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**From “Made in Italy” to “Made by Italians”:
a critical analysis and the cases of two companies in the agri-
food sector**

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To my family, Alice, my friends and all those who
have supported me in every possible way

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ABSTRACT

This thesis aims to analyze the characteristics and performance in terms of exports of the Italian food industry, paying particular attention to the meaning and importance of "Made in Italy". The characteristics and criticalities that it is facing in the increasingly globalized context are analyzed. Among other things, the implications of the issue linked to the self-sufficiency of Italian agri-food production and the protectionist vision that characterizes the sector in Italy and limits its international growth are highlighted.

The system of geographical indications and the volume of business that the food products protected by these have in Italy are then analyzed, placing it in contrast to a structural inability of the Italian agri-food sector to be present in a more important way on international markets with its numerous products. certificates. This introduces the always debated topic of the so-called "Italian Sounding" which, also thanks to the limitations of Italian agri-food production, is enormously successful and has a dizzying and constantly growing turnover. Are then observed some of the causes behind this phenomenon and the attempts made over the years, through various treaties and regulations, to combat it. These attempts, however, have not been able to curb the growth of the turnover of the "fake Italian" in the food sector, and these failures are emblematic of a concept, once again, that is too protectionist and not very international, of a phenomenon that, in fact, does not it only reminds us how great the potential is for growing internationally in the light of a disproportionate demand for "Italian-type" products.

In order to intercept an ever-increasing slice of this demand, and to overcome some intrinsic limits to the "Made in Italy" agri-food sector, an entrepreneurial production model based on "Made by Italy" is proposed that makes use of the know-how and processing skills food Italians in new global contexts, realizing positive returns not only for individual entrepreneurs but also and above all for the Italian agri-food sector as a whole.

As examples of success and concrete demonstrations of the goodness of this business model, the cases of companies such as Brazzale, at whose

headquarters in the Czech Republic I was lucky enough to carry out my curricular internship, and Rigoni di Asiago are presented and briefly analyzed.

INTRODUCTION

The agri-food system has always represented one of the main sectors of the Italian economy constituting, among all its components (agriculture, agro-industry and wholesale and retail trade and catering), 15% of GDP in 2020. Even in the last period strongly conditioned by the Covid-19 pandemic, the sector has demonstrated a resilience not common to all sectors. With a value of more than 500 billion euros, the Italian agri-food system is at the top of Europe for agricultural added value. On the export front, moreover, growth in the last 10 years has been enormous: from 26.5 billion euros in 2010, it has reached over 46 billion in 2020 (+74%), with growth also in 2019 despite the logistical difficulties linked to the pandemic. These and other highly positive data on the performance of Italian agri-food exports, added to the record number of Italian products registered with geographical indications and the often fanciful narrative that accompanies them, have over the years strengthened the image of the sector as Italian excellence, while also obscuring or deflecting attention from certain shortcomings and problems that characterize it. In particular, the model based on "Made in Italy" and on geographical indications, which necessarily wants to link the quality of a food product to the production area and to the geographical origin of raw materials, has a series of limits and paradoxes: from the limited surface area of agricultural land that makes self-sufficiency almost unattainable for various sectors to the obligatory use of foreign production factors, through the unsuccessful fight against the phenomenon of Italian Sounding. These and other issues are linked to the growth prospects of the Italian food sector and the full exploitation of skills and know-how in food processing, the real added value of the sector in Italy, more than the raw materials that can not always be of Italian origin.

This thesis aims to highlight the limitations, often little known, of a sector that looks at the international context almost exclusively as a destination market for agri-food exports "Made in Italy", trying to highlight, however, the economic benefits that could result from the use of a model that exploits Italian know-how to process raw materials of foreign origin. The possibility of growth in terms of

production volumes no longer bound to the limited Italian territory and all the advantages linked to lower costs that would make the final product more competitive, without necessarily worsening its quality, would allow Italy to make the agri-food sector an even more driving force for the economy.

In detail, chapter one contextualizes the issue by making a brief analysis of the performance of Italian agro-food exports. Using ISTAT data and elaborations carried out by Ismea, the different performances of the two components of the sector, the food component and the agricultural component, are observed, noting how for the latter, over the years, the trade balance between exports and imports has often been negative, unlike what has happened for the food sector. The main destination markets for Italian agro-food exports are then briefly analyzed, with the European Union firmly in first place and accounting for around 64% of exports. Outside the EU, the United States remains the first destination market for Italian products with over 10% of the total, but it is worth noting the growth of exports to countries such as Ukraine and China, for the latter also due to the recent Memorandum of Understanding stipulated between the Italian Ministry of Health and the General Administration of Customs of the People's Republic of China for the sale of pork.

Chapter two deals in detail with the concept of "Made in Italy", briefly analyzing its development in the 20th century and the role in it played by industrial districts which characterize Italian production not only in the agro-food sector. After defining the concept of brand and presenting some of the existing typologies, the legislation regulating the "Made in Italy" brand at a national and European level is then examined. Finally, some of the main challenges that the Italian agri-food sector has had to face and is still facing in an increasingly globalized context are underlined.

In addition to these aspects, must be considered the structural limits that characterize the sector in Italy, above all the impossibility for various food compartments to be self-sufficient, which makes it increasingly desirable to adopt business models more open to internationalization in order to overcome these and other problems and to be able to take full advantage of Italian processing skills, resorting, when appropriate, to production in foreign countries.

Chapter 3 examines the role of geographical indications in the protection of food products and the record numbers of PDO, PGI and TSG products in Italy. Linked to this theme is the phenomenon that became famous several years ago of the so-called "Italian Sounding". This phenomenon of imitation is defined underlining how it differs from real counterfeiting, and above all the attention is focused on the positive message that Italy and the Italian agricultural and food sector should draw from a commercial phenomenon of similar dimensions (the turnover related to it is estimated by Coldiretti to be around 90-100 billion euros). Some of the attempts made over the years at European and international level (WTO) to strengthen the protection of food products in foreign markets and thus protect Italian products from Italian Sounding are then briefly analyzed. These attempts, however, have proved to be scarcely effective in countering a phenomenon that is constantly growing.

In chapter 4 the analysis made by professor Alberto Grandi in his book "Invented Denomination of Origin" is used to highlight how the story that many Consortiums of Protection associate to their DOP and IGP products in order to improve the perception of their quality is often the result of a fanciful construction made, in recent times, in order to strengthen the image of these products and with it the legitimacy of higher prices compared to those of products not registered with any geographical indication.

Finally, Chapters 5 and 6 present the cases of two companies, Brazzale and Rigoni di Asiago, which, albeit with different motivations and methods, have, since the 1990s, opened up to internationalization not only as exports of domestic products to foreign markets but, rather, as a search for global contexts more suitable for the supply of the raw materials that the final product requires. What remains unchanged are the Italian skills and know-how used in the transformation of these raw materials. A model, of which these companies provide concrete examples, that is defined in the thesis as "Made by Italians", in a sort of opposition to the model based on "Made in Italy".

I - OVERVIEW OF ITALIAN AGRI-FOOD SECTOR EXPORT PERFORMANCE

The Italian agri-food industry has always been a driving and decisive sector for the Italian economy, as demonstrated by the elaborations made by Federalimentare Study Center¹ on ISTAT² data where between 2014 and 2019 it settled steadily in second place among the country's manufacturing industries, behind the engineering sector. The food industry, which buys and processes about 72% of national agricultural raw materials, had a turnover of 145 billion euros in 2019, contributing 8% to GDP, and this without considering the entire agri-food sector, that is, including also the production deriving from agriculture, forestry and fishing, equal, always in 2019, to 61.6 billion euros.

Looking only at the food industry, turnover increased from 132 billion euros in 2014 to 145 in 2019 (+9.8%), with exports worth 35.4 billion euros (+30% on the 2014 figure) and imports in the same year equal to 21.9 billion euros in value, with a trade balance resulting in a positive 13.5 billion euros. If we consider, however, that Italy has become a net exporter³ in the agri-food sector, for the first time in 2020 with a surplus in the trade balance⁴ equal to 3 billion euros (in 2011 the balance of the sector was in deficit for 10 billion euros) it becomes clear, in light of the data seen above regarding the specific balance for the food industry, how in the agricultural sector the performance is not at the level of that in the food sector. In 2020, in fact, agrifood exports exceeded 46 billion euros in value, up 1.7% on the previous year (Ismea⁵ Report data), while imports, down 5.1% on 2019, stood at just over 43 billion euros. Despite the fact that the measures to contain the spread of the COVID-19 pandemic have led to a drop in growth rates for imports/exports (in 2019 export growth was 5.3% over 2018) as a result of the slowdown in international trade, the balance was a clear improvement compared to the -879 million observed in 2019. However, this positive result can be

¹ Office of the Italian Federation of Food Industry monitoring the performance of the sector.

² Italian National Statistical Institute.

³ A country whose value of exported goods is higher than its value of imported goods for a given period.

⁴ Trade balance is the difference between the value of a country's exports and the value of a country's imports for a given period.

⁵ *Istituto di servizi per il mercato agricolo alimentare*. Italian public and economic body subject to the supervision of the Ministry of Agricultural, Food and Forestry Policies.

attributed almost exclusively to the performance of the food industry, which accounts for 85% (39.1 billion of the total 46) of agri-food exports and 65% of imports, with the agricultural sector continuing to carry a deficit between exports and imports of over 7 billion euros in 2020.

Looking at 2020, using the table below (Table 1) based on elaborations prepared by Ismea on ISTAT data to see the complete picture of the performance of the two components of the agri-food sector, food exports were up on an annual basis by 2% while agricultural exports increased by 0,7% compared to the previous year. At the same time, imports of agricultural products marked a -2% in 2020 compared to 2019, showing clear effects of the pandemic on a trend which in the previous year had seen imports for the agricultural sector had seen an increase of 4% with food imports being almost unchanged between 2018 and 2019. The general trend in the last decade is therefore one for which the imports for the agricultural sector have been limiting the improvement in the trade balance between imports and exports, which, and it is no coincidence, became positive for the first time in the year 2020 which has seen a stronger impact on imports than on the exports that have been increasing on yearly basis even in the first year of Covid-19 pandemic.

Table 1: Trade balance for year 2020 with reference to agri-food sector, decomposed data for the two components and variation on previous years

AGRI-FOOD TRADE BALANCE					
	2011	2019	2020	Var.% 2020/2019	Var.% 2020/11
Export (million €)					
Total	375.904	480.352	433.550	-9,7	15
Agrifood	30219	45333	46.124	1,7	52,6
-Agriculture	5.800	6.934	6.982	0,7	20
-Food	24.419	38.399	39.143	2	60,3
Import (million €)					
Total	401.428	424.236	369.972	-12,8	-7,8
Agrifood	40.510	45.370	43.046	-5,1	6,3
-Agriculture	13.013	14.768	14.472	-2	11,2
-Food	27.497	30.602	28.573	-6,6	3,9
Trade balance (million €)				Var. in absolute terms 2020/2019	Var. in absolute terms 2020/2011
Total	-25.524	56.116	63.577	7.461	89.101
Agrifood	-10291	-37	3079	3115	13369
-Agriculture	-7.212	-7.834	-7.491	344	-278
-Food	3.078	7.797	10.569	2.772	13.647

Source: ISMEA elaborations on ISTAT data, 2021

Food exports increased in 9 years from 24 to almost over 39 billion euros (+60,3%), against an agricultural export that went from 5.8 to almost 7 billion euros (+20%), together with food imports that increased between 2011 and 2020 by 3.9%, against an increase in agricultural imports in the same period of 11.2%, gives a balance for this decade that is clearly positive for the food sector and an equally negative, in terms of trade balance for the agr-food sector, for the agricultural sector.

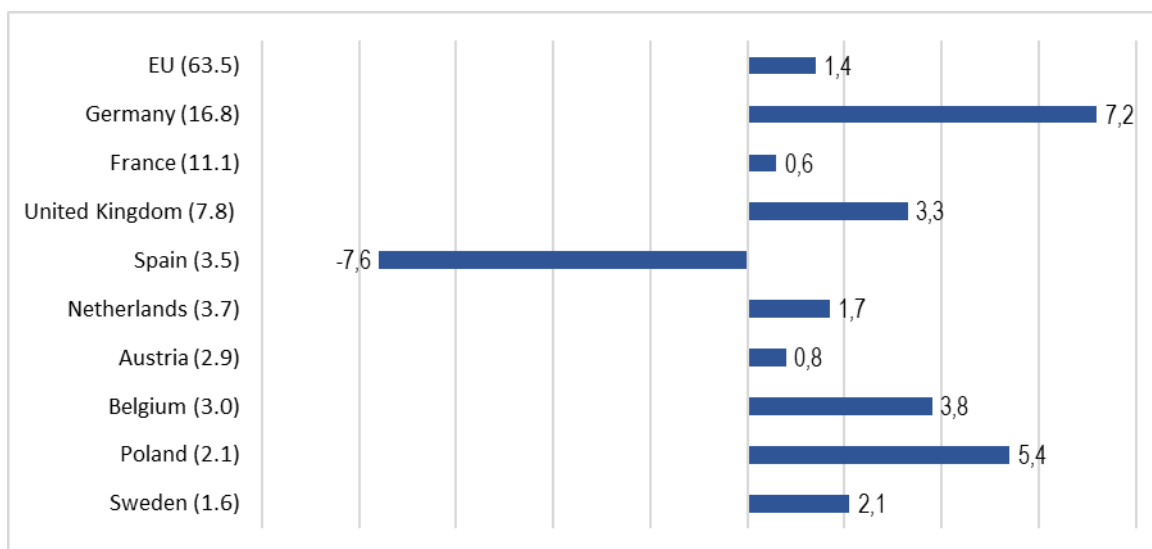
For the purposes of this thesis, aimed at underlining and encouraging the exploitation of Italian skills in the agri-food sector more than, or at least not only, "Made in Italy" resources, these data already provide a first fundamental key to understanding: Italy is increasingly emerging as a country transforming quality products, some of which are, at least in part, made with raw materials from foreign countries.

1.2 REFERENCE MARKETS AND COMPARTMENTS FOR AGRI-FOOD EXPORTS

1.2.1 EU COUNTRIES

With 29.3 billion euros in 2020 (+1.4% on 2019) the European Union represents the main destination market, as it absorbs about 64% of national exports (Ismea Report on ISTAT data). In detail, in 2020 exports to most EU countries recorded positive growth rates, especially for Germany, Belgium, Poland, while exports to Spain have been declining in the same year. Exports of Italian agri-food products to Germany, the first destination market, in 2020 reached a value of around 7.8 billion euros, increased by 7.2% on an annual basis. The sectors that have shown greater increases are those of "cereals and derivatives" (+13.1%, for 1 billion euros of exports), to be attributed to the segment of pasta (+16.0%, for 475 million euros) and bakery products, pastry and biscuits (+5.2%, for 349 million euros). Exports of "fresh and processed fruit" also rose (+9.3% to 1.3 billion euros), primarily due to increased demand for table grapes (+22.5% to 252 million euros) and apples (up 32.6% to around 260 million euros), and "fresh and processed vegetables" (+7.6% to 979 million euros). National exports to Belgium increased in 2020 by 3.8% compared to the previous year, reaching 1.39 billion euros. The sectors with the highest demand were: "fresh and processed fruit" (+11.9% for 166 million euros), within this sector exports of table grapes (+13.2% for 27.7 million euros) and kiwifruit (+27.9% for 36 million euros) increased significantly. Exports of "milk and dairy products" also rose (+11.6%, amounting to 156 million euros), within which exports of fresh cheese (+13.8%, amounting to 64 million euros) and, to a lesser extent, of aged cheeses (+2.3%, amounting to 46 million euros) increased most substantially. National exports to Poland increased by 5.4% annually in 2020 reaching 981 million euros in 2020.

Figure 1: main destinations of Italian agri-food products in the EU with variation between 2020 and 2019 expressed in percentage - in brackets the percentage weight of each country on global figure for exports in 2020



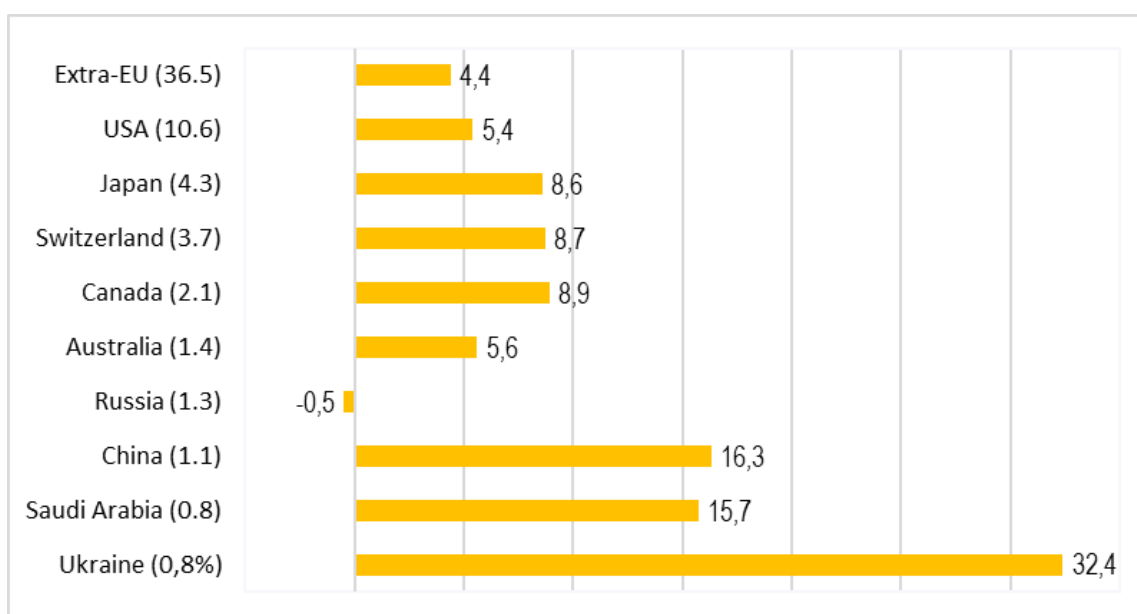
Source: ISMEA elaborations on ISTAT data, 2021

1.2.2 EXTRA-EU COUNTRIES

Exports to non-EU countries have been more dynamic in 2020, with a growth of 4.4% on an annual basis up to around 16.8 billion euros. The most substantial increases were seen in Ukraine (+32.4% for 373 million euros) and China (+16.3% for 513 million euros). Noteworthy is also the result of exports of Italian agri-food products to the USA which with a growth of 5.4% (reached 4.9 billion euros of worth) continues to represent the third largest market for Italian agri-food products and the largest among non-EU countries. Regarding Ukraine, the production segment that has recorded the greatest increases in exports is that of "wines and musts" (+31.3% for 43 million euros), thanks to the increase in demand for both sparkling wines (+43.9% for 14 million euros) and bottled still wines (+22.8% for 26 million euros). Exports of "milk and dairy products" have doubled (from 5.1 million euros in 2019 to 10.7 million euros in 2020), with exports of fresh cheese reaching almost 3.3 million euros compared to 1 million in 2019 and aged cheeses increasing by 63.6% reaching 5.2 million euros in 2020. The increase in national exports to China is essentially attributable to the "animals and meat" sector (83.8 million euros in 2020 against 10 million euros in 2019),

with particular reference to the productive seed of frozen pork¹ (front parts and bellies) for which the requests for the Italian product reached 51 million euros last year against just over 5 million euros in 2019. The growth in Chinese demand for frozen pork meat is a consequence of the signing of a Memorandum of Understanding between the Italian Ministry of Health and the General Administration of Customs of the People's Republic of China that defines the conditions for the export of frozen pork meat from Italy to China.

Figure 2: main destinations of Italian agri-food products outside the EU with variation between 2020 and 2019 expressed in percentage - in brackets the percentage weight of each country on global figure for exports in 2020



Source: ISMEA elaborations on ISTAT data, 2021

In the U.S., the growth of exports in 2020 concerned the production sectors of "fresh and processed vegetables" (+18.5% for 289 million euros in 2020) within which we highlight the growth of peeled and pureed tomatoes (+19.8% for 111 million euros), "oils and fats" (+9.2% for 486 million euros), largely represented by olive oil (+4.9% for 382 million euros), by "cereals and derivatives" (+27.3% for 790 million euros), with pasta reaching an export value of 488 million euros in 2020 (+39.9%). On the contrary, exports were down for the "wines and musts"

sector (down 5.6% for 1.5 billion euros) with reference to both sparkling wines (-7.5% for 346 million euros) and bottled still wines (-6.2% for just over 1 billion euros). Exports of "dairy products" also decreased (-18.9% for 277 million euros) due to the drop in fresh cheeses (-26.7% for 14.8 million euros) and, above all, aged cheeses (-18.9% for 255 million euros). In this last production segment the most significant contraction was the one observed for Grana Padano and Parmigiano Reggiano decreased in export sales by -22.1% for 142 million euros.

1.3 CONSIDERATIONS ON DATA

The general data on exports therefore show an overall dynamic that is rather articulated among the sectors. In fact, if, on one hand, there has been an increase in the exports of "cereal derivatives", "fresh and processed vegetables", "fresh and processed fruit", "oils and fats" and "industrial crops", on the other hand, exports of products that are among the most representative and with the highest added value of Italian agri-food exports dropped in the sectors of "wines and musts" and "milk and derivatives". More specifically, exports of pasta products showed an annual increase of 15.5%, reaching 3.1 billion euros in 2020. Last year exports of peeled tomatoes and tomato sauce also grew (+9.7% to 1.1 billion euros) and, with regard to fruit products, exports of table grapes (+12.8% to 720 million euros), apples (+13.0% to 833 million euros), kiwis (+2.4% to 461 million euros) grew as well. Foreign sales of olive oil also increased in 2020 to a value of 1.2 billion euros (+6.4%). On the contrary, 2020 showed a negative performance for wine exports (-2.3% for 6.3 billion euros), a more marked drop for sparkling wines (-6.9% for just under 1.5 billion euros) than that shown for bottled still wines (-1.0% for 4.4 billion euros). As regards cheeses, a contrasting trend should be noted for each type of product: in fact, exports of aged cheeses were down by 7.6% for just over 1.5 billion euros, represented for approximately 65% in value by Grana Padano and Parmigiano Reggiano (-6.9% for 1 billion euros), while exports of fresh cheeses increased (+3% for 941 million euros).

Therefore, while overall managing to maintain a positive rate for the year 2020, despite the limitations imposed on trade, agri-food exports have seen disparities not at the level of destination markets (only Spain recorded a strong negative sign) but rather between different sectors. In fact, we go from the peaks of growth for pasta, peeled tomatoes, tomato sauce and fruit products to sharp falls in products that are symbols of "Made in Italy", such as some sparkling wines and mature cheeses.

II - "MADE IN ITALY"

After having briefly analyzed the numbers of exports of Italian agri-food products in the year 2020, and having noted how the general trend of positive growth actually hides different performances between the agricultural sector and the food sector, with marked differences even between different food compartments, it is now useful to examine in detail what we are talking about when we talk of "Made in Italy" and when and how this label became so famous. The requirements for obtaining this title will be investigated, as well as the regulations governing its legitimate use and, with them, the controversies arising from the gaps in the recognition system.

2.1 GENERAL DEFINITION

Despite the concept of "Made in Italy" does not present a unique interpretation, the literal meaning indicates the set of goods whose production process takes place entirely in Italy.

Will be seen in the next sections, anyway, that this definition does not reflect the complexity of this denomination. In general, the "Made in.." label has the goal of evoking a specific identity and standard of features, the so-called "country effect" , deriving from the fame of that particular place of production.

Over the years, the wording "Made in Italy" has become much more than a simple label, turning into a real brand whose success has made of it the third most well-known brand in the world, ⁶preceded only by Coca-Cola and VISA. All this is largely due to the revaluation of Italian manufacturing and other products, which has led Italian products to excel on international markets, especially since the 1980s.

⁶ research by KPMG Advisory, 2011-2012.

"Made in Italy" is, in fact, an expression whose use became widespread in those years in reference to the international specialization of the Italian production system in its "traditional" manufacturing sectors, especially those for which the "country effect" brought most benefits. These are known as the "4 A's": clothing (*abbigliamento*), furniture (*arredamento*), automotive and agri-food.

Italian manufacturing products, in particular in the four sectors mentioned above, are generally and historically associated with quality and originality of design which, together with other distinctive elements for each sector, attract international customers and have determined the increase and the diversification of Italian exports over the years.

Specialization of production techniques, context of development and products often of cluster character (industrial cluster will be defined later in this chapter) with strong roots in territorial specializations have always been typical elements of Italian manufacturing, just as the companies that are the protagonists of this production have in common medium size and leadership positions on international markets.

Leading companies in their respective sectors and with turnovers that can be counted in billions of euros include, among many others: Barilla, Ferrero, Granarolo and Lavazza in the agri-food sector; Armani, Prada and Luxottica for clothing and eyewear; Ferrari in the automotive sector; Natuzzi and Scavolini, in the furniture sector, which, although not reaching the billion in turnover, are leading companies in their sector.

In addition to the crucial importance of the cluster character of Italian production, which has favored the development of excellence in terms of quality over the years thanks to the collective and territorial nature that characterizes these clusters, the value of "Made in Italy" is based on intangible aspects of the territory such as reputation, design capacity and, above all, know-how. These are the real competitive advantages that distinguish Italian products and allow them to continue to play a leading role in international markets, despite the technological and economic superiority of industrial giants from competing countries.

2.1.1 KNOW-HOW

Know-how is, by definition, a very broad concept which risks being vague. From a regulatory point of view, and therefore considering the legal value of this concept as a form of intellectual property, it is defined by Regulation (EC) No. 2790/1999 as follows: "by know-how is meant a patrimony of non-patented practical knowledge, deriving from the experiences and tests carried out by the supplier, a patrimony that is secret, substantial and identified; in this context by "secret" is meant that the know-how, considered as a complex of notions or in the precise configuration and composition of its elements, is not generally known, nor easily accessible; by "substantial" is meant that the know-how includes knowledge indispensable to the purchaser for the use, sale or resale of the contractual goods or services; by "identified" is meant that the know-how must be described in a sufficiently exhaustive manner, such as to allow verification of whether it meets the criteria of secrecy and substantiality".

Looking instead at the Italian law, the only reference to the subject is contained in the law n. 129/2004 that regulates the franchising where it is intended "for know-how, a patrimony of practical knowledge not patented deriving from experiences and from tests carried out by the franchisor, patrimony that is secret, substantial and identified", following very much the definition given by the EC.

The know-how is based on a wealth of knowledge and techniques acquired also with the entrepreneurial talent, often at artisan level and not always formally codified, not of public domain and therefore such as to originate exclusive informative asymmetries, which often cross the border of industrial secrets, intrinsically characterized by requirements of novelty and not accessible to third parties.

It is evident, therefore, how the immaterial nature of such knowledge makes it complicated, even in the legal field, to define its identifiability and traceability, just as it is complicated to make an economic evaluation that estimates its market value.

From a more practical point of view, when talking of know-how we refer to any technical information, skill or factual knowledge that is considerable as intangible property and that is acquired as the result of experience and trial and error. It gives the ability to produce something which without such knowledge or skill would be impossible to produce with the same accuracy or quality that are key to the commercial success of the resulting product.

2.1.2 ROLE OF INDUSTRIAL CLUSTERS

Michael Porter⁷ defines cluster as a “geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities” for which both local factors and ground conditions determine the degree of efficiency and competitiveness. Ground conditions include the ability to answer to increasingly complex global markets (flexibility), the degree of modularity and technical fragmentation of the production and the innovation level given by the increasing knowledge and skill intensity of competition. On the other hand, local factors have to do with the division of labour, a big enough number of participants enhancing the positive relationships among workers, firms and other agents and, also, a long-run commitment backed by mutual trust and solid institutions.

Fundamental for the existence of a district is the co-existence of different interconnected elements driving in the same direction:

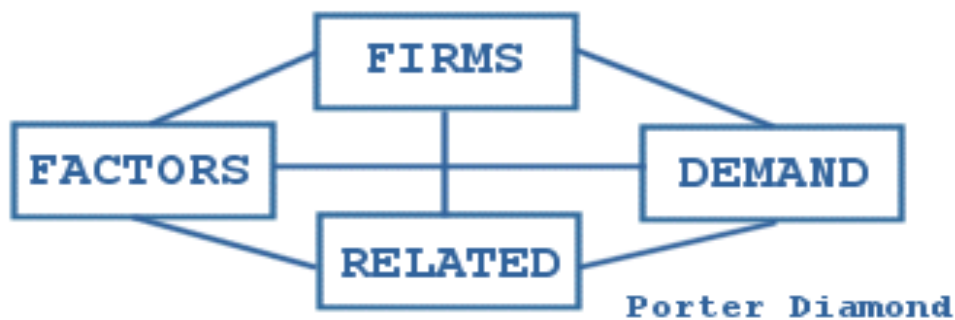
- Context for Firm Strategy and Rivalry - local context must encourage and support sustained investment in upgrading and competition must be strong among locally-based rivals
- Factor Conditions - several high quality, specialized inputs must be present: Human resources; Capital resources; Physical infrastructure; Administrative infrastructure; Information infrastructure; Natural resources.

⁷ Famous American academic and economist.

- Related and Supporting Industries - there must be a critical mass of capable local suppliers and at the same time industries must be clustered and not isolated.
- Demand conditions - is important the presence of a core group of demanding local customers having needs that anticipate those of elsewhere.

These elements constitute the “Porter Diamond” for cluster economics.

Figure 3: Porter Diamond for cluster economics



Source: www.slideplayer.it

“Made in Italy” production is characterized by a composition based on a network of SMEs, often family-run, which share a high level of craft skills and competences that allow the realization of high quality products.

Family management brings with it both advantages and disadvantages: on the one hand, in fact, this aspect guarantees a unique passion and sense of belonging towards the company, on the other hand, the small size of this kind of companies limits their possibility to compete successfully on international markets due to a reduced availability of resources.

After all, it is not the dimension of an enterprise that determines its success and, indeed, the ability of many SMEs to collaborate between each other has made of them the protagonists also at the international level. In fact, the industrial clusters are founded on the cooperation between companies making part of the

same geographic area that allows to create an exchange and a flow of material and immaterial resources which lead to a collective growth otherwise not achievable.

According to the analysis⁸ on this subject made by Giacomo Becattini, Italian economist and academic, much of the production "Made in Italy" takes place within these "local systems" organized in industrial districts, so that already in 1995 22% of the total Italian exports consisted of the "Made in Italy" produced in the districts. The district organization presented in fact characteristic aspects that have allowed these systems to realize performance of higher level than the conventional forms of industrial production: the physical proximity of companies operating in the same sector almost spontaneously led the different players in these geographical areas to set up systems in which, slowly over time, the progressive division of the production process led to an increasing specialization of each of its components. The division of labour in the industrial context, after all, is all but new considering that the Taylorist model of the assembly chain is now over a century old. What distinguishes industrial districts and has made a determining element for the growth and success of "Made in Italy" is the realization of a model in which the division of labor is externalized, implemented by independent undertakings, at least legally, which, however, establish socio-economic relations which make them, in fact, parts of a single system in which the production process is interpenetrated between different business realities.

In these clusters the knowledge and innovations flow fluidly between the companies becoming a common resource and thus fostering a continuous and rapid exchange of ideas that allows a progressive increase of the competences of each active actor of the industrial district. The result is a strong production capacity thanks, among other things, to the reduction of the transaction costs made possible by the the geographical proximity, which in turn allows this system of small and medium enterprises to benefit from the advantages of scale economy as a sector characterized by both competitive and collaborative interactions and not as individual enterprises. In addition to low transaction costs, this model provides greater control over distribution channels and suppliers.

⁸ G. BECATTINI, *"Dal distretto industriale allo sviluppo locale"*, 2000.

thanks to the direct contact with the entire production chain and leads to a very strong link between the territory community and the system of enterprises that makes each company and each actor of this system aware of the interdependence that binds them and that guarantees them a greater stability due to the ability of the district to absorb, through acquisitions or other support, any crises experienced by individual undertakings.

2.2 ORIGINS OF MADE IN ITALY

The affirmation of "Made in Italy" is the result of a process of development that over the years has seen the progressive consolidation of that industrial and craft fabric, which has led some Italian productions to be known and appreciated throughout the world, and that it is useful to review briefly to be properly understood.

It is since the 50s, in conjunction with postwar reconstruction, that the development process mentioned above begins: between 1958 and 1963 there is the period known by historians as the "Italian economic miracle," during which investment in manufacturing industry rises to more than 6% of GDP (1963), after having been on average equal to 4.5% for the previous decade. GDP exhibited an average annual growth rate of almost 7% (between 1950 and 1961) and industrial production accounted for 47% of gross domestic product. Not only that, but also the balance of trade between imports and exports went from a deficit of about \$350 million in 1952 to a surplus of \$750 million in 1959⁹. This is, therefore, a fundamental period for the development of that fabric of companies that would have led over the years to the international affirmation of the products "Made in Italy" as a symbol of quality.

As already mentioned in the previous sections, the protagonists of "Made in Italy" are small and medium-sized enterprises, often of a family nature, whose birth and growth since the 50s has undoubtedly been fostered by factors such as low cost and large labour supply, which has provided for years a competitive advantage on international markets, that in those years they were going through

⁹ V. CASTRONOVO, *Storia economica d'Italia. Dall'Ottocento ai giorni nostri*, Einaudi, 2013.

an important phase of openness and integration, allowing Italian companies to benefit from low production costs that allowed exports at competitive prices. In addition, a fundamental factor, which most of all is perhaps recognized as the true crucial element of growth, has been the strong propensity for entrepreneurship that since those years has seen the birth of many enterprises, mostly family, with a strong craftsmanship and with high specialization. It is with the spread of this phenomenon that the formation of those clusters of enterprises coincides that in the years to come they would become real industrial districts. Maintaining their craftsmanship and their attention to quality, the productions simply go through a process of expansion that takes them from the shops to more furnished and structured plants where the numbers cannot grow, but at the same time are preserved the typical characters that still today are, commonly, associated with "Made in Italy": traditional production processes, low technological content, focus on raw materials used and, above all, the great technical knowledge of craftsmen. Basically, in these years we are trying to bring to a larger scale the small and historical local realities that, with the increasing competition among the more and more companies, constantly try to improve and to broaden their commercial horizons. The Italian participation in GATT¹⁰ and in the process of European integration, then, did nothing but foster the growth of Italian entrepreneurial realities by offering them more and more various commercial outlets.

Since the beginning of the 1970s the economy has undergone profound changes, on all oil shocks, wage claims and increases in production costs, which forced large companies to undertake restructuring processes aimed at greater structural flexibility that would allow them to cope better with ever-increasing fluctuations in market demand. From this point of view, the implementation of a division of labour between individual companies in the same sector was particularly effective, allowing each company to specialize in a specific phase of the production process and then sell its product to other companies in the supply chain. This resulted in a network of small enterprises which allowed for greater flexibility but also increased efficiency due to the increased level of specialisation. Moreover, the tendency of small and medium-sized enterprises already existing since the 1960s

¹⁰ General Agreement on Tariffs and Trade, 1948.

to organize themselves in networks concentrated in a rather restricted territory within which relations of cooperation and competition typical of the industrial districts were established.

Between the 1970s and the 1980s, especially in the Centre and in the North-East of Italy, there is a large decline in employees in the large enterprise, compared to an even greater increase in the number of employees in small enterprises and enterprises with between 10 and 49 units.

Peculiar features of the profound change in the Italian manufacturing structure between 1951 and 1991, according to Becattini¹¹, are: the strong tendency of manufacturing companies to reduce their size; the orientation of production towards sectors with a high level of know-how and creativity; the almost uniform spread of this phenomenon throughout Italy; the agglomeration of such enterprises into local systems often organised in districts. The sectors to which the centre of Italian industry has progressively moved coincide with those described above as constitutive of "Made in Italy" (the "4 As") and it is curious to note that these sectors were offering positive performances in the 90s, as well as in the period mentioned above, even when the remaining sectors of the Italian and European economy showed signs of decline. According to a 2005 study¹², in fact, the sectors of excellence of the "Made in Italy" represented even 57% of the national exports, demonstrating how much the changes that occurred and consolidated over the decades have conferred a great competitive advantage to Italian productions, for the sectors indicated, progressively strengthening the system of enterprises that constitutes the "Made in Italy".

2.3 MARKS AND “MADE IN ITALY” LEGISLATION

Before examining in detail what type of trademark is "Made in Italy" and how it is regulated at European and national level, it is useful to analyze the

¹¹ G. BECATTINI, *Distretti industriali e made in Italy*, 1998.

¹² M. FORTIS, *Le due sfide del made in Italy: globalizzazione ed innovazione*, 2005.

meaning of the term trademark, the requirements that must be met for a sign to be registered as a trademark and the various types of existing brands.

2.3.1 MARKS

A trademark, first of all, can consist of words, drawings or images, shapes, color combinations and, more generally, any element present on a product or on its packaging that distinguishes this product from products of other manufacturers. The law on distinctive signs for use as a production mark is governed, in Italy, by articles 7 to 28 of the Industrial Property Code¹³, where they are defined the requirements necessary for a sign to be registered as a trademark and enjoy the ensuing legal protection:

- a) Originality¹⁴: the sign must have a distinctive character, and then be composed in such a way as to allow the identification of products, marked with that brand, among all products of the same kind present on the market. Therefore, they cannot be used as marks the generic names of the product that are purely descriptive of its characteristics and the descriptive indications of the essential characters such as quality, quantity, destination and the geographical origin of the product (with the exception, in this case, of collective marks).
- b) Truth¹⁵: the requirement of truth prohibits the manufacturer from inserting and using signs that might be misleading for the public for aspects relating to geographical origin, nature or quality of products and/or services.
- c) Novelty¹⁶: this requirement states that the sign must not have been used in precedence as mark, name of a company or as a sign for products or services identical or similar to those for which registration is required.

¹³ Legislative decree n.30 of 10 February 2005.

¹⁴ Art. 13 of Industrial Property Code.

¹⁵ Art. 14 of Industrial Property Code.

¹⁶ Art. 12 of Industrial Property Code.

The novelty requirement is a complementary aspect, but not the same as of the originality. This requirement is not satisfied in the case in which there might be confusion for the consumer due to the fact that already exist signs similar or identical to a particular mark that are also used for similar or identical products or services.

d) Lawfulness¹⁷: signs must be conforming to law, public order and morality and can not be eligible for registration as trademarks portraits of people without their consent.

If a trademark does not comply with the above requirements, it becomes null and void¹⁸. The decay of a trademark, on the other hand, occurs when the latter loses its distinctive ability. In this case, a trademark lapses if it becomes a generic name for that type of product or service, thus losing the distinctive characteristics required to be recognized as a trademark. Another case in which forfeiture can occur is when a trademark initially compliant with the lawfulness requirement becomes, later on, contrary to the law or to morality.

Before analyzing the various types of trademarks that can be observed, a first distinction must be made between unregistered and registered trademarks. The former enjoys a certain degree of protection, although not registered, which however is subject to the fulfillment of certain requirements¹⁹:

- the trademark must be used;
- the trademark must be recognized as a distinctive sign;
- the trademark must guarantee a memory among consumers.

The protection guaranteed by Italian law for this type of trademark is, in any case, weaker than that granted to registered trademarks, and is provided by Art. 2598 of the Civil Code, where acts of unfair competition are regulated.

Registered trademarks, on the other hand, enjoy stronger legal protection which starts from the date of registration with the Italian Patent and Trademark Office

¹⁷ Art. 14 of Industrial Property Code.

¹⁸ Art. 25 of Industrial Property Code.

¹⁹ Art. 1-2 of Industrial Property Code.

and has a duration of 10 years, after which it can be renewed for another 10 years, and so on after each deadline.

Based on the territory in which they guarantee legal protection, the following types of registered trademarks can be distinguished:

a) National trademark, which guarantees legal protection limited to the Italian territory and can be registered at the Provincial Office for Industry, Commerce and Crafts (in the section of the Italian Patent and Trademark Office) present in the Chamber of Commerce of each province.

b) Community trademark, which guarantees legal protection in all member countries of the European Union through a single legal value. The application for this type of trademark must be made at the Office for Harmonization of the Internal Market located in Alicante (Spain).

c) International trademark, which gives those who own a national trademark the possibility of extending protection to EU and non-EU countries that adhere to the Madrid Agreement and Protocol (the latter ratified by Italy in 2000). Also in this case, the registration procedure requires the submission of a single application to the headquarters of the WIPO²⁰ in Geneva. From here, the application will be sent to the individual national offices of the countries where the will (within the application) to request legal protection for the trademark in question has been expressed. If there is no opposition within twelve months, the trademark will then be considered registered in all the countries indicated. Basically, while the Community trademark functions as a single trademark valid throughout the EU, the international trademark has the value of a set of national trademarks.

²⁰ World Intellectual Property Organization.

Other types of marks are:

- Strong trademark and weak trademark, which differ in the degree of individuality and originality that characterizes them. A strong brand can come to be identified with the product itself for which it is used without making any reference to this product (an example is given by the "Rolex" brand, so strong that it has become commonly used almost as a synonym for "luxury watches").
- Individual trademark and collective mark, which differ in the nature of the subjects to which they can be issued. If, in fact, the individual trademark can guarantee the differentiation of a product to a single entrepreneur, the collective mark, on the contrary, is issued to subjects (a clear example is given by consortia for the protection of food products) whose purpose is to guarantee the origin, nature and quality of certain products. It is these subjects, then, who can grant the use of the collective mark to producers who meet the aforementioned requirements. Both these types of marks can be registered at the EUIPO²¹.
- Quality mark: it has the function of certifying that the product on which it is affixed has precise qualitative characteristics and / or has been produced according to particular procedures. Examples of quality marks are: the CE mark which certifies that the product on which it is affixed complies with Community Directives; the mark of origin which will be further explored later in this section and in the next chapter (as regards geographical indications) which includes, at EU level, the PDO, PGI and TSG, and at the Italian level the DOC and DOCG marks. The latter are now used almost exclusively for wines since the DOP, IGP and TSG marks came into force in 1992.
- Organic mark, of which exist various types, which are divided into public and private, with the latter indicating compliance with the EU regulation or, in any case, the adoption of more restrictive rules than public marks.
- Certification mark, which distinguishes goods or services certified in respect to some characteristics like quality, mode of manufacture,

²¹ European Union Intellectual Property Office.

accuracy and others, but without making reference to the geographical origin²². Since the October 2017 this kind of mark can be registered at the EUIPO.

2.3.2 *MADE IN ITALY LAW*

The “Made in Italy” label for food products has always represented a guarantee of the quality of Italian products and has often been seen as a sort of certificate of the traditional techniques of production used. It constitutes a differentiating factor of Italian companies’ offer in the sector, exercising great influence on consumers in the purchasing process and, at the same time, gives companies the possibility to strengthen the competitive advantage of national offers on international markets thanks to a productive tradition that qualifies the country of origin. The chance to make use of a label underlining the geographical origin of products allowed many SMEs in the sector to consolidate their presence in foreign markets through the “exploitation” of the territorial link of their productions.

However, it is worth remembering how, in recent years, with the spread of the production relocation and the internationalization of trade, has emerged the debate about whether a product can be qualified as "Made in Italy," even if its production process is not carried out in Italian territory, for the simple fact that it is made carrier of an "Italian idea" of production. According to this interpretation, therefore, they could fall under the brand of "Made in Italy "all those products that are the result of a production process inspired by the Italian model or that they were simply designed in Italy and then, for the most varied reasons, produced in foreign territory. This particular issue will be examined carefully in the following sections.

In this section will be investigated the legislation on the subject both by Italy and by the European Union, also in light of what seen in previous section regarding the trade mark recognition.

Moreover, regulation on Made in Italy has the difficult task of having to reconcile the different visions and needs of the multinationals, on the one hand,

²² Art.83(1) EUTMR.

and of the local Italian companies, on the other. Among these, of course, the interests for strict regulation of the subject are almost opposites: the multinationals find themselves relocating the production, mainly, to reduce the costs, and consequently do not look favorably at a too stringent discipline of the mark of origin, while the Italian companies producing in Italian territory want to see valued and protected through this brand, historically seen as synonymous of quality, the higher costs of production incurred. In addition to the divergent interests of these two parties, however, the legislation also sees the conflict between two sources of law that are driven by ideals that are difficult to match: the protectionist view that characterizes the law in this matter at national level and the community legislation aimed at enhancing the single European market. Will be examined carefully the way in which these issues are faced looking at how the different sources of law offer a different view about the extent to which the product origin should be preserved.

To define the Made in Italy mark it is first of all useful to distinguish the concept of origin from that of provenance, in order to understand why "Made in Italy" is a brand of origin and why this type of definition is in contrast with the reality of the economy of these times where the relocation of parts of production is increasingly frequent. The provenance indicates the place from which a good is shipped, and therefore refers only to the geographical place from which that same good comes. The origin, on the other hand, gives information about the main place of production of the product. While giving more precise information, therefore, than the simple indication of provenance, the origin of a product and the mark of origin are subject to various disputes arising from the above-mentioned issue linked to the delocalization of some production operations implemented by several Italian companies, including those operating in the agri-food sector. This production relocation has in fact produced a fragmentation of the production process on a global scale which has, in turn, caused an increase in the number of countries involved in the production of the final product. The result is an increasingly difficult assignment of the origin of the products ("Made in ...") which has required and continues to require an important effort to update and harmonize the rules of origin.

Before delving this topic, which is particularly relevant for the purposes of this work, it is necessary to define what a mark of origin consists of and analyze

in detail how the "Made in Italy" origin mark is regulated in the European regulations and in the Union Customs Code (hereinafter abbreviated to UCC).

A mark of origin consists of a designation affixed to the packaging of a product by its manufacturer bearing the full or abbreviated name of the place of the manufacturing company, identifying in this way the geographical origin of the product. This mark can be a compulsory requirement, for some sectors or all types of goods, for imported goods or domestic ones, or might be treated by a legislation only according to a non-mandatory framework.

Entering now into the detail of the regulations on the origin of products, Italy adheres to the Madrid Agreement of 1891 which establishes the obligation of "precise and clear indication of the country or place of manufacture or production". In the Italian legal system, this international agreement was implemented in Italy by Presidential Decree no. 656/1968 which, however, was limited to introducing the administrative detention, by the customs offices, for goods suspected of bearing a false or fallacious indication of origin. It should therefore be emphasized that the Madrid Agreement and the internal transposition rules do not impose any obligation to indicate the origin of the products but limit themselves to prohibiting the use of false or misleading indications. An example for the latter is in the event that in the face of a lack of indication of origin, which as mentioned is not mandatory, the consumer is induced to recognize in a product an incorrect origin. In the case of many counterfeits of which various Italian productions are victims, this is reflected in the use of images or words that recall an Italian origin for products that do not bear any indication of the actual country of origin. In cases of this type, as for goods with a false indication, an administrative detention is envisaged upon their entry into the Italian territory.

From a customs point of view, origin is an element of great importance for the correct application of duties, and other commercial policy measures, to goods that are exported or imported. Furthermore, the correct identification of the origin of goods is also important to prevent and combat the use of false and fallacious indications of origin.

Community legislation in the Customs Code of the European Union distinguishes between:

- Common or non-preferential origin²³ which aims to protect the consumer on the actual place of production of the goods, that is, the "Made in ..." of the goods. This origin defines the "nationality" of the product.
- Preferential origin²⁴ which consists of a more restrictive concept than that of non-preferential origin and allows for the reduction or elimination of duties in international trade in goods.

Therefore it can be said that a "Made in Italy" product is not necessarily of preferential origin but, conversely, a product of Italian preferential origin is easily a "Made in Italy" product.

The "Made in ..." is the element that identifies the country of manufacture of each product and accompanies it during the marketing phase, and to guarantee and protect the consumer's right to have correct information on the geographical origin of the products, especially when these are imported goods, there are a number of national standards and international conventions.

The rules for determining the geographical origin of goods are established in EU Regulation no. 952/2013 which, in articles from 59 to 62, establishes the Union Customs Code (UCC). These rules were then integrated by the EU Delegated Regulation 2446/2015 and are applicable not only to goods imported into the EU territory, but also to all goods produced in the same territory.

In determining the country of origin and therefore the mark of origin ("Made in...") that can be affixed to a product, it is necessary to refer to the European legislation on the non-preferential origin of the product. To determine this customs origin, two criteria contained in Art. 60 of the Customs Code of the European Union are applied:

- Criterion of goods entirely obtained, applicable only in the event that the entire manufacturing process took place in a single state. Art. 60 of the

²³ Art. 59-60 UCC.

²⁴ Art. 64 UCC.

Code establishes that “goods wholly obtained in a single country or territory are considered to originate in that country or territory”.

- Criterion of the last substantial transformation or processing, applied in the event that two or more countries have collaborated in the production of a product. For this criterion established by the second paragraph of Art. 60 of the UCC "the goods to the production of which two or more countries or territories contribute are considered to originate in the country or territory in which they have undergone the last substantial and economically justified transformation or processing, carried out in a company equipped for this purpose, which is resulted in the manufacture of a new product or represented an important step in the manufacturing process. "

Over the years a series of doubts regarding the attribution of origin have arisen from this last criterion. It is evident, in fact, that while the criterion of entirely obtained goods leaves little room for interpretation and provides, as it is defined, rather clear information about the origin of the products, the criterion of the last substantial transformation or processing leaves room for uncertainty. regarding which processes and transformations of a product are sufficient to earn the relative “Made in...”. Generally, a transformation, or processing, is considered relevant for the purpose of attributing the origin of a product when the latter obtains a specific composition and properties as a result of this process. Therefore, they would not constitute sufficient processes for the attribution of the mark of origin of the small changes made to the product. In fact, activities of mere preservation of a product or which are limited to changing the external appearance of the goods do not constitute sufficient activities to confer the origin of the goods²⁵, such as change of packaging or boxing.

²⁵ Art. 38 EEC Regulation no. 2454/93.

2.4 ISSUES OF MADE IN ITALY FOOD IN THE GLOBALIZED MARKET

The definition of the concept of Made in Italy, as seen above, is not a simple issue, as it is a very complex concept. From a literal point of view, “Made in Italy” means produced in Italy, but in reality it is a much debated issue up to what percentage of realization in a specific country a product can be defined as “Made in ...”. At the base of this question is essentially the increasingly strong globalization that characterizes our time, with the production delocalization that now characterizes the productions of almost every sector. Even if there are those who insist on keeping the production entirely in Italy to feel totally Made in Italy, it must be said that generally a product is recognized as such when it is mainly produced in Italy. The precise definition of this theme has important implications as each "Made in ..." has effects, mostly in terms of image, which vary from one country to another. It is the so-called "country effect" which in the case of Italy leads a product to be associated with creativity and quality and which, especially for some products, brings an intrinsic added value that provides a competitive advantage in the international context.

The products that in Italy derive the greatest benefits from this positive image effect are those mentioned in the previous sections of the chapter (the “4 As”). Compared to the birth and historical development briefly described above, Made in Italy today is experiencing a period of change and difficulty due, among other things, to the very low labor costs of Asian countries or Eastern Europe, but not only. If we add to this the fact that the processes of globalization have given increasing importance to the industrial concentration that has led to the birth of industrial giants, it is even more evident that Made in Italy production is facing important challenges. The organization into districts which, as seen, is one of the distinctive characteristics of Italian productions and has played a fundamental role in their success, struggles to compete with much larger industrial groups and with much more important resources available. Innovation is a fundamental weapon to be able to compete successfully. If, on the one hand, Italy cannot compete with countries whose productions have a much higher technological rate and, on the other, it cannot place itself on the same competitive level as emerging countries with labor costs at much lower levels than the Italian ones, what is

desirable is to bring innovation to entrepreneurial models. The Italian competences and know-how, in fact, are not limited in their exploitation only by the small size (on average) of the Italian companies, which nevertheless represents an important factor, but also, if not above all, by a limited extension of supply chains and networks.

Looking in detail at Made in Italy food, which is the real focus of the analysis of this chapter, one might think with some certainty that a food or wine bearing the Made in Italy mark actually comes from Italian land and agriculture. Again, however, the issue is more complex than it might seem.

First of all, it should be emphasized that the Italian consumer himself may not be interested in whether or not what he is eating is produced in Italy. There is also the aspect of the seasonality of a product, for which some Italian foods cannot be found on supermarket shelves at certain times of the year and, consequently, you can end up buying foreign products, because there is basically no choice for that particular product.

Then there are those who simply prefer a Scottish angus or a French champagne to a Tuscan Chianina steak or a Franciacorta. Given the average high quality of Italian food production, on the other hand, consumer taste is something difficult to encode.

But then, in Italy and abroad, there is a large slice of consumers who are looking for precisely Italian products. On the large global market, in fact, the success of Italian food and wine is remarkable. A banal and emblematic example is the disproportionate number of Italian restaurants, or pretending to be such, that are found all over the world, and in the same way there are many Italian products on the shelves of supermarkets abroad. Here, however, there is an important food for thought: Italian products are often only "Italian-type products". If we consider, as seen in chapter 1, that agri-food exports are constantly growing, it is natural to ask ourselves why, in the face of increasingly important volumes for Italian exports in the sector, the presence of "false" Italian food abroad is even more important. A brief but essential answer lies in the fact that real Made in Italy food hardly reaches the final foreign markets.

To deepen this point we must start by considering the role of food as mass consumption par excellence and, consequently, the resulting market is one of the most important in the world, if not the most important. It is no coincidence, in fact,

that the large global multinationals have established themselves first of all in this sector. From Nestlé to Unilever, passing through the Coca-Cola company and McDonald's, and arriving at Kraft and Mondelēz: the list of multinationals operating in the agri-food sector is long and full of important names that in turn control a series of brands that are practically known everyone for decades. If we think of Made in Italy, the large Italian-owned multinationals in the sector that remain are probably only Barilla and Ferrero. The Italian brands present abroad such as San Pellegrino and Perugina, to name a couple, have been acquired by the aforementioned foreign multinationals (or others) for several years now.

This proves the inability, even in the agri-food sector, that there has been over the years in Italy to create global companies capable of competing in the increasingly large international market.

As underlined by Claudio De Mattè (2002), Italian economist, academic and public and private executive, in Italy people are very good at exporting but not at becoming global brands with offices and branches in different countries and with a global vision of the markets. This difficulty has materialized over the years in a poor entrepreneurial spirit. The value of Made in Italy food has gradually faded, becoming almost a global brand whose revenues go into the pockets of those who have the proper entrepreneurial spirit.

2.4.1 ITALIAN ECONOMIC OVERVIEW IN THE GLOBALIZATION ERA

In particular, it is useful to analyze how the increasingly rapid growth of market integration and globalization have led, especially since the 1990s, to profound changes in the global competitive context which, in turn, have put the "Made in Italy" in front of new and complicated challenges.

First of all, it was in those years that a series of emerging countries began to establish themselves on the global market, including China, Russia, Brazil and India, which managed, mainly thanks to low-cost products, to quickly emerge as new, important, players in international markets, thus constituting new threats for Western countries and their businesses. In addition to this, the spread of new technologies in the field of information and communication has favored the growth of globalization allowing the management of production and distribution

processes on a global scale. The reduction in import duties, which passed over thirty years, from the 1960s to 1995, from an average value in the world of 8.5% to just over 3%, was just another useful element to increase the integration of an ever increasing number of markets.

Thanks to these, and many other factors, the international competitive context in which the companies of the, until then, most developed countries, including Italy itself, changed radically. Those who were most affected by the new competition from the emerging countries mentioned above were, above all, the companies whose production was concentrated in sectors with a low technological rate/content, consequently more easily imitated or replicable and more exposed to a competition that could count, thanks to lower production costs, on more competitive prices.

The birth in 1995 (January 1) of the World Trade Organization (WTO), which currently groups together 164 members between States and Customs Unions and which includes all the main global economies, also contributed to changing the context of global trade. This body has greatly contributed to the growth of commercial integration, thanks to the stipulation of trade agreements and the commitment to the reduction and abolition of customs duties²⁶.

At the European level, the European Union was born in 1992, with the Maastricht Treaty, after the European Common Market had been formally established several years earlier with the Treaty of Rome, in 1957 (it entered into force only in 1969). The latter, however, had not managed to bring the expected results in the circulation of goods in Europe as, despite the abolition of tariff barriers, differences persisted between the various states in the regulation of capital and transport markets, among other things. With the birth of the EU, however, the guidelines for the introduction of the single currency were defined but a series of parameters were also established regarding the ratio between public debt and GDP, inflation rate, long-term interest rate and even more. These parameters constituted the so-called "convergence criteria" and their compliance was a fundamental prerequisite for all countries wishing to adopt the single currency²⁷. The European Central Bank was established, operational from January 1, in

²⁶ M. FORTIS, *Le due sfide del Made in Italy: globalizzazione e innovazione*, 2005

²⁷ V. CASTRONOVO, *Storia economica d'Italia. Dall'Ottocento ai giorni nostri*, Einaudi, 2013.

1999, and from that date the countries adhering to the single currency, of which Italy was clearly part, saw the control of monetary policy passed into the hands of the new central bank. The adoption of the Euro undoubtedly brought benefits to Italy: it made it possible to avoid the risks associated with exchange rate fluctuations, it also reduced the risks associated with inflation and, in general, provided easier access to larger markets thanks to free movement of goods and capital. On the other hand, however, there was no lack of disadvantages deriving from the new single currency system. The revaluation of the exchange rate, for example, led companies to a loss of competitiveness in markets outside the Union, precisely in the years in which some Asian countries (China above all), but not only, were emerging, as previously mentioned, as new commercial powers.

Italy and its manufacturing sector, the real driving force of the economy, paid more than many other European countries for the effects of globalization. Suffice it to think, in fact, that after the growth of "Made in Italy" briefly described in section 2.2, Italy had come to be, in 1996, the third country in the world for trade surplus, behind only Germany and Japan, yet not even ten years later, in 2004, had it even reached a deficit of around 1.5 billion euros. In those same years, moreover, a sharp decline in foreign demand brought negative pressure on the average annual growth rate of GDP which in the period 2000-2007 was just + 1.6% compared to the overall + 2.5% of the European Union. Also due to the weakness of the main manufacturing sectors, the incidence of the industrial sector on the total GDP had reached 21% in 2007, down by two percentage points in the early 2000s.

The financial crisis in 2008 then led to a sharp drop in GDP per capita (-9% compared to the previous year) and to a sharp decline in international trade which in the two-year period 2008-2009 was reflected in a contraction for all manufacturing compartments, equal to -18% recorded by the industrial added value. In 2012, still in a recessionary phase, industrial production was about 24% lower than the pre-crisis peak of the first quarter of 2008. In the same years, Germany had succeeded, thanks to a strong recovery between 2009 and 2011, to return almost to pre-crisis levels, and France had recorded reduced production levels in 2012, again in relation to the peak of the first quarter of 2008, in a

decidedly less marked way, -14%, compared to Italy. Data that are emblematic of structural problems of the Italian industry.

On the export front, Italian companies suffered from a loss of competitiveness, as mentioned above, also due to the euro-US dollar exchange rate which remained above the level of 1.2 dollars per euro for several years. This element clearly damaged trade exchanges with the United States, complicating the dynamics of Italian exports for a long time. A further slowdown in Italian exports stemmed, starting around the mid-90s, from the change in the dynamics of consumption that affected Western countries in those years. As evidence of this, it is sufficient to observe how in the face of the growth of interest and purchases for high-tech products such as PCs, mobile phones, video game consoles and much more, in fact, there was a 2% decline in the share in Italian household spending basket by consumer items such as domestic nutrition and personal well-being²⁸. Expenditure on means of transport dropped by 45% in the 2007-2012 period while telephony products grew by 77%, and more generally the sectors that make up the most important sectors of the supply chain were affected by the drop in consumption. "Made in Italy" like that of cars, clothing and, of course, food. This resulted in negative consequences for these sectors in terms of production, employment and, consequently, exports.

2.4.2 LIMITS OF MADE IN ITALY AND INTERNATIONALIZATION POTENTIAL

Having framed the "Made in Italy" with reference, in particular, to its development as an internationally successful brand and to the problems that Italian productions have to face in an era increasingly conditioned by globalization as well as by the integration of markets and production processes and having analyzed the regulatory framework that defines the use of origin marks, the focus now shifts to the delicate and controversial issue of agricultural self-sufficiency. If in fact, as we have seen, Italian food and food products enjoy a great success on foreign markets and the "Made in Italy" brand is globally associated with high quality productions also, if not above all, for what concerns agri-food products, a

²⁸ Centro studi Confcommercio, *Famiglie sempre più "tecnologiche" negli ultimi vent'anni*, 2013.

much less known issue for consumers, even in Italy, is the one that is linked to the issue of “pureness” of Made in Italy in the agri-food context. Well, despite having seen in the previous sections how this trademark does not in any way require, at the regulatory level, that the raw materials used for the realization of the final product are Italian (last substantial transformation principle), we need to go into the question relating to Italian agri-food self-sufficiency.

First of all, agri-food self-sufficiency means, as can be understood, the possibility of producing using only national raw materials, without having to resort to importing raw materials from abroad. For Italy this is impossible for several compartments, some of which represent the Italian productions par excellence in the collective imagination. If we think of pasta, in fact, the production of durum wheat in Italy is able to cover only 65% of the needs and it is necessary to import it in large quantities from countries such as Canada and the United States, but not only. As far as the soft wheat is concerned, the figure is even worse considering that the domestic product covers only 38% of the needs of the sector and in this case imports also come from countries such as Australia, Mexico and Turkey. Similar situations can also be found for several other compartments: the consumption of meat products, which also include various cold cuts (or cured meat products) known all over the world as Italian excellences, are only for 76% products made with Italian meats; for milk only 44% is Italian in relation to consumption; the internal consumption of fresh fish is covered by fish from the Italian seas for just the 40% and much of it is imported from France, Greece, the Netherlands and Spain. Furthermore, the strong reduction in crops in farming that has occurred since the 1950s has also reduced the Italian production of legumes with imports, in this case, not only from Canada, Mexico and the United States, but also from China (now the first Italian supplier) and the Middle East. Tomato paste is also often imported from China, then it is processed in Italy and from there it is exported to other countries. Self-sufficiency can be observed instead for products such as fresh fruit, poultry, fresh tomato, rice and wine, products, these, for which the chances of running into a not entirely true "Made in Italy" are lower than they are for the products cited above.

On the transformation side, the situation is essentially the opposite. The Italian production of pasta, in fact, is equal to 220% of the internal needs, with most of this production being therefore exported. The situation is similar for wine, which

even has a production four times greater than domestic consumption, and for cheeses which have a production equal to 134% of national consumption.

It emerges, in the first place, that Italy is much more a country of transformation of agri-food products than of agricultural producer, as had already been observed in chapter 1 by analyzing the performances with an almost opposite trend of food export and agricultural export, with the latter that continues to present a negative trade balance. Another indication that can be obtained from the observed data is the senselessness of an exasperated search for products made with Italian raw materials since first of all, as seen, for different compartments this search could be very complicated in light of the high percentage of imported raw materials used. Secondly, the foreign origin of certain raw materials does not affect the quality of the final product, as long as this has been made in compliance with the production rules and proven by due checks by the competent authorities. Taking as an example a certified IGP product (chapter 3) and consequently with a strong link with the territory such as Bresaola della Valtellina, it should be emphasized that it is a product of great quality, the result of an excellent processing of raw materials which, however, are not Italian. Despite being seasoned and processed in Valtellina (an Alpine geographical region located in the province of Sondrio, Lombardy), bresaola is in fact made from meat from Argentina or other South American countries. At the basis of this is the fact that, quite simply, this area does not have the farms necessary to supply the raw material required for production, which stood at almost 14 tons in 2019. It is therefore a quality product with a great commercial success that for almost 10% (1,245 of the 13,820 tons produced) is exported abroad for a value of 26 million euros²⁹, but which is in fact made in Italy, with the great Italian craftsmanship and processing capacity, starting from foreign raw materials.

The "Made in Italy" strictly understood as the result of the combination of national raw materials and transformation by Italian companies represents a concept not only far from reality, in the light of the data seen, but above all it stands in contrast with the evolution of production processes which in the last twenty or thirty years have become increasingly fragmented at an international

²⁹ www.bresaolavaltellina.it - Consortium for the protection of Bresaola della Valtellina.

level. The diffusion of new technologies has allowed over the years to make international transport and communications more and more efficient and economical, thus the global production scenario has increasingly diverged from the static conception of companies as national actors that exploit the opening of markets (also favored since the 90s by the changes mentioned above and by the political upheavals seen in section 2.4.1) limited to an export perspective. With the fall of many trade barriers, which occurred gradually especially during the last three decades, multinational corporations (MNCs), which are nothing more than companies with headquarters in one country but operations in more than one country, have become more and more central in the scenario of global trade. The possibilities brought by the integration of markets and new technologies (especially for transport and communications) have allowed an ever greater fragmentation and dispersion of production processes on a global scale, in this context the growth in the number of companies that have expanded to have proliferated abroad through the construction of new plants in foreign countries, often emerging countries. Manufacturing in these countries can bring a number of benefits:

- The first advantage derives from the fact that production in certain countries makes it possible to incur in lower levels of wages;
- The availability of the raw materials necessary for production may be greater in the country where production is moved;
- A more economically advantageous production in a foreign country can make the company more competitive also in its national context;
- The potential growth that can be realized thanks to the delocalization of the production (moving the production process to a country other the company's origin country) thanks to the advantageous conditions found in the host country can allow greater investments also in the company's country of origin;
- The presence in a foreign country in a more integrated way allows to achieve a knowledge and a penetration of the local market otherwise difficult and expensive to reach;
- The foreign integration of production processes makes realizes positive interactions also for the growth of the host country.

Certainly in the face of the listed advantages, which constitute only some general aspects that cannot give a complete picture of the possibilities related to relocation, there are also difficulties that may arise from production abroad. Above all, the costs and coordination efforts of operations require an adequate business organization and a deep knowledge of political, economic, social, technological, environmental and legal factors (PESTEL analysis).

Figure 4: Pestel analysis framework



Source: www.assignmenthelpshop.com

This analysis (framework can be seen in Figure 4), whose name is nothing more than an acronym of the various elements it analyzes, is used by many companies to frame the macro environment in which they are inserted and thus help management in the decision-making process. However, for the opening of new plants or production branches in foreign countries, the PESTEL analysis is further necessary and useful to better understand which variables can affect the presence in the host country, both in terms of potential threats as in the case of trade barriers that could complicate the shipment of products or raw materials to the parent company's country, both in terms of opportunities deriving, for example, from advantageous tax policies (looking only at political factors).

In general, each type of factor can bring both positive and negative elements to the business in that specific country:

- Politics plays a very important role in determining the degree of openness to international markets. The adoption of more or less stringent control systems on foreign exchanges and investments, in fact, determines how global or domestic a national economy is. In addition to this, factors such as government stability and labor and employment policies can also have an impact on decisions about where to open new offices or factories;
- Economic factors such as inflation rate, unemployment rate, disposable income and economic growth significantly influence the profitability of the foreign branch;
- Social and cultural aspects have a strong influence on the way in which local consumers the product and the presence of the company in the area, therefore knowing attitudes, beliefs, and distribution of other elements of this kind is very important;
- Technological factors such as level and availability of technologies determine the methods and tools that can be used in production processes, in distribution processes and also in communication processes;
- Environmental factors such as climate change and pollution have played an increasingly important role in the last 10-20 years, taking on an ethical character linked to sustainability that companies, especially those that expand abroad, must take into account, also to preserve their image;
- Legal factors such as workers 'and consumers' rights, health and safety laws, patent and copyrights laws, and much more, require in-depth knowledge on the part of the company in order not to run into regulatory problems of any kind;

Having said, briefly, of the advantages that the presence of a company in different states can bring and having framed some of the critical issues that must be examined before launching into new international businesses, it is useful to analyze which reasons are at the

basis of the drive towards internationalization that has characterized the global economy in recent decades. In this way it will be better understood which reasons should lead to a change of vision on the part of Italian companies and bodies, even in the agri-food sector, which so far have often crystallized on a too limited and protectionist concept of production.

International expansion requires important strategic and operational efforts from companies as well as, of course, huge expenses that could lead, and often do, many entrepreneurs to abandon the idea of internationalizing their activities. A stable position on the national market, in fact, can easily lead to take more conservative attitudes in their strategic choices, seeing in the more limited domestic environment a safer ground on which to operate. In addition to this, clearly, the prospect of having to bear large costs and risks without any reasonable certainty of success constitutes a strong deterrent for those who consider the expansion of their activities abroad, especially in a period of economic crisis that leads to even greater caution.

The reasons linked to economic stability, then, are often accompanied by the fear of being able to ruin, with risky strategic choices, the reputation and corporate image built over the years.

Similar problems and fears are the more an obstacle the smaller a company is, which can therefore have more limited resources, not only in a strictly financial sense, and not considered sufficient for the degree of risk to which investment in foreign or new markets production areas in foreign countries could entail.

On the other hand, a conservative attitude of the type described does not favor innovation and keeps companies anchored to the domestic market and, consequently, unable to acquire the global vision that derives from their presence in different international contexts. In fact, internationalized companies take advantage of cultural contamination by reaching a degree of adaptability that would otherwise be difficult to acquire. As seen above, in fact, the presence in foreign countries can give access to material resources that are scarce in the country of origin, as

happens in various food compartments for Italy, but it can also bring in contact with a series of intangible and skills that allow the company to gain experience and benefit from local systems which, in turn, favor a growth in the competitiveness of the group as a whole.

On the front of lower cost labor, which is certainly one of the main reasons why many companies decide to relocate their production to emerging countries, it should be emphasized that in many cases this does not necessarily go hand in hand with a level of quality of the lowest job. The transfer of skills and procedures to populations who, for various reasons, do not possess them or are not aware of them, at least not to the same quality standards, is certainly a complicated step to take for those companies that decide to move production to the abroad, however, training and education courses are frequently used for the local workforce in order to maintain quality levels equal to those in the country of origin.

In light of the increasingly strong growth of the global market, a limiting factor for the international development of the Italian economy, also and above all in the agri-food sector, is undoubtedly that connected to the large number of small and medium-sized enterprises which, as seen, characterize it. . A strong sectoral fragmentation of business organizations combined with the small size of a large part of Italian companies has led over the years to a vision of "Made in Italy" as a brand whose protection and enhancement are the responsibility of public bodies. This is also due to the inability of companies with a strong individual character to carry out coordinated actions aimed at the growth of the sector they belong to in an effective manner. Hence a vision based on the protection of brands and the promotion of Italian products carried out by government bodies that aim at the development of an economy based on exports rather than on the enhancement of knowledge that has made "Made in Italy" a synonym of quality in the world.

In this way, attention and efforts are diverted from the attempt to strengthen a common entrepreneurial thought that could really lead to the enhancement of Italian culture and products. In fact, the latter are nothing

more than the result of industrial processes with a high creative content, an element that is truly fundamental to Italian productions, more than raw materials which often, on the other hand, even in the agri-food sector, are of foreign origin. In fact, in the face of a self-sufficiency for food production which, as seen, is often unreachable, the key characteristic of "Made in Italy" lies in the specialization that in various sectors has been favored by the high level of interrelation between different companies that the system of districts has achieved. The competitiveness of small and medium-sized enterprises, which often do not have the necessary resources to invest in research and innovation, was therefore based first of all on the experience, skills and know-how that specialization in the organization in districts has consolidated over time making it an instrument of "innovation without research" thanks to the flexibility of the system of industrial districts.

Returning to the issue of self-sufficiency, one of the main problems affecting the agri-food sector, at least the one that is limited to production with Italian raw materials, is represented by the availability of agricultural area which in Italy is scarce in relation to the population. The utilized agricultural area (abbreviated to UAA) has decreased in about thirty years, from 1982 to 2010, by 23.15%, equal to a loss of 3 million hectares of land³⁰, due to structural changes that have also led to a sharp decline in the number of farms. Between 2000 and 2010 alone, agricultural holdings decreased by 32.4% to 1,620,844 in 2010, while in the same period the loss of UAA was equal to 2.5%. At the base of such a transformation there is mainly the change of use of the land which has seen an important slice pass to other productive uses, of an industrial nature for example, or to a residential function. In confirmation of this last point in particular, it can be observed that the urbanized area has increased in about sixty years, from 1950 to 2012, by 166%³¹.

³⁰ ISTAT source.

³¹ Ministry of Agriculture, Food and Forestry, 2012.

The abandonment of agricultural activities and the change in use of land previously used for the primary sector (agriculture, livestock ...) has mainly three types of causes:

- 1) Ecological causes such as fertility, slope or altitude of the land;
- 2) Socio-economic causes such as the different quality of life between rural and urban areas, the low profitability of the sector and technological change;
- 3) Causes connected to an excessive exploitation of the land that have led to a degradation of the soil with a consequent decrease in productivity.

III - ITALIAN FOOD PROTECTION AND “ITALIAN SOUNDING”

Now that the “Made in Italy” has been examined in detail, with particular attention to the role played by industrial clusters, the origins of its development as one of the most recognizable brands and the legislation on the subject, this section will focus on defining what geographical indications are in the food field and how they manage to protect Italian food.

Related to this subject is the practice known as “Italian sounding”, the most common counterfeiting phenomenon for what concerns “Made in Italy” food, which will be analysed in terms of reference markets, turnover and policies adopted to tackle it.

3.1 GEOGRAPHICAL INDICATIONS

Abbreviated as GI, geographical indications are defined by the EU Regulation No. 1151/2012 and are part of the European Union's quality policy aimed at protecting the names of specific products in such a way as to promote their unique characteristics that derive from a particular geographical origin or from precise traditional skills.

In order to benefit from a GI which allows the name of a product to be recognized by the consumer as a guarantee of quality, with the advantages seen in the previous chapter, that designation must have a specific link with the place of production. Therefore, products that have obtained the "GI" recognition or that are in the process of being examined are listed in the "quality product registers". Geographical indications are also a form of intellectual property and play a very important role in trade negotiations between EU countries and third countries. In concrete terms, they establish intellectual property rights for products whose qualities are specifically linked to the production area, thus protecting the names

of products from particular regions that possess specific characteristics or enjoy a reputation linked to the territory.

Geographical indications include:

- PDO - Protected designation of origin (for food products and wines)
- PGI - Protected Geographical Indication (for food and wine)
- IG - Geographical indication (for spirit drinks and aromatised wines)

Once registered as GI, product names are legally protected against imitations and abuse within the EU and in third countries where a specific protection agreement has been signed. It is then up to the competent national authorities of the individual Member States to take the necessary measures to protect these designations on national territory, including measures that should prevent and block the illegal production, or marketing, of products that use designations under GIs.

In addition to the three geographical indications mentioned above, and which will be defined in detail in the next sections, there is then the TSG (traditional specialty guaranteed): a denomination, for food and agricultural products, which highlights traditional aspects such as the way in which the product is obtained or its composition, without being linked to a specific geographical area. Again, as with GIs, a product registered as a TSG protects its name from falsification and misuses. It is defined in the Article 18 of the EU Regulation No.1151/2012 where is stated that «a name shall be eligible for registration as traditional speciality guaranteed where it describes a specific product or foodstuff that:

- a) results from a mode of production, processing or composition corresponding to a traditional practice for that product or foodstuff; or
- b) is produced from raw materials or ingredients that are those traditionally used.»

3.1.1 PROTECTED DESIGNATION OF ORIGIN

As defined by the Article 5 of the EU Regulation No.1151/2012, PDO is a «name that identifies a product originating in a specific place, region or, in exceptional cases a country; whose quality or characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors; and the production steps of which all take place in the defined geographical area.»

Figure 5: PDO logo



Source: ec.europa.eu

3.1.2 PROTECTED GEOGRAPHICAL INDICATION

As for PDO, protected geographical indication is defined in the Article 5 of the EU Regulation No.1151/2012 as a «name that identifies a product originating in a specific place, region or country; whose given quality, reputation or other characteristic is essentially attributable to its geographical origin; and at least one of the production steps of which take place in the defined geographical area.

Figure 6: PGI logo



Source: ec.europa.eu

Therefore, the differences between PDO and PGI lie mainly in the degree to which raw materials and production process steps must originate and take place in the specific area, with protected designation of origin being more stringent in these requirements compared to protected geographical indications.

3.1.3 GI FOR SPIRITS AND FLAVORED WINES

A geographical indication can also protect the name of spirit drinks or flavored wines that are originating of a country, region or place where a particular quality, reputation or other product characteristics are essentially attributable to its geographical origin.

For most of the products, at least one among preparation or distillery has to take place in the defined area, but there is no requirement for the raw materials to originate from that same geographical area.

An example useful to understand how this definition works in practice is given by the Irish Whiskey GI which has been produced, distilled and seasoned in Ireland for centuries but whose raw materials do not come exclusively from Ireland.

3.2 GEOGRAPHICAL INDICATIONS IN ITALY

Based on Ismea-Qualivita Report of 2020, in 2019 the trend was confirmed as growing, as for agri-food exports as a whole, also for the export of PDO and PGI agri-food and wine products, both in terms of the number of products registered and in terms of value. This sector, in fact, with a production value of over 16 billion euros has come to constitute 21% of national agri-food exports (Ismea-Qualivita Report 2020), thanks, in addition to the growth of the major certified productions, to the new PDO and PGI supply chains which, considering the certified supply chains from 2010 to today, have brought over half a billion euros in value to production. Besides, are the small producers themselves those

who have suffered the most from the economic impact due to the COVID-19 pandemic.

Looking at 2019, the last year useful to observe performances not conditioned by the health situation experienced in the last, now almost two, years, the export of PDO and PGI products recorded a growth in value of + 5% on the previous year reaching 9.5 billion euros. Of these, the largest share is brought by the wine sector with a value of over 5.6 billion euros, although with a +7.2% on an annual basis it was the agri-food sector that recorded the greatest growth among exports of products certified with GIs. In any case, the important role of this sector is confirmed, which since 2010 has recorded a +74% value for exports of certified wines and even a +162% of value for certified agri-food ones (compared to 2009 in this case).

The wine sector has 526 PDO and PGI products in Italy, with a production value³² of over 9 billion euros and 122 protection consortia in the sector recognized by the Ministry of Agricultural, Food and Forestry Policies. Piedmont, Tuscany and Veneto are the first regions for the number of wines certified with PDO or PGI (respectively with 59, 58 and 53) and a total of 526 are counted at national level (Table 2).

³² computed as quantity of certified product multiplied by an estimated national average price for each specific production.

Table 2: Ex-works value of PDO and PGI bottled wine for every Italian region
with variation from 2018 to 2019

Region	BOTTLED WINE EX-WORKS VALUE (million euros)											
	PDO Number	PDO 2018 Value	Value PDO 2019	Var. 19/18	PGI Number	PGIs 2018 Value	PGIs 2019 Value	Var. 19/18	PDO+PGI Number	PDO+PGI 2018 Value	PDO+IGP 2019 Value	Var 19/18
Veneto	43	3.116	3.244	+4,1%	10	385	256	-33,5%	53	3.501	3500	-0,0%
Tuscany	52	793	818	+3,1%	6	168	186	+10,5%	58	961	1004	+4,4%
Piedmont	59	921	980	+6,4%	0	0	0	-	59	921	980	+6,4%
Friuli-Venezia Giulia	16	541	597	+10,40%	3	54	51	-6,0%	19	594	647	+8,9%
Trentino-Alto Adige	9	497	478	-4,0%	4	63	67	+5,8%	13	560	544	-2,9%
Sicily	24	283	266	-6,2%	7	238	204	-14,4%	31	522	470	-10,0%
Emilia-Romagna	21	144	139	-3,7%	9	249	309	+23,9%	30	394	448	+13,8%
Lombardy	26	331	352	+6,2%	15	85	70	-17,4%	41	416	422	+1,4%
Pula	32	114	81	-29,0%	6	245	326	+33,2%	38	359	407	+13,4%
Abruzzo	9	197	189	-4,1%	8	34	48	+41,3%	17	231	237	+2,6%
Sardinia	18	127	139	+9,8%	15	10	12	+11,0%	33	137	151	+9,9%
Marches	20	73	75	+2,7%	1	24	31	+31,3%	21	97	106	+9,8%
Campania	19	62	64	+3,4%	10	38	42	+9,4%	29	100	106	+5,7%
Lazio	30	44	43	-3,1%	6	11	26	+137,7%	36	55	69	+24,6%
Umbria	15	38	33	-13,7%	6	18	31	+73,2%	21	56	64	+14,4%
Liguria	8	19	22	-13,7%	4	0	0	-15,3%	12	20	22	+13,3%
Calabria	9	14	13	-2,5%	10	5	8	+68,8%	19	19	22	+16,5%
Basilicata	5	8	9	+3,9%	1	3	4	+10,9%	6	12	12	+6,0%
Aosta Valley	1	8	12	+46,0%	0	0	0	-	1	8	12	+46,0%
Molise	4	2	2	-3,0%	2	2	3	+41,3%	6	4	5	+23,7%
Italy	408	7.334	7.555	+3,0%	118	1.634	1.674	+2,4%	526	8.968	9.229	+2,9%

Source: Ismea-Qualivita Report 2020

For 2019 there is an opposite trend between PDO and PGI: PDOs stand at 17 million hectoliters of production and up 6.2% on the previous year; PGIs, on the other hand, stop at 7.6 million hectoliters, even down 1% compared to 2018. This highlights the tendency, already growing in recent years, to shift the center of gravity of production towards PDO wines, which then have an average value slightly higher. In fact, compared to a total production volume, between PDO and PGI, equal to 24.6 million hectoliters of which the PDOs make up about 77%, the economic value of the latter constitutes 82% of the value of IG wine as a whole. This opposite trend between the two geographical indications for wines is clearly reflected also in exports, as can be observed in Table 3 where PDOs record an 11% growth in volumes (15.5 million hectolitres exported) while PGIs record a decrease in volumes by 4% (5 million hectoliters exported).

Overall, the value of IG wines exports shows a growth in terms of value that leads it with 5.65 billion euros (+4% on 2018) to represent about 88% of total Italian exports for the wine sector.

Table 3: Italian PDO and PGI wines export volumes and value divided by segment with variation from 2018 to 2019

	VOLUMES (thousands of hectoliters)			VALUE (million euros)		
	2018	2019	Var.19/18	2018	2019	Var.19/18
PDO WINES	9.203	10.224	+11,1%	3.916	4.176	6,60%
Still wines	5.489	6.231	+13,5%	2.424	2.626	+8,4%
Sparkling wines	616	647	+5,1%	193	189	-1,8%
Spumante wines	3.098	3.346	+8,0%	1.299	1.360	+4,7%
PGI WINES	5.263	5.060	-3,9%	1.528	1.470	-3,80%
Still wines	4.437	4.199	-5,4%	1.343	1.286	-4,2%
Sparkling wines	726	762	+4,9%	160	158	-1,2%
Spumante wines	100	99	-0,4%	26	26	+2,7%
PDO PGI WINES TOTAL	14.467	15.284	+5,6%	5.444	5.646	+3,7%
OTHERS	5.134	6.331	+23,3%	792	788	-0,5%

Source: Ismea-Qualivita Report 2020

In terms of destination markets, EU countries constitute the 48.6% of the reference markets for PDO and PGI wines, with a value of exports of 2.7 billion euros (+2.1% on 2018). German market in this case is worth 860 million euros and is the first market for GI wines exports in the European Union, while the US represent the first market outside the EU but also the first market in absolute if we consider individual national markets (25.4% of total figure), with almost 1.5 billion euros of value and a +6% compared to 2018 performance. Globally, extra-EU countries represent the majority (51.4%) of the reference markets and an important share is held by United Kingdom (12.8% of exports) and Canada (5.7% of exports).

As for the agri-food sector, looking at Table 4, the production of PDO, PGI and TSG reached 7.66 billion euros in value in 2019, recording a growth of 5.7% on 2018, with the cheese compartment confirming itself as the most important in terms of economic weight. The latter, in fact, alone represents 59% of the entire

Italian basket of PDO and PGI food with a production value of 4.5 billion euros. Then follow, in terms of production value, meat products with 1.9 billion euros and a weight of 25% of the total value, and with balsamic vinegars (389 million euros), fruit and vegetables (336 million euros), fresh meat (92 million euros) and olive oils (82 million euros) complete the overall picture of the production value of Italian certified products.

Table 4: Production value and consumption value for PDO, PGI and TSG food products products by compartments with variation from 2018 to 2019

Categories	PRODUCTION VALUE (Million euros)				CONSUMPTION VALUE (Million euros)			
	2018	2019	Share 2019	Var 19/18	2018	2019	Share 2019	Var 19/18
Cheeses	4099	4.515	58,9%	+10,1%	7.156	7.552	49,3%	+5,8%
Cured meats	2.022	1.927	25,2%	-4,7%	4.811	4.980	32,5%	+3,5%
Fruit, vegetables and cereals	312	318	4,2%	+2,1%	703	894	5,8%	+27,1%
Balsamic vinegars	369	389	5,1%	+5,6%	930	982	6,4%	+5,6%
Olive oils	86	82	1,1%	-4,6%	144	134	0,9%	-7,4%
Fresh meats	91	92	1,2%	+0,9%	195	196	1,3%	+0,8%
Other categories	264	336	4,4%	+27,0%	439	567	3,7%	+29,0%
Total	7.243	7.659	100%	+5,7%	14.379	15.305	100%	+6,4%

Source: Ismea-Qualivita Report 2020

Exports of certified Italian food have shown, as mentioned above, a growth in the last decade even much more marked than that of wines, reaching a value of 3.8 billion euros in 2019, covered for almost 40% by exports to Germany and the USA and with France, the United Kingdom, Spain and Canada as the main reference markets for the remaining percentage of exports of PDO and PGI agri-food products.

Table 5: Export value for PDO, PGI and TSG food products by compartments with variation from 2018 to 2019

Categories	SHARE EXPORT	EXPORT VALUE (million euros)			
	% quantity	2018	2019	Share 2019	VAR 19/18
Cheeses	36%	1.776	2.013	52,6%	+13,3%
Cured meats	17%	569	601	15,7%	+5,6%
Fruit, vegetables and cereals	26%	223	134	3,5%	-40,0%
Balsamic vinegars	92%	843	891	23,3%	+5,7%
Olive oils	39%	62	56	1,5%	-10,8%
Fresh meats	10%	10	10	0,2%	-2,9%
Other categories	28%	84	120	3,1%	+43,8%
Total	32%	3.567	3.824	100%	+7,2%

Source: Ismea-Qualivita Report 2020

As already mentioned and confirmed by the data reported in Table 5, the cheese sector is the most important among the PDO and PGI agri-food products sectors with an increase in consumption value (consumption value: The consumption value, by product, is estimated by valuing the quantities of the entire certified production in the year at the national average consumer price. The national average consumer price refers to the price indicated by the Consortium or the Protection Association and, where missing, is derived from the Ismea Observatory on food purchases. In the case of missing data, but available for the previous year, it is estimated by applying to the data of the previous year) of 5% (now at 7.5 billion) and with an increase in exports up to 2 billion euros thanks to a + 13.4% on 2018. In this case, Lombardy and Emilia-Romagna lead the ranking of production value, with a combined value of over 3 billion euros (more than 60% of the total 4.5 billion in production value for the entire sector).

Table 6: Top 15 PDO, PGI and TSG food products for production volume and value between 2018 and 2019

Products	CERTIFIED PRODUCTION (tons)			PRODUCTION VALUE (million euros)		
	2018	2019	Var. 19/18	2018	2019	Var. 19/18
Grana Padano DOP	190.558	199.292	+4,60%	1.277	1.562	+22,4%
Parmigiano Reggiano DOP	144.020	144.738	+0,50%	1.434	1.556	+8,5%
Prosciutto di Parma DOP	85.400	89.000	+4,20%	824	721	-12,5%
Mozzarella di Bufala Campana DOP	49.393	50.176	+1,60%	410	426	+4,0%
Aceto Balsamico di Modena IGP	90.701	95.864	+5,70%	363	383	+5,7%
Gorgonzola DOP	58.192	60.309	+3,60%	332	368	+10,9%
Prosciutto di San Daniele DOP	26.249	26.079	-0,60%	307	313	+1,9%
Mortadella Bologna IGP	36.995	39.992	+8,10%	296	296	+0,0%
Pasta di Gragnano IGP	50.052	70.253	+40,90%	186	247	+32,6%
Bresaola della Valtellina IGP	13.045	13.821	+3,10%	232	235	+1,3%
Pecorino Romano DOP	34.183	26.943	-21,20%	234	173	-26,1%
Speck Alto Adige IGP	12.866	13.659	+6,20%	109	117	+7,3%
Asiago DOP	20.805	20.648	-0,80%	100	110	+9,6%
Mela Alto Adige IGP	175.011	185.952	+6,30%	114	84	-26,4%
Mela Val di Non DOP	47.497	160.032	+237,80%	28	56	+97,0%

Source: Ismea-Qualivita Report 2020

The prominent position of cheese products in the field of certified food products is confirmed also by the ranking of the PDO and PGI food products with the highest production value given by Table 6: indeed, the first two positions are occupied by Grana Padano PDO and Parmigiano Reggiano PDO that combined had, in 2019, a value of more than 3 billion euros. In the “top five” we can also find Mozzarella di Bufala Campana PDO as fourth product for production value, and other cheese products can be found in lower positions, like Gorgonzola PDO, Asiago PDO and Pecorino Romano PDO.

An important presence can be noted also for cured meats, with Prosciutto di Parma PDO, Prosciutto di San Daniele PDO, Mortadella Bologna PGI, Bresaola della Valtellina PGI and Speck Alto Adige PGI having together a production value of almost 1.7 billion euros. For meat products in general exports in 2019 were worth 600 million euros, with a registered increase of 5.6% on the previous year.

As can be seen in Table 7, Italy has 838 between PDO, PGI and TSG products as for year 2020, of which 526 are wines (as mentioned above) and 312

are food products, and is the first country in the world for number of GI registered products. Tuscany, Veneto and Piedmont are the three region with highest number of registered products (92, 92 and 85 respectively).

Table 7: Italian regions ranked for number of GIs

Region	FOOD				WINES			TOTAL	
	PDO	PGI	TSG	Total	PDO	PGI	Total	PDO	PGI
1° Tuscany	16	15	3	34	52	6	58	92	
1° Veneto	18	18	3	39	43	10	53	92	
3° Piedmont	14	9	3	26	59	0	59	85	
4° Lombardy	20	14	3	37	26	15	41	78	
5° Emilia Romagna	19	25	3	47	21	9	30	77	
6° Sicily	19	15	3	37	24	7	31	68	
7° Lazio	16	11	3	30	30	6	36	66	
8° Apulia	13	9	3	25	32	6	38	63	
9° Campania	15	11	3	29	19	10	29	58	
10° Sardinia	6	2	3	11	18	15	33	44	
11° Calabria	13	6	3	22	9	10	19	41	
12° Marche	6	8	3	17	20	1	21	38	
13° Umbria	4	6	3	13	15	6	21	34	
14° Trentino Alto Adige	9	7	3	19	9	4	13	32	
15° Abruzzo	6	4	3	13	9	8	17	30	
16° Friuli-Venezia Giulia	5	2	3	10	16	3	19	29	
17° Basilicata	6	7	3	16	5	1	6	22	
18° Liguria	2	3	3	8	8	4	12	20	
19° Molise	5	1	3	9	4	2	6	15	
20° Aosta Valley	4	0	3	7	1	0	1	8	
Italy	172	137	3	312	408	118	526	838	

Source: Ismea-Qualivita Report 2020 on EU data source

At European level, Italy is ahead of France, second with 692 GI products, and Spain which is third in this ranking with 342 certified products. The entire EU, that as can be seen in Table 8 still included the UK with its 78 PDO, PGI and TSG products, has 3093 registered products, so can be noted how Italy alone represents more than one fourth of this production.

Table 8: EU countries ranked for number of GIs

Country	FOOD				WINE			TOTAL		
	PDO	PGI	TSG	Total	PDO	PGI	Total	PDO	PGI	TSG
1° Italy	172	137	3	312	408	118	526			838
2° France	107	147	2	256	361	75	436			692
3° Spain	103	96	4	203	97	42	139			342
4° Greece	79	34	0	113	33	114	147			260
5° Portugal	64	75	1	140	30	10	40			180
6° Germany	12	79	0	91	19	26	45			136
7° United Kindom	27	42	4	73	3	2	5			78
8° Bulgaria	1	2	5	8	52	2	54			62
9° Romania	1	6	0	7	40	13	53			60
10° Hungary	8	10	2	20	33	5	38			58
11° Czechia	6	23	5	34	11	2	13			47
11° Austria	10	5	3	18	26	3	29			47
13° Poland	10	24	10	44	0	0	0			44
13° Croatia	14	14	0	28	16	0	16			44
15° Slovenia	10	13	3	26	14	3	17			43
16° The Netherlands	6	5	4	15	6	12	18			33
17° Belgium	4	11	5	20	8	2	10			30
18° Slovakia	2	10	7	19	8	1	9			28
19° Cyprus	1	5	0	6	7	4	11			17
20° Denmark	0	8	0	8	1	4	5			13
21° Finland	5	2	3	10	0	0	0			10
22° Lithuania	1	6	2	9	0	0	0			9
23° Sweden	3	3	2	8	0	0	0			8
24° Ireland	3	5	0	8	0	0	0			8
25° Latvia	1	2	3	6	0	0	0			6
26° Luxembourg	2	2	0	4	1	0	1			5
27° Malta	0	0	0	0	2	1	3			3
28° Estonia	0	0	0	0	0	0	0			0
Europe	649	764	64	1.477	439	118	1.616			3.093

Source: on Ismea-Qualivita Report 2020 on EU data source

3.3 LARGE-SCALE DISTRIBUTION ISSUE

The observed data show clearly, among other things, how Italy is the first country for the number of products under GI, but these same data say little or nothing about how much the protection of these products goes hand in hand with their success. It is necessary to ask: does Italy really have the highest quality products than any other country (at least in the EU) or is it simply "better" at requesting protection from the Union?

The answer to this question is complex, and as often happens in these cases there is no univocal answer. In this section will be briefly analyzed how the local character of Italian food productions has limited, from the distribution point of view, the potential growth of the Italian agri-food sector internationalization

If we think of two iconic Italian products such as pizza and espresso it is easy to notice how the major sales chains of these products are not Italian. For pizza, probably the "Italian food" par excellence in the world, the greatest profits are made by the American Domino's Pizza and Pizza Hut, while for coffee the Nespresso brand that has made homemade coffee consumption a business of enormous proportions is Swiss, and the leading chain of coffee shops in the world is the American Starbucks. This can already give a first indication of how Italy does not have international distribution chains capable of bringing our renowned products in a widespread way all over the world and, indeed, even on the national territory foreign distribution companies hold an important slice of the market.

In Italy, in fact, the market concentration in the distribution sector is quite lower than that of other European competitors: according to a report by Area Studi Mediobanca, in 2020 the share of the five main retailers was equal to 57,5% of the total, reflecting a still significant fragmentation for the sector compared to France (78,1%), Germany (75,2%) and UK (75,3%). The companies in the distribution sector that in Italy have a turnover greater than 500 million euros are twenty, with the biggest being Finbre (Maxi Di) that recorded a turnover of 2.124 billion euros in 2019. Still, these numbers cannot be compared to the 463 billion euros of turnover realized by WalMart or the 18,6 billions realized by the Portuguese company Jeronimo Martins. Actors like these realize approximately 20% of their turnover abroad and the French Auchan and Carrefour registered in 2019 62% and 52%, respectively, of turnover made outside their domestic boundaries. An international vocation that cannot be observed in Italian companies in the large-scale distribution sector, which however reach remarkable levels of turnover at national level.

The development of large-scale distribution has seen, in fact, different rhythms and dimensions among the various advanced countries. There are several factors that have determined this:

- the levels of rigidity of the regulations that differed between the various states;
- the characteristics of the existing distribution structure;
- the geographical configuration of each country;
- the specific social and cultural factors of each nation.

Due to these and other elements, the growth of large-scale distribution companies has not been entirely homogeneous in the main advanced countries, although since the 1980s in all these countries the size of these companies has reached significant levels. Among the most important examples are Metro (in Germany), Tesco (in the UK) and Wal-Mart (in the US) which constitute some of the most important companies in the sector globally.

In Italy, large-scale distribution companies have managed to reach significant levels of turnover but not to the point of placing themselves on the same level as the aforementioned companies. Underlying this is probably the fact that the modernization of the commercial sector in Italy has been slower than in other countries, therefore it is now in a lagging and weaker position than its foreign competitors. The Italian regulation also contributed to curbing development in the large-scale retail sector, which, it must be said, in some cases became necessary for reasons related to the need to protect public health through adequate control measures, especially as regards trade of food goods. In any case, it remains difficult to determine exactly to what extent the regulation has affected the development of large-scale distribution in Italy, given the fact that a number of factors have influenced the latter. On the Italian territory itself, the development of large-scale distribution is not homogeneous and shows even slower growth levels in Southern Italy. Even in this case, however, it is not easy to determine to what extent the lesser economic development of this area, the rigidity of regulation or other factors have affected. What can be said with certainty, however, is that the growth of the distribution sector and competition in the sector can lead to a reduction in consumer prices, thanks to the ability of the distribution giants to obtain significantly lower wholesale prices.

From this point of view it is explained how in Italy over the years various entry barriers and constraints against large-scale distribution have been

established that allowed Italian companies to have higher profit margins, by virtue of a lower concentration of large-scale distribution companies capable of offer consumers lower prices. Added to this is the fact that Italian production is, as seen above, mostly characterized by small and medium-sized companies with a predominantly local market and, consequently, unable to supply large-scale distribution with volumes adequate for distribution on scale. Not even, clearly, having sufficient bargaining power vis-à-vis large-scale distribution companies, it is precisely from the world of small and medium-sized Italian enterprises that the great opposition to the spread of large-scale distribution (large-scale organized distribution) derives. This reflects, as is clear, a partisan interest that makes use of the imposition of various constraints, with the resulting costs, to preserve a larger slice for itself, thus sacrificing significantly higher levels of productivity that would make production most competitive Italian at an international level.

3.4 ITALIAN SOUNDING

"Italian Sounding" is an expression with which over the years we have become accustomed to defining a phenomenon that consists in the use of packaging and labeling that evoke Italy and the fame and quality that tends to be associated with Italian food through images, names, color combinations and more. The result, as can be guessed, is a distortion of the perception of the consumer who, especially if not very attentive and informed, can be deceptively induced to find himself in front of a "Made in Italy" product even when, in reality, that Italian product has only, at most, the appearance. Before going to analyze this phenomenon in detail, however, it is necessary to make a distinction between "Italian Sounding" and counterfeiting: the latter, in fact, consists in the real violation of registered trademarks, designations of origin (the GIs seen previously), of copyright and, more generally, of any form of intellectual property that regulates the rights on the use of certain denominations, images, products and much more. Such a violation constitutes an illicit act and as such is legally punishable. Counterfeiting occurs, for example, in the improper use of quality

marks, in the false indication of "Made in Italy" for products made entirely abroad or even in the use of harmful ingredients in the production of a product then sold as something that is not, thus going to counterfeit the product itself. The "Italian Sounding", on the contrary, makes use of a clever, marketing work that evokes Italy without explicitly violating anything, but simply exhibiting Italian-sounding names, names of Italian cities, Italian tricolor flags and many other expedients that manage to induce the consumer to think that what he has on his hands is actually an Italian product. If you think of famous examples of this phenomenon it is easy to imagine how a US consumer sees in a Parmesan a Parmigiano Reggiano (it is nothing more than the translation after all), or that a German woman in the supermarket buys Zottarella (produced in Germany) convinced that it is an Italian product, it sounds so Italian. In addition to simple, but clever, marketing expedients, however, it should be emphasized that behind this phenomenon is sometimes hidden the experience and productive knowledge of Italian emigrants who do nothing but produce according to what they have learned in Italy, and handed down to future generations, with some changes and, perhaps, with distortion of the names of the "original" Italian product also due to a knowledge of the Italian language that over the years has been mixed with that of the country to which these migrants have moved. It is no coincidence and it should not be surprising, in fact, that the spread of "Italian Sounding" has been greater in those countries that have represented, mainly in the beginning of the last century, the main destinations of Italian emigration. The United States and Canada above all, but also Australia and Latin America (Brazil in the lead), have in fact seen the birth of very numerous Italian communities during the twentieth century and from these same communities were born several small businesses that maintained the same productions made in Italy. Often the names with the "Italian sound" of food products that today can be found on the shelves of American supermarkets are nothing more than the surnames of Italian families who a century ago, year plus year less, began a new life in America recreating there a slice of the Belpaese to feel less nostalgia and make some money out of it. The way in which this phenomenon is seen is clearly influenced by the lens used to look at it, the economic interests connected to it, after all, are very important as will be seen in the next lines, however we cannot fail to consider how a part of the production that can be associated with it is nothing more than

the result of entrepreneurs who carry on, in a way more or less faithful to the tradition, the legacy of their Italian parents, grandparents or great-grandparents. Those who find in this a practice that is deplorable and to be condemned probably have a limited vision of the reality of a world made up of exchanges of ideas, people and knowledge that have been moving since the last century and in today's globalised world even more.

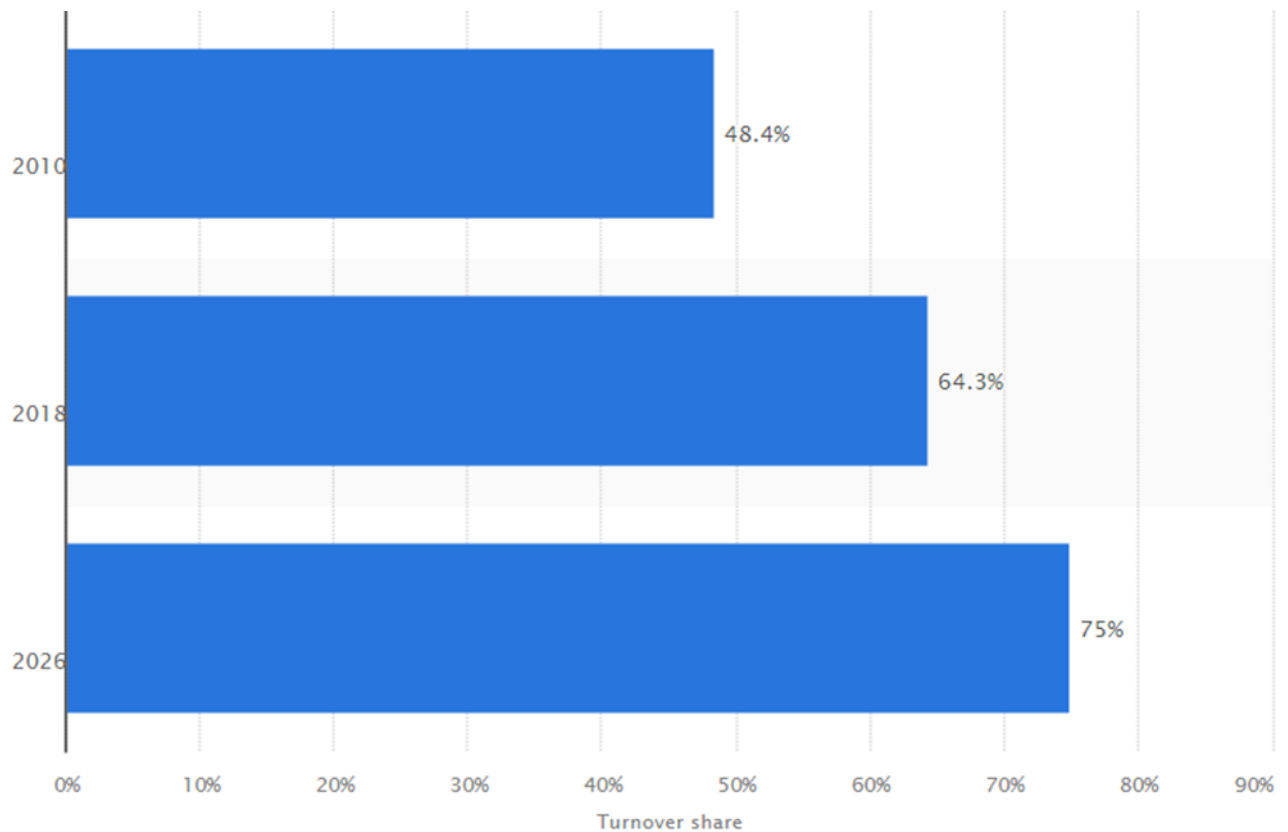
This type of "Italian Sounding" is also accompanied by that which has no direct ties with Italy, neither present nor past, but which is motivated simply by commercial interests: if Italian food is highly appreciated and sells a lot why should a German, English, Dutch, Chinese, American company not be willing to produce and market a product of "Italian type"? As long as it does not cross the border of legality, these practices are not only lawful but also wise from the point of view of those who implement them and care about profit.

Going to analyze in concrete some numbers of the phenomenon it can be noted that the resulting turnover, at a global level, is estimated for a value of about 100 billion euros in 2017, with an increase of more than 70% in the last 10 years³³. It should be emphasized that when we talk about "Italian sounding" the data are nothing more than estimates, as it is basically impossible to measure exactly the turnover generated, also simply for the fact that there is no precise rule to determine what is or is not "Italian Sounding", and, in addition, because the phenomenon is so widespread globally that keeping track of it accurately would require a collection and coordination of information with exaggerated costs. Taking those 90 billion as valid, however, and comparing them with the approximately 45 billion euros of Italian agri-food exports observed in the first chapter can immediately be noticed how the turnover of the "fake Italian" is even worth, roughly, twice as much as Italian agri-food exports and keeps growing, as it is also confirmed by the the Figure 7 reporting statistics for the impact of Italian sounding, with forecasts made until year 2026. As the Italian agri-food exports are increasing, indeed, the Italian Sounding phenomenon turnover is growing at even faster rate, since the impact has been increasing over the last ten years,

³³ Coldiretti (the most important association of Italian farmers), 2021.

with a greater weight in percentage terms, and is expected to keep growing for the years to come.

Figure 7: Share of Italian sounding turnover on food industry in Italy in selected years between 2010 and 2026



Source: Andrea Blázquez on Statista.com, 2021

This growth, however harmful for those who, as the producers of "Made in Italy" products also certified with some IG, see the "Italian Sounding" as a threat is in truth the demonstration of a fact that should make those who hope for further international growth of Italian agri-food production smile: the world is hungry for Italy. Whether or not the products affected by this practice are of quality, and often, it must be said, the quality is rather poor and does not actually have any resemblance to the products to which they refer, the increase in their sale and consumption testifies how Italian agri-food exports have still unexplored margins for growth.

Although difficult to quantify, as mentioned above, this phenomenon is the result of a demand for Italian-type food products that has enormous volumes, there is no doubt about this, and if we consider that the extended agri-food chain (including agricultural production, processing industry, distribution and catering) is already worth over 500 billion euros in Italy (25% of GDP) and employs over 3.5 million people³⁴ can be guessed how being able to better serve that demand left in the hands of foreign supply could bring very important economic benefits for Italy.

Agri-food exports, as seen in the first chapter, are growing continuously and the European Union represents the first destination market, despite this in Germany, the first destination country for Italian agri-food products, for each Italian product there are three "fakes" and in France, the second country in the EU for Italian exports in the sector, the "original" / "false" ratio is 1:2. In the United States, this ratio is as high as 1:8, despite the fact that it is the main destination market for our agri-food exports outside the Union.

The categories of products most affected by the phenomenon of "Italian Sounding" are, obviously, those to which belong the products that have been the most successful on the international market such as cheeses, wine and cured meats. Peculiar to this "imitation", provided that this is what it is in all cases, is the fact that to replicate Italian products are not producers of poor countries as often happens for other types of items such as clothing and technology but are, on the contrary, emerging countries or even rich countries such as the USA and Australia. This, of course, is linked to the question mentioned above regarding the link between the destinations of Italian emigration in the past century and the main markets for the spread of the phenomenon, which often coincided, not by chance, with the same countries.

Leading the ranking of the most imitated products are, by far, cheeses: the production of fake Parmigiano-Reggiano and fake Grana Padano in the world has even surpassed, according to Coldiretti, the production of the original products. Parmesan, in particular, has several imitations globally, from Brazilian Parmesao to Parmesano in Uruguay. However, the most successful imitation is undoubtedly

³⁴ Filiera Italia, 2019.

Parmesan, the American version of Parmigiano Reggiano. Overall, the imitations of this product, which remains as seen before one of the most exported Italian products, are estimated to have a turnover that is around 2 billion euros only for countries outside the EU. It should be remembered, however, that when talking about numbers in reference to the phenomenon of Italian sounding we are always talking about estimates, since certain and precise data on the subject do not exist.

In any case, a production volume for this "fake" that is even 15 times greater than the volume of Parmigiano Reggiano exports makes it clear how important the proportions of the phenomenon are. After all, in America the market for "Italian cheese" has grown exponentially, so much that in addition to Parmesan, with its production of over 200 million kg (2019), mozzarella, provolone, ricotta and Romano (pecorino) are also produced in large quantities in the United States, and only 1% of the "Italian type" cheeses consumed there is estimated to be actually produced in Italy.

For what concerns cured meats, also in this case, the most prestigious ones, Prosciutto di Parma and Prosciutto di San Daniele above all, are the most subject to imitation.

In many cases, however, the products included in the Italian Sounding phenomenon do not in any way recall the name of an original Italian product, as seen so far for the imitations of Parmigiano Reggiano, but limit themselves to recalling Italy through the names of invented brands but with a clearly Italian sound. This is the case, for example, of the "Gattuso" tomato sauce now produced by the American Kraft Heinz Food Service.

Often, furthermore, Italy is recalled only on a visual level through the use of the Italian flag on product labels or by reporting images of famous Italian monuments such as the Colosseum or the Tower of Pisa. In short, every expedient is used to exploit the country-of-origin (COO) effect mentioned in the previous chapter. The latter consists in the process by which "country of origin" has a considerable influence on the quality perceptions of a product"³⁵ and,

³⁵ W. J. BILKEY and E. NES, *Country-of-Origin effects on Product Evaluations*, Journal of International Business Studies vol.13, 1982.

however, differs from the phenomenon of Italian Sounding in the measure in which the latter focuses on the ambiguity regarding the origin of a product. The real country of production is, in fact, almost always reported in some part of the package but at the same time a reference to Italy of the types mentioned above is placed in plain sight. In this way, in fact, there is no counterfeiting but a Country of Origin Image (COI) is recalled which is not real and which affects the perception and attitude of the consumer towards the product³⁶.

This type of practice is, objectively, more attributable to a shrewd marketing strategy than to food fraud. On the other hand, information on the phenomenon of Italian Sounding often tends to make it coincide with the actual illicit acts of the so-called agro-piracy. Sometimes this also refers to the theft of agricultural equipment, extortion and real scams with the result not only of destroying competition but also of undermining the image of Italian products where such practices end up compromising the quality and safety of products. Being illegal in themselves, it is clear that the practices just mentioned go far beyond the phenomenon of Italian Sounding as it has been defined. As well as counterfeiting has to do with the infringement of registered trademarks and designations of origin. These are undoubtedly practices to be condemned because they do not comply with laws that explicitly protect the use of certain brands, logos and names, but, in fact, they are something other than Italian Sounding which is yet seen with great hostility. Having said that in some cases the use of Italian names for products not made in Italy is justified, very trivially, by the Italian origins of various companies born in those countries to which several Italian emigrants headed especially at the beginning of the last century, it should be noted how the use of names, images or color combinations, because this is what Italian Sounding consists of, which only evoke, and here lies the fulcrum of the question, Italy should not be in conflict with the laws on trademarks (seen in the chapter 2-1.3) nor violates registered geographical indications. In this case we would speak of counterfeiting and it would be correct, as well as a duty, to adopt the necessary measures and sanctions for a practice, that is, to all intents and purposes illegal. The reference to Italy, in the legal forms

³⁶Z. KURMANGALI, *Literature Review: The Country of Origin Image Affecting Consumers' Purchase Decision*, International Journal of Engineering and Management Research, 2019.

described, is nothing more than a commercial phenomenon that once again says how hungry the world is for Italian products. Whether it is actually Made in Italy products or not, it is up to the consumer to decide to what extent he is willing to spend to buy a "real Italian product" rather than a "fake". Of course, in many cases the phenomenon relies on consumer misinformation or on his lack of attention to the information on the packaging of products about their origin, but even in this case there is no illegality in exploiting information asymmetries. Indeed, it can be said that this constitutes one of the keys to success in the commercial field. In any case, Italian Sounding is, first of all, useful to all those who market such products to communicate to their potential consumers that what they have in front of them is an Italian-type product. How much, then, the products in question are actually faithful to the Italian tradition is probably more interesting to those who condemn the phenomenon than to those who buy these products. This hostility towards a phenomenon that is not only legal but also understandable, in a broader and more impartial perspective of commercial dynamics, ultimately conceals that sometimes exasperated sense of protectionism that too often characterizes doing and conceiving business in Italy, especially in the agrifood sector. It must be accepted, and many find it difficult to do so, that the success of Italian products exported to the world, but also made known in the world by Italian emigrants who have contributed to the fame of Italian food more than many want to admit, has brought products such as pizza, with tomato sauce and mozzarella, and many others to become terms of global domination that are legitimately used to describe a myriad of replicas. Some more faithful to traditional Italian recipes, others less, but still inspired by this to some extent.

This phenomenon could, and should, be seen as a useful means of keeping interest in Italian products high, maybe even bringing foreign consumers to find out about truly Italian products. Considering that, as seen, the presence of "fake Italian" on foreign shelves is much greater than that of truly Made in Italy products, it is easy to imagine how the former can favor the knowledge and consumption of the latter, in the light of a demand for Italian-type products in which there is certainly plenty of room for both.

It should be emphasized, however, that this sort of exploitation of the fame of Italian food often translates into higher prices for these products when compared to similar local products. In any case, however, the prices of Italian sounding products are significantly lower than the prices of real “Made in Italy” products. Looking at the US, for example, fake pecorino has a price on average by 80% lower than the original Italian one, parmesan is around 40% less expensive than Parmigiano Reggiano and Gorgonzola imitations have prices estimated to be from 60% to 70% lower than the prices of the Italian one.

Also pasta, which is one of the most imitated products globally, shows in the US price reductions that go from 20% to 50% for the “imitations” of Italian pasta, and the average rises to 42% for filled pasta products and lasagna. Prosciutto imitations are no exception and have price cuts between 15% and 40% of the original product price, varying from city to city.

In Europe the situation is more or less the same, and the most consistent reduction in the cost of the Italian sounding product compared to the original was recorded in the UK (which was still part of the EU at the time of the revelation by the Foreign Italian Chambers of Commerce on the phenomenon dated 2017) with a reduction of almost 70%. Similar results were recorded in Germany (-68.5%), Belgium (-65%) and Netherlands (-64.3%). The figure 8 shows the price index of Italian Sounding products in the main European countries, using data collected in 2017 by the aforementioned Foreign Italian Chambers of commerce. The cost of Italian product taken as reference is 100, and can be observed how in all the countries prices of imitations are definitely lower than the price of the corresponding original Italian product, with the only exception of France where imitations are even more expensive than the “Made in Italy” product.

Figure 8: Cost index for Italian Sounding products in some of the main European countries

Cost Index for Italian Sounding products in European Countries	
France	166,4
Luxembourg	75,0
Switzerland	66,1
Spain	52,0
Netherlands	35,7
Belgium	35,1
Germany	31,5
United Kingdom	31,0
Cost authentic Italian product	100,0

Source: Assocamerestero, 2017

The real problem related to “Italian Sounding” lies here. This is the main reason that pushes the Italian producer associations to condemn the phenomenon by seeking always greater protection from politics and invoking unfair competition by this kind of practice in order to obtain increasingly greater legal protection. However, it is useful to ask whether this justification of the fight against a practice that, as we have seen, is not illegal, does not hide the structural inability of the Italian agri-food system to compete on international markets without resorting to the protection of politics.

3.4.1 CONTRAST TO ITALIAN SOUNDING

In terms of the protection of Italian products abroad, the main tool identified by bodies and trade associations in the agri-food sector has historically been identified in the trademarks and geographical indications seen above. These indications, in fact, provide the consumer with a sort of guarantee of quality that derives from compliance with the strict regulations that are required for products bearing this type of indication, and in the idea of those who promote this type of

tool this would be sufficient to make them prefer the aforesaid goods to goods which do not bear any quality marks. At the national, EU and international level, then, there are a whole series of specific sanctioning rules, laws aimed at combating unfair competition and consumer protection laws that should protect brands and indications of origin from illegal practices.

At the European Community level, the EU Regulation 1151/2012 on food product quality schemes, in addition to defining the GIs seen above, seeks to strengthen the coherence between the various quality schemes, providing agricultural support measures and processing activities related to quality products.

The Regulation's main elements are³⁷:

- One Regulation for PDO (Protected Designation of Origin), PGI (Protected Geographical Indication) and TSG (Traditional Speciality Guaranteed).
- One set of rules for PDO, PGI and TSG as regards official controls, procedures, role of producers.
- Strengthening and simplifying the scheme for PDO, PGI and TSG.
- Reinforcement and clarification of the level of protection of registered names and the common EU symbols.
- Shortening and simplifying of the procedure to register names (PDO, PGI and TSG).
- Labels for EU products marketed under a PDO, PGI or TSG registered in line with this Regulation must show the Union symbol and name of the product (provision in force as from 4.1.2016).
- Creation of a new framework to develop optional quality terms, providing consumers with extra information. This includes the new term mountain product.

In this way, an attempt was made to support producers of products linked to the territory by guaranteeing them a fair remuneration for the quality of their products, uniform protection as a form of intellectual property right within the EU

³⁷ <https://eur-lex.europa.eu/legal-content/en/LSU/?uri=CELEX%3A32012R1151>, site managed by the Publications Office of the European Union which gives access to European Union legislation.

and providing consumers with a clearer information on the properties that add value to the product.

Therefore, if a well-defined scheme for the protection of products linked to the territory has already existed for several years at a European level, the problem arises to a greater extent in an attempt to protect these products outside the context of the Union. In fact, Community legislation cannot be extended to third countries and this gives rise to the greatest difficulties encountered in non-EU countries in asserting the legal significance of the above-mentioned quality marks.

At the international level, the market is regulated by the World Trade Organization (WTO) which dealt with the matter inherent to geographical indications with The Agreements on Trade Related Aspects of Intellectual Property Rights, abbreviated TRIPs. These agreements were adopted in Marrakech in 1994 and are binding for all member countries of the WTO, of which Italy is part as well as the United States, the main market for Italian sounding. Until then, the matter concerning intellectual properties, including in the agri-food sector, had been governed mainly on the basis of bilateral or multilateral agreements between individual countries, the TRIPs Agreements aimed at bridging the gap existing between the various national legislations in intellectual property matters. In fact, they established a minimum level of protection that each country must guarantee to the intellectual properties recognized in another WTO member country, in an attempt to improve previous agreements on the subject such as the Paris Agreements of 1883, the Madrid Agreements of 1891. and the Lisbon Accords of 1958.

In terms of protection of indications of origin, the fundamental principles of TRIPs are found in Articles 22, 23 and 24. The objective of these agreements was to confer the protection of geographical indications and, at the same time, prohibit the use of false or misleading information.

Specifically, of the Articles cited:

- Article 22 provides that the signatory countries must prepare legal instruments to protect consumers from the misleading use of geographical indications;

- Article 23 focuses on the regulation of wines and spirits, for which the adhering countries must have legal measures aimed at preventing the use of inaccurate geographical indications;
- Article 24 defines exceptions to the protections established in Articles 22 and 23. Paragraph 5, for example, relating to the so-called "grandfather clause" makes valid the use of trademarks containing geographical indications of other countries adhering to the TRIPs Agreements registered in good standing faith before the entry into force of the latter, which is not possible under normal conditions according to the prohibitions contained in Article 22. From this clause, emerged the dispute that allowed a Canadian manufacturer to continue to use the Parma trademark (mark owned by the Canadian company Maple Leaf) for a Canadian ham to the detriment of the producers of the Consorzio del Prosciutto di Parma. Another important exception made in Article 24 is the one which allows the use of a term which, although having the function of geographical indication in another country adhering to the agreements, has taken on the meaning of common name in another country to indicate a type of product, becoming generic.

The exceptions of Article 24, in contrast to the protections guaranteed by the previous articles, are emblematic of two different visions on the subject of geographical indications and their protection: the vision of the European Union, with Italy in the lead in the light of the record number of products registered with some GI, for which a protected designation of origin never becomes generic³⁸ and which gives great value to the territoriality of the productions; the vision common to several countries governed by Common Law, such as the USA and Canada, but also to various countries in South America, which sees certification marks as a valid and equally effective alternative to the GI system. In the United States this is reflected in the principle of "first in time, first in right" which is the basis of the "grandfather clause" seen above and which is representative of the fact that the aforementioned certification marks, despite being the closest form of

³⁸ Regulation EC 510/2006.

protection to the geographical indications found in the American protection system, are treated like any other trademark according to generic and non-specific principles of the agri-food sector. Moreover, these brands are not limited to the agri-food sector, and do not even provide for the controls to verify the quality standards that are required for products associated with GIs in the European Union. All this, added to the different vision already mentioned on the possibility of protecting generic names or not, clearly shows how the different cultural nature of the two parties, with Italy and the EU more linked to a more local and protectionist conception, on the one hand, and the USA and Canada (but not only) historically more open to cultural contamination, on the other hand, it is also reflected in different regulatory articulations regarding the protection of agri-food products. The result is a global context in which the fight against Italian sounding becomes increasingly senseless, also in light of the incomplete attempts to harmonize the regulation on this issue at the international level.

In the "fight" against Italian Sounding, a significant result, for those who believe that this phenomenon should actually be fought, occurred in December 2014 when the new EU Regulation 1169/2011 on consumer information came into force. This regulation implemented a stricter policy regarding the indication of the origin of products, establishing that this indication must be compulsorily reported on the product label in the event that its omission could confuse the consumer as to what the country really is. of origin of a food product. This is therefore necessary when the information on the product label may lead the consumer to think that the country of origin is a different one from the real one.

This has certainly brought greater clarity, at least in the European Union, for those consumers who want to know clearly the exact origin of the food they buy and eat, however this regulation does not in any way change their spending habits and criteria. of purchase of those who, more than the "Made in .." are interested in the type of product they are buying.

In Italy, on the other hand, Law Decree no.34 containing "Urgent measures of economic growth and for the resolution of specific crisis situations" which, in addition to introducing incentives, concessions and a series of fiscal innovations useful for stimulating the Italian economy that was going through a

phase of stagnation, gave great importance to the protection of Made in Italy. Specifically, with the two articles (Art .31-32) of Chapter III of the Growth Decree (as the Law Decree no.34 is called), changes were made to the Industrial Property Code (already mentioned previously as a source of law in Italy regarding trademarks):

- 1) Article 31 introduced “historic marks of national interest”, with a special register dedicated to them, where "historic" refers to a trademark that has been registered or used on the market for at least 50 years and is attributable to the marketing of products of a national manufacturing company of excellence with a strong historical link with the territory. Registration allows companies to use the "historic mark of national interest” logo (Figure 9) for commercial and promotional purposes in order to enhance the product.

Figure 9: logo of the “historic mark of national interest”



Source: www.informacibo.it

- 2) Article 32 of the Decree focused on the protection of the originality of Italian products (including agri-food products) sold abroad and provided for a subsidy equal to 50% of the expenses incurred for the legal protection of the products for national consortia struck by the Italian Sounding phenomenon. In

this way, the aim was to strengthen the protection of agri-food not only in the European Union but also on other international markets.

Even in this case, however, these initiatives do not have the ability to concretely counter the phenomenon of Italian Sounding. In fact, these are measures which, in the first case, introduce a further form of protection to enhance products with a strong historical link with the territory, in the form of yet another brand, but which has no direct impact on the causes that make the phenomenon so great success abroad. At the basis of it there is certainly, among other things, the fact that those who buy in America, Canada or elsewhere Italian products only in appearance often have no direct knowledge or experience of truly Italian products. Even rarer is that these consumers know how to research one of the many existing brands regarding the quality and origin of food products and understand its meaning. The communication and marketing gimmicks used by the companies producing the products that are made to fall under the phenomenon of Italian Sounding leverage, in fact, on the construction of a false COI (the country of origin image already mentioned above) which takes advantage of the lack of information of many consumers. If something can be done to try to limit the phenomenon, or at least to give more prominence to Italian productions, this lies in the attempt to educate foreign consumers both in terms of the recognition of quality brands and, above all, in terms of taste, if possible, making them willing to pay the undoubtedly higher price that characterizes Italian products in comparison with products that have only a more or less vague inspiration of Italian.

In conclusion, having made the necessary distinction between counterfeiting, which constitutes in all respects a crime and, as such, must be fought and sanctioned in the most appropriate way, and what the phenomenon of Italian sounding is made of, is evident how the little success in the fight against this phenomenon, testified very trivially by the continuous growth of the estimated turnover connected to it, can be largely attributed to the impossibility of stopping practices that in most cases do nothing but imitate or replicate a successful product category. If, in fact, in the case of more explicit imitations of a particular brand or specific product, legal actions can be taken to protect the damaged company, for what concerns foreign producers who make use of phrases or

images evocative of the Italian food tradition on the packaging of their products the law does not put them any obstacle, therefore the use of Italian flags and phrases such as "produced according to the Italian tradition" will continue to exist as a phenomenon from which to draw an important signal: the world is hungry for Italy, Italians must be able to bring Italy to the world.

IV – THE STORYTELLING BEHIND ITALIAN FOOD TRADITION

In the debates on Italian food and cuisine, the belief is now consolidated that the typicality of a product and its historical link with the territory are matchless added values and that from these, automatically, qualitative aspects derive superior to those of any other product that is not equally "typical".

In this perspective, the growing number of multinational companies operating in the food sector that produce abroad, albeit in some cases respecting the "tradition", is certainly frowned upon by public bodies and trade associations in the Italian agri-food sector. It is a common idea, in fact, that when it comes to agri-food productions there is a "good", the result of an ancient tradition and the result of local raw materials processed in compliance with traditional techniques, protected from any external contamination, and a "bad" represented by the productions of multinational companies that sacrifice quality and goodness of food in the name of the standardization typical of economies of scale and profit. If the fact that this drastic and limited vision of multinational companies in the sector is often far from reality is, fortunately, known to many, much less is known about how the narrative of Italian cuisine and some of its most iconic products is founded on a story built *ad hoc* for marketing purposes. Although, in fact, the quality of these products cannot be questioned solely on the basis of this consideration, it should be emphasized that the success of many Italian agri-food products, proven by the important numbers that characterize them both in terms of exports and of imitation attempts, is not derived solely from superior qualitative aspects but certainly has a component linked to an articulated process of commercial narration.

In order to try to clarify this issue and dismantle, at least in part, one of the main theses used by those who insist on promoting the cause of a real agri-food protectionism, which sees food multinationals as an enemy to fight, will be taken into consideration the cases of some famous products and with great commercial success of Italian cuisine. In doing this, will be used the analysis and research carried out on this topic by Alberto Grandi, associate professor at the Department

of Economic Sciences of the University of Parma, in his work "Denominazione di origine inventata - le bugie del marketing sui prodotti tipici italiani". In his book a series of false myths and legends are unmasked, artfully constructed in recent times, which are attributed to the Italian culinary history and of which various Italian agri-food productions have benefited and continue to benefit over the years, claiming a typicality and a historicity, often fictitious indeed, which are too often and erroneously considered synonymous with quality. Some examples of how this much vaunted typicality is little more than a clever marketing invention will be provided through some of the most iconic products considered by Alberto Grandi's work.

4.1 OLIVE OIL

Olive oil is certainly one of the best-known Italian agri-food products worldwide. Even in terms of production volumes, in fact, Italy is the second country in the world for this product, behind only Spain, with exports outside the European Union which in 2018 amounted to 33% of total exports of EU olive oil. It is no coincidence that Italy and Spain are the main world producers, in fact, considering that this product represents one of the symbols of the Mediterranean diet. Right from the countries overlooking the Mediterranean Sea, since ancient times, the cultivation of olive trees and the production of olive oil has spread and developed, albeit with an irregular trend over the centuries, as one of the most important crops for countries such as Greece, Tunisia and Morocco, in addition to the aforementioned Spain and Italy. To characterize and distinguish the various types of oil that was produced, consumed and marketed since its diffusion in ancient times were above all two things: the variety of the tree that then supplied the olives to be pressed and the degree of maturation of the olive at the time of harvesting and pressing. Certainly the geographical origin of the oil was not a factor considered particularly important in assessing its quality and, consequently, the price.

The taste of the final product, after all, was given by those aspects, mainly, and by others linked in any case to the quality of the raw material and its processing, certainly not by its origin. The geographical origin did not play any marketing role, as it does today: the product sold to the consumer, until not so distant times, was nothing more than a mixture of different oils made by the retailer to make it more uniform and appreciable by a larger number of customers. Often, in fact, already in the late 1800s, those who marketed the oil in Italy were not the producers but were simply merchants who blended different oils from small family-run oil mills and then went to sell it in those areas of the country where there were more diversified commercial activities, thanks also to infrastructures that favored long-range commercial relations between the various regions of Italy. It is no coincidence, in fact, that the first important Italian brands of olive oil such as Sasso (in 1860), Bertolli (in 1865) and Carapello (in 1893) were all born between Tuscany and Liguria, where the ports of Livorno and Genoa provided important commercial outlets. In any case, these were companies that mainly traded oil from various areas of the Mediterranean and blended to obtain a standard product.

Until the mid-twentieth century, the oils sold in Italian supermarkets were nothing more than blends of different types of oil, which could be divided into "extra virgin", "virgin" or simply "olive oil", but which certainly did not make any reference to the geographical origin of the oil. On the other hand, since these were blends of different oils, it was essentially impossible to determine the origin of the final product, which was often not even for the most part Italian. The local production of small oil mills only ended up in a minimal part on the market of the territory "pure" as it was produced, and most of it was always sold to large companies that marketed it, once blended, nationally and internationally. Paradoxically, moreover, the oil from these small local productions was often of poorer quality than the final one marketed by the big brands. The techniques of small oil mills, in fact, were often not very reliable and not very attentive to quality and the local typicality was not a value at the time.

The situation began to change when, from the end of the 1980s, the agricultural policy of the European Economic Community began to change: the system of integration of farmers' income, which for olive oil had existed until then

to compensate for the difference between production costs and revenues from the sale of the product to processing companies, was greatly reduced by the reform of the CAP (Community agricultural policy) which came into force in 1992. In this way was dismantled the system that in the sector of olive production and marketing saw the various protagonists have substantially independent income from each other, due to the system of subsidies. With an internal demand for oil that in Italy remained higher than production, then, the sector was faced with the inability to compete on price with countries that, thanks to an overproduction of the product, were much more competitive such as Spain and Greece. In this context, the idea spread that the use of protection marks and denominations that linked the product to the territory of origin, which until then had never been done nor thought as we have seen, could allow Italian oil to be placed on an higher market segment and, consequently, less price sensitive.

Therefore, they started to invest in the improvement of quality standards both for the care of the olive groves and for the local oil mills, but, above all, work began on the development of a product history capable of justifying the designations of origin and, with them, the highest price charged. A campaign was launched aimed at affirming the superior quality of Italian oil, which until a few decades earlier did not even exist as a concept, and each region worked on creating a specific identity for local olive oil production. The result is given by the about fifty PDOs or PGIs that have been assigned since 1996 in Italy for this product. In any case, these are new products artfully created for specific commercial purposes and which have little to do with the oil that was historically produced and sold in Italy, even until quite recently. As with any other product, food and non-food, the quality of these oils, certainly better than those consumed until just a few decades ago, does not derive from the PDO or PGI marks nor from the narration that is made about the historical links with territory, but instead lies in the competence and care of the producer.

4.2 PROSCIUTTO CRUDO DI PARMA

Another category of Italian agri-food products which, in addition to having a very important role in the discoveries as seen in the first chapter, has been at the center over the last decades of an elaborate marketing strategy aimed at strengthening the image and, therefore, the competition is that of raw ham. Also in this case, as for olive oil, certifications in Italy abound: there are eight PDO raw prosciutti and three IGP prosciutti, all registered since 1996. Of all, however, the one with the greatest commercial success and which one might think was the first of all, in chronological terms, is undoubtedly the Prosciutto di Parma PDO. And in fact, hearing what the Parma Ham Consortium says, you understand why it's easy to believe it. The origins, in fact, are traced back to ancient Rome, in 100 BC, when the historian Cato the Censor acquired its flavor. However, by delving into the historical origins that are attributed to the various raw hams that bear the PDO or PGI mark in Italy, one can discover how each of these binds to the origins of its product tales of distant times of the most disparate.

Prosciutto di Modena, for example, even speaks of the Celts and the Bronze Age as a period for dating the first evidence relating to the practice of preserving meat with salt.

Prosciutto Toscano PDO, instead, refers to the Middle Ages and to Charlemagne as a historical period in which the slaughtering and preservation of pork assumed the characteristics it still maintains today.

Or again, Prosciutto Crudo di Sauris PGI is associated with that product which, in the valleys of Carnia and Friuli, was already in 13th century the result of the combination of the typical curing techniques of the Austrian region of Carinthia, from which some people moved there, and the climate of the Sauris area.

In short, each raw ham that today in Italy is certified with some mark has at least a centuries-old, if not millennial, history. Yet the breeding of pigs in central and northern Italy was widespread in a fairly uniform way in medieval times, considering that the woods where the pigs were raised in the wild abounded there. It is therefore difficult to understand why some areas have become famous for the production of ham, even with tales of ancient stories, while others have

not. Added to this is the issue linked to the salt used in the production of ham: if for Parma Ham the story linked to the extraction of sales from nearby Salsomaggiore holds up, it is more difficult to understand how they made raw ham from Valle d'Aosta (Vallée d'Aoste Jambon de Bosses PDO) or Crudo di Cuneo PDO in history in the absence of salt pans and so far from the sea.

In reality, very simply, salting and smoking have always been among the most common methods for the preservation of pork and, considering that the breeding of this animal was widespread throughout central-northern Italy in a rather uniform way, the historical differences between the different PDO and PGI hams were certainly much less marked than the consortia would have us believe.

In addition to this, as Alberto Grandi notes in his analysis, the production areas protected by the various consortia are sometimes too large, as for Prosciutto Toscano which refers to an entire region, and others too limited, as in the case of Prosciutto di San Daniele which roughly corresponds to the territory of a single municipality. It is therefore quite evident that at the base of the distinctions that are made between one ham and another there is not the peculiar history, that is actually much more similar than what producers pretend it to be, but rather the marketing implemented by local producers to obtain commercial benefits from the exploitation of a quality mark and ancient traditions, often invented, to be associated with the product. Consequently, what up to a few years ago differentiated Prosciutto Crudo di Parma the most, and justified its higher price of about 12-13% compared to the average of other generic cured hams, was not the quality but, rather, the denomination itself. After all, the Crudo di Parma was the one that since the birth of the relative consortium in 1963 had more than any others built an image, strong also of the trademark obtained before all the others (at national level it was legally protected since 1970), also on a well-founded story of alleged historical origins. The other producers also took an example from this, that they hastened to emulate, with different histories, the strategy of the Parmesan and, later, they also gave themselves a denomination then registered with the PDO or PGI mark. In any case, Crudo di Parma remains the dominator of the market both nationally and internationally, accounting alone for the 40% of the Italian raw hams market, followed by Prosciutto di San Daniele which is worth 15% and the remaining 45% being constituted by all the others,

not just those with some denomination. However, what most differentiates the various products is certainly not the quality, often similar, nor the history, but rather the astute narration made, above all and first of all, by the producers of the Parma area.

4.3 PARMIGIANO REGGIANO

Parmigiano Reggiano DOP certainly stands out among the most successful Italian food products in the world. In addition to its taste qualities, the millennial history attributed to this product contributes to this success. However, although this history has played an important role in building a remarkable reputation internationally, Parmigiano Reggiano has undergone many and profound transformations even in the last fifty years alone. Tracing, again through the analysis made by Professor Grandi in his work³⁹, the history of this famous product, we must start from the assumption that the roots that would reach up to the times of ancient Rome have very little value. The coagulation of casein and fermentation are processes used for millennia by various and different populations for milk, and this does not give any particular information about the production area of Parma. It is from the late Middle Ages, however, that there are concrete historical references to Parmigiano Reggiano, as it is called today: among literary and commercial testimonies, today we can be sure that at that time a certain "Parma cheese" enjoyed a certain fame. Certainly, considering that it was about the XIII-XIV century and the statistical data were unreliable for various reasons, it is not possible today to establish how this cheese was, both from the point of view of the similarity with Parmigiano Reggiano that everyone knows today and from that the size of each shape, and how much of it was produced.

However, starting from the eighteenth century, the "Parma cheese" almost completely disappeared. The reasons are not clear, but whether it was the wars,

³⁹ A. GRANDI, *Denominazione di origine inventata – le bugie del marketing sui prodotti tipici italiani*, 2018.

the tax system or the bovine diseases, the fact is that the production of this cheese dropped significantly.

From those years it was instead the cheeses of Lodi ("Lodigiano cheese") and Piacenza ("Piacentino cheese") that had the greatest success nationally and abroad, and Parma, which in the mid-nineteenth century had the lowest number of dairy cows for arable area in the whole Emilia-Romagna region, had seen substantially disappear, or almost, its dairy production.

A new growth in production, both from a quantitative and qualitative point of view, will occur in this area only from the 20th century, after more than a century in which the production of cheese in Parma had almost ceased to exist. In addition to the development of animal husbandry, Parma's "walking cathedral of agriculture"⁴⁰ certainly contributed to the revival of those years. It was a sort of agricultural institution that spread modern agricultural practices throughout the province. Furthermore, the technological improvement brought about by increasing mechanization favored the birth of the cooperative movement and the first social dairies.

Before the First World War, the whole area between Parma, Reggio Emilia, Modena and Mantua had become an area of excellence for the production of milk and dairy products. Between the two world wars, then, the cheese produced there took the name "Parmigiano Reggiano" for the first time and in 1938 the first consortium for the protection of the product was also born.

Clearly this cheese was very different from the one produced until the eighteenth century, as it is natural simply for the fact that the cattle breeds had changed: from medieval documents it turns out that the "Parma cheese" had blocks that did not exceed 10kg (they weighed in average about 7kg) against the 40kg of the "modern" Parmigiano Reggiano and it was also much fatter and softer than what everyone knows today. The growth in the size of the wheels of Parmigiano Reggiano, in fact, has mainly occurred in the last fifty years for reasons related to easier storage as well as the standardization of the product among the various dairies. Until the Second World War, a cheese still weighed, on average, no more than 20kg and for conservation it was customary to cover

⁴⁰ *"cattedrale ambulante di agricoltura"* in Italian.

the cheese with mixtures based on oil and ash. In fact, until the 1930s Parmigiano Reggiano appeared as a rather small wheel with a black rind. It is no coincidence, Alberto Grandi underlines at this point, that this cheese is very similar to the famous Parmesan from Wisconsin. In fact, at the beginning of the twentieth century, many Italians moved to America and among these emigrants there were certainly cheesemakers who, looking for work, ended up settling in Wisconsin where cheese production was more widespread. Over the years these Italian cheesemakers have then carried on the production of the "Parma cheese" or Parmigiano Reggiano that they had known in Italy, without knowing that in the meantime that cheese in Italy had evolved into something different from what it once was. The name "Parmesan", then, was nothing more than the adapted English version of the name of cheese they knew. The success of this product in America was enormous and, over time, several American producers also began to produce it.

In conclusion, even in this case, it can be said that the story, the real story and not the invented one, is different from the one being told, and, in this particular case, the Parmesan of Wisconsin so despised in Italy is more faithful to the tradition than the, still very good, Parmigiano Reggiano as it is today.

V - THE BRAZZALE CASE

After having examined, in the previous chapters, some of the limits of the Italian agri-food sector and of the model based on "Made in Italy" and underlining how this model is also in some way based on false myths that are attributed to some iconic traditional products Italian cuisine and the Mediterranean diet, this chapter proposes an alternative model based on the internationalization of Italian know-how in the food processing industry. To do so, is examined the case of an historic company in the Italian dairy sector: Brazzale spa.

With a view to exploiting the skills and know-how in food processing that constitute the real strength of the Italian agri-food sector, the business model implemented by this company represents, as will be seen later, an alternative way to the vision, certainly prevalent in Italy, according to which the growth of the sector necessarily passes from a growth in exports of Italian products and from the legal and political protection of Italian food products in international markets. The analysis made so far in this thesis aimed precisely at highlighting some aspects that deny this vision and which, rather, would suggest a change of approach in the conception of the prospects of the Italian agri-food sector. Structural limits linked to the territory, the impossibility of protecting Italian products abroad (especially outside the European Union) as desired and the ineffectiveness of the various attempts made to limit the phenomenon of Italian Sounding demonstrate, in fact, how the enormous demand for "Italian type" products of which Italian Sounding itself is, on balance, the clearest proof that it requires business models that make use of the aforementioned know-how in the most appropriate global contexts. In this way, therefore, going to link the quality of the final product not necessarily to the origin of the raw materials used but, rather, to the processing techniques used. A model of this type, of which an example is recognized by Brazzale spa, has theoretically unlimited growth potential, in terms of production volume and consequently of turnover, which would bring all the advantages of the economy of scale and also allows to look for quality raw materials to be transformed where the conditions, environmental

but not only, are optimal at a global level and not only in the Italian national territory.

To understand how much the model represented by the Brazzale s.p.a. has constituted and increasingly constitutes a successful model with a strong international vocation, capable, as will be seen later, of bringing Italian skills and know-how, in this case in the dairy sector, where the conditions are ideal for their optimal exploitation, it is necessary to start from the history, now secular, of this company. Only with this input, in fact, it will be possible to better understand how much the entrepreneurial choices made over the years have always had their foundation in the link with tradition and the knowledge that this has handed down from one generation to the next.

The tradition, in fact, because when we talk about the oldest Italian company in the dairy sector, born on the Asiago plateau in 1784 and now in its eighth generation, it is evident how the company, today clearly completely incomparable in size to what it was at its beginnings for a long series of reasons, is the bearer of a wealth of values, techniques and passion that does not arise from nothing.

If until the end of the 19th century the company was nothing more than an artisan butter factory on the Asiago plateau (province of Vicenza, Veneto), since the beginning of the 20th century the family had moved further south to the plain, to Zanè (also in the province of Vicenza, Veneto), and the first industrial butter factory was built there. The industrial growth combined with the agricultural knowledge resulting from the family tradition allowed the Brazzale family to become one of the main actors in the sector. It was no longer limited only to the production of butter, however, but played, indeed, a central role in the birth, in the 1950s, of the Grana Padano Protection Consortium, of which Brazzale company was one of the founders. This is where the history of Brazzale in the production of aged cheeses begins. Not even a decade later, one of the most important and modern Italian cheese factories for the time was built in Campodoro (province of Padua). This system was then renovated in the 90s to be adapted to new technologies, especially as regards the refrigeration of milk in the stable.

In addition to production, however, the company has historically been involved in the marketing, through its various brands, of some of the most important typical Italian cheeses.

Since the 1970s, when the Alpilatte brand was born which, within the Brazzale group, distinguishes a new production line that joins the already existing "Butter of the Alps", the packaging of cheeses has played a role and had a development more and more important, to the point that in those years a modern plant for cutting, grating and packaging cheese was built at the Zanè headquarters.

The quality, always sought after with passion, combined with a role in the increasingly varied production of cheeses that was becoming more and more important, allowed the company to always remain at the forefront of the market both in terms of efficiency and convenience. If these elements are then added to the international vocation that characterizes the group already in years in which internationalization was not that as big as today, the international success of recent times is only the natural consequence of the coexistence of a series of virtuous elements that have been consolidated over the years.

In fact, as early as the 1970s, the Brazzale group had agro-industrial plants in South America (Brazil) and from the early 2000s they started a cheese production also in the Czech Republic. The rest is recent history that will be explored in terms of vision, quality standards, production processes, investments and more in the next sections of this chapter, also thanks to the contribution and words of the president of the Brazzale spa group, Roberto Brazzale.

4.1 BRIEF HISTORY OF THE COMPANY STEP BY STEP

Around 1650 – The Brazzale family is engaged in breeding in the Asiago Plateau (Province of Vicenza, Veneto), a paradise for flocks, and the cheese production is mainly based on sheep's milk.

1784 – Giovanni Brazzale, the modern head of the family, is born. He produces and markets butter in the area between the Asiago Plateau and the Vicenza plain.

1837 – Giovanni Maria Brazzale is born, who continues the entrepreneurial activity started by his grandfather.

1898 – The family moves down to Zanè, on the Vicenza plain, and there Giovanni Maria Brazzale buys a farm, near the important market of Thiene and near the railway.

1920 – After the First World War, the first industrial butter factory is built in Zanè, equipped with packaging machines and cold rooms. The family and the company grow.

1930s – The Brazzale brothers start to develop the marketing of grana cheeses from Lombardy and Emilia-Romagna, in particular the “Grana Lodigiano” and the “Grana Piacentino”.

1937 – S.A.B.A (*Società anonima “burro delle Alpi”*) is founded for the marketing of butter, sales expand throughout Italy and warehouses are opened in Istria and Rome.

1945 – Giovanni Brazzale, twentieth-century patriarch of the family, is among the first to decide to start the production of a grana cheese in Veneto.

1954 – Grana Padano cheese is born, with the founding of the Grana Padano Protection Consortium, and Giovanni Brazzale is one of the founders.

1958 – While Italy is experiencing its “economic miracle”, a new cutting-edge butter factory is built in Zanè.

1968 – A new dairy is built in Bevadoro (province of Padua, Veneto) for the production of Grana Padano.

1970 – The Brazzale family is also committed to culture in its area and, thanks to organist and composer Fiorella Benetti Brazzale, the Asiagofestival, a festival of organ and chamber music, is born.

2000 – The agricultural region of Moravia, in Czech Republic, is chosen to breathe new life into tradition with the development of new products and innovative, environmentally sustainable, chain in the livestock sector.

2003 – In Moravia the Gran Moravia cheese is born, as a form of evolution of the grana cheese tradition.

2010 – The sustainable supply chain is certified, introducing new animal welfare standards, including healthy air, feed quality and environmental sustainability.

2010 – In Brazil (Mato Grosso do Sul) the group implements the “Silvi Pastoril” project for grazing cattle on a large scale, with the planting of 300 trees per head of cattle.

2011 – the retail chain “La Formaggeria” is set up in Czech Republic, where various products of other Italian agri-food companies are also sold and which has over 1.5 million customers per year.

2012 – Gran Moravia is the first cheese in the world to calculate its, record-breaking, water footprint, as an indicator of the high standards of sustainability pursued by the company.

2013 – Brazzale brings innovation to consumer information introducing a multimedial label on all of its products packaging that provides precise information on the entire production chain.

2018 – A dairy is opened in China, in the agricultural region of Shandong, for the production of fresh cheese for the Chinese domestic market.

2019 – The Brazzale group is carbon neutral thanks to the processes implemented to reduce and compensate the CO₂ from the industrial processes.

2021 – In collaboration with the laboratories for analytical and technological research on food and environment of the University of Milan, the Internal Scientific Research Department is established. It will deal with product and processes innovation, in-house training and nutritional information for consumers.

2021 – In Cogollo (province of Vicenza) is realized a new robotic warehouse for maturing Gran Moravia cheese.

4.2 GRAN MORAVIA: A “MADE BY ITALIANS” ECO-SUSTAINABLE PRODUCT

The entrepreneurial turning point for Brazzale started, therefore, about twenty years ago. As Roberto Brazzale (president of the group) tells us in the interview in one of the next sections, in those years the changes in the European and world commercial panorama due to the important historical events of the previous years had brought new possibilities for the reallocation of the phases of the production process on a larger scale. It was taken the opportunity, therefore, to look at the international context not only as a market for exports of products made in Italy but also as a vast scenario in which to seek new and more suitable areas for some phases of production processes. It was possible, in this way, to face the geographical limits which in Italy limit, as seen in the previous chapters, the agricultural production capacity in different compartments conditioning, as a consequence, the Italian agri-food self-sufficiency. In addition to this, it was possible to source the necessary raw materials, milk in the case of Brazzale, in territories where they were not only more abundant, and therefore more convenient from a cost point of view, but also, if possible, better from a quality and environmental sustainability point of view. So in 2000 the Brazzale group decided to start producing in an area considered ideal for its climate, availability of agricultural land, the population's zootechnical knowledge and much more: the agricultural region of Moravia, in the Czech Republic. The oldest Italian company in the dairy sector moving its production to the Czech Republic, then abandoning in the following years the production of Grana Padano in Italy, even though in the 1950s it was one of the founders of the relative Consortium of protection, could appear as a paradox, a sort of betrayal of tradition, so to speak. The truth, as Roberto Brazzale also explained, is that the limits of the Italian production system added to the rigidity of the PDO and PGI system, with regulations that protect the product and limit its improvement at the same time, do not allow to fully exploit the exceptional food processing capabilities that, often more than the raw materials, constitute the real competitive advantage of the Italian food sector in the world. What Brazzale was able to do in Moravia, in fact, was to create an

innovative food chain for the production of an aged cheese (Gran Moravia, which constitutes about 60-70% of the company's production) that is produced with a non-Italian raw material but of superior quality, according to them based on certain physical and chemical standards, following ancient techniques of the Italian tradition with the presence and supervision of Italian cheesemakers. A supply chain that has now reached important dimensions: there are about 80 farms that make up the network for the supply of milk, coordinated directly by the technical staff of the company, with an extension of land of high agronomic quality for over 80'000 hectares, with 17'000 lactating cows that have almost 5 hectares each. Moreover, these cattle are specially selected for the production of cheese, and thanks to the vast amount of land available they can be fed by the farmers with locally grown fodder, contrary to what happens in Italy where fodder of foreign origin is often used to feed dairy cows. The natural rainfall of the region, then, allows to avoid artificial irrigation thus allowing a great saving of fresh water and fuels, thus avoiding forage contamination by aflatoxins. These, and other, qualities of the supply chain are reflected in a final product in which aflatoxins are absent (toxic fungal substances that develop in cereals, soybeans and legumes and can also contaminate products of animal origin in case foods containing aflatoxins are used for animal feed), which instead are often found in the corn fields of the Po Valley in Italy due to humidity and summer heat. The de facto "closed-loop" system of production of Gran Moravia also allows an immediate and detailed traceability of each stage of production, also thanks to the multimedia label (with QR code) that since 2013 Brazzale shows on the packaging of its products.

Always following the company philosophy according to which each step of the production process should be done where it can be done in the best way, the Gran Moravia cheeses produced in the Czech Republic (excluding the cheeses destined to the Czech domestic market) are then brought to Italy for aging, cutting into the various formats that are marketed and packaging because, according to the Brazzale family, they are best made here.

In short, what Brazzale produces in the Czech Republic, in the Litovel dairy, is a long aging cheese that combines Italian knowledge and techniques with Czech raw materials and territory, all while respecting the environment and

in facilities with a constantly growing technological level. In other words, we are talking about exporting know-how, rather than relocating, in order to produce a quality cheese, at reduced prices and with enormous growth potential, outside the natural limits, but not only, that often characterize the Italian food sector. A product that encompasses Italian roots and international vocation and that, if not "Made in Italy", could certainly be defined as "Made by Italians"

4.3 ECONOMIC BENEFITS AND INVESTMENTS IN ITALY

In the collective imagination, the transfer of production abroad by an Italian company necessarily constitutes an impoverishment for Italy. In addition to the competitive aspect that leads those who have an interest in maintaining a predominant role in their own market, in the case of Brazzale these are above all the producers of Grana Padano, to mark the connotations of unfair competition of a product made abroad, with all the advantages that this can bring, and labeled very simplistically as an imitation, there is also the damage attributable to unemployment caused in Italy by the closure of production sites relocated to other countries. It is, in fact, an association that could arise spontaneously and often corresponds to reality. However, since the decision to move the entire production process or only some of its phases is an obviously subjective entrepreneurial choice, it is clear that this association is not necessarily correct in every case. The same can be said, moreover, with regard to the turnover produced by a multinational company in countries other than its country of origin: the decision to reinvest part of it in the country of origin or to use the proceeds solely for new foreign investments is, clearly, a choice that does not have a foregone conclusion. From this point of view, the Brazzale case provides a virtuous example, also for the growth prospects of the Italian agri-food sector as a whole. The revolution carried out by the group starting in 2000, in fact, has allowed it to go from about 150 collaborators to about 700 in 20 years, with the number doubling in Italy as well. This has been possible thanks to the strong international growth of the Brazzale Group which, during the 2000s, led it to be present in Brazil, China and

the Czech Republic, as well as in the United States where Brazzale USA operates as a purely commercial company and not as manufacturing company. Overall, the main operating companies owned by Brazzale Spa are:

- Brazzale Moravia - production and commercial company in the Czech Republic;
- Brazzale Shangai - trading company in China;
- Brazzale Qingdao - manufacturing and trading company in China;
- Brazzale USA - trading company in the United States.

The increase in the number of employees has allowed a progressive improvement of the professional figures, which are more and more qualified, and the consolidation and growth of the subsidiaries abroad, Brazzale Moravia above all, has made possible a very significant increase in production volumes. As a confirmation of this, we can observe Table 9 which shows precisely the data related to the production volumes for the categories of reference in the Brazzale case in the year 2000 and in the year 2018 (with the change in percentage). The most significant increases are those found for grana cheese and pasta filata cheese, and, since these are the main products of the company in the Czech Republic, Brazzale Moravia, it is already clear from this point how the company developed there over the years has played a fundamental role in the growth of the group as a whole and, consequently, of the parent company in Italy, Brazzale Spa.

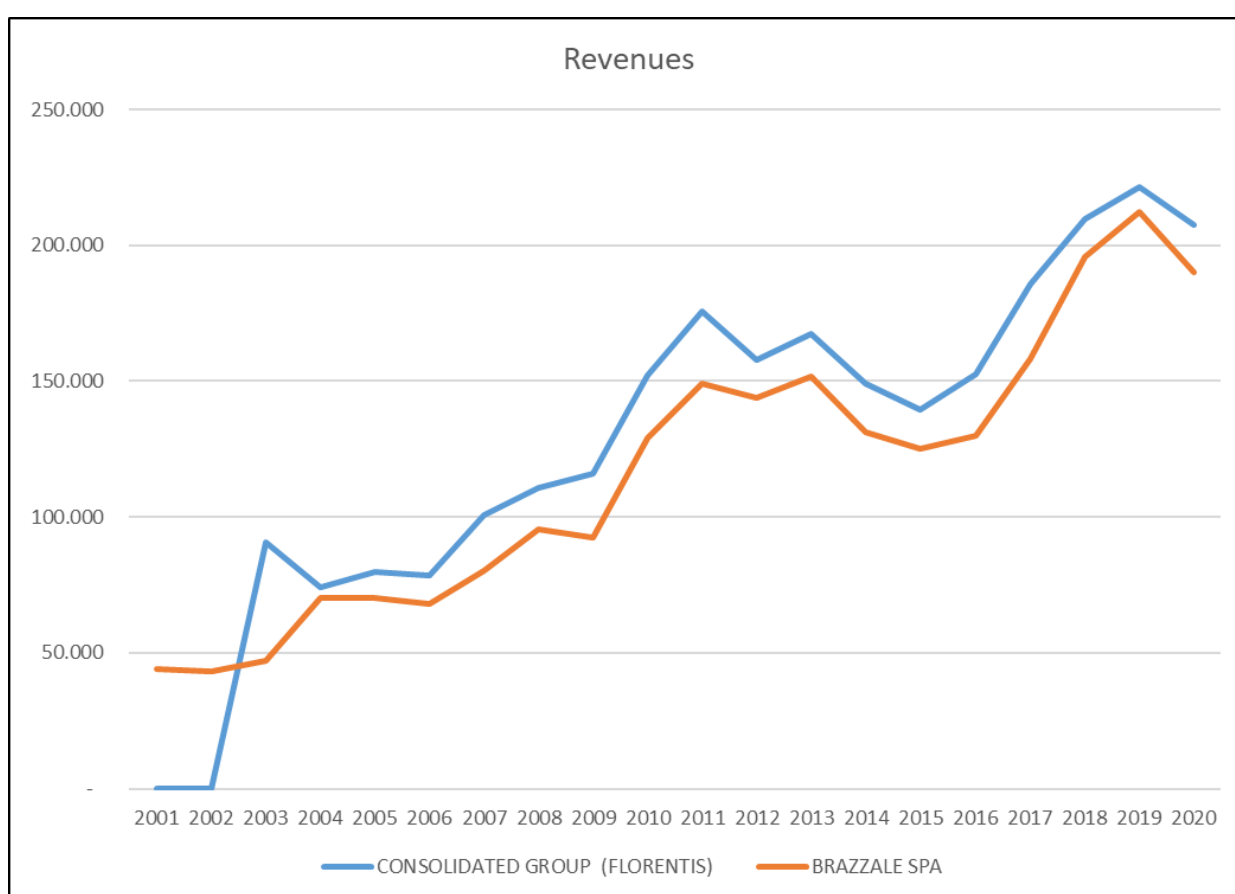
Table 9: Growth of Brazzale group productions between 2000 and 2018

PRODUCT		YEAR 2000	YEAR 2018	VARIATION
GRANA CHEESE	KG	3.000.000	11.000.000	267%
"PASTA FILATA" CHEESE	KG	2.000.000	7.500.000	275%
BUTTER	KG	6.000.000	8.000.000	33%
PIG MEAT	KG	2.750.000	2.750.000	=
BOVINE MEAT	KG	-	400.000	-

Source: www.brazzale.com

As a proof of the strongly positive role played by the growth of Brazzale Moravia for the development of the parent company Brazzale Spa, the graph in Figure 10 is now examined.

Figure 10: Comparison of revenues growth for the consolidated group and Brazzale Spa since the beginning of operations in Czechia (values on vertical axis are expressed in thousands of euros)

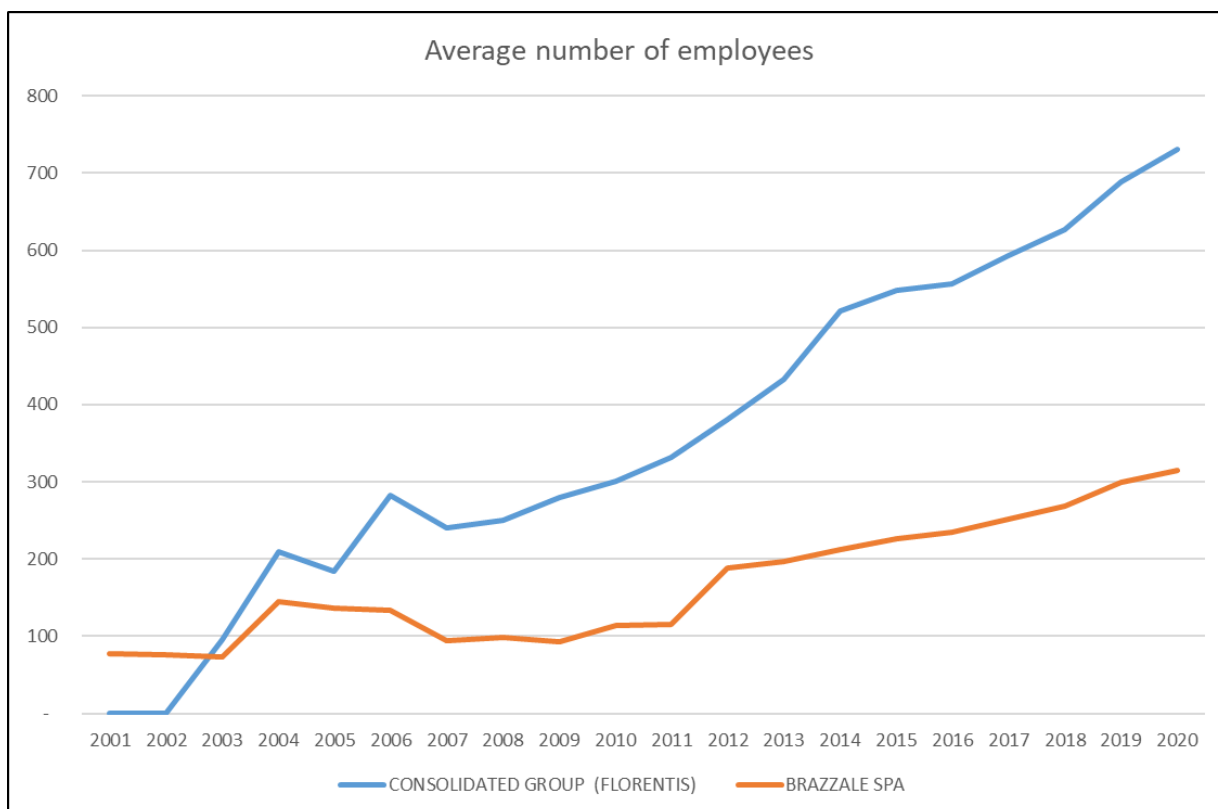


Source: Author elaborations on Brazzale's data

The graph in Figure 10 has been constructed using annual revenue data from 2001, at the beginning of Brazzale Moravia's history, until 2020 for the consolidated group as a whole (the holding company Florentis Srl), shown with the colour blue, and the company Brazzale Spa in Italy, shown in red. The almost simultaneous growth of the consolidated figure compared to that of Brazzale Spa

is emblematic of the fact that the development over the years made possible by the start-up of production in Moravia has in turn also increased the revenues of the companies in Italy. This is, after all, the logical consequence of a model which, as previously explained, combines production phases in the Czech Republic, for milk procurement and processing, with production phases, for maturing and packaging, in Italy. It is therefore evident how production abroad, in this case, not only allowed to reach in 2020 more than 200 million euros of total turnover but also led to a strong increase in revenues in Italy thanks to the exploitation of this model, already defined before, "Made by Italians" that has maintained important phases of the value chain in Italy. This same element, moreover, has allowed that, along with the growth of the production had in the course of the years, the job demanded in Italy for the phases that there have place increased as well.

Figure 11: Comparison of change of average number of employees over the years for the consolidated group and Brazzale Spa since the beginning of operations in Czechia



Source: Author's elaborations on Brazzale's data

The graph in Figure 11 shows, in fact, how the average number of employees per year in Italy (Brazzale Spa represented in red) has increased significantly from 2001 to 2020, with employees rising from 78 to 315, against an even more marked increase in the number of employees of the consolidated group, for which the difference with Brazzale Spa, also in terms of revenues, is mainly attributable to Brazzale Moravia and the operations in the Czech Republic. The total number of employees for the group, in fact, rose from 95 in 2003 (the first year for which data is available) to 730 in 2020.

All this shows, therefore, how the entrepreneurial model pursued by the Brazzale family has always aimed at making all the activities they have developed over the years grow as a whole, bringing benefits in terms of revenues and employment also for the company in Italy that would not have been realistically possible without the shift of production to Moravia.

A further demonstration of the possibilities that growth abroad can bring to Italy is provided by the Brazzale case in terms of investments that have been made possible, also in Italy, thanks to the growth achieved by the group in recent years since it has become increasingly internationalized, increasing its revenues. In fact, a fully automated warehouse capable of housing 250 thousand Gran Moravia wheels for maturing has recently been built in Sant'Agata di Cogollo del Cengio (province of Vicenza), just 8 kilometers from the company's headquarters in Zanè. This structure, which represents the largest existing warehouse of its kind and is self-sufficient in terms of energy thanks to the photovoltaic panels used, has a covered area of 8 thousand square meters and an integrated system of shuttles and robots that manages all the loading and unloading, brushing and turning operations of the cheese wheels. In addition, each cheese wheel has its own ventilation thanks to a system of 140 kilometers of ducts that bring the air of the surrounding Valdadstico and the mountains of the Asiago Plateau, with a soft and controlled jet, directly to each maturing cheese, at the rate of a complete change every 2 hours. Such a structure required a total investment of over 20 million euros generated by cash flow and two 13 million euro bonds and several Italian companies were involved in its construction, creating important positive externalities for the territory. A very important investment, therefore, certainly made possible by the production possibilities brought by the presence of the

Brazzale group abroad, but which has brought positive effects in economic and employment terms also in Italy, always following the company philosophy that each phase of the value chain must take place where the best result can be obtained.

4.4 INTERVIEW WITH ROBERTO BRAZZALE

In order to support and give further credit to the critical analysis made in this thesis and to complete the analysis of the Brazzale case as an ideal practical example from which to draw important indications regarding an entrepreneurial model that would allow the Italian agro-food sector to fully exploit its potential of expertise in food processing, is now proposed an interview with Roberto Brazzale, president of Brazzale Spa, on some of the fundamental points that link the central theme of this work to the history and entrepreneurial model carried out by them.

Q: Why did you decide to move production to the Czech Republic and how is this decision linked to structural limits that you recognize in the Italian agri-food sector?

A: "Starting from the beginning and turning the question around, in the last thirty years we have witnessed a historical phenomenon of extraordinary proportions: first the fall of the Soviet bloc and the consequent reopening of Europe, and then, in the years to follow, what is called globalization but which in reality is nothing more than a liberalization of trade at a global level. These changes have radically altered the scenario between the end of the 80s and the end of the 90s. In ten years, the world has changed. This opened up infinite possibilities, not only for selling Italian products abroad, but also for widening the room for manoeuvre and being able to allocate every single phase of the production cycle where it was ideal. Considering the very serious, and well-known, limitations of Italy's territory, with little land available, animal overload and high costs, it was clear that any farmer and producer of agro-food products had an interest in going to see where

they could do their work in better conditions, or even create new supply chains. This is the real matrix behind the decision to bring production to Moravia: the pursuit of new opportunities brought by an extraordinary historical phenomenon. It was not, therefore, a matter of wanting to go abroad to earn more money and then looking for where to do it, but it was the reverse reasoning. We took seriously the historical change that had occurred and we took advantage of it to expand our sphere of action, carrying on what has always been our work: cattle breeding, butter production and cheese production. After a search made over the years to find the ideal place we found it in the region of Moravia. There, little by little, from 2000 onwards we realized that the conditions allowed us to produce a better cheese than we did in Italy. A few years later, in 2004, the Czech Republic joined the European Union, we created a brand, we started to produce and sell in an increasingly structured way and we created standards to convey to the consumer the particular value of these production areas. In 2011, then, we created the eco-sustainable supply chain, then we created the waterfoot print, then we gave absolute transparency to the supply chain through the multimedia label, which allows among other things to see all the supplier farms. In short, we introduced a whole series of innovations, step by step, that the entrepreneurial freedom allowed us to achieve, but at a certain point we felt that it no longer made sense to continue to produce an Italian product (Grana Padano) that like us 150 others were doing in the same way (the members of the Consortium for the Protection of Grana Padano), a product that is therefore not ours, a product that is a collective brand linked to a system, that of the PDO, which does not allow freedom of development and innovation. Consequently, not finding this product as interesting as Gran Moravia, which we had already started to produce in the Czech Republic, we decided at a certain point not to produce it anymore and we sold the branch of the company that produced Grana Padano. Instead, we continued to produce a product that is better, more competitive, vegetarian, more sustainable, even at a time, ten years ago, when few people were talking about environmental sustainability. In other words, a better product from many points of view and, above all, with a better quality/price ratio. We have therefore grown on this product, creating in that area a network of 80 suppliers, a dairy that processes 700,000 liters of milk per day on average per year, a local retail network with over 20 stores in the country. In short, we simply did business in the new international

conditions that history had made available to us. In all of this we have taken into consideration that in Italy there is not enough land, there is not enough milk of the quality we find in Moravia, there is not this competitiveness and there is not even the ideal climate that we found there. So, if you want a better product you have to make it elsewhere and we went to make a phase of the chain there and the other phases that can be made better in Italy we kept them in Italy."

Q: How does an entrepreneurial model like yours relate to the issue of "Italian sounding" and what is your view of this phenomenon of imitation of Italian food products?

A: "Let's start from the assumption that the phenomenon of "Italian Sounding" does not only concern Italy, it concerns any world production, it is not by chance that we can observe the use of terminologies and evocations, for example, in the world of sausages where you try to recall the Germanicity of a sausage, if you produce a vodka you recall the Russian origin of the product and so on. The phenomenon of sounding is normal, a normal and desirable practice because it means that someone in the world legitimately imitates your products. If they legitimately imitate your products, it means that you are interesting, that what you do is interesting, that there is a demand. In short, Italian Sounding is not what they often use it for in Italy, but it is a physiological, natural and desirable phenomenon. The point is that the existence of this phenomenon is the evidence of the fact that there is a demand for "Italian style" products that Italy cannot satisfy. Therefore, it is exactly the opposite of what is being said, it is the demonstration that Italians are self-defeating, it is not the others who are doing damage to Italy, because they cannot find enough raw material to serve that demand. So, that's the theme. Let's welcome "Italian Sounding" because it means that someone loves us, but let's review the attitude of wanting to tie a product to the territory at all costs because this makes us lose billions in sales. This is the meaning of Gran Moravia. Gran Moravia enters Italy, realizes 50% of its added value in Italy and is exported to 60 countries. It satisfies a demand that otherwise could become "Italian Sounding", but it creates wealth to Italy. If you multiplied by

50 Gran Moravia you could probably recover 5, 10, 15 or 20 billion of the 100 billion of Italian Sounding declared by Coldiretti. Because you would be more competitive, and you would be able to sell at more competitive prices, since it is not certain that that demand can spend what Italian products exported abroad cost. It is a demand with a limit of economic availability, so if you can produce more competitive products that demand could be made ours. Therefore, "Italian Sounding" is, in reality, an opportunity that we (Italy) do not exploit".

Q: Do you consider it desirable, for the growth of the Italian food sector, that other companies in the sector exploit this "Made by Italians" model to a greater extent?

A: "It's absurd that it's not the others who are thinking about this, because clearly as an entrepreneur I have no interest in it, but I'm surprised that it's not the politics or experts who are saying this. The problem is that in Italy this issue is not addressed with intelligence, but with an ideological approach. A culture has established itself that corresponds to the interests of a corporation, i.e., the direct growers, who have considerable media power and a strong influence on politics. But this type of culture, maniacally and ambiguously tied to the territory, when it is well known that the food used in breeding, for example, comes from Brazil, the United States and so on, holds in check the growth potential of the Italian agro-food sector. Bearing in mind that the entire Italian agri-food export is around 50 billion euros and Coldiretti talks about 100 billion of turnover for the Italian Sounding we could practically triple the export but the Italian system does not know how to seize this extraordinary opportunity. A model like ours allows us not to have the limitations of the typical area that DOP or IGP products made in Italy have. We choose the milk that is good to make the product, so we decide which area to draw from and, in this sense, the growth potential is virtually unlimited. Moreover, we do not have the quota system that characterizes, for example, the production system of Grana Padano DOP, so we do not impose quotas on ourselves to support the price, but we follow the demand without limits of territory or quantity that can be produced according to a system of milk quotas aimed only at maintaining a higher price. Ours is a normal system of free enterprise, while the PDO system is not an enterprise but they are special regulated structures that

enjoy a series of privileges and are aimed at supporting the income of farmers, not the interests of consumers or processors. The supplier is also, clearly, important to us, but it is not our goal to maximize the purchase price of milk, which is what happens in the PDO system, for Grana Padano and Parmigiano Reggiano for example, sacrificing the interests of the consumer for that purpose."

VI – RIGONI DI ASIAGO

Another useful case to underline the importance of international growth for companies of the Italian agri-food sector beyond exports is the one represented by Rigoni di Asiago Srl. Although with different reasons and motivations from those of the Brazzale case previously analyzed, due among other things to the different food sector, the company headed by Andrea Rigoni has been present in Bulgaria since 1993 and there it cultivates and carries out the first processing of fruit such as strawberries, blackberries, raspberries and currants, but also hazelnuts.

Let's start from the beginning: Rigoni di Asiago is a company with a strong link with the territory, the Altopiano di Asiago, which started back in 1923 when the founder of the family, Elisa Rigoni, turned her passion for beekeeping into an entrepreneurial activity.

Then, in 1979, she started the activity of processing and marketing other types of honey, in addition to those of her own production and, in a short time, the first activity took the lead, including honeys typical of several Italian regions. In November 1989, following the collapse of the European honey market, the company had to face the crisis at a particularly difficult time, as it was financially exposed with an important investment due to the opening, in 1990, of a new plant in Foza.

In 1993 the story of Rigoni di Asiago began in Bulgaria, more precisely in the province of Montana and in the area of the town of Pazardžik, and the reason behind the search for arable land there was simple: the great availability of land and the favourable climate made those areas ideal for the production of organic fruit. And here lies the focal point of the issue that makes the Rigoni case an important practical example for the issues addressed in this work. Since organic raw materials are an essential element of the company's production, over the years it has been decided to look outside Italy for more suitable conditions to find and cultivate certain types of fruit (mainly forest fruit, as mentioned above). From this point of view, at the beginning of the 1990s Bulgaria had large expanses of

agricultural land abandoned by local producers after the fall of Communism and Soviet Union and represented an important opportunity to start there, in an uncontaminated territory, the production of strawberries, raspberries, blackberries and more. In 1996, therefore, the line of Fiordufrutta jams was born, which in just 10 years became the market leader in Italy. Since 2000, Rigoni has actually been producing in Bulgaria, while in the previous years it had been purchasing the raw material from selected local producers, with the ever increasing number of orchards planted to obtain the organic fruit that is the real added value of the final product. Also in this case, therefore, the objective pursued is the quality of raw materials, finding, or producing, in Italy the varieties of fruit that are typical of the Italian territory and that in Italy are of better quality, and finding, or producing, abroad the varieties that instead are of higher quality there. What makes the difference, as told by Andrea Rigoni himself (CEO of Rigoni di Asiago Srl), is the care for the whole production chain, from raw material to processing. Today, the honey produced is 100% Italian but for the fruit, of which 50% is Italian anyway, we also look outside Italy. The actual processing, however, takes place in Italy: the fruit grown in Bulgaria, in fact, undergoes initial processing there (mostly cleaning) and is then frozen to be shipped to Italy, where the company has a production facility in Foza (on the Asiago Plateau, province of Vicenza) and a logistics center in Albaredo d'Adige (province of Verona).

6.1 INVESTMENTS IN BULGARIA

In Bulgaria, Rigoni di Asiago controls three agricultural companies: Ecoterra, Biofruta and Biotop. These companies deal with the production and marketing of organic fruit and carry out their activities on 1,400 hectares of land located partly in the province of Montana, near the border with Serbia, and partly in the area of Pazardžik, a flourishing agricultural center between Sofia and Plovdiv. Here the lands are cultivated with strawberries, blackberries, raspberries and currants, but there are also orchards with apples, plums, cherries and hazelnuts, which supply part of the hazelnuts used for the production, since 2008, of the spreadable cream Nocciolata (one of the company's best selling products).

In Pazardžik, moreover, a modern plant for the first processing and freezing of products was opened in 2004 for the company Ecovita controlled by Rigoni di Asiago, covering an area of over 12,000 square meters, 8,000 of which are covered. For this same plant, an investment of over 4 million euros was made in 2010, bringing the production capacity to 3,000 tons per year of frozen fruit. Further investments made over the years in optical machines, lasers, metal detectors and more have allowed us to increase the quality of production, as well as the quantity. The current production capacity in 2021 is over 6,000 tons for the production of whole frozen fruit, juice, pulp and puree. In 2017, work was also completed on an additional 1,600 square meters of plant with investment in an additional -22 degree refrigeration chamber bringing the total storage capacity of the plant to 3,000 tons. New investments are still underway for Ecovita for a value of over 2 million euros for the creation of a new line for the transformation of apples into puree.

At present, the Bulgarian companies therefore carry out the whole production cycle, from the cultivation of the plantations to the freezing of the harvested products, and supply Rigoni di Asiago with several varieties of biological fruit chosen for their nutritional properties, which will then be the main ingredient of Fiordifrutta jams.

Overall, the agricultural and industrial investments of the Rigoni di Asiago Group in Bulgaria reached the value of 30 million Euros in 2021. These are, therefore, numerous and important investments aimed in any case at the supply of a raw material of the best possible quality, which in the case of Bulgaria benefits from the huge spaces, the low population and industrial density and the limited or absent risks of external contamination due to intensive agriculture, which is instead widespread in Italy. Rigoni di Asiago, in conclusion, provides an example of a company that focuses first and foremost on the quality of the raw material, producing and processing it in person where this is most successful, but that keeps the final processing and know-how in Italy.

CONCLUSIONS

The Italian agri-food sector and in particular "Made in Italy" are undoubtedly an example of commercial success. A concrete and evident example, in addition to the surveys that place the "Made in Italy" at the top of the charts of the most famous brands at global level, is given in the food field by the estimated size of the turnover derived from the phenomenon of "Italian Sounding". If we consider, in fact, that Italian agro-food exports, which have been constantly growing for years and which led Italy to be the first net exporter in the sector in 2020, stopped last year at a value of about 46 billion euros, while the turnover connected to "imitations" of Italian food products, as the phenomenon is simply defined, is estimated at between 90 and 100 billion euros, it is clear how Italian products are considered an example of quality. In fact, as Roberto Brazzale underlined in the interview quoted above, it is evident that the imitation of a product denotes a recognition of interest for that same product. In this sense, it would be desirable to change the perception of "Italian Sounding" as it gives a clear signal of the existence of a demand for "Italian type" food products that Italian productions are not able to satisfy. As seen, moreover, these imitations enjoy and benefit commercially from prices that are markedly lower than those at which Italian products, especially those registered with DOP or IGP, are sold abroad. This factor is linked, on the one hand, to the limits of the Italian agri-food system that bases its exports almost exclusively on products certified with geographical indications which, because of a system based on price protection for producers rather than consumers, are then sold at prices often too high for a foreign consumer not always able to recognize the quality of the product, on the other hand it is linked to the inability of Italian agricultural production to provide enough raw materials for the foreign demand of products that use these raw materials.

In this context, the thesis emphasized, also through an analysis of the development in the twentieth century of the "Made in Italy" and the role of industrial districts, as the real capital of the Italian food system is to be found in the skills and know-how in food processing. This know-how, built up over the years thanks also to those local systems in which different SMEs interact, does

not necessarily have to be tied to the production area nor to the origin of the raw materials processed, as is traditionally done in Italy. The data examined in relation to agricultural self-sufficiency, added to a trade balance for the agricultural sector historically more negative than that of the food sector, describe a situation in which, in order to fully exploit Italian know-how and to take away from foreign productions (given the poor results in the fight against the phenomenon of "Italian Sounding" on the regulatory front) that take advantage of the references to Italy a slice of the demand for Italian products, or at least of "Italian type", it is always desirable to implement entrepreneurial models based on "Made by Italians", and not only on "Made in Italy". That is to say that the growth and realization of the full potential of the Italian agri-food system must necessarily pass through a greater openness to the international context, no longer seen only as a set of markets where national exports are destined, but also as an "unlimited" source from which to find raw materials in the quantity and quality required for Italian food production. In this way, the quality of a product would be no longer necessarily linked to the geographical origin of the raw materials used, which in Italy are often scarce and limited, and greater value would be given to the skills used in the transformation processes, which are inexhaustible.

In support of this hope, based on objective limits of the Italian agro-food system as it is structured today, the cases of the Brazzale Group, examined in more detail, and of Rigoni di Asiago proved particularly useful. In both cases, the reasons behind the decision to source abroad, totally or partially, the raw materials to be used for the final product were based on the need to look outside Italy to find milk (Brazzale) and fruit (Rigoni di Asiago) which are scarce in Italy, either in quality or quantity, and which, on the contrary, in the Czech Republic and Bulgaria benefit from the presence of vast uncontaminated agricultural lands, very different from the intensive breeding and farming which often characterize Italian productions. However, the Brazzale case clearly shows how the shift of production abroad is not necessarily linked to an impoverishment of the sector in Italy. On the contrary, the important production volumes reached abroad for a product that is then refined and packaged in Italy have led, on the one hand, to a

growth in employment in Italy and, on the other, to the economic availability to make important investments in Italy, with a series of positive externalities.

The "Made by Italians" model, so defined also thanks to the two cases analyzed, presents itself as a necessary way, but not necessarily an alternative to the traditional model based on "Made in Italy", to make the Italian agri-food sector even stronger and able to face in an increasingly competitive way the challenges that globalization has brought.

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