



FEDERALIMENTARE

Federazione Italiana dell'Industria Alimentare

THE ITALIAN FOOD & DRINK INDUSTRY REPORT

Data and trends

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Federalimentare

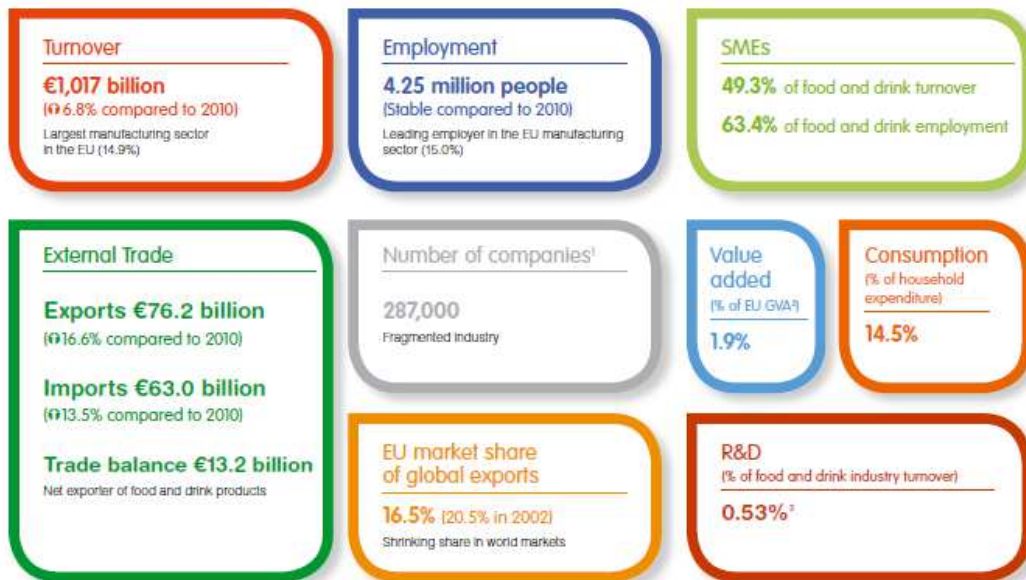
- The Italian Food & Drink Industry Federation, was established in 1983 to represent, promote, protect and strengthen the Italian food and beverage industry at home and abroad. Through its 15 branch Associations, Federalimentare represents any single sector of food and beverage production. The federation is member of Confindustria and FoodDrink Europe. Food and beverage products are the second-highest-ranked Italian manufacturing sector after engineering, with an export quota of 20 percent of its turnover.

The federation strives to make the industry more competitive on the world stage by touting the quality and safety of its products, reliability of the supply chain, transparency in the production process, technological advancements and respect for tradition.

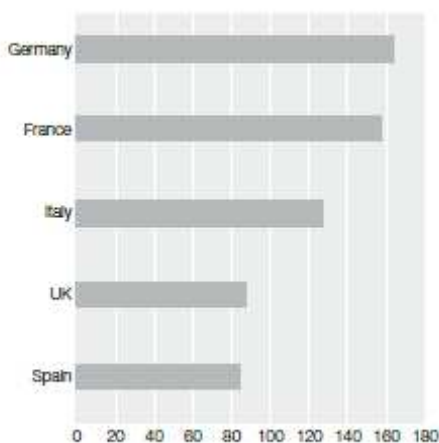
Federalimentare took part in Expo Milan 2015 with its own corporate pavilion “CIBUSèITALIA” in cooperation with Fiere di Parma <http://www.cibusexpo2015.it/>.

1. The EU Food & Drink Industry

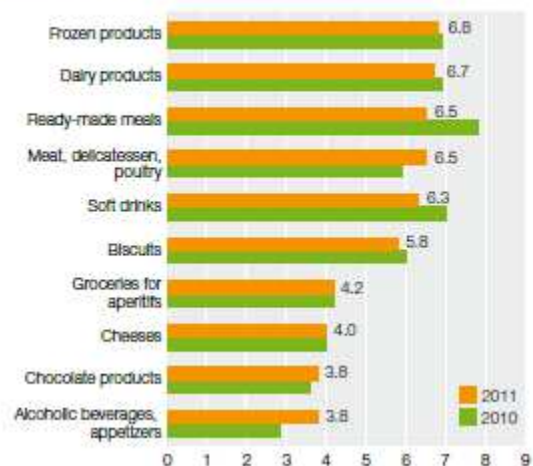
Food & Drink Industry is the first Sector for both production and exports among EU Countries:



Top 5 Member States in terms of food and drink industry sales, 2011 (€ billion)



Top ten most innovative food sectors in Europe, 2010-2011 (% of total European food innovation in 2011)



Source: FOODDRINK Europe “Data and Trends 2012”

2. Italian Food & Drink Industry

In 2015 the food and drink industry still confirms the second position in the Italian manufacturing sector with a market share of 13% and a turnover of € 132 billion. Food Exports forecast a total amount of € 28,9 billion (+6,8%) whereas Imports € 20,8 billion (+2%). The overall food consumption (domestic and non-domestic, including fresh food products) may reach € 209 billion.

ITALIAN F&D INDUSTRY BUDGET AND FORECAST (estimates in euros and % variation on previous year)			
	2013	2014	2015
TURNOVER (value)	€ 132 billion (+1,5%)	€ 132 billion (+0,0%)	€ 132 billion (0%)
PRODUCTION (quantity)	-0,7%	+0,6%	-0,2%
NUMBER OF COMPANIES (with more than 9 employees)	6.845	6.850	6.850
NUMBER OF EMPLOYEES	385.500	385.000	385.000
EXPORTS	€ 26,2 billion (+6,1%)	€ 27,1 billion (+3,5%)	€ 28,9 billion (+6,8%)
IMPORTS	€ 19,5 billion (+4,8%)	€ 20,4 billion (+4,8%)	€ 20,8 billion (+2,0%)
TRADE BALANCE	€ 6,7 billion (+9,8%)	€ 6,8 billion (0%)	€ 8,1 billion (+19,1%)
OVERALL FOOD CONSUMPTION	€ 207 billion (real variation -4%)	€ 207 billion (real variation -0,4%)	€ 209 billion (real variation 0%)
RANK IN ITALIAN INDUSTRY	2 nd place (12%) after the engineering sector	2 nd place (13%) after the engineering sector	2 nd place (13%) after the engineering sector

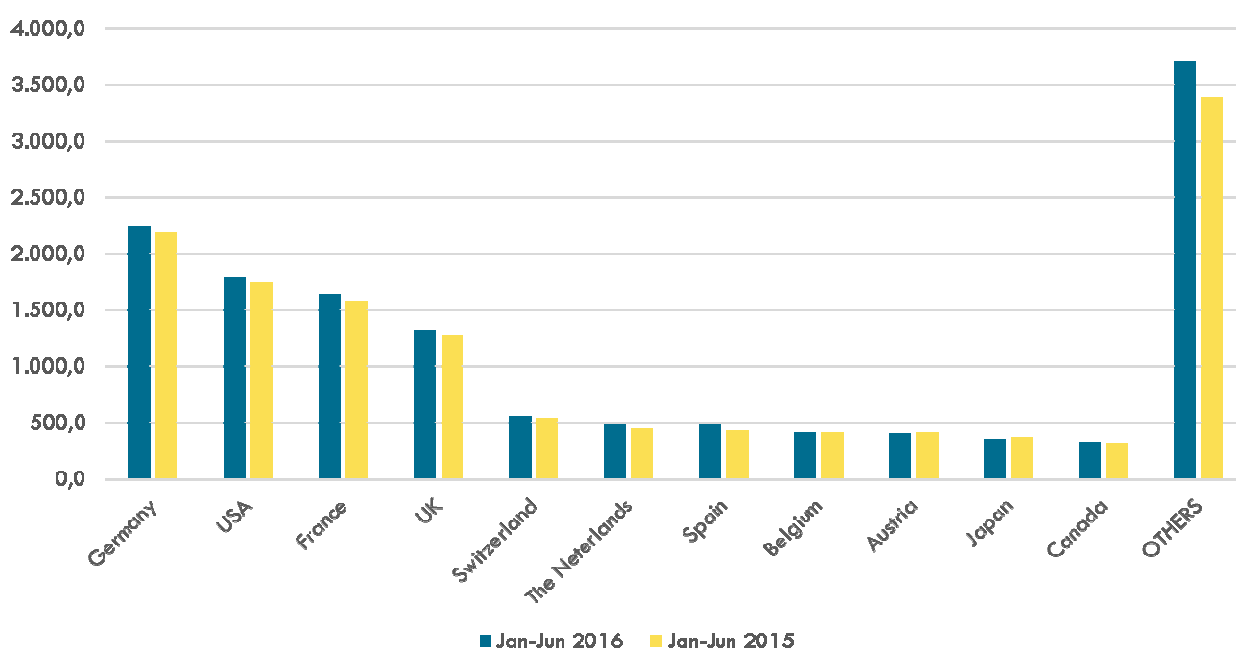
MAIN COUNTRIES

The balance from January to June 2016 recorded an export quota of 14.3 billion euro +3% compared to the same period in 2015.

The six-monthly variation shows that the three top European markets are generally aligned: Germany +2.7%, France +3.4% and the UK +2.2%. Among the biggest market countries, Spain still shows a great expansive push with a +10.7%. Meanwhile Russian market gets the 19th position among the partner countries and registers a -1% and seems to have reached a certain steadiness after the falls of the latest two years.

Among the extra-EU countries, there is a slight growth in Canada +2.8%, although it remains to slow compared to the strong growth of 2015 +8.2%. Japan -5% and Hong Kong -15.5% keep on going down, whereas South Korea +25.1% strengthens its position.

COUNTRIES	Jan-Jun 2016	Jan-Jun 2015
Germany	2.254,5	2.187,3
USA	1.798,5	1.741,4
France	1.641,1	1.582,6
UK	1.322,0	1.281,8
Switzerland	559,0	544,3
The Neterlands	485,2	453,0
Spain	483,8	436,6
Belgium	418,8	415,0
Austria	407,2	417,8
Japan	350,1	368,5
Canada	330,7	321,7
OTHERS	3.707,7	3.393,70



The most dynamic markets for the Italian food and drink exports during the first six months of 2016 have been as follows:

<i>COUNTRIES</i>	Bln €	% Variation June 2016/June 2015)
Thailandia	24,4	12,8
Bulgaria	58,8	42,5
Tunisia	33,8	28,1
Corea del Sud	97,4	25,1
Slovacchia	49,3	23,9
Ucraina	27,3	22,6
Romania	123,0	18,4
Polonia	235,3	18,2
Estonia	14,3	14,9
Repubblica Ceca	144,0	14,3
Israele	90,3	11,8

FOCUS RUSSIA

During the period 2000-2013 (the last year before the embargo begun in August 2014), the Italian F&D exports in Russia grew up to +774.8%, compared to +326.3% of total Italian exports toward that country in the same period.

In 2013, with an export share of 561.6 million euro, Russia had consolidated the 11th rank among the main countries for the Italian "food and beverage" exports, with an increase of +24.1% over the previous year. In fact, in recent years Russia has been by far among the most brilliant and promising markets for the Italian "food and beverage" exports, before the recent decline:

YEARS	Mln€	% Variation 2015/2014)
2010	335,2	+39,2
2011	419,4	+25,1
2012	452,4	+7,9
2013	561,6	+24,1
2014	527,0	-6,2
2015	351,9	-33,2
2016 (Jan-Jun)	142,8	-1,0

The food sectors specifically affected by the embargo – i.e. beef and pork meat, dairy products and fish - reached in 2013 the total value of 92.8 million euro, with an incidence of 16,6% on the total F&D exports towards Russia.

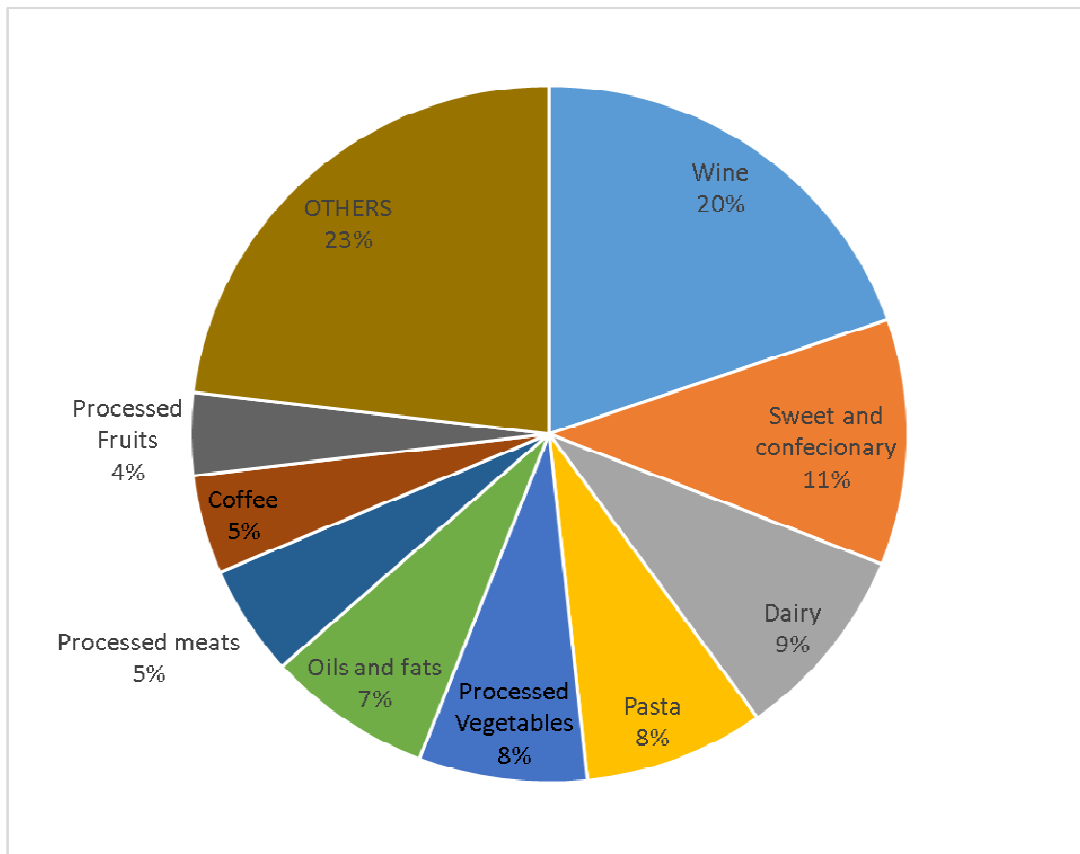
Nowadays, the fall of dairy products is very critical with -88.5% in 2015. Prepared meats also registered fall of -59.3%, while the fish Sector marks a decline of -29.2%.

In 2015 the total exports of the three above mentioned sectors stopped at 10.7 million euro, with a cut of -88.5% compared to 2013.

MAIN SECTORS

During the first half of 2016 the Italian F&D Sectors that exported the most were: milling +18.1%, sugar +15.5%, fish +7.1%, oils and fats +7.1%, coffee +6.3%. On the other side, there are the falls of mineral water -8.3%, rice -7.0% and pasta-5.8%.

<i>PRODUCTS</i>	Bln €	% incidence	% Variation June 2016/June 2015
Tot. Food&Drink Industry	14.310,6	100,0	3,0
Wine	2.815,4	19,7	3,3
Sweet and confecionary	1.633,9	11,4	4,1
Dairy	1.294,9	9,1	5,3
Pasta	1.166,7	8,2	-2,8
Processed Vegetables	1.088,2	7,6	-2,3
Oils and fats	1.071,0	7,5	8,8
Processed meats	733,5	5,0	4,4
Coffee	656,0	4,6	7,6
Processed Fruits	546,5	3,8	3,3
OTHERS	3.304,5	23,1	2,8



3. Counterfeiting and Italian Sounding

Counterfeiting and Italian Sounding create negative effects on:

1. consumers: uncertain composition and harmful for health
2. business: difficulties in promotion and defense of the authentic food products
3. country of origin: subtraction of tax revenues and fighting against crime

COUNTERFEITING is an **illegal practice** (such as piracy or plagiarism) **punishable by law**. It mainly concerns violations of:

- registered trademark
- geographical indications PDO / PGI
- product presentation
- rarely counterfeiting patent

ITALIAN SOUNDING is an **unfair practice** (imitation) but legal and usually not punishable by law (except in a few cases). The phenomenon mainly consists of the use of labels or other symbols or colors or figures on the packaging that **evokes Italy** or an Italian place of origin, Italian recipes, Italian brands or even such the process of transformation

The Italian Sounding often relies on the experience and knowledge of original Italian expatriates. It is a loss for the Italian exports because it allows some local companies to have a competitive advantage through:

- Reduced production costs (cost of raw materials)
- Reduced service costs (local production reduces transport costs)
- Lower prices (production but higher market placing premium price estimated in a fork between 25% and 70%)

€	UE	ASIA OCEANIA	NORTH/CENTRE AMERICA	SOUTH AMERICA	TOTAL
COUNTERFEITING	1 Bln	1 Bln	3 Bln	1 Bln	6 Bln
ITALIAN SOUNDING	21 Bln	4 Bln	24 Bln	5 Bln	54 Bln
<i>TOTAL</i>	<i>22 Bln</i>	<i>5 Bln</i>	<i>27 Bln</i>	<i>6 Bln</i>	<i>60 Bln</i>

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