



## SUSTAINABILITY MARKET INTELLIGENCE

### May 2011 Quarterly Report

The growing importance of sustainability as a market driver in some of New Zealand's food and beverage export markets has led the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise to prepare a quarterly report for business people highlighting trends and issues in key markets.

#### ITALY

##### SUMMARY:

- Popularity of organic food continues to grow amongst Italian consumers: In part fuelled by the perception that organic food products are a guarantee of food safety, sales trends indicate that the popularity of organic food products continues to grow in Italy despite the impact of the economic downturn which has seen a decline in the sale of other, non-organic food products.
- Italian consumers' awareness of sustainability issues in respect of their food purchase choices is steadily growing in response to various private and public sector initiatives: A survey conducted in March indicated that a quarter of Italian consumers take sustainability issues into account in decisions regarding food and beverage purchases. And a recent WWF consumer survey indicates strong support by Italian consumers for buying sustainably fished food products. The increasing popularity of farmers' markets also reflects growing consumer sensitivity to the ecological impact of the food products they purchase. The Lazio regional authorities have followed an earlier initiative by the Veneto region to promote a voluntary "zero kilometre" certification scheme verifying the environmentally sustainable credentials of qualifying food products.
- An EU ban on the use of plastic bags in shops and supermarkets has been implemented in Italy: Plastic bags have now all but disappeared from shops and supermarkets in Italy, having been replaced with mater-bi or cotton bags
- Italian draft legislation requiring mandatory country of origin labelling of dairy ingredients remains on the books despite the Italian Agriculture Ministry's assurance that the law won't be implemented: The European Commission meanwhile has ruled against the draft law and awaits a response from the Italian government.
- New Italian Agriculture Minister declares his opposition to the use of GM ingredients in Italian food products: Minister Romano is actively promoting high quality Italian food as a marketing strategy, and his opposition to GM products is a key element of this campaign.

## CONSUMER TRENDS

### *Organic food sales increase*

According to research conducted by BtoBio Expo, the international fair promoting certified organic (bio) food, the popularity of organic food products continues to grow in Italy. Sales of organic food products in supermarkets and in specialized shops increased overall by 12.1% in the first few months of 2011. Sales of organic pasta and rice have increased by 70% compared to 2010 and sales of organic “mozzarella cheese” have increased by 120%. According to ISTAT, the Italian Statistics Agency, consumption of other food products remains stagnant, with hypermarkets registering a -2.2% fall in sales, and other smaller distribution channels registering a meagre 0.2% increase in sales. Only discount supermarkets have reflected growth in food product sales - of 1.5% - compared to February 2010. While this trend to some extent reflects the effect of the economic crisis on Italian families/households, it also highlights Italian consumers’ growing awareness of organic food products.

### *Promotion of use of organic foods in schools and hospitals*

We have reported previously on moves to promote the use of organic products in school catering - 206 million organic meals are now being served in Italian schools each year. There are also moves under way to promote the use of organic food in hospital catering. In March 2011 the Private Hospital Association of Italy (AIOP) signed an agreement with the Sicilian branch of the Italian Association for Organic Agriculture (AIAB) to move gradually towards serving organic foods in all hospital canteens in the AIOP’s network in the region.

### *Farmers’ markets*

The popularity and patronage of local farmers’ markets continues to grow in all parts of Italy. According to Coldiretti one of Italy’s largest Farmers Association, there was a 28% increase in sales of products in farmer markets in 2010. There are now 705 regular farmers’ markets in Coldiretti’s Campagna Amica (“rural-friendly”) country-wide network (see [www.campagnamica.it](http://www.campagnamica.it)) In 2010, 8.5 million Italians bought products from farmers’ markets generating a 320 million euro annual turnover.

### *Support by Italian consumers for sustainably fished products*

The results of a recent World Wildlife Fund survey (albeit involving a relatively small sample group of 14,635 consumers) indicated that 95% of Italians gave considerable importance in considering fish product purchases to the sustainable origin of imported fish (the European average was 88%). Other countries reporting a relatively high percentage of support were France (93%), Portugal (92%) and Spain (91%). This reflects a significant awareness of the sustainability issue in the fishing sector in those countries where the fishing industry is particularly important. Italian fish product consumers are also concerned to see adequate information about the provenance of the seafood they buy. Only 59% of Italians believed that the information reported on labels was sufficient, compared to the average of 72% for European consumers overall.

## **PRIVATE SECTOR ACTIVITY**

### *Barilla Centre for Food & Nutrition*

In an effort to raise consumer awareness of sustainability issues and encourage healthy eating, the website of the Barilla Centre for Food & Nutrition (the establishment of which we reported on in our October 2010 quarterly report), visitors to the centre can use a simple tool to discover the ecologic footprint and the nutritional impact of foods selected for purchase (see [www.barillacfn.com/en/pyramid-tool](http://www.barillacfn.com/en/pyramid-tool)). The website also presents a second version of the familiar food pyramid, which can be used to provide guidance on the ecological impact of specific foods, as well as their nutritional value.

## **GOVERNMENT ACTIVITY**

### *Dairy labelling law*

We have reported in previous editions on Italy's moves to introduce a dairy labelling law, requiring mandatory country of origin labelling for all dairy ingredients and banning the use of MPC, casein and caseinates in cheese production. The draft law was being promoted under the "Made in Italy" rubric designed to boost sales and prices of high quality Italian products both domestically and abroad. The legislation is of concern to New Zealand because of its potential to affect trade access for New Zealand dairy ingredients used in the production of Italian cheeses. The law was passed by the Italian parliament in March 2010, but was subject to the European Commission review process for consistency with EU laws. Despite the EU ruling against Italy on elements of the legislation, it remains on the books and, for domestic political reasons is unlikely to be withdrawn. The Ministry of Agriculture however, has indicated that it does not intend to implement the legislation. New Zealand has raised the issue in the WTO's TBT Committee and the issue has also been raised bilaterally by the Minister of Trade with the EU Trade Commissioner, who indicated that if Italy did not respect the EU's ruling, the matter would go to the European Court.

The related wider agri-food labelling law, which would require mandatory country of origin labelling for all food and ingredients imported into Italy, was also passed by the Italian parliament on 3 February 2011 but is still subject to review by the European Commission. If ultimately implemented this would also have implications for New Zealand food and ingredient exporters to Italy.

### *Genetically Modified Organisms*

The recently appointed Minister of Agriculture, Sergio Romano, in marked contrast to his predecessor Giancarlo Galan, has clearly signalled his opposition to genetically modified products in the Italian market. Minister Romano's opposition to GMOs is being promoted as a food quality issue. He asserts that Italy will never be able to compete on the quantity of the food products it exports, but it can on their quality. Opposing the use of genetically modified ingredients in Italian products, support for country of origin labelling and protecting the authenticity of Italian food ingredients eg through the Made in Italy campaign, are seen as key points in Mr Romano's campaign to promote high quality Italian food products.

### *Plastic bags ban*

A recently introduced European Union law which, as part of a general move towards recyclable packaging materials, imposed a ban on the production of plastic bags and their use in shops and supermarkets came into force in Italy on 1 January 2011. The move has been effective, with plastic bags already having been almost completely replaced in Italian shops and supermarkets by mater-bi bags and cotton bags. Italians had previously been responsible for one quarter of the 100 billion plastic bags consumed in Europe every year.

### *Regional Certification introduced in Emilia Romagna*

The Agricultural Authority of the Emilia Romagna region is promoting a voluntary certification scheme to provide an indication of product quality to consumers. Qualifying products sold in supermarkets are marked with a logo guaranteeing that they meet best trade practices against a range of criteria including respect for the environment and encouragement of local production.

### *“Zero km” law now being promoted in the Lazio Region*

The Lazio regional authorities, following a similar initiative by the Veneto region in 2009 (referred to in our April 2009 quarterly report) approved a draft law aimed at promoting “0 km” food products (locally produced food which has not been transported over long distances). Qualifying products will be marked with a dedicated logo based on a voluntary certification scheme verifying the origin and the environmental sustainability of the product concerned. Once these products have been certified they can take advantage of a priority distribution channel to Zero km restaurants, farmers’ markets and will be used in school and hospital canteens. Under the draft law a 6 million euro budget would be provided over the 2011-2013 period to support voluntary certification by participating companies and to develop a marketing and education/awareness raising scheme.

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