



# FAS WORLDWIDE

United States Department of Agriculture  
Foreign Agricultural Service

November 2007

An online review of Foreign Agricultural Service initiatives and services

## Market and Trade Data

### Italy's Large Retail, HRI, and Food Processing Sectors Up Demand for Imports

By Dana Biasseti

In calendar 2006, the United States supplied \$765 million of food and agricultural products to Italy, mostly high-quality inputs for food processing. The United States furnishes Italy with wheat for pasta and confectionary, forest products for furniture and housing, tree nuts for baking, seeds for planting, hides and skins for leather, and seafood for restaurants. While \$222 million worth of U.S. consumer-ready products did reach the market, EU (European Union) constraints on U.S. meats and ingredients derived from biotechnology limit sales in this category.

This same year, Italy imported more than \$25 billion of agricultural products; 70 percent came from other EU countries.

#### Demographic Influences

Food is an important part of Italian life. The average Italian family spends \$3,240 a month on foods, beverages, and tobacco. Italian consumers think locally produced products are best. Though they prefer fresh to frozen or canned products and shop more often

Leading U.S. Exports for 2006	
Product	\$ Million
Forest products	195.6
Tree nuts	152.8
Wheat	87.2
Fish and seafood	66.5
Hides and skins	59.4
Wines and beer	46.8
Planting seeds	17.7
Cotton	10.9
Vegetable oils	25.4

#### Country Overview

Italy's 58 million residents enjoy a gross domestic product of \$1.8 trillion, with per capita income of \$30,200 annually. Two-thirds of the population lives in urban areas.

While Italy's diversified industrial economy resembles those of France and the United Kingdom, most raw materials required by Italy's industries (including food processing) and more than 75 percent of its energy requirements are imported.

Italy is one of the largest agricultural producers in the EU, but is a net importer, buying 70 percent of its imports from other EU members, with near neighbors France and Germany among the top suppliers. The United States is its largest market outside the EU, with \$2.9 billion worth of sales in 2006.

Italy's major agricultural exports include wines, olive oil, cheeses, fruits, and vegetables. Though accounting for only a small fraction of production, products under protected designations of origin, or geographic indications, are important nationally and for Italian exporters who want to preserve the "high quality and Italian" perception.

than other Europeans, the trends toward smaller families, later marriages, and more women in the workforce have increased demand for a wider range of retail convenience products.

Italy also hosts 2.2 million foreign residents who patronize ethnic food outlets in addition to consuming traditional Italian cuisine. For example, Italy's 1 million Muslim residents buy their meats at halal butcher shops and dine in halal restaurants. Not surprisingly, North African and Middle Eastern spices and foods can be found in traditional shops as well.

#### Imports Via Rotterdam or Direct Air

Most imported foods enter the Italian market through brokers or specialized traders. Products from North America often

Advantages and Challenges for U.S. Exporters in Italy	
Advantages	Challenges
U.S. fast-food chains, ethnic restaurants, and the food processing industry are demanding U.S.-origin ingredients.	Developing relationships with Italian trade contacts and marketing products take time; also, shelf space and product placement are expensive.
U.S. products are viewed as "trendy, new, and innovative," especially those with added benefits of suiting health and lifestyle interests.	Strong cultural presumptions reinforce the idea that Italian food products are superior.
Weak dollar versus a strong euro favors U.S. exports.	Some U.S. products are barred by Italian border inspectors for not conforming to EU sanitary standards.
Niche market for ethnic foods is growing; Italians are traveling more, becoming aware of foreign cuisines.	Ingrained political opposition hinders biotechnology products.

enter first through the Netherlands' port of Rotterdam, or directly in-country by air. Italy employs the same tariffs and border measures as other EU countries, as well as Italian standards for food safety and quality, labeling, and packaging.

Personal relationships and language ability are valued in business transactions. Due to varying interpretations of regulations, it is important to work with experienced importers or agents to guide imports through port entry. FAS Report IT7022 addresses these regulations.

#### Quality Counts at Retail

Italian retail sales surpassed \$150 billion in 2005. COOP is the largest food retailer in Italy. Originally a cooperative among farmers, the retailer has succeeded in incorporating small and medium businesses that flourish by providing outstanding service based on an in-depth knowledge of their customers' needs and tastes. The two most important foreign retailers with large formats are Carrefour and Auchan.

Half of Italy's 7,500 food retail outlets have large formats — supermarkets, hypermarkets, and shopping mall outlets — and

are located mainly in industrialized northern Italy. Agricultural southern Italy has fewer large retail stores and an underdeveloped distribution chain, though larger chains and independent retailers are beginning to join buying groups to increase their leverage with suppliers.

Discount retailers have been slow to emerge in Italy. The first outlets offered deep discounts for products that didn't appeal to Italian consumers, so today's discounter has a modified image that caters to consumer preferences and offers a mix of branded and private label products. Private label products have just begun to catch on, and work best when targeted to consumer needs. Organic and regional are popular specialty categories.

#### Notes on HRI

Italy's HRI (hotel, restaurant, and institutional) industry is lucrative and growing, second only to that of the United States. More than 85 million tourists visit Italy each year, making it the world's fourth most attractive tourist destination. The HRI sector is diverse and fragmented, dominated by many small establishments. Only 6 percent of 130,000 facilities belong to foreign investors. Italy is slowly moving toward trends and lifestyles seen in other European countries. The food service industry is benefiting from one of these trends: with more workers unable to return home for a midday meal, increasing numbers are eating out for lunch as well for the evening meal.

#### Best Prospects

U.S. food and agricultural exports expected to be in demand in Italy include seafood products, especially tuna and frozen fish filets, processed shrimp, squid, cuttlefish, octopus, and lobster. Other opportunities exist for fruits such as berries, condiments, fruit juices, and tree nuts.

*Dana Biasetti is an agricultural specialist with the FAS Office of Agricultural Affairs in Rome, Italy. E-mail: [agrome@usda.gov](mailto:agrome@usda.gov)*

**FAS Worldwide** is an online magazine from USDA's Foreign Agricultural Service. Text of this magazine is in the public domain and may be reprinted freely. Photographs may not be reprinted without permission.

Use of commercial and trade names does not imply approval or constitute endorsement by USDA or by FAS.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.