

# Italy - Top-quality leadership and manufacturing drive economic bounce-back

Over the past 75 years, Italy's economy has transformed from one of the weakest in Europe to one of the strongest, supported by its powerhouse manufacturing and tourism industries and sought-after Made in Italy products. The country was one of the first and hardest-hit in Europe during the Covid-19 pandemic, but its economy has also rebounded strongly in the months since, with GDP growth hitting 6.5% in 2021, and projected to reach 4.3% this year.

At more than €200 billion, Italy's pandemic recovery fund spending will be among the highest in Europe. National economic stability is further underpinned by the country's experienced, level-headed prime minister, Mario Draghi, who presided over the European Central Bank during the 2011/12 eurozone crisis. As Draghi made clear during a February 2022 speech, Italy's approach to economic recovery emphasizes investment and infrastructure above all else:

"Italy's long-term growth depends on our ability to implement the right reforms and make the necessary investments today. The National Recovery and Resilience Plan is an historic opportunity to tackle problems that have remained unresolved for decades, such as inadequate infrastructure, generational inequalities and gender inequalities."

This investment will go a long way towards supporting the private sector. As a leader in metallurgy, chemicals, food and textiles, Italy has benefitted from decades of liberal trade policies and soaring export revenues. According to data from the United Nations Conference for Trade and Development, merchandise exports rose by 33% between 2005 and 2020 to hit \$496 billion.

Draghi has his work cut out for him - the pandemic is not yet over, and geopolitical crises are disrupting crucial supply chains - but as Bruno Sempio, president of leading rice producer and processor Euricom explained, Italy's fundamentals remain solid:

"The past 50 years have been rather turbulent. Today we have a nice representative of Italy - Mario Draghi - who has the capacity to promote our image, although unfortunately, he entered in a difficult time. Nonetheless, Italy stands out in many ways, especially food and fashion. The quality of Italian products is something special."

Beyond its well-known food and fashion industries, Italy has risen to become a formidable player in high-tech and value-added manufacturing. Post-Covid recovery in this sector has been strong, with industrial production rising by 11.8% y-o-y in 2021. Growth was mainly owing to the break-out pharmaceuticals sector, although there are many other sectors that are growing fast, as Pietro Vavassori, CEO of logistics firm Italsempione, highlighted:

"When talking about Italy, everyone thinks about good wine, pasta, Gucci, and Ferrari. Italy



is not only that. We are strong in tourism too, but we have so much more to show. We are the second country after Germany in manufacturing and producing goods. We are specialized in mechatronics, pharmaceutical and other food-related items. Italy has changed a lot."

And it will continue to change as the government funnels hundreds of millions of euros into new infrastructure investment. Italy's international reach will grow as this investment is realized, Draghi argued, and perhaps most importantly, spending plans will be tailored to each region, in order to maximize opportunities in manufacturing and exports:

"The National Recovery and Resilience Plan is also about strengthening the international reach of Italian cities, and improving services for citizens. But we must implement our plan by working closely with associations and local authorities. There is no 'one-size-fits-all' solution for the entire country; we must rather adapt to the needs and characteristics of each area."

This bodes well for the Made in Italy brand, already known around the world and increasingly in demand as the nations and consumers shake off the last of Covid-19. The winning combination of Italian quality and Draghi's leadership is

already transforming the country, as Giovanni Sgariboldi, founder and president of prestige fragrance and beauty firm Euroitalia, highlighted:

"Everyone is willing to embrace this new philosophy that Mario Draghi has pushed forward, and Italians today are proud to say they are from Italy. There is a willingness to combine new markets with the 'made in Italy' idea. Furthermore, Italians are hard-workers and serious professionals; and this can all benefit international companies around the world."

The benefits of doing business in Italy are reflected in its foreign direct investment (FDI) statistics, with the World Bank reporting that net FDI in the country surged from \$3.4 billion in 2014, to \$22 billion in 2020. This is set to soar in the coming years as Draghi moves forward on a series of ambitious judicial reforms aimed at improving the business climate. As he put it in his 2021 inauguration speech, Italy's economic growth is a national imperative - and Italians are united around this objective:

"This is our mission as Italians: deliver a better and fairer country to our children and grandchildren. Today, unity is not an option - unity is a duty. But it's a duty driven by what I am certain unites everyone: the love of Italy."

# Euricom Group

## Italian rice giant aims at worldwide growth

Italy's economy grew by 6.6% in 2021, above overall expectations, with the fiscal deficit far below official targets, as investment, consumption and exports all showed strong recovery from the economic effects of the pandemic. At the same time, the country is set to be the largest recipient of EU-wide covid recovery fund, potentially receiving as much as €200 billion in grants and concessional loans over the coming years.

This is great news for companies operating in the country. Companies like Euricom Group, a family-owned group and one of the world's leading rice companies, with a worldwide presence through its 18 subsidiary companies.

"We have the additional value of offering a one-stop-shop to our clients," says Bruno Sempio, Euricom's chairman. "Europe grows half of the rice it consumes, the rest is imported. So we expanded first with processing facilities right next to where rice is grown across Southern Europe: Italy, France, Spain, Portugal and Greece. Subsequently, we acquired a leading market position with processing plants in the North of Europe (Netherlands and Poland), that consumes more imported rice, with plants located at key ports that can handle vessels with imported rice. As a result, today we are located in all the right places making us a highly competitive and reliable supplier given our unmatched dual supply-chain and logistics, as well as full-product offering and high scale".

Euricom was founded in 1980, with a core focus on rice, and now has over 10 rice mills across Europe as well as offices and a network of suppliers and customers in several of the key rice growing and buying countries in the world. Sempio was appointed as chairman of the Euricom in 2013, and has continued its expansion; the company saw a compound annual growth rate (CAGR) of around 9% over the last 5 years alone.

"My plan is to try to further consolidate the European market," says Sempio. "We work with the vast-majority of supermarkets and competing to keep a leading position in the private label segment, which continues to grow faster than the branded sector. Thanks to our clear long-term strategy and many years of investments to make it happen, we now cover the entire business chain therefore can be highly competitive to service our clients," he adds.

As well as Europe, Euricom is now also present in the main markets of Latin America, with plans to grow further in South America and potentially North America. "Our plan for South America is to strengthen our position as the leading rice exporter of the region, whereas in North America we will focus on value added products. In terms of rice, these are the next steps for the company" he adds.

Euricom previously operated in both the rice and pasta sectors, but in 2006 it sold its Italian pasta business to focus exclusively on rice. "It was difficult to grow both in rice and pasta, so we focused on rice, where we saw stronger long-term growth consumption potential, as Europe, on average, has relatively low consumption per capita levels that will only grow over time," Sempio



Bruno Sempio  
Chairman

says. Later, in 2019, the company also entered the pulses category (includes products such as peas, beans and lentils) given the strong similarities with how rice is sourced, processed and sold.

Over the last decade the company has also pushed into product ranges like rice cakes, ready meals and non-dairy milks - products derived from their core offerings. "One of the advantages we have in the supply chain is that we are an important trader in the world market. It is good to be a specialist in rice and pulses, with the world moving towards healthier, vegetarian options."

The pandemic also had little impact on Euricom's business. "People need to eat, and our advantage is that we sell must-have, healthy, high-nutrition, long-lasting staple products," says Sempio. "We know that during a crisis situation, these are among the most essential foods items. The price can be volatile, but the consumption is stable."

Euricom has been pushing hard in recent years to optimize its organic growth, while also looking to increase its overall capacity. "We spend around €15 million every year just to optimize our processes, increasing efficiency," says Sempio. "Our turnover is around €700 million, so around 2% of our turnover is focused on this, and this is only for optimization, not what we spend on new investments or acquisitions."

The company is also busy constructing a new plant for pulses in Poland and is looking to invest in the same sector in Italy.

Sempio says that their emergence as a pan-

European food leader means that it is now more frequently being approached by external investors, a big step for any family run business. "We want to grow faster as we see exciting growth opportunities. I think it might be the right moment to consider some new capital to help us get to our growth targets faster," he says. "We recognize food habits today are different than 10 years ago. We are pushing a lot for sustainability; twenty years ago we were the first rice player in Europe that produced its own energy, today we are totally green. We have also recently innovated with a CO2 system which kills insects rather than using chemicals. In general our business ethics are all part of what you would normally find in many family owned business, where we manage the business for the long-term, thinking about the next generation."

"All these industrial investments give us a competitive edge," Sempio adds. "Today, we are one step further than our competitors; our competitors are doing the same thing today that we were doing a few years ago."

At the same time, Sempio says that while Italy stands out when it comes to food products, fashion and machinery, the country still fails to fully promote its brands and products. "A product which is promoted better will certainly be sold more, if the quality is the same," he says.

# EuroItalia

## The sweet smell of success for Italian fragrance giant

Italy has long been seen as a leading player in the global fragrances and beauty products market, offering luxury and aspirational products that have shaped the way we both look and smell. The country's trendsetting role in the industry has only strengthened in recent years. Meanwhile, the global fragrance market has continued to grow, and by 2025 is expected to be worth around \$52 billion.

"The quality of the products that companies are making nowadays is also far higher than it was a few decades ago," says Giovanni Sgariboldi, founder and president of EuroItalia, which creates iconic fragrances and beauty products for proprietary and licensed brands.

For over forty years EuroItalia has helped to write the history of fragrances and high-quality cosmetics, working with many of the top fashion houses and designers to create fragrances and beauty products, including for the likes of Versace, Moschino, Dsquared2 and Missoni, and acquiring prestigious brands like Atkinsons London 1799, I Coloniali and Naj Oleari Beauty.

The company now sells its products in over 140 countries. "We started out just in Italy and then we realized that it was necessary to grow and expand into different markets, because just working at a national level wasn't enough," says Sgariboldi. "This gives us strength and trust, and makes us a good company to work with; this is what we provide to our commercial partners, this collaboration all over the world."

He adds: "In every area and market we work independently; every market has its own structure, from Brazil, to Russia, to Singapore, to Dubai."

A strong business-to-consumer company, EuroItalia operates heavily in what Sgariboldi describes as the old continent, Europe, but also sees strong growth potential in Latin America, especially Mexico, and the Middle East. "We also work in Asia - when we got to Asia there were already a lot of multinational companies so it was a bit hard, but we turned out to have a winning strategy once again. Even in China you can achieve quality in terms of products," says Sgariboldi.

Even so, Sgariboldi says the company's most important market is the United States, where there's a subsidiary - EuroItalia USA. "It is a very competitive and hard market, but in terms of consumption it's



easily one of the best markets," he says.

EuroItalia is proud to be a family owned and Italian born company, and for its reputation as a company that takes quality Italian craftsmanship around the world. It recently signed a license to produce Michael Kors perfumes, among its many other global agreements.

At the same time, the company has embarked on a long-term sustainability program. In 2020 it published its first sustainability report, as a way to be transparent about its environmental, social and economic impacts. "The new products we're working on are more attentive to eco-friendly raw materials, more creativity, with more craftsmanship; all of which is related to the current 'Made in Italy' brand," says Sgariboldi.

It is no surprise that duty free has long been a key market for fragrance producers. However, the sector was hit

hard by the coronavirus pandemic, with international travel severely curtailed. Now the duty-free business is picking up once again, especially in markets like Asia.

"We're very focused on this sector now," says Sgariboldi. "After the Covid experience we're back in a better position: we're more professional, we have more visibility, we're also trying to ensure that the brands we have and work with convey the image of being Italian. We are very committed to conveying the fact that our products are made in Italy, and this gives us a competitive advantage," he adds.

Despite the pandemic, the company retained the same number of employees throughout 2020, and since the second half of 2021 business has been growing strongly. "We have almost returned to the good old times," says Sgariboldi.

Looking ahead, EuroItalia is now targeting new customers and potential distributors around the world, while also hoping to benefit from an increasing willingness of Italian businesses to combine new markets with the 'Made in Italy' idea. "We need more awareness - and more tools perhaps - to do this, but there's less fear; and I see this in every company, regardless of the sector," says Sgariboldi.

When it comes to Italy itself, he says that Italians are hard workers and serious professionals, which can be a strong benefit for international companies looking to grow, as can the political situation in the country since Mario Draghi took over as prime minister in February 2021.

"Mario Draghi has opened up the image of Italy," says Sgariboldi. "Italian companies are now proud to say they're Italian, regardless of how big or small they are. There's still a lot to do, but there's a lot of will on the part of the companies to shout out to the world 'We are made in Italy'. We're getting there."

## EuroItalia



# Italsempione

## Italian transport leader keeps its competitive edge

Two years of global pandemic and associated supply chain crises have thrown Europe's transport industry under the spotlight - and the industry is set for major growth. This is especially true in Italy, where the freight and logistics market is forecast to grow by 4% annually between 2022 and 2027, as global demand for top-quality European products rises, while a renewed emphasis on secure supply chains funnels more traffic through Europe. Italsempione, a leading freight and logistics provider with a deep history in the country, will continue to keep pace.

**F**ounded in 1955 and originally starting as customs broker specialized in foodstuff, Italsempione is today one of the leaders in the forwarding sector in Italy offering the full range of shipping services along with tailored solutions to meet every specific need of cargo transport. The company launched its roadfreight groupage activities in Europe in the 70s and went global in 1992 with the implementation of Air& Sea services. With a network which now reaches every corner of the world - according to CEO Pietro Vavassori - Italsempione is a giant among small companies, and a small company among giants, meaning it occupies a unique position in the market.

"One of the reasons we could become bigger is that we can offer all types of services to our customers. In addition to general cargo shipments by truck, train, air and sea, we also have a strong experience in some niches; we do perishables, we do fashion, we do wine, we do cargo project which is business normally done by the big international companies, but we compete with them thanks to our flexibility and attention to customers" he explained.

Reliability is the watchword: as a member of System Alliance Network, Italsempione guarantees for its trucking services daily departures and standard transit times of 24, 48, and 72 hours. European customers benefit from a dedicated platform for groupage transport using their own regional partner, and the company has invested heavily in information and communication technology (ICT) and organizational processes to guarantee high-quality standards, transparent processes, traceability, and dependable shipment handling.

Flexibility and efficiency are the company's trademark also in Air & Sea activities. Thanks to fixed allocations with the main world air carriers and shipping lines, Italsempione guarantees regular departures to/from any place in the world. A particular focus is dedicated to small/medium companies - which are the vast majority of the manufacturing panorama in Italy - with regular consolidated services which allow moving small volumes



Pietro Vavassori  
CEO

of goods timely and at competitive prices.

Italsempione also has a long experience in some industry sectors which require specific know-how and skills. In food and wine shipping for example, Italsempione guarantees high quality standards for both dry and temperature-controlled goods, thanks to its refrigerated warehouses and consolidated reefer services by air and ocean.

In fashion shipping, the utmost care is dedicated to security and safety handling of garments with large dedicated areas permanently under CCTV control.

Beyond shipping, the company also supports clients in all customs clearance procedures thanks to an internal customs office working closely with the public Customs officials hosted in its headquarters.

And while Italsempione was, like many other companies, strongly affected by the pandemic

and ensuing lockdowns, it was able to organize itself and continue guaranteeing service to its clients during the worst of the crisis. So dependable were Italsempione's operations during pandemic, that the company wound up attracting new clients and augmenting its operations during the worst Covid-19 waves.

Although the pandemic and war in Ukraine have shaken up the Italian government's investment plans, investment remains a key priority, and Italsempione is continuing to move forward on high-priority, innovative projects, including the "Italsempione Village," a new hub measuring over 50,000-square-meter, to be completed within 2023, which will also contain specialized facilities for fashion, food, wine, and dangerous goods shipments.

Investing more in the company's Italian facilities to support Italian production is also a priority, but as Vavassori highlighted, international expansion rises at the top of the list: "We already have a strong network of branches in Italy and operations in Japan, and we are interested in making investments abroad. We are interested in doing some joint ventures to have a local partner in international markets particularly in the US as well as Asia.

As demand for European products continues rising, Italsempione will continue on its steady growth path. Maintaining a strong focus on its people and service will guarantee future success, and help the firm maintain its advantage, Vavassori concluded:

"Bigger companies have an industrial chain with strict procedures, and we obviously also have procedures and systems, but we are flexible. We can offer customized, tailor-made services. This provides a different environment for people working in our company: they are not a number; they are the people that make a difference. At the end of the day Italsempione is a name, and the value is the quality and the people working here."