Organic produce - Italy

Product description

This market brief focuses on crops of plant origin grown without the use of chemical pesticides, insecticides and fertilizers, and food produced without or with minimal use of artificial additives, dyes or flavouring.

Organic produce is not itemized separately in customs classifications.

Production

Organic agricultural products are cultivated over an area of about 40,000 hectares (0.06% of the cultivable areas), without taking into account areas currently being converted to biological agriculture and cultivations with reduced use of chemical pesticides or parasites. The region of Emilia-Romagna is the most important producing area, followed by Veneto, Piedmont, Lombardy, Tuscany and Marches.

Biological agriculture accounts for approximately 0.3% of the Italian agricultural production and is relatively small compared with that of other European countries, particularly Germany, which is the most important EU producer.

The principal biological cultivations are those of cereals and fodders followed by fruit and horticultural products.

As for other organic food products such as processed food, dairy and bakery products, meat, etc., neither statistical data nor indicative estimations are available. Production of biological honey, however, is thought to be substantial.

The sector comprises about 2,500 enterprises including producers, importers, processors and specialized retailers. The sector's overall turnover is estimated at Lit 500 billion.

Imports and exports

Separate statistics on Italian imports and exports of organic produce are not available. However, according to trade estimates, overall imports of organic food products amounted to Lit 250 billion in 1992, which accounted for almost 50% of the domestic demand. Exports were estimated at Lit 20 billion.

Imported organic produce comes for the most part from industrialized countries (in many cases as reexports) such as France, the United Kingdom, Germany, the United States and Switzerland. A significant amount of imported organic fresh fruit and vegetables also comes from Israel. India, Sri Lanka, Nepal, Jamaica and Guatemala are principal suppliers of organic herbs and spices to the Italian market.

Market characteristics

Organic produce is increasingly successful in the Italian market although its market share within the food sector is still relatively small compared with other European countries. Consumption of organic food products accounts for only 0.3% of total food consumption (3% in Germany).

The negative impact on the environment of "conventional" agricultural methods, such as the use of chemical fertilizers, pesticides or insecticides, and the growing consumer awareness regarding environmental issues are major reasons for this success.

The recent rediscovering of the so-called Mediterranean diet made of simple but genuine ingredients has also contributed to increase the interest of the Italian consumer in natural and healthy products.

Moreover, apart from the need for natural products, consumption of organic produce reflects a more general cultural trend of evoking past lifestyles and culinary habits, which is very popular among the medium and high social classes.

The demand is higher in the main urban areas of the northern part of the country, more economically developed with a higher disposable income.

The Italian market for organic produce can be divided into six principal segments each one presenting specific features:

- Fresh fruit and vegetables
  Grown without the use of chemicals, they constituted the starting point of the organic "culture" in Italy and are predominant within the sector.

- Honey, jam, seasonings and other processed food products
  Made with biological methods or biological ingredients.

- Meat and dairy products
  Derived from animal breeding without the use of oestrogenes, anabolics or chemical feed.

- Cereals, pasta and rice
  Obtained from biological cultures.

- Bakery products
  Made of whole wheat and other organic ingredients.

- Beverages
  Including fruit juices, fruit nectars and wine obtained from biological cultures.

Market access

The EU Regulation No. 2092 of 22/7/91 specifies details on production, certification, labelling and promotion of organic produce. As for imports, the Regulation gives a list of authorized non-EU supplying countries (organic produce can freely circulate among EU member states).

The above Regulation has been enforced by EU members since January 1993. Within this framework, competent Italian authorities are working for the completion of a national legislation regulating the sector (a deadline has been fixed for December 1994). In the meantime, control and certification over organic produce are carried out by various authorized associations, cooperatives and consortiums of producers and traders (see addresses below).

Italy applies the EU common external tariff. The rates of duty levied on imports of organic produce are the same as those for the corresponding non-organic produce (no distinction is made in customs classifications).

As EU member, Italy extends tariff preferences to more than 100 developing countries under the GSP (Generalized System of Preferences) scheme.

Imports from ACP countries (Africa, Caribbean and Pacific) signatories of the Lomé Convention are generally granted duty-free access.

Distribution channels

Imports are effected by specialized importers, producers and buying groups. Most of them participate in the mentioned associations, cooperatives and consortiums authorized for control and certification.

At the retail level, despite the ongoing trend towards concentration, independent retailers and street markets account for 70% of sales of food products in Italy, while large distribution chains account for the remaining 30%.

The gap between distribution chains and independent retailers is even more marked when it comes to organic food produce. Moreover, there are approximately 1,700 specialized retail outlets of organic produce in Italy, most of which are franchises.

Many market specialists in Italy advocate that organic produce be marketed exclusively in specialized independent retailers in order to differentiate them from corresponding non-organic produce. On the other hand, it has been stated that distribution of organic produce through large retail chains could provide customers with easier access to the products at lower prices.

Retail sales of organic produce through large distribution chains have begun to expand with the creation of specialized display areas along with the introduction of new product lines and brands.

Prices

Higher production costs, expenses for controls and certifications, and a limited distribution system, are causes for higher prices of organic produce which are from 20% to 50% higher than regular products.

A higher price for organic produce is generally accepted provided that the product is guaranteed and certified as organic. However, a recent survey conducted in Italy shows that consumers are not willing to go beyond a price increase of 30%.

Packaging

Packaging of organic produce should reflect the biological nature and ecological image of the product. Materials such as wood, glass, cotton nets, natural fabrics and recycled paper are widely used in this sector.

Labelling

According to EU Regulation No. 2092/91, organic produce should be identifiable as such by the consumer. Labels must make specific mention of their biological origin and certification.

Trade promotion

There are a number of specialized trade fairs on food and health food products taking place in Italy throughout the year (see addresses below).
Visiting or participating in these events can prove very useful for establishing business contacts.

Market opportunities

There are at least two clear indicators showing good opportunities to approach successfully the Italian market for exporters from developing countries:

- The significant trend of growth of organic produce in the Italian market (8 to 10% per year) recorded in recent years which is expected to continue to increase.

- The fact that most imported organic produce are coming from other European and industrialized countries as reexports of products from developing countries.

Better prospects for developing countries are seen in horticultural products, and in particular, off-season fresh fruit and vegetables.

Essential conditions for a successful approach are:

- High-quality standards
  The market for organic produce is still a niche market very sensitive to quality.

- Competitive prices
  The necessity for higher prices in respect to non-organic produce are only partly accepted and reduced prices are a competitive advantage.

- Certifications
  Products must be biologically controlled and certified by international or Italian bodies

Exporters from developing countries wishing to enter the Italian market are advised to come into contacts with the mentioned producers' associations, cooperative and consortiums (see addresses below) for further details about certification and market conditions as well as for obtaining business leads for sales and possible joint-ventures.

Control and certification bodies
(some incorporating producers' associations)

Suolo e Salute
Via Sacchi, 48
10128 Turin
Tel: 011-505727

BioAgriCoop
Via Berretta Rossa, 61
40133 Bologna
Tel: 051-311190
Fax: 051-380380

Demeter Italia
Via Fornello, 4
43030 Basilicanova (PR)
Tel: 0521-681221
Fax: 0521-681221

Consorzio per il Controllo Prodotti Biologici (CCPB)
Viale Masini, 4
40126 Bologna
Tel: 051-254955

FIAO
Federazione Italiana per l'Agricoltura Organica
c/o AMAB
Via F.lli Bandiera, 28
60019 Senigallia (AN)
Tel: 071-7920056
Fax: 071-7922786

AIAB
Associazione Italiana per l'Agricoltura Biologica
Via Ponte Muratori, 6
41058 Vignola (MO)
Tel: 059-763774
Fax: 059-763774

AgriEcoBio
Via Martiri della Libertà
10014 Caluso (TO)
Tel: 011- 9831193

Specialized trade fairs

SANA
Health Food Exhibition
Annual
Fiere e Comunicazioni Srl
Via S.Vittore, 14
20123 Milan
(The fair is held in Bologna)
Tel: 02-86451078
Fax: 02-86453506

AGROBIOFRUIT
Annual
Via Dismano, 3845
47020 Pieve Sistina di Cesena (FO)
Tel: 0547-317435
Fax: 0547-318431

HERBORA
International Exhibition of Medicinal Herbs and Natural Health Products
Annual
Ente Autonomo Fiere Verona
P.O. Box 525
37100 Verona
Tel: 045-588111
Fax: 045-588288

NATURALIA
Annual
Torino Esposizioni
Corso M. D'Azeglio, 15
10126 Turin
Tel: 011-6569
Fax: 011-6688598

Sources of information

- Agricoltura, No. 243, 244, 245/1993, ISMEA, Rome
- Largo Consumo, No. 4 and 11/1993, Milan
- M+A, Publisher for Fairs, Exhibition and Conventions, Frankfurt
- Interviews with market experts

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