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Approved By:

Christine Sloop

Prepared By:

Dana Biasetti

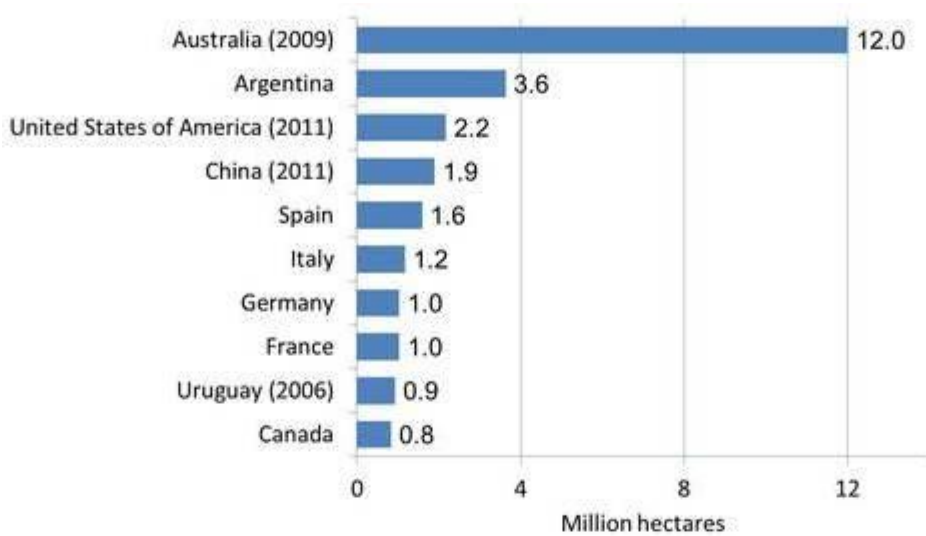
Report Highlights:

Report is an update of FAS Rome GAIN IT1302. Italy continues to be a major player in the European organic market, with 49,709 producers, and 1.2 million HA of cultivated land. Thanks to a favorable climate, agronomic conditions and close geographic access to major export markets, Italy's organic sector is booming, and national organic consumption in 2013 grew by 7.3%, valued at €1.7 billion.

General Information:

Overview

Italy continues to be a major player in the European market for organic fruit and vegetable exports, with 49,709 producers, and a market sector valued at €1.7 billion. Thanks to a favorable climate, agronomic conditions and close geographic access to major export markets, Italy's organic sector is booming, and national organic consumption in 2013 grew by 7.3%. In the EU, Italy ranks second with 1.2 million HA of cultivated organic land, after Spain who takes the lead with 1.6 million HA. The Italian Ministry of Agriculture reports that the number of Italian organic farms has increased by 3% and the amount of land being cultivated organically has increased by 6.4% compared to last year.



Source: FIBL Organic World

Italian Organic Consumption

Italian and European consumers have faith in organic products, according to a public consultation conducted by the European Commission in the first half of 2013. However, they want to see stricter EU production and certification rules. The main reasons that consumers buy organics products are concern for the environment (83%) and because they contain no GMOs or pesticide residue (81%). The vast majority (78%) also indicated that they are willing to pay more for organic products. Italian consumers continue to prefer organic fresh fruit, jams, honey, eggs, olive oil, vegetables, and yogurt, as they perceive that these products are safer and healthier. Domestic consumption of packaged organic products in supermarkets continues to grow (+6.52%), proving that Italians trust organic productions (three families out of four choose organic). The largest concentration of organic consumers continues to be in the north.

Organic Production and Trade

More than 50 percent of fruit producers continue to be located in the South; including a significant organic fruit production in Campania. Surprisingly, in Emilia Romagna (a traditionally strong fruit-producing region – apples and pears) organic production is still relatively low. Vegetable production follows a similar geographic pattern, given that most organic vegetable producers are located in the Southern regions of Sicily and Apulia, together totaling more than half of the land of vegetable farmers.

The growth rate in the specialist trade is even higher: about twice the increase recorded in the supermarkets. Overall, sales in specialist channels, mainstream supermarkets, farmers' direct marketing, box schemes, and the food service sector in 2013 reached a total of €700 million, with exports worth over €1 billion. On average, Italians spend €27 each per year on organic products. Domestic production consists of mainly grains, olive tree, fruits (including shell fruit), vineyards, citrus fruit, and vegetables that are exported to neighboring countries. While the processing sector is less developed, U.S. exporters of organic food ingredients and high value processed products can surely benefit from the EU-U.S. Organic Equivalence Cooperation.

Organic Sales and Imports

Most of the organic food sold in Italy is purchased in supermarkets, followed by specialized shops, and at local farms. The increase of availability of organic products in supermarkets has been one of the reasons for the recent growth of the Italian organic market. On the other hand, supermarkets cannot be the only distribution channel for organic products, as Italian consumers still prefer traditional shops or the direct sale from a local farmer because of the perception of natural and safe production systems. There are 1,270 shops in Italy that specialize in organic food, two thirds of which are located in the north of the country.

The main importers of fruit and vegetables in Italy coincide with the three main primary market operators (ECOR, BRIO and APOFRUIT), which also act as importers, with the exception of ADRIAFRUIT, which specializes in bananas, and ORGANICSUR, which specializes in imports from Colombia and Argentina. Some residual import is also done by processors. Importers declare that the trend is to increase imports, especially of those products for which the demand exceeds domestic production (onions, carrots, potatoes, peppers, cucumbers, aubergines, lettuce, regarding vegetables; kiwis, apples, pears and melon, regarding fruit), as well as of typical tropical fruits (pineapples, mangoes, avocados, coconuts).

Organic imports will most likely continue to be in the above-mentioned products, as well as tropical products (bananas, pineapples, avocados, coconuts). The globalization of food habits is also taking place in Italy, resulting in an increasing demand of tropical products, once only sold in major cities and during certain periods of the year. In this respect, Mediterranean countries (especially Turkey, Egypt, Tunisia and Libya) have good prospects to export to Italy (if the bureaucratic problems are resolved at the Government level) due to long-standing commercial relationships with other food (e.g. olive oil) and non-food sectors. In some cases, exports could even develop in the form of pre-processed (e.g. concentrated juices) or processed (e.g. canned tomatoes) products, which in general will be branded in Italy or other EU countries. Other developing countries may find exporting more difficult, especially compared to exporting to other EU countries with a long-established tradition of import trade for agricultural commodities (such as Holland or France).

Italian and EU Organic Legislation

Italy has both a National and Regional legislation for the implementation and application of the EU legislation concerning organic production. Legislative Decree No 220/1995 and Ministerial Decree No 18354/2009 provide the legal framework for the application of Regulation (EC) No 834/2007. In June 2007 the European Council of Agricultural Ministers agreed on a new Council Regulation on organic production and labelling of organic products. This Council Regulation defines goals, principles and general rules for organic production. The goal of this legal framework was to set a new course for the continued development of organic farming. Sustainable cultivation systems and a variety of high-quality products are the aim. In this process, even greater emphasis is placed on environmental protection, biodiversity and high standards of animal protection. In addition, the legislation aims at ensuring consumer confidence and protecting consumers' interests.

Organic production must respect natural systems and cycles. Sustainable production should be achieved as far as possible with the help of biological and mechanical production processes, through land-related production and without the use genetically modified organisms (GMO). Foods may only be marked as "organic" if at least 95% of their agricultural ingredients are organic. Organic ingredients in non-organic food may be listed as organic in the list of ingredients, as long as this ingredient has been produced in accordance with the organic legislation. In order to ensure better transparency, the code number of the control body must be indicated.

The use of genetically modified organisms (GMO) and of products manufactured from GMOs is still prohibited in organic production. Products containing GMOs may not be labelled as organic. However in the case of an adventitious or technically unavoidable presence of GMOs, a horizontal Regulation fixes a general labelling threshold under which a product does not have to indicate the presence of GMOs (Regulation (EC) No 1829/2003 of the European Parliament and of the Council of 22 September 2003 on genetically modified food and feed OJ L 268, 18.10.2003). This threshold is fixed at 0,9%. With a presence of GMOs below this threshold, a product may continue to be labelled organic.

According to the EU legislation, producers of packaged organic food must use the EU organic logo (in force since July 2010). The use of the logo on organic foods from third countries, however, is optional. When the EU organic logo is used, the place of production of the agricultural ingredients must be indicated. The distribution of organic products from third countries on the EU market is only permitted when they are produced and controlled under the same or equivalent conditions as those for EU organic producers.

EU-U.S. Organic Equivalence Cooperation Partnership

Being a U.S. competitor, the EU-U.S. Organic Equivalence Cooperation Partnership has not facilitated or increased U.S. organic exports to Italy. Official intra-EU organic trade data is difficult to track. The presence of free trade agreements within EU Member States limits the availability of official data. However, the Italian Ministry of Agriculture reports that in 2012 Italy imported from extra-EU countries (North America) 4.000 tons of organic goods. Cereals are mainly imported from the United States, Canada, Kazakhstan, Thailand, and Netherlands, fruits from South America, and vegetables from Central America. Italy is a net exporter of organic food (mainly processed) with most of its €900 million production shipped to foreign markets. The majority of the exports are shipped to other EU Member States (mainly Germany), the United States and Japan.

U.S. exporters interested in obtaining information on major Italian Organic Wholesalers, Hyper/Supermarket chains selling organic produce, and Specialized Organic Retail Chains can contact the Office of Agricultural Affairs, Foreign Agricultural Service, American Embassy, Rome, Italy.

Webpage: http://Italy.usembassy.gov/agtrade.html
E-mail: agrome@fas.usda.gov
Tel: (011) (39) 06 4674 2396
Fax: (011) (39) 06 4788 7008