Commodity Innovation Series

SNAPSHOT OF OPPORTUNITIES IN ITALY'S LENTIL SECTOR

MARKET TRENDS

FOURTH-LARGEST CONSUMER OF LENTILS IN THE EU.

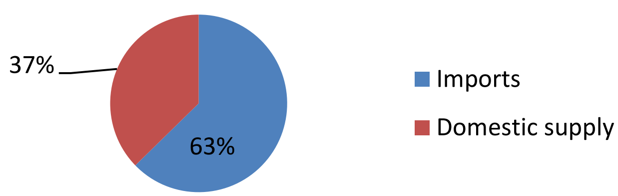
- Lentils are growing in popularity due to the global health awareness trend and the pulse's increasingly renowned health benefits.
- This pulse already has a traditional place in the Italian diet, and because of its high protein, it is expected to grow in prevision of the higher domestic presence of vegetarians
- The organic lentils sector is the largest category in organic pulses.
- The Italian market is segmented into North and South, where the North was subject to industrialisation, and the South remains local-driven.
- Although domestic production has dramatically decreased since 1961 (-83%), it has been rising back since 2001.
- Consumers are turning away from shelf stable pulses, as the homecooking trend is making a comeback among Italian households.

LENTIL TRADE

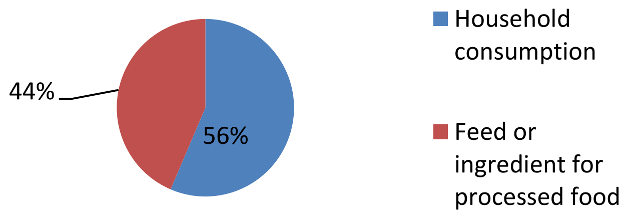
- Italy is the fourth-largest importer of lentils in the European Union (EU).
- In 2017, 2,200 tons of lentils were exported from Italy, and 40,000 tons were imported.
- Italy is increasingly depending on imports to meet consumption demands, with imports having increased by 34% since 2015.
- The total of Italian imports is valued at US$ 57.9 million, with Canada, the USA, China and Turkey making up US$ 51.5 million.
- Canada is Italy's most important supplier of lentils worldwide, exporting US$27 million in 2016.
- Since 2014, Italy's imports of lentils have grown by 12.5%.

HISTORIC AND FORECAST RETAIL SALES

Italy depended on imports to meet 63% of lentil consumption demand (63,800 tons) in 2016



56% of lentil market supply is consumed by households in Italy in 2016



74% of sales of "other pulses" in Italy were in retail stores

- In 2016, the "other pulses" category, which includes chickpeas, cow peas and lentils, represented US$ 239.3 million. This is a 9.92% increase from 2015.
- Household consumption is evaluated at 36,000 tons and 27,800 for processed foods or feed, for a total supply evaluated at 63,800 tons.
- Canned lentils are losing popularity, as their unhealthy reputation clashes with the health trend.
- Fresh pulses are increasing in popularity as consumers are turning their backs on shelf stable pulses.
- In general, pulses are becoming progressively more accessible in a dry and skinless format.

"Other pulses" are expected to see a 2.29% period growth in volume sales from 2017-2021.

- This pulse group is estimated to grow by 3.35% from 2017 to 2021, in terms of retail sales. From 2012-2016, it has grown by 5.47%.

LENTILS USED AS AN INGREDIENT

- From 2007 to 2016, 381 lentil products were launched in Italy.
- Top product launch categories were **fruits and vegetables**, **soup** and **chocolate confectionery.**

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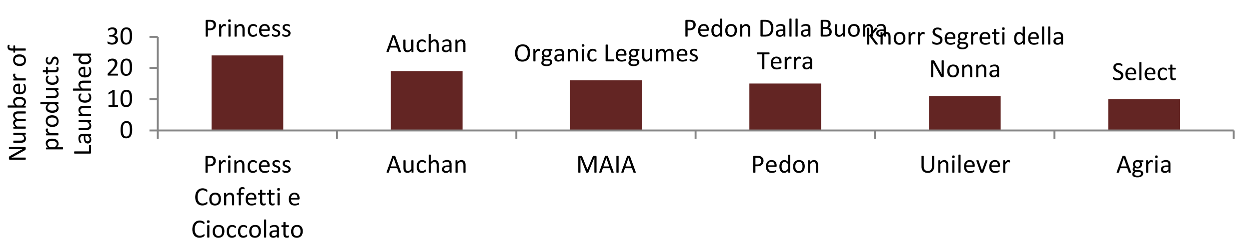
MAJOR COMPANIES LAUNCHED 34.9% OF ITALY'S LENTIL PRODUCTS

Top companies launching the most value-added products and their top brands in Italy



COMPANIES ARE EXPECTED TO PUT GREATER EMPHASIS ON THE HEALTH BENEFITS IN LENTIL CONSUMPTION

Top Growing Claims

1. Organic
2. Ethical – environmentally friendly package
3. Microwaveable
4. No Additives/Preservatives

Top Declining Claims

1. High protein
2. Social media
3. Easy of use

PACKAGED LENTIL OPTIONS ARE RISING IN DEMAND

Top Package Type

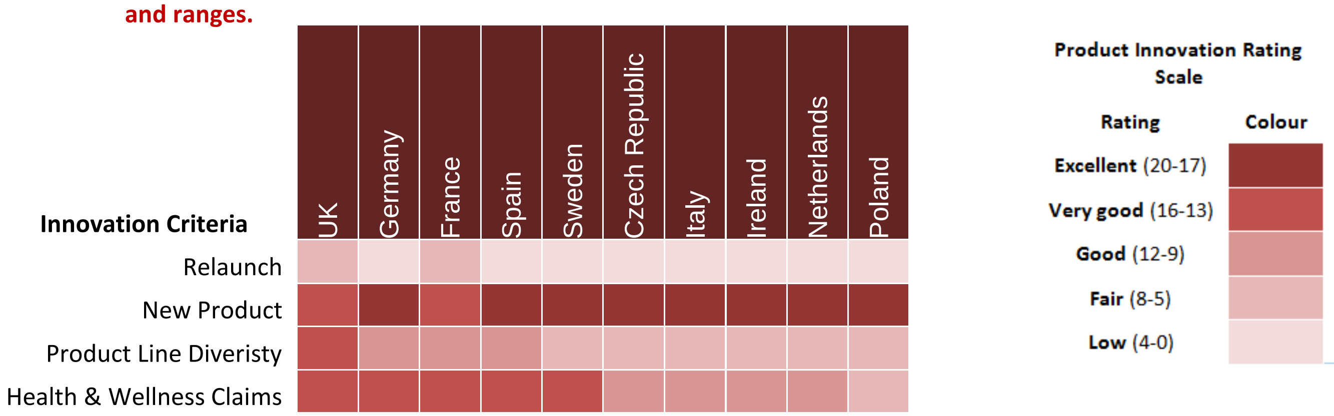
1. Tub
2. Tray
3. Flexible
4. Jar
5. Can

Top Packaged Materials

1. Plastic Unspecified
2. Plastic PP
3. Plastic PET
4. Glass plain
5. Metal steel

Over 83% of product launches were new products, varieties, and ranges.

TOP INNOVATIVE MARKETS FOR LENTILS IN EUROPE



FACTORS OF CONSIDERATION

- The European Union (EU) is a common market and imports must comply with applicable EU regulations. Custom duties are applied to all products and rates depend on a variety of factors.
- Value-added tax, insurance, and freight cost should be included in import value.
- Imports from a third country must clearly identify the country of origin.
- The Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU will reduce tariffs. Whole pulses are and will continue to be duty-free when exported to the EU. Under CETA, some Canadian processed pulse products will be allowed to enter the EU duty-free. For more details, please consults our CETA page where you will find a Factsheet on processed pulse products.
- Labelling requirements include disclosing any certification logo and including text in the Italian language.

RECOMMENDATION FOR ENTRY

- Be aware of different consumer behaviours between North and South Italy to develop a set market entry strategy
- Develop a good understanding of regulations and procedures to make sure your products are compliant with them.
- Consult with your importer to be aware of all the requirements applicable in the market you want to reach.
- Follow import regulations to avoid imports being detained for non-compliances.
- Develop a clear market strategy and an extended knowledge of the targeted maket prior to entry.
- Other requirements may apply (e.g., labelling, packaging, additives allowed) so make sure you are aware of them.

HOW WE CAN HELP

We offer multiple programs and services to help you achieve your international business goals, such as the Agri-Food Trade Service, AgriMarketing Program, and Canada Brand.

International Trade Commissioners are also an excellent point of contact for export advice and can provide Canadian industry with on-the-ground expertise regarding market potential, current conditions, and local business contacts.

HAVE WE PIQUED YOUR INTEREST?

For more information on opportunities in Italy or to join our distribution list, make suggestions, or request more information, contact at MAS-SAM@agr.gc.ca.

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