

## CBI MARKET SURVEY

**The spices and herbs market in Italy****Publication date: March, 2010****Report summary**

This CBI market survey discusses the following highlights for the spices and herbs market in Italy:

- In 2008, Italy's apparent consumption of spices and herbs amounted to 6.4 thousand tonnes, having an annual average decrease of 5.9% since 2004. The largest product groups in terms of apparent consumption were pepper, ginger, mixtures, nutmeg, mace & cardamom and cinnamon.
- Italian cooking favours the wide use of herbs – normally fresh – as a flavouring ingredient. Most Italians either grow their own or have easy access to fresh herbs. Some important herbs cultivated in Italy are: parsley, basil, oregano, rosemary, sage, summer savory, clary sage, common thyme and fennel.
- In 2008, Italy was the seventh largest EU imports of spices and herbs, accounting for 4.8% of total imports. Total imports amounted to € 54 million or 12 thousand tonnes, increasing at an annual average rate of 12% in value and 1.0% in volume between 2004 and 2008.
- Italian imports of spices and herbs sourced in DCs accounted for 52% of total imports in 2008, increasing at an annual average rate of 16% since 2004. The period of highest increase was between 2006 and 2008, following a period of decline between 2004 and 2006. Iran (with a share of 17% of imports) was the leading developing country (DC) supplier in 2008, followed by India (11%), Indonesia (6.3%), Vietnam (6.2%) and Sri Lanka (1.7%).

This survey provides exporters of spices and herbs with sector-specific market information related to gaining access to Italy. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The spices and herbs market in the EU', which covers the EU market in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>

**1 Market description: consumption and production****Consumption**

In this chapter, data from the statistical database of the Food and Agriculture Organization of the United Nations (FAOSTAT) and the statistical office of the EU (Eurostat) are used to indicate apparent consumption (production + imports - exports). One of the limitations of this calculation is that strong fluctuations are sometimes seen between years. Please apply these data with care, as they can only be used as an indication of the market. Also see chapter 1 of the CBI survey 'The spices and herbs market in the EU'.

**Total market size**

In 2008, Italy's apparent consumption of spices and herbs amounted to 6.4 thousand tonnes, having an annual average decrease of 5.9% since 2004. In spite of this overall decline, the development per product group was very diverse.

Industry sources indicate that there is still a lot of uncertainty on the market due to the recent economic crisis, and that traders are reluctant to build stocks. There is an overriding hesitance in making predictions on how the spices and herbs market will develop in the coming years.

### Product groups

Apparent consumption of pepper, the largest product group in 2008, had an annual average decrease of 4.9% since 2004. The consumption of ginger, the second largest consumed product group, in contrast, increased at a significant annual average rate of 16%.

Apparent consumption of mixtures, the third largest product group, increased considerably in the review period, amounting to 394 tonnes in 2008. A significant decrease, on the other hand, can also be observed in the group of nutmeg, mace & cardamom; apparent consumption had an annual average decrease of 12% in the review period, amounting to 310 tonnes.

Whereas the market for cinnamon remained rather stable in the review period, apparent consumption of paprika had a major decline. It used to be a relatively large product group in terms of volume; however, it had an annual average decrease of 12% in the review period, amounting to 166 tonnes in 2008.

Although consumed in smaller quantities, turmeric and cloves performed well in the review period, in contrast to the development of paprika, chillies & allspice, which had an annual average decrease of nearly 30%.

Although rather small in volume, saffron is an important product in the Italian cuisine. Apparent consumption of this product increased at an annual average rate of 2.8% between 2004 and 2008, amounting to 10 tonnes in 2008. Finally, the market for the product group 'other spices and herbs' had an annual average decrease of 7.6% in the review period, amounting to 698 tonnes in 2008.

**Table 1.1 Apparent consumption of selected spices and herbs in Italy, 2004-2008, in tonnes**

	2004	2005	2006	2007	2008	Average annual change
<b>Total spices &amp; herbs</b>	<b>8,195</b>	<b>7,857</b>	<b>6,857</b>	<b>6,639</b>	<b>6,426</b>	<b>-5.9%</b>
Pepper	3,277	3,040	3,186	3,003	2,685	-4.9%
Ginger	890	937	994	1,225	1,592	16%
Mixtures	26	405	249	317	394	97%
Nutmeg mace & cardamom	527	45	134	190	310	-12%
Cinnamon	284	288	312	283	291	0.6%
Paprika, chillies & allspice	629	705	18	77	166	-28%
Turmeric	115	108	100	143	153	7.5%
Cloves	82	134	106	156	102	5.5%
Vanilla	13	14	15	420	27	19%
Saffron	9	13	14	90	10	2.8%
Spice seeds	1,386	1,188	1,366	n.a.	n.a.	n.a.
Other spices and herbs	957	980	365	736	698	-7.6%

Source: own calculations based on Eurostat and FAOSTAT data (2009)

Please note that, in general, FAOSTAT data is more focused on spices, whereas the use of fresh (and dried) herbs in Italy is of considerable importance. Therefore, it is expected that consumption of these product groups is of particular significance.

### Market segmentation

Although spices and herbs can be used for the non-food market, such as the pharmaceutical and perfumery, the largest end-user group of spices and herbs is the food-processing industry. In the food market, the consumption of herbs and spices is divided into 3 sectors:

- Industrial, in which spices are used particularly in the processing of meat, fish, canned products, sauces, soups, bakery goods and other prepared and convenience food.
- Retail, where developments are usually triggered by experimental and ethnic consumers.
- Catering, which is small but growing.

For more information on market segmentation, please refer to the CBI survey 'The spices and herbs market in the EU'.

Similar to other EU countries, the Italian food industry sector is by far the largest consumer of spices and herbs, as indicated in the CBI survey covering the EU market for spices and herbs. However, the exact shares specifically for Italy are not available.

### **Consumption trends**

The traditional Italian cuisine relies on fresh products cooked with a minimum of spices and herbs; the variety of spices is not as essential as in the French or Asian cuisine, for instance. When used, spices and herbs are usually fresh and include basil and bay leaves, parsley, red pepper, oregano, rosemary, saffron, sage and thyme (YourGuidetoItaly.com, 2009).

The Italian population is ageing rapidly. Products which are particularly attractive to an ageing population are therefore lucrative in Italy. However, in contrast to most European countries, Italian changing lifestyles do not have a great influence on the eating habits. For example, fast food consumption is relatively low in Italy. Instead, Italians prefer fresh and healthy foods. Nevertheless, especially northern Italy is becoming more familiar with diversification in, or 'internationalisation' of, food products.

Although known for its large organic production, organic food sales are still rather limited in Italy. Organic food sales represent approximately 3% of total food sales, which is relatively low compared to more mature European markets, and certainly when considering Italy's high profile in organic production. However, organic food sales are growing rapidly, especially sales to processing companies and wholesalers increased rapidly. In 2008, Italy's organic market for food and drink amounted to nearly € 2.0 billion.

Italy is also a growing market for Fairtrade certified products. Total Fairtrade market reached over € 41 million in 2008, growing by around 6% in relation to 2007 (Fairtrade Foundation, 2009).

For more information on consumption trends, please also refer to the CBI survey covering the EU market for spices and herbs.

### **Production**

Neither Eurostat nor the statistical database of the Food and Agriculture Organization of the United Nations (FAOSTAT) reports on production of spices and herbs in Italy.

Herbs play an important role as flavouring in Italian cooking and fresh ones are normally used. Most Italians either grow their own or have easy access to fresh herbs.

### **Product groups**

The European Herb Growers Association (EHGA-Europam) provides information on cultivation areas of herbs which are used in food. However, many of these herbs also find applications in other products and some of them can be identified or used as a spice. Moreover, only cultivation of EHGA-Europam growers is measured, and these data relate to 2005. This information can be used to show tendencies, which are still valid today. As an indication, the main products cultivated in Italy are parsley and basil. Other important herbs are: oregano, rosemary, sage, summer savory, clary sage, common thyme and fennel.

### **Interesting players**

- Associazione Italiana Industrie Prodotti Alimentari (AIIPA) - <http://www.aiipa.it/aiipa-inglese/index.html> - brings a list of associate members.

### **Production trends**

Italy is the largest producer of organic food in Europe and exports more than half of its organic domestic production. Italy is the third country in the world regarding its share of agricultural

area allotted to organic cultivation (8%) and the second country by number of organic farms (almost 50,000). More specifically, the area destined for the cultivation of organic herbs, aromatic plants and plants for seasoning reached 2.0 thousand hectares in 2008.

A large share of the increase in the amount of organic farmland has been export-driven, with substantial volumes of organic food exported to Western Europe. Trade in organic spices alone is, however, most often not the core business. Furthermore, there is a large discrepancy between Italy's relatively large production of organic food and its relatively limited domestic market penetration, compared to other European countries.

### Opportunities and threats

- + Although moderate, the use of spices and herbs is an integral part of the Italian cuisine, which makes Italy a (potentially) interesting country for exporters of spices and herbs in developing countries (DCs).
- + There is limited production of spices in Italy, thus creating the need for imports to meet consumer demand.
- + Although apparent consumption of pepper, the largest product group, indicates a decline in the review period, other important product groups such as mixtures and ginger increased considerably.
- +/- Eating habits in Italy are not as heavily influenced by changing lifestyles as in other European countries, thereby indicating less volatility in favour of an increasing use of spices and herbs.
- +/- Italy is more known for its organic food production than for its consumption of organic products. Nevertheless, the Italian consumption market for organic spices and herbs has a considerable potential and is growing rapidly. This offers some opportunities to DC exporters, especially for spice exporters.
- The use of fresh (and dried) herbs is of considerable importance in Italy. (Organic) herbs are, however, to a large extent grown in Italy itself. This severely limits the possibilities for DC exporters.

For more information on opportunities and threats for exporters in DCs stemming from trends and patterns in consumption of spices and herbs, please refer to chapter 7 of the CBI market survey, covering the spices and herbs market for the EU.

### Useful sources

- Interesting sources for obtaining information on consumption and production of herbs and spices are firstly encountered in the survey covering the EU. However, more information on Italy can be found in the 2004 IENICA report - <http://www.ienica.net>. Although somewhat outdated, it does provide interesting information.
- Information on organic production and consumption in Italy:
  - Associazione Italiana per L'Agricoltura Biologica/ Italian Association for Organic Farming (AIAB) - <http://www.aiab.it>
  - Associazione Nazionale Agricoltura Biologica/ National Organic Farming Association (ANABIO) - <http://www.cia.it/anabio>
- Furthermore, Italian trade associations mentioned in chapter 6, and the Italian National Institute of Statistics - <http://www.istat.it> - can be good sources of information.
- FAO's statistical database FAOSTAT - <http://faostat.fao.org> - is also a valuable source.

## 2 Trade channels for market entry

Most direct imports of spices and herbs from developing countries concern whole, un-ground products, while processed and packed spices only rarely come from DCs. Spices and herbs share the same trade channels, with the bulk of trade entering the EU through a small number of importers and brokers. Direct trade by processors and, to a lesser degree, food processors has become more prevalent, although processors increasingly work with companies which combine steady high quality and large volumes, instead of several small companies. However, distinctions between different trade channels are becoming increasingly blurred, with different

activities now carried out within one company. In the CBI market survey covering the EU market for spices and herbs, the main trade channels for spices and herbs are shown and further explained.

### *Organic*

Producers and exporters of organic spices and herbs supply their organic products mostly to specialised traders/importers and/or sometimes to grinders/processors. In most markets, a few traders specialised in organics tend to be the dominant customers for foreign producers. They often have an organic specialisation, focusing on a broad range of products. Several organics traders have a European-wide focus. Direct purchases from foreign organics producers made by purchasing units of retailers, the catering sector and food processors are very rare, but might increase due to increasing organic sales and market entry by traditionally conventional players.

In 2009, the two largest players in organic and biodynamic distribution in Italy merged. The merging between Ecor, the largest distributor of organic and biodynamic products in the specialist trade in Italy and Naturasì, the leading Italian supermarket chain specialised in organic and biodynamic products, with 66 outlets in Italy, points toward growth prospects and consolidation in this specialised distribution.

### **Retail trade**

Supermarkets chains account for the lion's share of the retail trade of spices and herbs in Italy. The largest supermarket chains operating in the conventional food market are: Esselunga, Coop, GS, Conad and Auchan. The buying organisations of large supermarkets have strong buying power, and there are not many opportunities for small and medium-sized DC exporters to trade directly with them. Niche markets might provide better prospects.

Many of these supermarkets also sell a significant number of organic spices and herbs. The increasing availability of organic products in supermarkets has had a major impact on the growth of the Italian organic market. Nonetheless, a significant part of Italian consumers still prefer traditional specialised organic shops, which amount to over 1,000 and are especially located in Northern Italy. The most important franchiser is Naturasì, which has now merged with Ecor, as described above.

### **Trends**

Increasingly strict governmental regulations and the high-quality standards demanded by the food industry, especially for processed spices and herbs, make it difficult for DCs to enter these markets.

Traceability and quality are increasingly important. Large processing and importing companies have their own experts who visit the producers in the countries of origin to inspect the product and production process, also to educate the growers so that they are better able to meet Italian demand and requirements.

Along with expanding marketing under private labels, supermarkets exert downward pressure on margins of processors and further down the value-chain, because the buying organisations of large supermarkets (sometimes representing multiple chains) have such strong buying power.

### **Interesting players**

Companies in Italy which could be of interest include:

- Ecor - <http://www.ecor.it> – largest distributor of organic and biodynamic products in Italy.
- Baule Volante - <http://www.baulevolante.it> – organic distributor.
- Agria Industrie Agroalimentari - <http://www.agria.it>
- Cerreto Aziende Agricole - <http://www.cerretosrl.it/servizi/index.htm> - distributor of organic herbs, spices, vegetables, etc.

- Drogheria Alimetari - <http://www.drogheria.com/uk/frameuk.htm> - importer and distributor of spices and herbs
- Se.mi. Specialità - <http://www.semispezialita.it> - importer, processor and trade of spices and flavourings
- Elika Italia - <http://www.elikaitalia.com> - distributor of spices, herbs and other food ingredients

### Price structure

Prices for spices and herbs can be found in the CBI market survey covering the EU market, as the indications of prices given there do not differ from those in Italy. Prices of spices and herbs are to a large degree dependent on origin, and buyer preferences regarding demanded quality, order size etc. Therefore, actual prices are dependent on negotiation with partner companies, and prices provided in the market survey covering the EU should be used as a reference point only.

Exporters need to have detailed production costs/volume price breaks for the spices and herbs they supply. This will give them a valuable reference point for any negotiations with buyers.

The margins charged by different intermediaries in the spices and herbs trade are influenced by various factors. These include the type of spice or herb, the current and expected future harvest situation, the availability or number of sources for the particular spice, the level of demand and the trend in prices.

### Finding a suitable trading partner

Finding a trade partner in Italy should not deviate from the general EU method as described in the CBI survey 'The spices and herbs market in the EU'. Buyers and suppliers often find each other at trade fairs. Especially the BioFach trade fair is of importance for organic spices and herbs, whereas Anuga, SIAL, FI Europe are of principal importance for conventional products. Establishing contact through export directories, or directly through contacting interesting companies you encounter, can also be useful. Brokers also fulfil an important function in market linking, while websites offer another opportunity to find trade partners.

For more information on the spices and herbs market in Italy:

- Italian trade associations mentioned in section 6 and the Italian statistical agency - <http://www.istat.it> - can be a source of information.
- FAO's statistical database FAOSTAT, available at <http://faostat.fao.org> - is a valuable source.
- The 2004 IENICA report is somewhat outdated but still offers relevant information. It describes the situation for the spices and herbs market in Italy and other EU member countries - <http://www.ienica.net>

*On-line company databases* for finding companies working in the spices and herbs market are:

- Food world - <http://www.thefoodworld.com> - an extensive on-line food business directory, with full EU coverage. Condiments, spices and herbs are a separate product group.
- Europages - <http://www.europages.com> - on-line business directory, with full EU coverage. Condiments, extracts and spices are a separate product group, falling under the category of 'Food & related products'.
- HerbImporters.com - <http://www.herbimporters.com> - provides contact information of 135 European importers of herbs and herbal medicine products at a cost of US\$15 (updated in 2009).
- SpiceImporters.com - <http://www.spiceimporters.com> - provides contact information of 220 European importers of spices, seasoning and flavouring at a cost of US\$20 (updated in 2009).

*Business-to-business sources* include the following;

- Agronetwork.com - <http://www.agronetwork.com/global>

- Organic-market.info - <http://www.organic-market.info> – on-line magazine for organic trade.
- Spices Trade world - <http://spices.tradeworlds.com>
- Ingridnet - <http://www.ingridnet.com> - for ingredient suppliers.

### 3 Trade: imports and exports

#### Imports

In 2008, Italy was the seventh largest EU importer of spices and herbs, accounting for 4.8% of total imports. Total imports amounted to € 54 million or 12 thousand tonnes, increasing at an annual average rate of 12% in value and 1.0% in volume between 2004 and 2008. The considerable rise in Italian imports of spices and herbs has particularly taken place since 2006. In the period up to 2006, total imports even had a slight decline.

Approximately 48% of total imports was sourced in intra-EU countries. Spain was Italy's largest supplier of spices and herbs, accounting for 18% of total imports. Other leading suppliers in the EU were Germany (14%) and France (5.9%). Between 2004 and 2008, imports sourced in intra-EU countries increased at an annual average rate of 9.4% in value.

Italian imports of spices and herbs sourced in DCs accounted for 52% of total imports in 2008, increasing at an annual average rate of 16% since 2004. The period of highest increase was between 2006 and 2008, following a period of decline between 2004 and 2006.

Iran was the leading DC supplier in 2008, accounting for 17% of total imports and increasing at an annual average rate of 26% since 2004. Imports sourced in India, the second largest DC supplier, accounted for 11% of total imports and also increased at a significant rate in the review period. Other leading suppliers in DCs were Indonesia, accounting for a share of 6.3% in total imports, Vietnam (6.2%) and Sri Lanka (1.7%).

#### Imports by product group

In 2008, saffron was the largest product group imported by Italy, accounting for a share of 32% of total imports, followed by pepper (20%) and paprika, chillies & allspice (11%).

Italian imports of saffron were almost exclusively sourced in Iran and Spain, which accounted for respective shares of 54% and 42% of total imports. Smaller shares were accounted for by countries such as France (1.8%), Germany (1.2%), India (0.5%) and Switzerland (0.5%). Overall, saffron imports increased at an annual average rate of 28% in value and decreased by 0.8% in volume between 2004 and 2008. Imports sourced in DCs, of which Iran is by far the leading supplier, increased at an annual average rate of 26% in value and decreased by 3.7% in volume.

Imports of pepper, the second largest product group in 2008, increased at an annual average rate of 12% in value between 2004 and 2008. A large share of 74% was supplied by DCs, of which India and Vietnam were by far the main suppliers. Furthermore, imports from DCs increased at an annual average rate of 14% in value.

India was also the leading supplier of Italy's imports of paprika, chillies & allspice in 2008. The country accounted for 28% of total imports, which represented half of the share of overall DC imports. Intra-EU imports also accounted for a significant share of 55% of total imports, in which Spain, Germany and The Netherlands were the main suppliers. Total Italian imports of paprika, chillies & allspice increased at an annual average rate of 6.4% in value.

Imports of nutmeg, mace & cardamom, the fourth largest product group in 2008, increased at an annual average rate of 11% in value and remained stable in terms of volume since 2004. Indonesia was by far Italy's largest supplier, accounting for 63% of total imports. Overall, DCs accounted for 70% of total imports, increasing at an annual average rate of 16% in the review period.

**Table 3.1 Imports of spices and herbs into Italy  
2004 - 2008, € thousand / tonnes**

Product	2004		2006		2008		Average annual % change	
	value	volume	value	volume	value	volume	value	volume
<b>Total spices and herbs</b>	<b>34,018</b>	<b>11,999</b>	<b>33,151</b>	<b>11,649</b>	<b>54,531</b>	<b>12,501</b>	<b>12%</b>	<b>1.0%</b>
Saffron	6,455	15	6,078	16	17,510	15	28%	-0.8%
Pepper	6,943	4,024	7,702	3,883	10,771	3,430	12%	-3.9%
Paprika, chillies & allspice	4,451	2,284	3,729	1,816	5,706	2,484	6.4%	2.1%
Nutmeg, mace & cardamoms	2,784	795	2,891	711	4,276	798	11%	0.1%
Mixtures	1,654	444	2,029	552	2,770	684	14%	11%
Spice seeds	1,818	1,559	2,216	1,785	2,618	1,619	9.5%	0.9%
Ginger	1,281	931	1,033	1,013	1,726	1,627	7.8%	15%
Vanilla	2,591	14	1,231	22	1,378	31	-15%	22%
Cinnamon	874	340	965	364	1,041	319	4.5%	-1.6%
Cloves	254	90	371	113	354	105	8.7%	3.9%
Turmeric	148	116	157	101	274	174	17%	11%
Other spices and herbs	4,765	1,386	4,749	1,275	6,106	1,217	6.4%	-3.2%

Source: Eurostat (2009)

DCs also accounted for large shares in total Italian imports of ginger and cinnamon; 67% and 78%, respectively. In both cases, imports sourced in DCs increased at significant annual average rates in the review period. In the case of ginger, Thailand was the largest supplier, whereas Sri Lanka played the most prominent role among suppliers of cinnamon to Italy in 2008.

With the exception of vanilla, total imports of all product groups increased in terms of value between 2004 and 2008. The annual average increase of 17% in turmeric imports was especially strong. In the case of vanilla, imports decreased at an annual average rate of 15% in value, influenced by the strong decline in imports sourced in intra-EU countries such as Germany, France and Austria, as well as in DCs such as Madagascar, India and Papua New Guinea.

The group of 'other spices and herbs' accounted for a substantial part of Italian imports of spices and herbs in 2008 (11%). Imports of this product group increased in terms of value but decreased in volume between 2004 and 2008. Imports from DCs, which accounted for a relatively low share of 19% of total imports, increased at an annual average rate of 11% in terms of value. Guatemala was by far the leading DC supplier in 2008, followed by India and Turkey.

**Table 3.2 Imports by and leading suppliers to Italy  
2004 - 2008, share in % of value, average annual growth in % of value**

Product	Origin	Leading suppliers in 2008 (share in %)	Share <sup>1</sup>	Average annual % change
Total spices and herbs	Intra-EU	Spain (18%), Germany (14%), France (5.9%), The Netherlands (5.1%), Austria (1.8%)	48%	9.4%
	Extra-EU, ex DC*	Switzerland (0.2%), Russia (0.1%)	0.5%	13%
	DC*	Iran (17%), India (11%), Indonesia (6.3%), Vietnam (6.2%), Sri Lanka (1.7%), Thailand (1.5%), China (1.4%), Turkey (1.3%), Guatemala (1.2%), Egypt (0.8%)	52%	16%

<sup>1</sup> Due to rounding off, shares might not add up to exactly 100%.



Product	Origin	Leading suppliers in 2008 (share in %)	Share <sup>1</sup>	Average annual % change
Saffron	Intra-EU	Spain (42%), France (1.8%), Germany (1.2%), The Netherlands (0.2%)	45%	31%
	Extra-EU, ex DC*	Switzerland (0.5%)	0.5%	16%
	DC*	Iran (54%), India (0.5%), Morocco (0.2%)	54%	26%
Pepper	Intra-EU	Germany (11%), France (7.7%), The Netherlands (4.0%), Austria (1.1%)	25%	5.4%
	Extra-EU, ex DC*	Singapore (0.5%)	0.5%	n.a.
	DC*	India (34%), Vietnam (31%), Indonesia (5.8%), China (1.7%), Brazil (0.7%), Malaysia (0.7%)	74%	14%
Paprika chillies & allspice	Intra-EU	Spain (22%), Germany (11%), The Netherlands (8.2%), France (5.3%), Hungary (3.6%)	55%	9.3%
	Extra-EU, ex DC*	Israel (1.1%)	1.2%	4.3%
	DC*	India (28%), China (4.9%), Thailand (3.2%), Malawi (3.0%), Kenya (1.7%), Peru (1.6%), Sri Lanka (0.5%)	44%	3.3%
Nutmeg, mace & cardamoms	Intra-EU	The Netherlands (17%), Spain (5.0%), France (3.9%), Germany (2.3%), Austria (0.8%)	30%	3.2%
	Extra-EU, ex DC*	-	0.0%	n.a.
	DC*	Indonesia (63%), Guatemala (5.0%), India (1.4%), Sri Lanka (0.7%)	70%	16%
Mixtures	Intra-EU	Germany (23%), Spain (22%), UK (15%), France (14%), Austria (12%)	96%	14%
	Extra-EU, ex DC*	Japan (0.1%), USA (0.1%)	0.3%	63%
	DC*	Sri Lanka (1.8%), India (0.7%), Pakistan (0.5%)	3.9%	-0.5%
Spice seeds	Intra-EU	Germany (11%), France (8.0%), Austria (4.6%), The Netherlands (4.3%), Finland (3.5%)	38%	4.7%
	Extra-EU, ex DC*	Russia (3.0%)	3.1%	54%
	DC*	Turkey (21%), Egypt (16%), India (7.4%), Macedonia (5.4%), Syria (3.5%), Serbia (1.8%), Morocco (1.7%), China (0.7%), Sri Lanka (0.4%)	59%	12%
Ginger	Intra-EU	The Netherlands (21%), UK (3.6%), France (3.6%), Germany (2.6%), Austria (1.5%)	33%	-7.3%
	Extra-EU, ex DC*	-	0.0%	n.a.
	DC*	Thailand (37%), China (17%), Brazil (11%), India (0.8%)	67%	23%
Vanilla	Intra-EU	Germany (57%), France (34%), Austria (2.9%), UK (0.7%)	96%	-14%
	Extra-EU, ex DC*	-	0.0%	-100%
	DC*	Madagascar (2.6%), India (1.5%), Papua N. Guinea (0.4%), Indonesia (0.1%)	4.5%	-24%
Cinnamon	Intra-EU	France (9.0%), Germany (5.2%), Austria (3.0%), The Netherlands (2.8%), Spain (2.0%)	22%	-5.7%
	Extra-EU, ex DC*	-	0.0%	n.a.
	DC*	Sri Lanka (64%), Indonesia (5.8%), India (3.3%), Madagascar (3.3%), Turkey (0.5%)	78%	8.7%
Cloves	Intra-EU	France (19%), Germany (17%), The Netherlands (3.5%), Austria (1.7%), Spain (1.4%)	44%	1.1%
	Extra-EU, ex DC*	-	0.0%	n.a.
	DC*	Madagascar (42%), Brazil (7.2%), Turkey (2.9%), Sri Lanka (2.1%), India (0.7%), Indonesia (0.6%)	56%	17%

Product	Origin	Leading suppliers in 2008 (share in %)	Share <sup>1</sup>	Average annual % change
Turmeric	Intra-EU	The Netherlands (45%), Germany (11%), France (5.4%), Belgium (1.6%), Austria (1.5%)	67%	20%
	Extra-EU, ex DC*	-	0.0%	n.a.
	DC*	India (25%), Sri Lanka (3.8%), China (2.6%), Peru (0.7%)	33%	10%
Other spices and herbs	Intra-EU	Germany (61%), The Netherlands (5.3%), France (4.6%), UK (3.9%), Austria (2.1%)	81%	5.7%
	Extra-EU, ex DC*	-	0.1%	-49%
	DC*	India (2.9%), Turkey (2.3%), Sri Lanka (1.5%), Morocco (1.4%), Pakistan (1.3%), Croatia (1.1%)	19%	11%

Source: Eurostat (2009)

\*Developing Countries

### Exports

In 2008, Italy was the tenth largest EU exporter of spice and herbs, accounting for 2.4% of total exports. Italian exports amounted to € 17 million or 7.6 thousand tonnes, increasing at an annual average rate of 13% in value and 19% in volume between 2004 and 2008.

The main destinations for Italy's exports in 2008 were The Netherlands and India, which accounted for respective shares of 18% and 15%. Other leading destinations were Germany (9.8%), the UK (8.9%) and the USA (8.4%).

The largest product groups exported by Italy were spice seeds and pepper, accounting for respective shares of 28% and 20% of total exports. Exports of both product groups increased in the review period, with spice seeds reaching an annual average rate of 55% between 2004 and 2008. Exports of 'other spices and herbs' accounted for 9.2% of total Italian exports, and decreased at an annual average rate of 3.7%.

### Opportunities and threats

- + Italy is relatively large importer of spices and herbs. Imports from DCs have increased considerably in recent years. Furthermore, the share of DCs is relatively large and has even increased somewhat in recent years. This offers possibilities to DC exporters.
- + Imports of many of the product groups have increased in the review period, including the most important ones in terms of consumption: pepper, mixtures and nutmeg, mace & cardamom.
- + Imports far exceed the level of consumption in Italy and, as production is limited, it is clear that imports are (partly) used for re-exporting to other countries. This offers opportunities to DC exporters, even more than, at first sight, the size of the consumption market in Italy alone seems to offer.

Exporters should take into account that the same trend can be an opportunity for one exporter and a threat to another. Please, review these opportunities and threats according to your own situation. Chapter 7 of the CBI market survey 'The market for spices and herbs in the EU' presents an example of an analysis of whether a trend/development is an opportunity or a threat.

### Useful sources

- EU Expanding Exports Helpdesk  
→ <http://exporthelp.europa.eu>  
→ go to: trade statistics
- Eurostat – official statistical office of the EU  
→ <http://epp.eurostat.ec.europa.eu>;  
→ go to 'themes' on the left side of the home page

- go to 'external trade'
- go to 'data – full view'
- go to 'external trade - detailed data'
- Understanding Eurostat: Quick guide to Easy Comext



[http://epp.eurostat.ec.europa.eu/newxtweb/assets/User\\_guide\\_Easy\\_Comext\\_20090513.pdf](http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf)

#### 4 Price developments

There are no specific indications of recent price developments for the spices and herbs market in Italy. Useful sources for price information are:

- ITC Market News Service (MNS) - <http://www.intracen.org/mas/mns.htm>
- Public Ledger - <http://www.agra-net.com>
- International Pepper Community - <http://www.ipcnet.org>
- Indian Spices Board - <http://www.indianspices.com>

#### 5 Market access requirements

As a manufacturer/ supplier in a DC preparing to access Italy, you should be aware of the market access requirements of your trading partners and the Italian government.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select spices and herbs and Italy in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packit.htm>

Information on tariffs and quota can be found at <http://exporthelp.europa.eu>

The standard VAT rate in Italy is 20%. The VAT rate applied to foodstuffs is either 4% or 10%, depending on the product.

More information on taxes can be found at:

- Taric Homepage - [http://ec.europa.eu/taxation\\_customs/dds/cgi-bin/tarchap?Lang=EN](http://ec.europa.eu/taxation_customs/dds/cgi-bin/tarchap?Lang=EN)
- Directorate General XXI - [http://ec.europa.eu/taxation\\_customs/common/publications/info\\_docs/taxation/index\\_en.htm](http://ec.europa.eu/taxation_customs/common/publications/info_docs/taxation/index_en.htm)

#### 6 Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. For more information on doing business in Italy, visit the following websites:

##### **Trade associations**

- Italian Federation of Alimentation Industries / FEDERALIMENTARE - <http://www.federalimentare.it>
- The Italian Association of Food Product Industries / Associazione Italiana Industrie Prodotti (AIIPA) - <http://www.aiipa.it>

##### **Trade press**

- Food Industria - <http://www.pubblindustria.info>

**Trade fairs**

- Sana Expo - <http://www.biztradeshows.com/trade-events/sana-expo.html> - International Exhibition of Natural Products. The next event will be held on 09-12 September 2010 in Bologna, Italy.
- Agrifood Club 2010 - <http://www.agrifoodweb.it> - Exhibition of Quality Goods. The last event was held 08-12 April 2010 in Verona, Italy.
- Tuttofood - <http://www.tuttofood.it> - Professional Food Business Exhibition. The next event will be held 08-11 May 2011 in Milan, Italy.
- CIBUS - <http://www.biztradeshows.com/trade-events/cibus-parma.html> - International Food Exhibition. The next event will be held 10-13 May 2010 in Parma, Italy.
- See for more trade fairs in Italy: <http://www.biztradeshows.com/italy> or: [http://www.eventseye.com/fairs/event\\_121.html](http://www.eventseye.com/fairs/event_121.html)

This survey was compiled for CBI by ProFound – Advisers In Development

Disclaimer CBI market information tools: <http://www.cbi.eu/disclaimer>