The Italian agri-food sector
Structure and momentum

Eric Porcheron
Head of economic and strategic studies

The third-largest agri-food industry in the EU

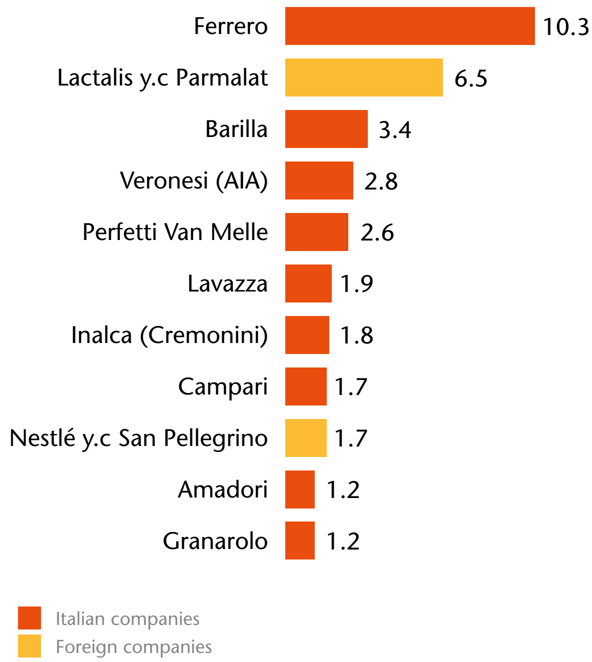
With €132bn in sales in 2016, the Italian agri-food industry is the third-largest in the EU behind Germany and France. It is a diversified industry, its main sectors being dairy products, wines, meat and charcuterie, pastry and bakery, biscuits and pasta.

The agri-food industry is a strategic sector for the Italian economy, both by its weight and by the strong momentum it has shown in recent years. Sales rose by 17% between 2007 and 2013, a remarkable performance given the recession suffered by the Italian economy during this period. While sluggish domestic demand has led to a stagnation in the last four years, exports remain very buoyant.

Italy also occupies a prominent place and enjoys an international reputation in related industries: agricultural machinery (no.3 worldwide), packaging and equipment for the agri-food industry.

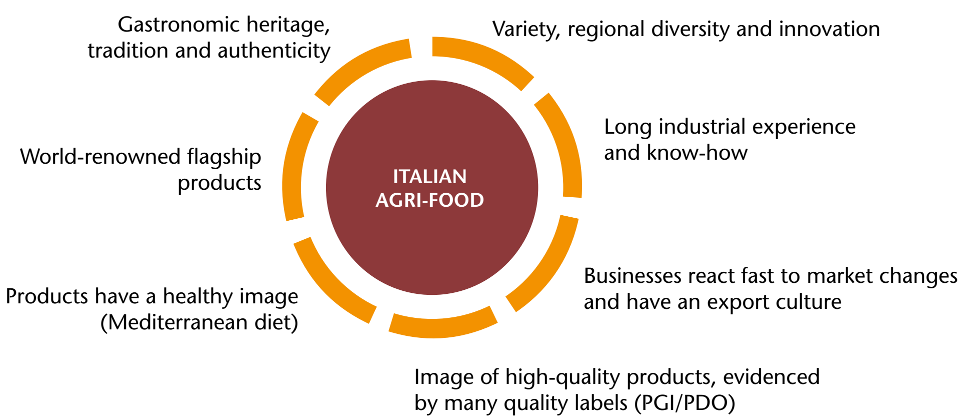
LEADERS OF THE ITALIAN AGRI-FOOD INDUSTRY (€BN)

Italian sales for multinational companies, consolidated for Italian groups



Source: Unigrains based on company releases

STRENGTHS OF THE ITALIAN AGRI-FOOD INDUSTRY



International

Sales driven by export markets, in which Italy capitalises on its rich culinary heritage and expresses its industrial know-how

When including all raw agricultural products and processed food products, the balance of external trade is in structural deficit. However, there was a reduction in the deficit in 2015 and 2016. If one takes only secondary processing products (cheeses, charcuterie, pastry and bakery products) and beverages (notably wine), Italy generates a net surplus, which reached €14bn in 2016 and increases year-on-year.

This situation reflects an activity focusing strongly on the transformation of agricultural products, through which Italian companies capitalise on their rich culinary heritage and express their industrial know-how. For this, businesses rely on a strong agricultural base (Italy is the fourth agricultural country in the EU), supplemented by imports of products intended for processing (cereals, oil seeds, livestock and meat, bulk milk, etc.).

A fragmented industry dominated by family-run SMEs

The Italian agri-food industry has nine national groups whose consolidated sales top one billion euros. Some of them have international scope (such as Ferrero, Barilla, Perfetti Van Melle and Campari), others national (such as Veronesi, Amadori and Granarolo…).

The sector is largely fragmented, however, composed of a dense fabric of SMEs, nearly 70% of which are family-owned, and many still run by the first generation of entrepreneurs. The international success of Italian agri-food products is driven not only by large groups, but also by SMEs, which are extremely enterprising and have a genuine export culture.

Unigrains' opinion

Italian cuisine enjoys an excellent international reputation and Italian processing know-how exports well. The country relies on a few world-class champions, the dynamism of its businesses and the role played by the Italian diaspora in disseminating its specialities. Sales growth in foreign markets shows no signs of slowing, driving the economy despite persistently sluggish domestic demand.

But because of its fragmented structure and the prevalence of family SMEs, the Italian agri-food industry also faces challenges: sector concentration and internal structuring to consolidate growth and internationalisation, intergenerational transmission and capital restructuring.

It is worth noting that France and Italy have particular affinities and a special partnership. The two countries share a rich culinary heritage, industrial know-how and a dense fabric of enterprising SMEs. They maintain close commercial ties, reflecting the complementarities between the two countries, as well as industrial links.