry is higly 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). Online grocery shopping is rapidly growing. Italy's food retail sales reached $145 billion in 2019, 1 percent more than 2018.

Quick Facts CY 2019

Imports of Consumer-Oriented Products: $23.6 billion

List of Top 10 Growth Products in Italy

1) Baked goods
2) Dairy products
3) Processed meat and seafood
4) Snacks
5) Cooking ingredients
6) Pasta
7) Ready meals
8) Sauces
9) Organics
10) Gluten-free

Food Industry by Channels ($ billion)

Food Industry Output	$153
Food Exports	$39.3
Food Imports	$23.6
Retail	$145
Food Service	$85

Top 10 Italian Retailers

1) Conad
2) Coop Italia
3) Selex Gruppo Commerciale SpA
4) Esselunga SpA
5) Crai Secom SpA
6) Gruppo VéGé
7) Gruppo Eurospin
8) Schwarz Gruppe
9) Carrefour SA
10) Spar Intl.

GDP/Population

Population: 60 million
GDP: $2.4 trillion
GDP per capita: $39,675

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:
TDM (Trade Data Monitor), Euromonitor, industry contacts.

Contact: OAA Rome, Italy
E-mail: agrome@usda.gov
Tel: (011)-(39)-06-4674-2396

SECTION I. MARKET OVERVIEW

Italy is the third-largest economy in the euro-zone, with a GDP estimated at $2.4 trillion and a per capita GDP of $39,675. 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, primarily in small and medium-sized family-owned firms. Italy exports mainly consumer products to the United States, while the United States exports mostly bulk commodities to Italy. In 2019, U.S. agricultural, forest, and fish exports to Italy were $1.2 billion, while U.S. imports from Italy were $5.2 billion.

U.S. - Italy Agricultural Trade 2019

U.S. leading exports to Italy	Italian leading exports to the United States
Tree nuts: $362.8 million	Wine: $2.1 billion
Wheat: $181.4 million	Olive oil: $511.6 million
Soybeans: $141.1 million	Cheese: $373.5 million
Forest products: $82.9 million	Pasta: $249.9 million
Fish products: $52.8 million	Snack foods: $249.7 million
Total: $1.2 billion	Total: $5.2 billion

Source: BICO

Agriculture is one of Italy's key economic sectors, accounting for approximately 2 percent of GDP. Italy's agriculture is typical of the northern and southern division found within the European Union (EU). The northern part of Italy produces primarily grains, soybeans, meat, and dairy products, while the south specializes in fruits, vegetables, olive oil, and durum wheat. Even though much of its mountainous terrain is unsuitable for farming, approximately 4 percent of the population (60 million) is employed in farming. Most farms are small, with the average size being eleven hectares.

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 health benefits.	Complying with European and Italian regulations.
Italians are becoming more aware of foreign cuisines.	Competition in the Italian food market is fierce and many consumers still prefer traditional Italian products.
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 Genetically Engineered (GE) products.

SECTION II. EXPORTER BUSINESS TIPS

- Identify a key importer, broker, distributor, agent, or wholesaler, as they know how to best navigate the import and distribution process. 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. Italian importers are mostly small to medium-sized companies and 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.
- Survey existing and potential opportunities by reviewing [FAS GAIN] reports and consider engaging a market research firm to assist in analyzing market opportunities and challenges. Price is always important, although quality and novelty alone do move some imported products.
- Be prepared to start small by shipping a few pallets or cases of a product and recognize that it could take several months or years before an importer is ready to order full containers. Italians place a lot of importance on first building the trust to consolidate the business relationship.
- Be willing to meet special EU labeling requirements and consider working through a consolidator or participating in mixed container shipments.
- Participation in some of the larger European international food trade shows (ANUGA, SIAL, and TUTTOFOOD) offers a good opportunity to get a sense of the Italian market and provides the opportunity to meet potential Italian importers or distributors.

SECTION III. IMPORT FOOD STANDARDS & REGULATIONS AND IMPORT PROCEDURES

As a member of the EU, Italy applies the "*Community Acquis*", i.e. entire body of EU laws and regulations associated with the treaties and international agreements to which the EU is a party. EU member states share a customs union, a single market in which goods can move freely, a common trade policy, and a common agricultural and fisheries policy.

To the extent that EU food laws have been harmonized, Italy's food laws and regulations follow EU rules. 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. In Italy, the primary responsibility for food safety rests with the Italian Ministry of Health, while food production is the primary responsibility of the Italian Ministry of Agricultural, Food, and Forestry Policies. In some instances, other Italian ministries may have responsibilities, such as the Ministry of Economic Development on standards, labeling, and trade promotion, or the Ministry of Economy and Finance on customs and duties.

For more information, see latest *Italy Food and Agricultural Import Regulations and Standards (FAIRS)* and *Italy FAIRS Certificate* reports at: https://gain.fas.usda.gov/#/

You may also want to review the FAIRS reports produced by the U.S. Mission to the EU in Brussels, Belgium that are available at: http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/fairs-reports/.

Most imported food products enter the Italian market through brokers or specialized traders. Imported products from North America often enter Italy indirectly from the Netherlands' Port of Rotterdam or directly via air. U.S. exporters need to work closely with the industry, focusing on the importers and distributors who can best promote U.S. products to the Italian food sector. These groups have an in-depth knowledge of import requirements, such as product certification, labeling, and packaging. They also typically handle shipping, customs clearance, warehousing, and distribution of products within the country. American exporters who can assist in consolidating shipments from other U.S. sources or have a wide range of products for export have the greatest chance for success in the Italian market.

SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

- **Italian Food Processing Ingredients Sector**
  The Italian food-processing industry continues to be 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, dairy products, processed meat and seafood, and snacks. As lifestyles have become busier, prepared ready meals have become more popular. Chilled ready meals have proven to be more successful than dried or frozen products, as they are perceived to be fresher and more natural. Locally grown, but also ethnic, vegan and vegetarian alternatives, "free from" products (e.g. gluten, lactose, or sugar free), and super foods attract more and more Italian consumers. For additional information, see *Italy Food Processing Ingredients 2020* report at: https://gain.fas.usda.gov/#/

- **Italian Food Retail Sector**
  The Italian food retail market is highly diversified. Hypermarkets, supermarkets, convenience, discount, and specialized stores coexist with traditional corner shops and open-air markets. The majority of 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). Italy's food retail sales reached $145 billion in 2019, one percent more than in 2018. For additional information, see *Italy Retail Foods 2020* report at: https://gain.fas.usda.gov/#/

- **Italian Food Service – Hotel, Restaurant, Institutional**
  In general, Italians like to dine out, both for convenience (modern lifestyles and working outside of the home) and for social reasons (to meet and mingle). When choosing an eatery, Italian consumers are increasingly looking for food and beverages that they consider healthy, including locally sourced products that combine good nutritional value and farm to fork traceability. For more information, see *Italy Food Service – Hotel Restaurant Institutional 2020* report at: https://gain.fas.usda.gov/#/

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

Commodity	Italy's imports from the world 2019	Italy's imports from the United States 2019	Key constraints over market development	Market attractiveness for the United States
Pork meat and products	$2.5 billion	$1.1 million	Competition from other EU countries, mainly Germany, the Netherlands, Denmark, and Spain.	Increasing domestic consumption.
Food preparations	$2 billion	$6 million	Competition from other EU countries, mainly Germany, the Netherlands, and France.	Growing demand from consumers and manufacturers.
Chocolate & cocoa products	$1 billion	$546,612	Competition from other EU countries, mainly Germany, France, and Belgium.	Growing demand from consumers, manufacturers, and confectionary industry.
Beer	$646 million	$3.2 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.
Almonds	$368 million	$202 million	Competition from Spain.	Growing demand from manufacturers, confectionary, and snack industry.

Source: Trade Data Monitor

SECTION V. AGRICULTURAL AND FOOD IMPORTS

Linking U.S. Agriculture FAS to the World

U.S. Exports of Agricultural & Related Products to *Italy(*)*
CY 2015 - 2019 and Year-to-Date Comparisons
(in millions of dollars+)

gats Global Agricultural Trade System Online

Export Market: *Italy(*)*

	Calendar Years (Jan-Dec)					January - August Comparisons		
Product	2015	2016	2017	2018	2019	2019	2020	%Chg
Bulk Total	323.0	251.6	237.3	538.5	425.8	221.3	278.0	25.6
Wheat	251.0*	106.4	116.6	139.6	186.3	70.4	157.1	123.2
Corn	0.0	0.0	7.8	9.9	0.0	0.0	0.0	-
Coarse Grains (ex. corn)	0.0	0.0	0.0	0.0	6.5	6.5	0.0	-
Rice	1.0	1.1	1.2	1.9	1.9	1.7	0.5	-73.0
Soybeans	19.0	77.9	27.9	304.2*	138.5	70.8	74.1	4.5
Oilseeds (ex. soybean)	0.0	0.0	0.1	0.2	0.0	0.0	0.0	-
Cotton	8.0	3.4	4.1	6.0	3.7	3.0	7.5	149.6
Pulses	32.0	34.3	50.8*	38.8	42.5	28.6	21.8	-23.9
Tobacco	2.0	21.4	23.8	29.5	38.1	33.8	13.5	-60.2
Other Bulk Commodities	12.0	7.0	5.0	8.3	8.1	6.4	3.7	-41.8
Intermediate Total	197.0	166.8	159.6	209.9	172.0	102.3	70.8	-30.8
Soybean Meal	35.0	0.3	1.1	48.0	34.5	20.6	0.0	-
Soybean Oil	0.0	0.2	0.1	0.1	0.1	0.0	0.0	-
Vegetable Oils (ex. soybean)	4.0	2.5	3.0	7.5	7.9	6.1	3.3	-45.6
Animal Fats	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Live Animals	0.0	0.4	0.2	0.1	0.1	0.0	0.1	1216.5
Hides & Skins	51.0	57.7	54.4	54.5	29.6	23.9	14.1	-41.1
Hay	0.0	0.3*	0.2	0.1	0.1	0.0	0.1	132.3
Distillers Grains	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Feeds & Fodders NESOI	9.0	6.8	6.6	7.8	11.6	9.7	5.5	-42.9
Planting Seeds	59.0	56.8	49.6	40.6	50.8	20.4	24.8	21.9
Sugar, Sweeteners, Bev. Bases	1.0	0.9	0.7	0.4	0.9	0.5	1.4	179.1
Other Intermediate Products	38.0	40.9	43.8	50.7*	36.4	21.2	21.5	1.6
Consumer Oriented Total	480.0	498.3	448.2	417.4	458.4	259.9	231.7	-10.8
Beef & Beef Products	73.0	60.3	62.1	48.9	30.9	21.2	6.0	-71.9
Pork & Pork Products	1.0	2.1	2.0	1.6	1.2	0.9	0.3	-68.9
Poultry Meat & Prods. (ex. eggs)	0.0	0.2	1.1	1.3	0.9	0.7	0.2	-69.9
Meat Products NESOI	1.0	0.7	0.9	0.4	1.0	0.8	0.1	-87.9
Eggs & Products	1.0	1.3	4.2*	2.6	0.9	0.3	0.7	113.4
Dairy Products	1.0	1.7	1.5	1.8	1.0	0.2	0.7	202.9
Fresh Fruit	0.0	0.1	0.0	0.0	0.0	0.0	0.0	-
Processed Fruit	16.0	18.7	13.8	12.7	11.3	8.2	6.9	-15.0
Fresh Vegetables	0.0	0.4	0.3	0.8	0.4	0.4	0.3	-40.7
Processed Vegetables	34.0	65.0	39.1	36.4	19.9	16.0	25.9	62.1
Fruit & Vegetable Juices	0.0	0.6	1.3	0.8	0.5	0.4	0.8	87.4
Tree Nuts	289.0	291.0	288.1	282.9	362.7*	190.2	175.0	-8.0
Chocolate & Cocoa Products	0.0	0.3	1.4*	0.4	0.3	0.2	0.3	21.8
Snack Foods NESOI	3.0	3.4	1.3	2.1	2.3	1.6	1.4	-12.9
Breakfast Cereals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-46.4
Condiments & Sauces	1.0	2.9	2.7	3.1*	2.6	1.5	1.1	-20.7
Prepared Food	10.0	9.5	14.5	13.3	13.9	10.5	9.8	-6.6
Wine & Beer	44.0	36.4	12.0	6.0	6.3	5.1	1.3	-75.0
Non-Alcoholic Bev. (ex. juices)	2.0	1.6	0.8	1.0	1.1	0.9	0.3	-64.9
Dog & Cat Food	4.0	2.0	1.0	1.0	0.5	0.4	0.5	24.4
Other Consumer Oriented	0.0	0.2	0.2	0.3	0.4	0.4	0.1	-69.0
Agricultural Related Products	265.0	217.1	201.2	216.1	177.9	107.4	88.1	-18.0
Distilled Spirits	25.0	26.1	35.3	46.6*	41.9	23.9	30.8	28.7
Ethanol (non-bev.)	0.0	0.0	0.0	0.0	0.2	0.1	0.3	146.0
Biodiesel & Blends > B30	0.0	0.1	0.3	0.0	0.0	0.0	0.0	-
Forest Products	152.0	97.7	92.2	93.2	82.9	53.5	36.5	-31.7
Fish Products	89.0	93.1	73.4	76.3	52.9	29.9	20.5	-31.5
Agricultural Products	1,001.0	916.6	845.1	1,165.9	1,056.2	583.5	580.6	-0.5
Agricultural & Related Products	1,266.0	1,133.8	1,046.3	1,382.0*	1,234.1	690.9	668.7	-3.2

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.

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

Best High Value, Consumer-Oriented Product Prospects Categories

- **Products present in the market which have good sales potential**
  - Tree nuts
  - Food preparations
  - Snack foods
  - Condiments and sauces

- **Top consumer-oriented products imported from the world**
  - Pork and beef
  - Cheese
  - Food preparations
  - Fresh fruit

- **Top consumer-oriented products imported from the United States**
  - Tree Nuts
  - Beef
  - Processed Vegetables
  - Prepared Food

- **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 VI. 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@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: https://gain.fas.usda.gov/#/

Attachments:

No Attachments