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GAIN Report

Global Agricultural Information Network

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Italy Pet Food Sector Overview 2014

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Report Highlights:

Italy is an interesting and lucrative market for U.S. pet food as demand continues to grow despite the economic crisis. Leading factors for this growth include the increased importance of pets in Italian families and better marketing via large-scale outlets and specialized stores. According to industry figures, in 2013, Italians spent €1.7 billion to feed their domestic animals, and imported €6 million in pet food from the U.S.

General Information:

Italian Pet Food Sector Overview

Italy is an interesting and lucrative market for U.S. pet food as demand continues to grow despite the economic crisis. Leading factors for this growth include the increased importance of pets in Italian families and better marketing via large-scale outlets and specialized stores. According to the National Association of Manufacturers for Food and Care of Companion Animals (ASSALCO), roughly half of all Italian households include either a dog or cat. In 2013, Italians spent €1.7 billion to feed their domestic animals, and imported €6 million in pet food from the U.S. Dry dog food is the leading import, followed by wet cat food. Demand for imported pet snacks and treats far exceeds local production. Italy is the third largest European importer of pet food from the United States, behind the U.K. and the Netherlands.

Italian Pet Ownership

According to the National Association of Pet-Food and Pet-Cared Care Companies (ASSALCO), there are 60.5 million pets in Italy, 30 million of which are fish, followed by 13 million birds. Cats come in third, numbering 7.48 million, most of which tend to live with singles. Dogs on the other hand are 6.95 million and tend to live with families. Roughly half of all households include either a dog or cat. Small animals including turtles and rabbits make up three million of the country's total pet population. In 2013, Italians spent 1.77 billion euros to feed their domesticated animals. The growing global market for pet food was worth 53 billion euros the same year.

The role of pets in Italy has changed over the years. Modern Italian families increasingly have pets for companionship. This new role is a result of Italy's changing demographics, family structure, and general regard for animals. As said above, the increased number and importance of pets translates into greater care and into higher expenditures for food, health, accessories, and services. The latest industry figures indicate that the Italian pet food market's growth potential remains significant. This is because only 60 percent of Italian pet owners feed their pets with commercial pet food, rather than homemade food or leftovers—a percentage far below the 80 percent average for western European countries. The percentage increased because an increasing number of pet owners buy pet food in order to. Industry sources expect commercial purchases to increase as pet owners increasingly demand better nutrition for their pets.

Cat and Dog Food Sales

Pet shops			% Difference
	2012	2013	2012/2013
Sales in Volume (million kilos)	106.4	101.4	- 4.7%
Sales in Value (million €)	€ 599	€ 589	+ 1.6%

Retail Chains			% Difference
	2012	2013	2012/2013
Sales in Volume (million kilos)	20.5	24	+ 17.3
Sales in Value (million €)	€ 111.9	€ 131.9	+ 17.9

Grocery Stores			% Difference
	2012	2013	2012/2013
Sales in Volume (million kilos)	425.8	422.7	- 0.7%
Sales in Value (million €)	€ 1.036	€ 1.0550	+ 1.8

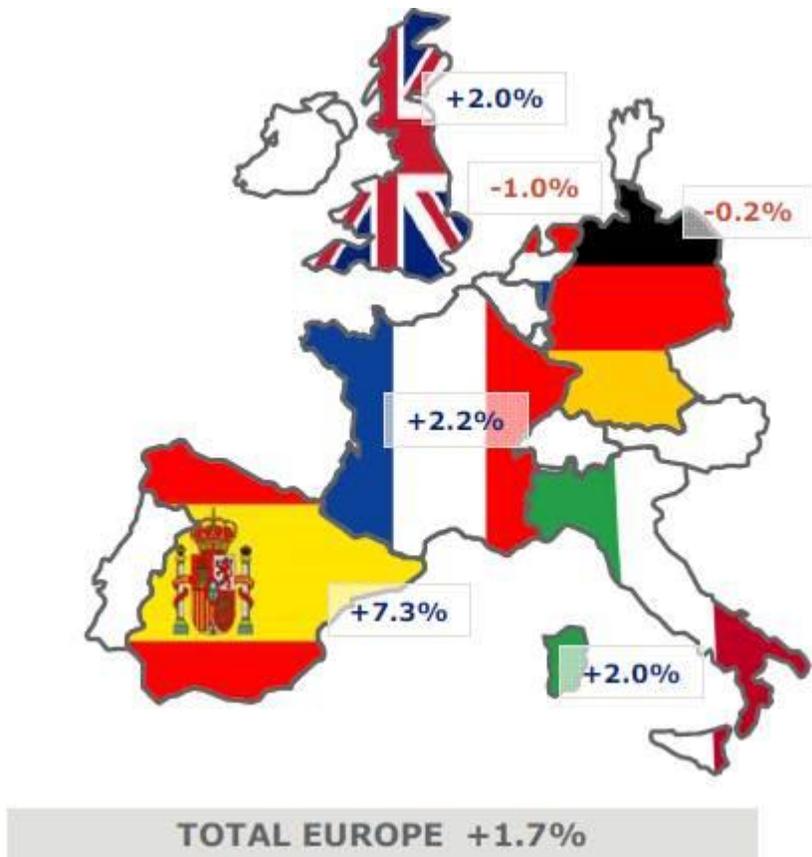
Pet Food Sector Sales

	Value (Million €)	Var. % 2013 vs. 2012
Dog Dry Food	428.6	+ 2.4
Dog Wet Food	287.5	- 1.1
Cat Dry Food	330.3	+ 0.5
Cat Wet Food	614.7	+ 1.1
Snacks and Treats (Cat and Dog)	115.2	+ 13.6
Total Sales	€ 1.776	

Best Product Prospects

In addition to premium and super-premium type of pet foods, products differentiated according to breed, size, and age as well as to food allergies are increasingly popular. A current popular trend in Italy is for natural pet food products that guarantee they contain only natural or organic ingredients, without artificial coloring or preservatives. Popular ingredients for these natural pet foods include vegetables, herbs, fruit, cereals, and wild meat and fish. Many pet owners increasingly prefer snacks and treats that are preservative-free and contain healthy ingredients, such as fruit and cereals. Products such as these are increasingly purchased for their functional, for example dental hygiene. Cat and dog pet snacks and treats have also seen an increase in sales, and continue to offer good sales potential.

Overall, pet food sales in the EU are doing well, regardless of the economic crisis.



Successfully Exporting Pet Food and Feed to Italy and the EU

In the EU, pet food is NOT regulated by ONE specific piece of legislation. The EU has feed marketing legislation covers food for companion animals as well as food for all other animals. Pet food is often also subject to the EU's veterinary legislation, which has different product coverage than the feed marketing legislation. The veterinary legislation covers products of animal origin and hay/straw as these present a risk for spreading animal diseases.

All exports of U.S. pet food to the European Union and Italy must comply with EU requirements including rules on labeling, hygiene, animal health, certification, and the use of additives. U.S. pet food exporters must verify the full set of import requirements with their EU customers. Final import approval is subject to the importing country's rules as interpreted by border officials at the time of product entry.

Specific Mandatory Labeling Requirements

European Parliament and Council Regulation 767/2009 sets out rules for the labeling (on-pack and off-pack) and marketing of pet food and feed. Pet food and feed NOT complying with this regulation and with provisions on feed additives laid down in Regulation 1831/2003 and Directive 90/167 will NOT be allowed into Italy and the EU market.

"Feed materials": Products of vegetable/animal origin whose principal purpose is to meet animals'

nutritional needs, and products derived from industrial processing, whether or not containing feed additives.

“Compound feed a mixture of at least two feed materials, whether or not containing feed additives, for animal-feeding. **“Complete feed”**: Compound feed which, because of its composition, is sufficient for a daily ration. **“Complementary feed”**: Compound feed which has a high content of certain substances but which, because of its composition, is sufficient for a daily ration only if used in combination with other feed.

“Feed intended for particular nutritional purposes (including dietetic pet food)”: Feed which can satisfy a particular nutritional purpose by virtue of its particular composition or method of manufacture, which clearly distinguishes it from ordinary feed. Feed intended for particular nutritional purposes does not include medicated feedstuffs within the meaning of Directive 90/167.

In addition to the general labeling requirements, **Regulation 767/2009** also establishes **specific labeling requirements** for feed materials, compound feed, dietetic feed, pet food, and contaminated feed. Pet food composed of only one feed material (Reg. 676/2009 – Article 16)
Specific name of the feed material. Analytical constituents in accordance with Annex V and Annex VII. (Chapter II) to Regulation 767/2009. Where additives are added, it is recommended to follow the labeling rules applicable to compound feed.

Compound Feed (Reg. 767/2009 - Article 17) Species or categories of animals for which the compound feed is intended.

Instructions for proper use. In cases where the producer is not the person responsible for the labeling: name and address or identification number of the producer. Minimum storage life: for highly perishable feed, “use before...” followed by the date DD/MM/YY; for other feed, “best before...” followed by the date DD/MM/YY. List of feed materials preceded by the heading “composition.” The name of each feed material must be indicated in descending order of weight based on the moisture content in the compound feed. Compulsory declarations listed in Annex VII (labeling information for feed materials and compound feed for non-food producing animals.

Compound Feed (Reg. 767/2009 - Article 17)

Labels on compound feed for pet animals (pet food) must list the feed materials by their specific name or category, in descending order by weight. Specific amounts may be indicated as a percentage in the feed materials list. However, if the presence of a certain feed material is emphasized on the label in words, pictures, or graphics, the exact percentage by weight must be indicated. For “non-food producing animals,” the specific name of a feed material may be replaced by the category to which it belongs, e.g. “oils and fats,” in accordance with the Annex to Directive 82/475.

Claims (Reg. 767/2009 – Article 13)

Labels on feed materials and compound feed may highlight the presence of a certain substance, a specific nutritional characteristic, process or function provided the claim is objective and verifiable by

the competent authorities. Scientific substantiation must be available at the time the feed is placed on the EU market. Claims that feed materials and compound feed will prevent, treat, or cure a disease are not allowed. Additional Labeling Requirements for Pet Food (Reg. 767/2009 – Article 19). A free telephone number or other appropriate means of communication must be provided on pet food labels for purchasers wishing to obtain additional information on feed additives or feed category.

Mandatory Packaging Requirements and Community Catalogue Feed Materials Packaging (Reg. 767/2009 – Article 23)

As a rule, feed materials and compound feed may be marketed only in sealed packages or containers. By way of derogation, feed materials, compound feed obtained exclusively by mixing grain or whole fruit and deliveries from producers of compound feed to packaging firms may also be marketed in bulk if the mandatory labeling requirements are provided in the enclosed documents.

Community Catalogue of Feed Materials

The Catalogue of feed materials established by Commission Regulation 575/2011 provides a list of processes, descriptions, and definitions. The Catalogue enables operators to use more precise names and expressions for the feed they place on the market. Even though its use is voluntary, when used, it must comply with all relevant provisions of the Catalogue. The EU feed industry, in consultation with the Member States, the European Food Safety Authority (EFSA) and feed users, is responsible for drafting amendments to the Catalogue. In addition, the feed industry is required to publish and maintain an online register listing feed materials not yet included in the Catalogue. The use of a feed material placed on the market for the first time must be notified to the EU feed industry representatives in order to have it listed in the Register.

The Register, available at www.feedmaterialsregister.eu, is updated on a regular basis.

Genetically Modified Organisms (GMOs)

European Parliament and Council Regulation 1829/2003 on genetically modified food and feed sets out rules for GMOs for feed use, feed containing or consisting of GMOs and feed produced from GMOs. Article 25 stipulates that for feed containing or consisting of GMOs, the words “genetically modified (name of the organism)” must appear in parentheses immediately following the specific name of the feed.

For feed produced from GMOs, the words “produced from genetically modified (name of the organism)” must appear in parentheses immediately following the specific name of the feed. The information on GMOs must be either given in the list of feed materials or as a footnote to the list of feed materials printed in a font of at least the same size as the composition list.

Article 4 of European Parliament and Council Regulation 1830/2003 on traceability and labeling of GMOs and food and feed produced from GMOs stipulates that pre-packaged products containing GMOs must be labeled as “This product contains genetically modified organisms” or “This product contains genetically modified (name of organism). Article 24 of Regulation 1829/2003 establishes a tolerance level of 0.9 percent. This tolerance level applies only to GMOs authorized in the EU whose

adventitious or technically unavoidable presence can be proven.

Community Codes of Good Labeling Practice Article 25 of Regulation 767/2009 provides for the establishment of “Community Codes of Good Labeling Practice,” one for pet food and one for compound feed for food-producing animals.

The “Code of Good Labeling Practice for Pet Food,” drafted by the European Pet Food Industry (FEDIAF), was published on the European Commission’s website in October 2011. This Code, which serves as a guide for pet food labeling in the EU, will be updated at least once a year, and should be read in combination with the relevant EU and Member State legislation.

EU legislation mandates that pet food products containing an animal origin ingredient or hay/straw be subject to veterinary inspection upon entry in Italy and the EU. Pet food products containing an animal origin ingredient have to be sourced from approved establishments and have to be accompanied by a veterinary certificate.

Details of the veterinary certification requirements for animal-origin products are included in EU legislation that is commonly referred to as the “EU ANIMAL BY-PRODUCTS LEGISLATION.” Exporters need to address establishment approval and certification requirements *PRIOR* to exporting the goods to the European Union.

APHIS Facility Approval

Prior to obtaining APHIS certificates, pet food facilities must be approved by APHIS in compliance with Regulations (EC) No 1069/2011 and (EU) 142/2011. If a facility is approved by APHIS under these regulations, the information is automatically submitted to the EU TRACES system. Exporters need to address establishment approval and certification requirements *PRIOR* to exporting the goods to the European Union. The TRACES system is an EU tool for tracking the movement of animals and products of animal origin within the EU. It created a single central web-based database for this purpose.

TRACES lists of authorized establishments are available at the following website:

https://webgate.ec.europa.eu/sanco/traces/output/US/ABP-PET_US_en.pdf

Exporters need to work with the USDA Animal and Plant Health Inspection Service to obtain the required establishment approval and certification. The section Animal Products to European Union - Materials NOT for human consumption on the APHIS website is a comprehensive source of information on this topic. Information in this section covers the export requirements of products within the scope of the EU animal by-products legislation, including pet food products.

Language Requirements

The EU requires certificates to be in an official language of the port of entry into the EU. Italy also requires that the labels be in Italian. Certificates **MUST** be issued **BEFORE** the shipment leaves for Italy or the EU.

Be Aware of the Law

Italian law is very strict on the matter, and sets severe legal sanctions for import and distribution of pet food containing animal products without the required authorization. Pet food imported for commercial sale that contains product of animal origin must be accompanied by a health certificate signed by APHIS officials. APHIS veterinary services will endorse certificates after facilities have been officially approved as compliant with Regulation 1774/2002. A statement guaranteeing that SRM's (specified risk materials) have been removed needs to be added to the certificate.

The APHIS website can be viewed at www.aphis.usda.gov

APHIS Certificate Information

Following are various APHIS certificates needed for pet food products exported to the EU and Italy. Please note that these certificates are also required for transiting pet food products through the European Union. There are specific certificates for shipping trade samples.

Canned pet food

http://www.aphis.usda.gov/regulations/vs/iregs/products/product_european_union_pet_food.shtml. Health Certificate for canned pet food intended for dispatch or transit to the European Community.

Processed pet food other than canned pet food

http://www.aphis.usda.gov/regulations/vs/iregs/products/product_european_union_pet_food_3b.shtml. Health Certificate for processed pet food other than canned pet food, intended for dispatch to or transit through the European Community.

Dog chews

http://www.aphis.usda.gov/regulations/vs/iregs/products/product_european_union_pet_food_3c.shtml. Health Certificate for dog chews intended for dispatch or transit to the European Community.

Flavoring innards for use in the manufacture of pet food (digests)

http://www.aphis.usda.gov/regulations/vs/iregs/products/product_european_union_pet_food_3e.shtml. Health Certificate for flavoring innards for use in the manufacture of pet food, intended for dispatch or transit to the European Community.

Raw material for pet food manufacture

http://www.aphis.usda.gov/regulations/vs/iregs/products/product_european_union_pet_food_3f.shtml. Health Certificate for animal by-products for the manufacture of pet food, intended for dispatch or transit to the European Community.

Trade Samples http://www.aphis.usda.gov/regulations/vs/iregs/products/downloads/ee_trsa_hc.pdf
http://www.aphis.usda.gov/regulations/vs/iregs/products/downloads/ee_trtra_hc.pdf

Health certificate for animal by-products to be used for purposes outside the feed chain or for trade

samples, intended for dispatch to or for transit through the European Union.

Check APHIS website for further guidance:

http://www.aphis.usda.gov/regulations/vs/iregs/products/downloads/ee_tr_sa.pdf

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