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# **Report Name:** Food Processing Ingredients

**Country:** Italy

**Post:** Rome

**Report Category:** Food Processing Ingredients

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**Report Highlights:**

The Italian food-processing industry continues to be highly fragmented, characterized by growing consolidation of smaller companies. In 2022 a gradual return to in-person work, study, and activities left consumers with less time or inclination for cooking and baking. On the other hand, confectionery, snack bars, ice cream, and pastries benefitted from a gradual return to normality. Italy depends almost entirely on raw material imports, most of which come from other EU countries.

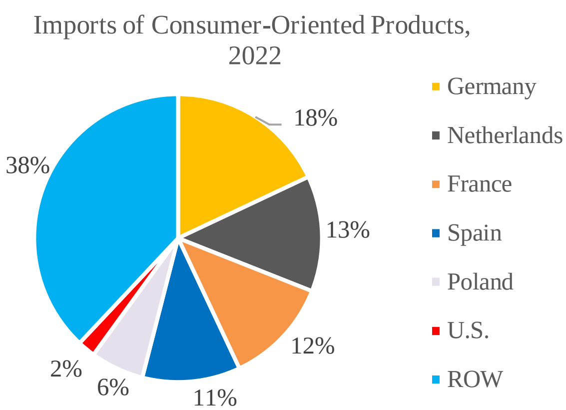
# Market Fact Sheet: Italy

## Executive Summary

Italy's economy is the eighth largest in the world and the third largest in the euro-zone, with a GDP estimated at $2 trillion and a per capita GDP of $34,083 in 2022. 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 2022, U.S. agricultural exports to Italy were $1.5 billion, while U.S. imports from Italy were $7.6 billion.

## Imports of Consumer-Oriented Products

In 2022, Italy's imports of consumer-oriented products were $31.2 billion, of which 83 percent originating from other EU-27 member states. Imports from the EU-27 were primarily dairy products, meat, and fruits and vegetables.




## 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. Italian consumers continue to favor baked goods, processed meat and seafood, and dairy products.

## 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. Italy's food retail sales reached $167.8 billion in 2021. Increased sales were registered in discounters (+6.0 percent), hypermarkets (+3.4 percent), supermarkets (+3.3 percent), and grocery retailers (+1.2 percent ),

## Quick Facts CY 2022

**Imports of Consumer-Oriented Products:** $31.2 billion

**List of Top 10 Growth Products in Italy**

1) Dairy Products
2) Processed Meat and Seafood
3) Baked Goods
4) Processed Vegetables
5) Pasta and Rice
6) Chocolate Confectionary
7) Savory Snacks
8) Sauces, Dressings, and Condiments
9) Tree Nuts
10) Ready Meals

**Food Industry by Channels ($ billion)**

| | |
|---|---|
| Food Industry Output | $170.2 |
| Food Exports | $52.8 |
| Food Imports | $28.4 |
| Retail | $167.8 |
| Food Service | $57.5 |

**Top 10 Italian Retailers**

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

**GDP/Population**

Population: 58.9 million
GDP: 2 trillion
GDP per capita: $34,083

| Strengths/Weaknesses/Opportunities/Threats | |
|---|---|
| **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** | **Threats** |
| 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:**
Trade Data Monitor (TDM), LLC; Euromonitor; industry contacts.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## SECTION I. MARKET SUMMARY

### Overall Business Climate

The Italian food-processing industry continues to be highly fragmented, characterized by a growing consolidation of smaller companies. The leading players tend to employ multichannel strategies, which have helped them to offset food service losses with higher sales in the retail channel during the COVID-19 pandemic. In 2022, a gradual return to in-person work, study, and activities left consumers with less time or inclination for home-cooking and home-baking. On the other hand, confectionery, snack bars, ice cream, and pastries benefitted from a gradual return to normality.

Artisanal products are at the forefront of the packaged food market. Local consumers continue to prefer fresh products rather than canned products. However, the most popular canned food products are seafood (tuna in particular), meat and meat products, tomatoes, and beans. Additionally, Covid-19 accelerated Italy's healthy eating trend, with vegan, vegetarian, and flexitarian alternatives, "free-from" products (e.g. gluten, lactose, or sugar-free), and superfoods attracting more and more local consumers. The pandemic also strengthened the locally sourced food trend as a gesture of solidarity to local producers.

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. Italy depends almost entirely on raw material imports, most of which come from other EU countries. In 2022, U.S. agricultural exports to Italy were $1.3 billion, while U.S. imports from Italy were $7.4 billion.

**U.S. - Italy Agricultural Trade 2022**

| U.S. leading exports to Italy | Italian leading exports to the United States |
|---|---|
| Soybeans: $501.2 million | Wine: $2.5 billion |
| Tree Nuts: $273.2 million | Baked Goods, Cereals, and Pasta: $1.0 billion* |
| Wheat: $136.0 million | Olive Oil: $610.3 million |
| Pulses: $54.0 million* | Dairy Products: $509.8 million* |
| Distilled Spirits: $44.2 million | Condiments and Sauces: $436.5 million |
| **Total: $1.3 billion*** | **Total: $7.4 billion*** |

Source: BICO

*Highest export/import levels since 1970

### Impact of the Ukraine Crisis

Trade Data Monitor reports that Italy imported $1.2 billion of agricultural products from Ukraine in 2022, with sunflower oil/seed ($420 million) and corn ($396 million) leading the trade. For food manufacturers, Ukraine is the leading supplier of sunflower oil. Many companies use sunflower oil in a wide range of products including baked products, baby food, and ready-to-eat meals, due to its unique taste and functional properties.

| Advantages | Challenges |
|---|---|
| Italy's 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. |
| Italy is highly dependent on raw imports for its processed food industry. | Non-tariff barriers, including traceability requirements, can hinder U.S. exports. Moreover, U.S. exporters new to the Italian market may find the Italian bureaucracy difficult to maneuver. |
| Italians are becoming more aware of foreign ingredients and cuisines. | 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. |

## SECTION II. ROAD MAP FOR MARKET ENTRY

- **Entry Strategy**

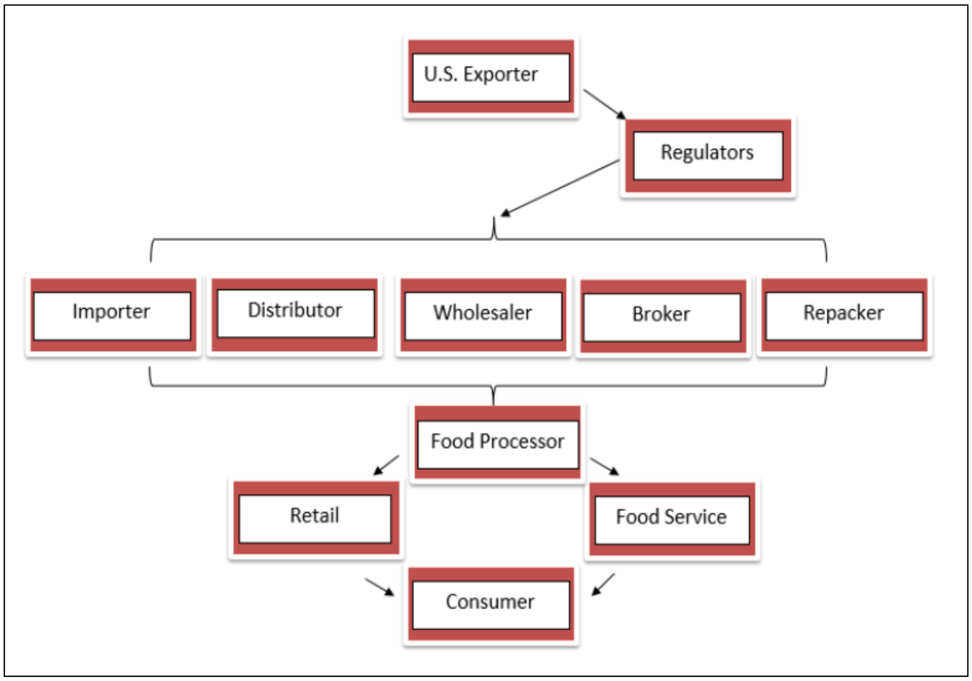
  - Survey existing and potential opportunities by reviewing FAS GAIN reports and consider engaging a market research firm to assist in analyzing market opportunities and challenges.
  - Identify a key importer, broker, distributor, agent, or wholesaler, as they know how to best navigate the import and distribution process. They are key to doing business in Italy. 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.
  - 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 meet with potential Italian importers or distributors.

- **Import Procedure**

  - All imports are covered under EU regulations.
  - 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.

- Imports from a third country must clearly identify country of origin.
- Custom duties are applied to all products and rates depend on product being processed or unprocessed.
- Imported products from North America often enter Italy indirectly from the Port of Rotterdam or directly by air.

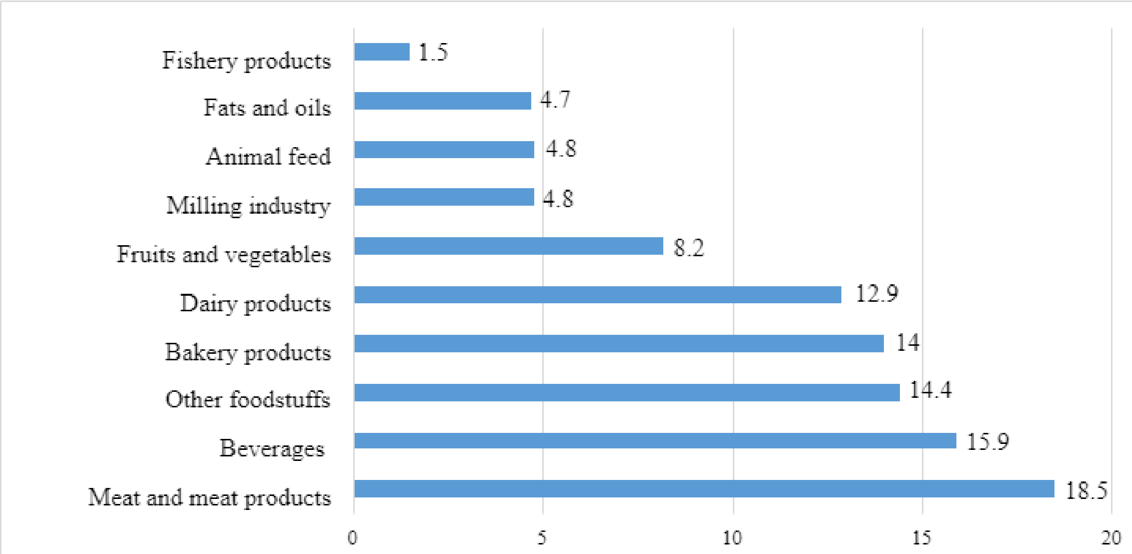
- **Distribution Channels**




- **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, agents, local importers, and wholesalers. Only large processors import ingredients directly from foreign suppliers.
  - Processed food is primarily distributed through retail grocers, convenience, and discount stores.
  - 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 Italy's Food Processing Industry (2020)**




Source: Italy's Institute of Statistics (ISTAT)

- **Leading Food Processing Companies**

**Baked Goods**
Barilla - https://www.barilla.com/it-it
Bauli - https://www.bauli.it/
Ferrero - https://www.ferrero.com
Dr Schär - https://www.schaer.com/it-it

**Processed Meat and Meat products**
Gruppo Veronesi - http://www.gruppoveronesi.it/bpweb/SitoVeronesi.nsf/home
Fratelli Beretta - http://www.fratelliberetta.com/
Amadori - https://www.amadori.it/amadori/storia
Ferrarini - https://en.ferrarini.com/

**Dairy products**
Granarolo - https://www.granarologroup.com/
Galbani - http://www.gruppolactalisitalia.com/hubpage/
Parmalat - https://www.parmalat.it/
Zanetti - https://www.zanetti-spa.it/en

**Ice Cream and Frozen Desserts**
Unilever Italia - https://www.unilever.it/our-company/
Sammontana - https://www.sammontana.com/
Froneri Italy - https://gelatimotta.it/
Esselunga - https://www.esselunga.it/cms/azienda.html

**Pasta and Rice**
Barilla - https://www.barilla.com/it-it

De Cecco - https://www.dececco.com/it_it/
Pastificio Rana - https://www.rana.com.au/
Conad - Consorzio Nazionale Dettaglianti - https://chisiamo.conad.it/

**Chocolate Confectionary**
Ferrero - https://www.ferrero.it/Nestlè Italia - https://www.nestle.it/
Elah Dufour Alimentari Riunite - https://www.elah-dufour.it/en
Mars Italia - https://ita.mars.com/it/prodotti-mars?language_content_entity=it

**Savory Snacks**
San Carlo Gruppo Alimentare - https://www.sancarlo.it/it/default.asp
Mondelez Italia Services - https://www.mondelezinternational.com/Europe/Western-Europe
Noberasco - https://www.noberasco.it/it-IT-it/Default.aspx
Amica Chips - https://www.amicachips.it/

**Sauces, Dressings, and Condiments**
Star - Stabilimento Alimentare - https://www.star.it/storia/
Unilever Italia - https://www.unilever.it/our-company/
Conserve Italia - https://www.conserveitalia.it/en/
Barilla - https://www.barilla.com/it-it

**Sweet Biscuits, Snack bars, and Fruit snacks**
Mondelez Italia Services - https://www.mondelezinternational.com/Europe/Western-Europe
Colussi Group - https://www.colussigroup.it/en/
Galbusera - https://www.galbusera.it/international-range/
Balocco - https://www.balocco.it/en

**Ready Meals**
Bonduelle Italia - https://www.bonduelle.it/
La Linea Verde Società Agricola - https://www.lalineaverde.it/?lang=en
Piatti Freschi Italia - http://www.piattifreschiitalia.com/
Cameo - https://www.cameo.it/it-it/index

- **Sector Trends**

  - Ageing population and increased health consciousness of consumers is fueling Italy's demand for health and wellness products, and functional food products such as fermented food and probiotics.
  - Locally grown, but also ethnic, vegan, vegetarian, and flexitarian alternatives, and "free from" products (e.g. gluten, lactose, or sugar free) attract more and more Italian consumers.
  - Demographic evolution is driving changes in consumer buying habits, as single and two person households are growing, while households of four or more persons declining.
  - Consumers increasingly require traceability and information about production methods.

## SECTION III. COMPETITION

Italy’s main trading partner is the EU-27, supplying approximately 70 percent of the total agricultural products, and 83 percent of consumer-oriented products. Proximity and price make the EU-27 more attractive and competitive.

### Italy’s Leading Suppliers of Consumer-Oriented Products

| Partner Country | January - December (Value: USD) | | | Market Share (%) | | | %Change 2022/21 |
|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | |
| World | 25,903,448,784 | 28,806,947,942 | 31,228,265,508 | 100 | 100 | 100 | 8.41 |
| EU-27 | 21,106,079,977 | 23,800,180,719 | 26,056,121,991 | 81.48 | 82.62 | 83.44 | 9.48 |
| Germany | 4,837,242,597 | 5,461,054,314 | 5,732,637,776 | 18.67 | 18.96 | 18.36 | 4.97 |
| Netherlands | 2,720,674,534 | 3,490,385,701 | 4,020,943,969 | 10.5 | 12.12 | 12.88 | 15.2 |
| France | 3,239,534,867 | 3,621,640,444 | 3,820,088,451 | 12.51 | 12.57 | 12.23 | 5.48 |
| Spain | 2,856,892,983 | 3,103,916,785 | 3,480,409,522 | 11.03 | 10.78 | 11.15 | 12.13 |
| Poland | 1,400,459,978 | 1,604,578,965 | 1,796,421,854 | 5.41 | 5.57 | 5.75 | 11.96 |
| Belgium | 1,207,885,987 | 1,334,309,867 | 1,675,429,084 | 4.66 | 4.63 | 5.37 | 25.57 |
| Austria | 979,823,063 | 1,099,088,757 | 1,225,875,715 | 3.78 | 3.82 | 3.93 | 11.54 |
| United States | 644,980,127 | 626,827,942 | 659,833,494 | 2.49 | 2.18 | 2.11 | 5.27 |
| Denmark | 420,955,214 | 552,863,241 | 629,108,697 | 1.63 | 1.92 | 2.02 | 13.79 |
| Greece | 430,552,648 | 528,701,610 | 530,594,352 | 1.66 | 1.84 | 1.7 | 0.36 |

Source: TDM, LLC

### Competitive Situation for Selected Consumer-Oriented Products

| Commodity | Italy’s imports from the world 2022 | Italy’s imports from the United States 2022 | Key constraints over market development | Market attractiveness for the United States |
|---|---|---|---|---|
| Pork Meat and products | $2.6 billion | $0 | Competition from other EU countries, mainly Germany, Spain, and the Netherlands. | Growing consumers’ demand. |
| Bakery Goods | $1.8 billion | $1,913,514 | Competition from other EU countries, mainly Germany, France, Austria, and Spain. | Growing consumers’ demand. |
| Tree Nuts | $1.5 billion | $326.5 million | Competition from Turkey, Spain, Germany, and Chile. | Growing demand from manufacturers, confectionary, and snack industry. |
| Chocolate and | $1.2 billion | $421,095 | Competition from | Growing consumers’ |

| | | | | |
|---|---|---|---|---|
| Cocoa Products | | | other EU countries, mainly Germany, the Netherlands, France, and Belgium. | demand. |
| Food Preparations | $1 billion | $6.5 million | Competition from other EU countries, mainly Germany, the Netherlands, France, and Belgium. | Growing consumers' demand. |

Source: TDM, LLC

## SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

- **Products present in the market which have good sales potential**

  - Tree Nuts
  - Distilled Spirits
  - Food Preparations
  - Processed Fruit
  - Sauces, Dressings, and Condiments

- **Products not present in significant quantities, but which have good sales potential**

  - Functional and Health food
  - Free-from products (lactose-free, gluten-free, sugar-free)
  - Specialty foods
  - Beer

- **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

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FAS Italy publishes numerous market and commodity reports available through the Global Agricultural Information Network (GAIN) at: https://gain.fas.usda.gov/#/search

**Attachments:**

No Attachments