SECTORS OF OPPORTUNITY

Continued from page V

foreign-owned distributors, such as Bertolotti, bought by the U.S. company Federal Mogul. Contacts with Italian distributors can be made at the major European show **Automechanika** or the Italian show, **Auto-Promotec**, held odd years in May at Bologna.

For component manufacturers, the largest domestic shows are **Sitev** (November 1996) and **Automotor** (May 1997), both in Turin.

BIOTECHNOLOGY

Opportunities exist in Italy for Canadian companies seeking potential R&D partners and/or investors among the pharmaceutical and finance industries.

While the pure biotech industry has very small sales in Italy (only $200 million in 1994), biotech has a much greater role in the agri-food industry than is captured by these statistics.

ENVIRONMENTAL EQUIPMENT

Italy offers great business opportunities for the introduction of "off-the-shelf" Canadian products, systems and technologies, particularly for municipalities which account for 70 per cent of all expenditures in the sector.

Priority sub-sectors are waste water, urban solid waste, hazardous and toxic waste treatment. Air quality, hydro-geological stabilization, marine technologies, coastal protection and forestry management, including specialized issues, such as forest fire fighting, also are priorities for selected regions or municipalities.

The environmental market in Italy in 1994 was Cdn$4.8 billion. This represented a drop of 4 per cent from 1993 and was due to a freeze on procurement by local authorities in the wake of investigations into corruption and bribery. The market has resumed the normal 4 per cent to 5 per cent growth rate in 1995. The "Clean Hands" investigations and the flat demand caused a shake-up in the sector and opened a window for new suppliers to establish in the Italian market.

It is critical for a new Canadian company to identify one or more local partners able to cultivate contacts with the disparate clients. The most active municipalities are not the metropoli of Rome, Milan, or Turin but rich second-tier cities and small towns in the North such as Modena, or Padova, as well as other municipalities in the Centre and South which have elected reform-minded administrations. Some of these cities have formed municipal corporations that act as contractors and suppliers, both in their home territory and elsewhere in Italy and abroad.

Collaboration with one of these firms can pay off in third-country sales: some Italian regional and municipal authorities have been very active in promoting cooperation with Eastern Europe, where Italian investments and exports are second only to those of Germany.

FISH & FOOD PRODUCTS

Italy is a large importer of agricultural and food products — mainly primary goods, such as durum wheat, other grains, seeds, pulses, horsemeat, hides and skins and genetic material.

Good Canadian export opportunities exist for frozen wild pacific salmon (destined for the Italian smoking and catering industries), live and frozen lobsters and crab and surimi. Suppliers of specialty Canadian products (e.g. maple syrup, wild rice) also have developed a small niche in the Italian market. Traditionally, Italy has been a tough market for high-value-added foreign processed food products. That's because consumer tastes have been extremely conservative and nationalistic, the permissible additives (in products originating from outside the EU) are stringently controlled and the distribution system highly fragmented.

Supermarket sales represent just one-fifth of food purchases since consumers largely frequent specialty and neighbourhood stores and markets. A company whose processed food products have enjoyed success in other European markets should consider Italy as a new target as Italy is slowly following the European trend to more "international" cuisine and ready-to-serve products.

Another avenue is to add value to products already well-established, such as introducing frozen lobster and lobster meat to build on the growing live lobster market.

FOREST PRODUCTS

Opportunities for Canadian forest products in Italy continue to grow — particularly for specialty lumber, value-added and secondary manufactured wood products.

Italy is the world's third-largest importer of sawn lumber (after the U.S. and the U.K.) and the single-largest importer of sawn hardwood lumber, with imports totalling Cdn$4.5 billion.

In 1994, Canadian exports of sawn lumber, plywood, veneers and logs totalled $115 million, but *with Canada's positive image as supplier of superior quality, there are strong possibilities to increase market share.*

Italian agents and representatives are keen to establish new business connections with Ca-

Continued on page VII — **Sectors**