Daniele Levi Formiggini explains why Italy’s art market continues to lag behind the rest of Europe, despite the country’s exceptionally rich cultural heritage

Inside the Italian arts market

Italy is a country with more than 3,400 museums, around 2,100 archaeological areas and 43 UNESCO sites, with probably the most extensive cultural heritage worldwide. However, despite these world-leading figures, the country currently accounts for only a minimal percentage – close to 1% – of the world art market turnover and is one of the least attractive for international collectors.

In 2013, when the global industry reached €47.4bn – marking an increase of 8% on 2012 figures – the total Italian market was worth just under €390m. This figure is in line with previous years but is astonishingly low for a country that potentially holds the largest supply of artworks in the world.

There are a number of reasons for the underperformance of the Italian market, which are all related to a lack of the international standards and best practice that are widely recognised abroad. The local regulations on the export of cultural goods and the unfavorable tax regime are among the worse examples. Above all, the market suffers from a general lack of trust and transparency, compounded by the absence of common standards and regulations in valuation (appraisal) practice. This is a critical issue and one that the Italian chapter of RICS is currently tackling via the Arts & Antiques Professional Group.

The peculiarity of the Italian situation is particularly notable in the auction market. According to the latest TEFAF Report and the Artprice annual report, 2013 was the best year ever in the history of the world auction market.

The same year saw Italy representing merely 1% of the international market in terms of sales volumes and 6% of sold lots. This is also evidence of the drop in prices that has characterised the Italian market in the past seven years: while in 2007 the average price of an artwork sold at auction in Italy was approximately €23,400, today it stands at just over €6,000.

During the same timespan, the Italian market has grown increasingly oriented towards local investors and has specialised in specific niche sectors and on mid-range artworks, with the international auction houses losing ground to minor regional players. In fact, while in 2013 Sotheby’s and Christie’s accounted for 55% of fine art sales volumes at auction worldwide, in Italy the two historic auction houses combined represented less than 20% of the €140m national market and stood respectively in fourth and eighth place of the top 10 sales revenue rankings.

Most of the other top performers were Italian companies, such as Cambi (a Genoa-based auction house set up in 1998); Meeting Art (an emerging player specialising in online auctions) and Pandolfini (a well-established auction house founded in the early 1900s and ranging from Old Masters to modern and contemporary, oriental art, silverware and collectibles.

Others include Wannenes (an auction house established in Genoa in 2001 and specialising in the sale of private collections); and Farsetti (based in Prato and focusing on modern and contemporary art). These are followed by Il Ponte (founded in 1974 and specialising in the sale of private collections), Blindarte and Babuino.

These are just a few names in a fragmented market which, like many other sectors of Italy’s economy, still consists of small and medium-sized enterprises. The total number of art-related businesses in Italy is estimated at 250 auction houses and 7,500 galleries, which altogether employ nearly 24,000 professionals.

Financial barriers

Despite the fact that the art trade has become increasingly globalised in recent years, there are fiscal asymmetries for import and export that heavily impact the markets. In particular, in Italy the tax rates levied on art stand at 10% and 22% (on imports and on purchases from dealers respectively), which make the tax burden for Italian art collectors much heavier than in countries like Germany, France and the UK. Needless to say, if the same VAT rate applied across Europe, exchanges would be easier, more stable and transparent.

In addition to the tax treatment, the Italian art market is further encumbered by the local implementation of droit de suite, or resale right law. The current resale right...
was introduced in Italy in 2006 following an EU directive and, as in other member states, is progressively applied to prices higher than €2,500 up to a maximum rate of 4%. However, while in many countries the collection of royalties is carried out by intermediaries in open competition, in Italy this happens through the legal monopoly of a public entity, with fees among the highest charged in Europe.

A further barrier to the development of the national art market is posed by the so-called notifica, a regulation that requires all antiques and works of art older than 50 years to have an export licence before they can leave the country. This regulation, set up in 1939 and designed to prevent the export of goods deemed to be of relevant cultural interest, is one of the strictest and most extensive in Europe, because it applies, unlike in most other countries, to all items regardless of value or relevance.

The British export control system is based on a clear set of rules (the Waverley Criteria) that defines whether or not an artwork is of sufficient national importance. If the decision is made that the object does meet the criteria, the export licence is not refused outright but delayed in order to allow an offer from the state or a domestic institution. However, in Italy an item can be judged of national importance (‘notified’) at the discretion of the officers of the Soprintendenze (local departments of the Ministry of Culture), and therefore denied a certificate and limited in its circulation, with no need for the state to subsequently acquire it. According to many, this system – where the level of subjectivity and opacity can be high – has often been a source of uncertainties and delays, impacting on the value of artworks and ultimately creating an underground market.

Contemporary sector
Given the effect that the notifica has on auction prices (because it restricts bidding to national players) it is no surprise that the best Italian performances often come from contemporary art sales. Unhampered by the need for export permits, this sector is worth $300m-$500m a year and is constantly growing, as repeatedly shown also by the performance of Italian sales abroad.

In February 2014, for instance, a single evening auction at Christie’s in London realised a total of £38,427,400 (€46,074,453), establishing new record performances often come from contemporary art sales. Unhampered by the need for export permits, this sector is worth $300m-$500m a year and is constantly growing, as repeatedly shown also by the performance of Italian sales abroad.

In February 2014, for instance, a single evening auction at Christie’s in London realised a total of £38,427,400 (€46,074,453), establishing new record prices at auction for 13 Italian artists, including Luciano Fabro, Jannis Kounellis, Mario Merz and Michelangelo Pistoletto and, most notably, Alberto Burri, whose Combustione Plastica sold for £4,674,500 (€5,604,726).
He comes from a Milanese family which started dealing in Oriental art in the 1920s, and helped his father start a London office in 1960, buying material to ship back home to Milan. From his first-floor base in Piccadilly he climbed, gradually, to a position of pre-eminence in the world market. Now, in a move that no normal businessman makes in a recession, he is opening a dazzling new gallery taking up the whole of a 19th-century house in Clifford Street in London's Mayfair. It looks like a small museum; the cost of refurbishment was more than pounds 5m. The market for Italian modern and contemporary art ended its bull run last week as the annual Frieze week sales slumped by almost 50 percent to Â£42 million. The results may have been a reaction to the rapid expansion of recent years, but also to the fact that collectors were also looking at the unprecedented number of gallery and art fair exhibitions for Italian art taking place throughout London. At Christieâ€™s, a rare 1966 sculpture of a dolphinâ€™s tail by Arte Povera artist, Pino Pascali, made a record Â£2.6 million, but the sale saw an unusually high 24 per cent of lots go unsold. Their stron See more ideas about Italian market, Italian, Marketing.Â Contemporary Photography Landscape Photography Contemporary Art Italian Market South Philly Art Advisor Best Sandwich Brotherly Love Inventions. Di Bruno Bros. Cheeses in The Italian Market, Philadelphia. Italian Market Cheese Shop What Is Like Behind The Scenes Tours Marketing Street Philadelphia Freedom. A Tour of Di Bruno Bros. on 9th Street | Blog | Di Bruno Bros.Â Di Bruno Brothers - Italian Market, Philadelphia. Always remember many weekends my Dad getting up and being at the Italian Market by 6 a.m.! Philly Pa Philly Style South Philly Philly Food Taste Of Philly Italian Market Philadelphia Pa Philadelphia Neighborhoods Renz. The Italian Market - Philadelphia.