Expert, unbiased reporting from Gaza, Israel and the Middle East.

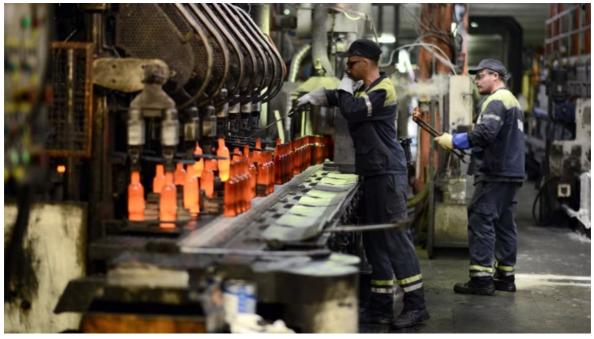
Try the FT's comprehensive coverage for just £1

Try for £1

Italy

Italy launches antitrust probe over alleged wine bottle cartel

Investigation triggered after vintners complain prices have not fallen back in line with energy costs



Workers inspect molten glass bottles at a factory owned by France's Verallia. The probe targets the local arms of some of the US and Europe's biggest wine bottle producers © Remy Gabalda/AFP/Getty Images

Amy Kazmin in Rome NOVEMBER 10 2023

Unlock the Editor's Digest for free

Roula Khalaf, Editor of the FT, selects her favourite stories in this weekly newsletter.

Enter your email address Sign up

Italy's competition watchdog has launched an antitrust investigation into the local arms of some of the US and Europe's biggest wine bottle producers, after Italian winemakers complained about a "possible cartel" among manufacturers.

The watchdog AGCM said in a statement that initial evidence pointed to the "existence of a possible anti-competition agreement . . . to set the price of glass wine bottles in a co-ordinated manner" in violation of EU rules.

Companies under scrutiny include Italian subsidiaries of France's Verallia, the world's third-largest producer of glass for food and beverage packaging; US-based Berlin Packaging and O-I European Packaging; Austria's Vetropak; and Italian bottle makers Zignago Vetro and Bormioli Luigi. Together they produce most of the wine bottles used in Italy.

According to the AGCM statement, the probe was triggered by complaints this year from Filiera Italia, a foundation dedicated to protecting "Made in Italy" food and wine; Bottega, which makes Prosecco, grappa, liquors and other alcoholic beverages; and an anonymous whistleblower. The complaints pointed to a "potential cartel among bottle makers", which raised prices in Italy after Russia's invasion of Ukraine.

The anonymous whistleblower noted that emails and letters sent by different bottle producers to customers in Italy "used very similar wording" - citing exponential increases in the costs of energy and raw materials - to justify virtually identical price increases in March and again in September last year.

64%

Increase in glass bottle prices by August this year compared to end of 2021 While glassmaking is highly energy intensive and the industry has faced rising fuel prices, bottle prices remain elevated despite subsequent sharp falls in energy costs.

According to Italy's official statistical agency ISTAT, glass bottle prices in August this year were nearly 64 per cent higher than at the end of 2021.

"In the last 18 months, the price of the glass [bottles] has grown dramatically in a way that has never happened in the past 50 years," said Bottega chief executive Sandro Bottega, whose company operates 30 Bottega Prosecco Bars at airports and hotels around the world as well as making wine.

"We have never been given a specific, mathematical or logical explanation," said Bottega, calling the current prices "not proportional to the price of energy".

Filiera Italia said the price rises were not justified by production costs and raised the prospect of "market speculation".

"We received many reports from our members about this very high glass price despite lower energy costs," said Filiera Italia chief executive Luigi Pio Scordamaglia. "This is a sensitive issue for us, not only for wine. We are involved in trying to control food inflation."

The antitrust probe comes as Italian wineries face mounting pressure after extreme weather and fungal disease took a heavy toll on local vineyards, resulting in an estimated 12 per cent drop in wine production this year compared with 2022. Italy exported around €7.8bn-worth of wine in 2022.

In its preliminary examination, the AGCM found evidence of "at least, coordination of commercial strategies" by the bottle makers since at least 2022, which resulted in synchronised price increases that were "not justified by the rise in raw materials costs".

It said the price rises continued in the first half of 2023, even as manufacturers' energy costs fell, pointing to "an alteration in the competitive dynamics between the major companies operating in the market" and a potential "agreement or concerted practice" aimed at preventing genuine price competition.

Assovetro, the Italian association representing glass bottle makers - including those named in the antitrust action, did not respond to requests for comment.

In a statement sent to the Financial Times, Verallia said it would co-operate with the probe and that it was confident it "can clarify the legitimacy of its position". It added: "Compliance with the rules on competition is at the centre of our attention."

Berlin Packaging Italy told the FT in a statement that it "complies with all applicable laws, did not engage in any wrongdoing, and is fully co-operating with the competition authority".

Additional reporting by Giuliana Ricozzi in Rome

This story has been updated after publication to add a statement from Berlin Packaging Italy

Copyright The Financial Times Limited 2023. All rights reserved.